

FACILITATOR'S GUIDE

Introduction to Economic Democracy

TIME: 2 HOURS

OVERVIEW: This session introduces the concept of economic democracy, and encourages participants to challenge the economic paradigms that currently govern our society.

SESSION GOALS

- Develop interest among participants in exploring economic concepts
- Provide a basic overview of the economic history of the United States since the Industrial Revolution
- Introduce the concept of economic democracy and provide some examples of projects that embody aspects of economic democracy
- Inspire participants to be leaders in developing their local economy

MATERIALS NEEDED

- White board or flip chart paper
- Video projection equipment (projector, laptop, and PowerPoint), if available
- Sticky notes
- Box of Legos® (700 pcs) and Lego® baseplate
- Markers
- Name tags
- Pens and paper
- Appendix:
 - A. Reference Materials
 - B. Visual Aid
 - C. Handout No. 1: Instructions for Build Your Ideal Community Activity
 - D. Handout No. 2: The Cycle of Crisis
 - E. Handout No. 3: Ruling Institutions vs. Economic Democracy Framework
 - F. Handout No. 4: Mondragon Cooperation: Economic Democracy in Action
 - G. Handout No. 5: Other Examples of Economic Democracy
 - H. Handout No. 6: Evaluation Form
 - I. Handout No. 7: Major Takeaway Points



PREPARATION/PRE-TRAINING

Facilitators should review the following concepts, historical events, and organizations/companies using the texts and resources found in appendices A, F and G.

- Diverse Economies Framework
- Scarcity and Abundance
- Community Wealth Building
- Economic Democracy
- Examples of Economic Democracy
- Powell Memorandum
- Mondragon Corporation
- The Great Depression
- Neoliberalism
- Keynesianism



AGENDA

The workshop takes 2 hours to complete. Times below are suggested. If you choose to include a break, the module will exceed the 2-hour allotted time.

I. WELCOME AND INTRODUCTIONS	10 MINUTES
II. DEFINING “THE ECONOMY”	10 MINUTES
III. BUILD YOUR IDEAL COMMUNITY	40 MINUTES
IV. ECONOMIC CYCLES IN U.S. HISTORY	20 MINUTES
V. BREAK (OPTIONAL)	(10 MINUTES)
VI. ECONOMIC DEMOCRACY	30 MINUTES
VII. CONCLUSION AND EVALUATION	10 MINUTES

I. WELCOME AND INTRODUCTIONS TIME: 10 MIN

SECTION OBJECTIVES

- Review the workshop goals and agenda
- Facilitate introductions among participants
- Identify participants' connections to the topic and expectations
- Establish norms and principles of participation

MATERIALS NEEDED

- White board or flip chart paper
- Name tags
- Markers
- Video projection equipment (projector, laptop and PowerPoint), if available
- Appendix B: Visual Aid

FACILITATION

1. Welcome all participants to the workshop. Introduce yourself (name, organization, where you are from, why you are facilitating this workshop).
2. Summarize the goals of the workshop. The goals should be tailored to the group or host organization. List the goals on a piece of flip chart paper that can be posted and made visible throughout the workshop **(Slide 2)**.

SAMPLE GOALS

- Develop interest among participants in exploring economic concepts
 - Provide a basic overview of the economic history of the United States since the Industrial Revolution
 - Introduce the concept of economic democracy and provide some examples of projects that represent aspects of economic democracy
 - Inspire participants to be leaders in developing their local economy
3. Review the agenda so participants know what to expect. Participants should have a copy of the agenda or it should be posted on a piece of paper that is visible during the entire workshop. The agenda should be timed to encourage group accountability in sticking to the stated time limits **(Slide 3)**.
 4. Establish expectations around time. Let participants know how much time the workshop should take and secure their commitment to the time limits.³

▶ You might say, *“Who wants to get out of here in 2 hours?”* To which most participants should raise their hands. Then say, *“In order to finish in 2 hours we need to try to stick to the time limits listed. If we can agree to that, we can cover a lot of ground in this workshop. Can we all agree to the 2 hour time-limit?”*

5. Ask participants to introduce themselves. Consider including name, reason for attending the workshop, what you hope to get out of the workshop, and any other important identifier if necessary/desired (neighborhood, organization, etc.) and as time permits.
6. Establish principles of participation by eliciting from the group norms of behavior for the room or by suggesting some norms. If the group meets regularly or has established norms, this step could be omitted or shortened. These can be called “First Agreements: How we want to be treated in this space” **(Slide 4)**.

Whether you use a pre-planned list or have the participants brainstorm the norms, write the norms on a piece of paper that remains visible throughout the workshop. In addition, spend some time talking about the norms to encourage thoughtful adherence.

SAMPLE FIRST AGREEMENTS TO CONSIDER

- Be present—Don’t look at cell phones, text, or be on a computer.
- Listen to understand—Don’t focus on arguing with another person or the facilitator, but try to understand what the person is trying to communicate.
- Argue about concepts, not with people—We will be talking about some things that are personal. We need to respect each other’s experiences, engage in debate, but refrain from making personal attacks or taking statements personally.
- Don’t Yuck My Yum – A certain idea or topic may really resonate with a fellow participant. Just because it doesn’t appeal to you or resonate with you doesn’t give you the right to trash the idea or topic.
- Mind your space – Clean up after yourself.
- Step up, step back – If you find yourself talking a lot, try to hold your tongue to make space for others. If you realize that you have not said anything, consider speaking up, sharing a question, or an idea you have.
- Hold comments until the end – We only have limited time. So even if you have a great example you should hold it until the end because we want to prioritize people who have clarifying questions.
- Return from break on time – We need to all be mindful of time if we are going to leave on time.
- Turn cell phones on silent (not vibrate)
- One conversation, don’t talk over others

II. DEFINING “THE ECONOMY” **TIME: 10 MIN**

SECTION OBJECTIVES

- Explore the different ways people understand “The Economy”
- Begin to expand participants’ definition of economic activity

MATERIALS NEEDED

- White board or flip chart paper
- Sticky notes
- Video projection equipment (projector, laptop and PowerPoint), if available
- Appendix B: Visual Aid

FACILITATION

ACTIVITY (CHOOSE ONE OF TWO)

These activities will help bring the abstract idea of the economy to a level that will allow participants to see and understand its connections to their everyday lives.

1. The Yesterday Survey
2. The Iceberg

THE YESTERDAY SURVEY

1. Ask participants, *what did you do yesterday?* (**Slide 5**). If done as a group, go around in a circle or popcorn style. Record some of the answers on flip chart paper. Even briefly touching on 8-10 things they did can make the idea of the economy relevant.

If people are having difficulty coming up with responses, you can ask the following questions:

- ▶ From when you woke up to when you went to sleep, what activities did you do?
 - ▶ Were the activities paid or unpaid? Hard and physical? Emotionally taxing? Fun? Easy?
 - ▶ Was the activity performed with another and/or for another person?
2. Use the list generated to have a discussion about how our everyday activities are related, or not related, to the money we make and what is usually thought of as “the Economy.”

DISCUSSION QUESTIONS

- Which activities are most important?
- Which activities contributed to your material or social well-being, individual or collective well-being?
- How many of these activities involved paid work or work in a market-oriented business?
- Which of these activities are considered traditional approaches to local economic development?

3. Close by offering a definition of “the economy” to the group and discussing it.

(Slide 7):

The economy can be defined as “a socially constructed system that manages how we as a society distribute and exchange resources” or “the way humankind copes with the problem of provisioning for itself.”

ACTIVITY WRAP-UP QUESTIONS

- What do these definitions mean to you?
- How are these definitions of the economy similar or different from the way the economy is talked about in the news?

THE ICEBERG

1. The goal of this activity is to recreate the Diverse Economies Framework Iceberg image (**Appendix A**). The iceberg is meant to represent all of the economic activities that contribute to the functioning of an economy. (**Slide 8**)
2. On a flip chart, draw a large iceberg with a water line. Put the flip chart up.
3. Give two to four sticky notes to each participant and ask them to respond to any combination of the following prompts:
 - ▶ What is one thing you do to meet your material needs?
 - ▶ What is one thing you do to meet your spiritual, physical, and mental needs?
 - ▶ What is one thing you can't live without doing?
 - ▶ What is one thing you don't want to live without doing?
4. You can give more prompts if participants seem stumped. Encourage participants to be creative (you don't want every sticky note to say “water” or “food,” for example).

5. Ask participants to put their sticky notes on the part of the iceberg that is below the water line. Depending on the time, or number of people in the group, you can ask participants to read them out loud or offer a quick explanation.
6. Then, ask participants, *when you hear or read about “the economy” what is usually talked about?*
7. As they brainstorm, write their answers on the tip of the iceberg. Typical answers include money, jobs, the stock market, and corporations.
8. Discuss the iceberg that has been created. The goal is to see if participants can come to a true definition of “the economy” **(Slide 7)**.

DISCUSSION QUESTIONS

- If we said that the activities on the bottom of the iceberg are also considered economic activity, then how would you define “the economy”?
 - What is the relationship between the activities on the bottom of the iceberg and the activities at the tip of the iceberg?
 - What is the purpose of the activities at the tip of the iceberg?
9. Close by offering the following definition of “the economy” to the group and discussing it **(Slide 7)**:

The economy can be defined as “a socially constructed system that manages how we as a society distribute and exchange resources” or “the way humankind copes with the problem of provisioning for itself.”

ACTIVITY WRAP-UP QUESTIONS

- What do these definitions mean to you?
- How are these definitions of the economy similar or different from the way the economy is talked about in the news?

TAKEAWAY POINTS

- The way many people think about the economy is very limited. Many people think that the economy is something that you only participate in if you have a job. The economy, however, is actually very expansive; it does not just involve the exchange of money. The economy is about the way human beings survive in a world of unevenly distributed resources. Therefore, even unpaid activities, such as childrearing or making food for another person, are part of the economy because they are necessary for human coping and survival.

- The economy is (1) socially constructed, which means that it is created by society, and (2) it is how society produces the things we need in order to survive. Because the economy is a social construction, we have the ability to shape it and make it reflect the values we believe in. Therefore, by virtue of the fact that all of us are already economic actors, we should have confidence in our ability to change the economy.

III. BUILDING YOUR IDEAL COMMUNITY TIME: 40 MIN

SECTION OBJECTIVES

- Explore the ideas of scarcity and resource distribution in the context of community development
- Uncover the tensions and barriers that people face in taking control of development in their communities

MATERIALS NEEDED

- Box of Legos® (700 pcs) and Lego® baseplate
- Video projection equipment (projector, laptop, and PowerPoint), if available
- Appendix B: Visual Aid
- Appendix C: Handout No. 1: Instructions for Build Your Ideal Community Activity

FACILITATION

1. Divide participants into a minimum of three groups with a maximum of four people per group. (This activity can go more quickly if individuals are put into groups immediately upon arrival at the workshop and if supplies are placed on tables ahead of time).
2. Give each group a bag of Lego® building blocks (approximately 45 blocks or more) plus a Lego® baseplate. Distribute and read the printed instructions to clearly deliver directions (**Appendix C**).
 - ▶ Each group will have the opportunity to design and build their ideal community.
 - ▶ Each group should assign at least one person to each role listed below:
 - » Facilitator: The Facilitator decides how many Lego® pieces each team gets. [**Note:** the Facilitator of the workshop will facilitate this activity.]
 - » Banker: The Banker manages and holds the Lego® pieces. Each group can get more Lego® pieces if the Consumer asks the Facilitator for more Lego® pieces.

- » Builder: The Builder physically builds the community. Only s/he can use the Lego® pieces. The Facilitator may want to periodically check in with the Banker to make sure the group has enough Lego® pieces to build its community.
 - » Consumer: The Consumer comments on everything that's happening and correctly answer the Facilitator's questions in order to get its group more Lego® pieces.
 - » Designer: The Designer provides creative direction to design the best community possible.
 - » Observer: The Observer records in writing a play-by-play account of how the game unfolds.
- ▶ Explain the rules to the participants:
 - » The Facilitator can stop the exercise at any moment
 - » The Facilitator can make final judgments
 - » The Facilitator has the power to take or give Lego® pieces as they please.
 - ▶ Tell participants that the group that can build a community that most resembles the designer's design wins. They will be judged on two things: aesthetics and accuracy.
3. Observe the dynamics. As the Facilitator, carefully observe the dynamics of the group so that you can make adjustments and respond to how participants are experiencing the practice of developing their own communities. Try to come up with hurdles that they may encounter and use them as you see fit. For example:
- » Give some groups harder questions than you give other groups when they ask for more Lego® pieces (for example, a hard question could be, "How many grains of sand are there on the beach in Miami?" and an easy question could be, "What color is the sky?")
 - » Don't acknowledge certain group's requests for more Lego® pieces
 - » Assist only certain groups

Insist that the game is fair even while doing unfair things

- ▶ **Note:** This activity is similar to many other social justice games that place participants under constraints enforced by the rules and facilitator(s). The game is intentionally open-ended; feel free to adapt the rules to games that you are more familiar with. If participants want more details about how they should act in their roles, tell them it is up to them. The ways people decide to interact with each other, use the Lego® pieces, and interact with the Facilitator, as well as why, will provide for a more interesting discussion later on.

4. Each team has 20 minutes to work together. At the end of the 20 minutes do one of the following: (1) have one representative of each team bring the community to the front and ask that representative to explain the community, or (2) ask participants to get up and walk together to visit each group. The choice depends largely on the size of the group, the layout of the room, and the time.
5. Debrief the activity. Listen carefully as each team explains their community. Ask the participants to reflect on their roles and how each role felt. After, reflect on your role as the Facilitator.
 - ▶ For Bankers: What was the tension you felt in being a banker? What did you like about it? Did you think about where the money came from?
 - ▶ For Builders: Did you want to build what the designer created? Why did, or didn't you? Was it easy to build? At any point did you get criticized for it?
 - ▶ For Consumers: How did you feel throughout this activity? Are you proud of your community? Is it the kind of place you want to spend the rest of your life in?
 - ▶ For Designers: What did it feel like to play the role of designer? Who else had input in the design?

SECTION WRAP-UP QUESTIONS

- Is our ideal community very different from the community we already live in? Why or why not?
- What would be some more radical ideas of how communities could function?
- How is the way the activity worked similar or different from the way society functions?

TAKEAWAY POINTS

- Our economy is based on a scarcity framework, but we think that it should be based on an abundance framework. Scarcity is fear-based. It suggests that there isn't enough to go around and we must make trade-offs. We believe that a different way of managing and distributing resources is necessary, but ultimately there are enough resources to provide everyone with their basic needs.
- There were 700 Lego® pieces in the box. It may not have been enough to build everything that was designed, but enough for everyone to have what they needed and most of what they designed. A different mode of distribution would have been necessary to make sure that everyone was able to build everything that they designed.
- Obviously, we were not able to use more Lego® pieces than we had. Similarly, we are unable to use more resources than our Earth provides. However, even

though the Earth has a finite amount of resources, there is enough for us to thrive. Ensuring everyone is able to thrive from the finite resources we have requires a different way of distributing resources.

- The most innovative, productive and just communities are the ones that allow all members to be equally involved in the planning process.
- We must think expansively and radically about how we develop our communities and how we use resources to meet our needs.

IV. ECONOMIC CYCLES IN U.S. HISTORY **TIME: 20 MIN**

SECTION OBJECTIVES

- Explain the unsustainable economic cycles that the United States has experienced over the past 100 years
- Explore major economic events and where they fit in the United States' unsustainable economic cycles
- Introduce major arguments about why the United States economy fails to be sustainable
- Develop consensus with the group around where we are now in the cycle and build a sense of opportunity to break the cycle

SECTION MATERIALS

- Flip chart paper or white board
- Markers
- Video projection equipment (projector, laptop, and PowerPoint), if available
- Appendix B: Visual Aid
- Appendix D: Handout No. 2: The Cycle of Crisis

FACILITATION

1. Introduce the next section as an opportunity to explore major themes in the United States' economic history. Remind participants that as the discussion unfolds, they should think about what values are reflected in the U.S. economy.
2. Show and explain the Cycle of Crisis (**Appendix D**). This cycle is derived from David Harvey's description of boom/bust cycles in the U.S. over the past twenty

to thirty years, which can be found in the book, The Enigma of Capital and the Crises of Capitalism. Keep in mind that there are many other ways, lenses, and perspectives through which we can view the history of capitalism, imperialism, and colonialism, to help us understand their impacts in the United States and internationally. Participants might be aware of and/or more invested in these other frameworks. Feel free to include additional information or use other models to explain the cycle.

Introduce the diagram in **Appendix D**. First, there are “New Economic Theories and Ideas.” These theories and ideas lead to “New Economic Policies and Practices,” which are often based on unsustainable growth models. Inevitably, these policies lead to a crisis, which then allows for different economic theories to arise based on these same principles, and for the cycle to continue.

Throughout United States history, new economic theories have become widely accepted, but these theories have mostly been based on the assumption that the economy must grow. If we are to thrive, however, growth cannot be sustained indefinitely. There are ecological limits to the planet’s capacity, biological limits to how much the human body can produce, and, as we will see, limits to what the “market” can bear.

These economic theories are based on a paradigm of growth that have led to the creation of economic systems that promote practices and policies that foster unsustainable wealth concentration.

Unsustainable wealth concentration leads to economic crises. The people who are hurt the most are poor people, oppressed people, and others who exist at the margins of society. The crises produce an opportunity for new economic theories to emerge within the debates about economic development, and thus the cycle continues.

3. Use a timeline to put historical events in the context of a cycle. Engage participants in the construction of a timeline. Though you will be labeling and naming things, people should be able to contribute information from their everyday experiences, lives, or education to the discussion.

Do not take too much time going over historical details. What is most important is that participants understand how the cycle works. Feel free to use other facilitation techniques to go over the information and help participants understand the content.

PRE-GREAT DEPRESSION

POPCORN QUESTION: *What initially fueled the U.S. economy?*

Until the 1860s, the exploitation of slave labor fueled the United States economy. In the South, slave labor was used directly to promote the agricultural industry. The free labor that slavery provided enabled the rapid industrialization of the United States with the introduction of machine technology for production. This led to rapid growth and wealth accumulation among the white slave owners and created profound income disparities, which eventually led to the Great Depression. But even with the “end” of slavery, the economy remained exploitative of black people and people of color, women, and other marginalized groups.

THE GREAT DEPRESSION

First cycle (1930s - 1950s) (Slide 13)

Crisis: Great Depression

Economic Theory: Keynesianism

Policies and Practices: New Deal

POPCORN QUESTIONS: *Does anyone know/remember what happened in the 1930s? How did we fix what happened?*

There is no broad agreement on one single factor, or even a set of factors, that caused the Great Depression. One key factor, however, was the stock market crash of 1929, which caused unregulated speculation, in addition to the collapse of banks across the country and a loss of savings.

What we do know are the effects of the Great Depression. There was widespread unemployment, famine, and homelessness. Not only was the unemployment rate at 25 percent, but it was also widespread across all types of occupations from doctors and lawyers to farmers and factory workers. The high unemployment rate puzzled economists at the time; they couldn't understand exactly why there was such high unemployment when there were people who needed things, people willing to work, and materials to make goods—why weren't they all coming together?

Well, as we said in our cycle, crises create opportunities to introduce new ways of thinking and new theories for how we can structure our economy. Enter economist John Maynard Keynes. He was a British economist who argued that the government must step in to jump-start the economy. His theory, Keynesianism, demonstrated that government had a place in the economy. If the government spent money on projects that could stimulate demand, that demand would jump-start production and the economy would grow again.

Under this theory, many social welfare programs were developed. The United States government enacted policies under the “New Deal” that invested in job creation and social safety net programs geared towards helping poor people. It proved that the government must be meaningful actors in how the economy runs.

Even with the New Deal, recovery was slow and the economy did not fully recover until World War II when Keynesianism went into full force with government spending to support the war. However, Keynesianism and the policies it fostered were based on an assumption of unlimited growth, and eventually another crisis occurred.

Note: The 1950s and 1960s post-war era was a period of unprecedented prosperity that was widely shared across most of American society. Not all Americans, however, experienced the relief that government spending and the New Deal brought. Under Jim Crow laws and other forms of discrimination, African-American people, Native people, immigrants, and women were consistently denied access to jobs, social programs, and the wealth-generating, growth-inducing solutions that Keynesianism was supposed to provide. In Fear Itself: The New Deal and the Origins of Our Time, Ira Katznelson goes into detail about the compromises that Congress and President Franklin D. Roosevelt made when forming the New Deal. Black people and other people of color were kept as a low wage labor force for racist Southern Democrats, while policies to improve the lives of the rest of Americans were passed.

STAGFLATION

Second cycle (1970s - 2000s) (Slide 14)

Crisis: Stagflation

Economic Theory: Neoclassical economic theory

Policies and Practices: Neoliberalism

POPCORN QUESTIONS: *Has anyone ever heard of the terms “stagflation” or “neoliberalism”? What about the term “free market”?*

The prosperity driven by the prior economic ideas came to a halt as another problem emerged: stagflation. Stagflation occurs when there is inflation at the same time as high unemployment. Usually, inflation and unemployment are inversely related. That is, when a lot of people are employed and buying goods, the prices of goods go up (inflation). When many people are unemployed and buying less, prices go down. With stagflation, many people are unemployed, but the prices of goods continue to go up. Stagflation, like the Great Depression, confounded economists at the time. It was thought to be impossible to have a situation in which prices were rising while unemployment was rising simultaneously. According to market principles, as demand goes down, prices should go down as well.

One major cause of stagflation was the oil crisis. OPEC (the Organization of Petroleum Exporting Countries) reduced exports of oil, which increased the price of fuel and eventually the prices of all products. The increase in oil prices also shrunk profit margins for companies, leading to layoffs. Thus, the United States faced rising unemployment and rising inflation at the same time.

Just as Keynes used the crisis of the Great Depression to develop his ideas in the 1930s, supporters of neoliberal policies used the crisis of stagflation in the 1970s to develop ideas of how the economy should function. These are epitomized in the policies of United States President Ronald Reagan and British Prime Minister Margaret Thatcher.

The foundation of neoliberal economic policy is neoclassical economic theory. Neoclassical economic theory is all about the reliance on supply and demand to most efficiently regulate markets. Running with this theory, neoliberal thinkers and policy makers argue that the best way for a society to manage its resources is through the free market and with as little government intervention as possible. In order for the market to be “free”, they contend, the government should not infringe on personal freedoms, should let people keep their money, and should simply protect private property. Thus, the neoliberal policy agenda was: cut taxes and attack social welfare programs; promote privatization, deregulation, and free trade; and enforce anti-worker/anti-union measures.

The consolidation of the neoliberal agenda during this time is perhaps best captured in a memo from Lewis Powell, Justice of the Supreme Court, to members of the wealthy, elite 1 percent of Americans. He appealed to members of the ruling class to unite and organize to collectively pool their money to create think tanks, institutions, and other financial instruments to promote policy changes that would increase their wealth, power, and influence. And it was their success in doing so that built the foundation for the type of economy we see today. This was supposed to be confidential, but it is now public and known as the Powell Memorandum.

Note: It is important to emphasize the planning and intention behind the neoliberal agenda. The current institutional arrangements are not natural or inevitable; the choice was made to prioritize wealth accumulation using “neutral” markets to allocate resources while cutting social programs.

Neoliberalism is the basis of our current economic paradigm. Similar to Keynesianism, it is based on an assumption of unlimited growth and natural resources. This crisis has created an opening for the creation of new economic theories and policies.

THE GREAT RECESSION

Third cycle (2008 - now) (Slide 15)

Crisis: The Great Recession

Economic Theory: To be determined

Policies and Practices: To be determined

POPCORN QUESTIONS: *Can anyone guess what crisis we are going to talk about next? How have neoliberal policies impacted our communities?*

In recent years, neoliberalism has created another major crisis. Since 2008, we have been experiencing a financial crisis that has had its origins in neoliberal policies, which encouraged a lack of financial regulation. The lack of regulation on financial institutions led to predatory mortgage lending and risky speculation on global markets. When people lost confidence in the mortgages, the markets crashed and many low-income people, communities, and families of color experienced the impact through unemployment and foreclosure. This time, however, middle class families were impacted too.

While the immediate response to the crisis was the backing of financial institutions and the continuation of the neoliberal policy agenda, the backlash from communities all over the world has been immense. However, we must come together to push forward a new economic theory that will take us out of a pattern of boom and bust cycles.

We have a unique opportunity and moment in time to ensure that we move towards economic ideas that are not grounded in growth, are inclusive, and do not rely on a scarcity framework.

Note: While other recessions and serious downturns happened during this period of time, the 2008 crisis was massively widespread and felt by a more diverse cross-section of people.

SECTION WRAP-UP QUESTIONS

- Why do you think this cycle continues?
- Do you see opportunities here for new economic policies and practices? If so, what are they?

TAKEAWAY POINTS

- The Cycle of Crisis offers a framework through which to understand the progression of economic policies.
- Non-regulation of the stock market during the Industrial Revolution led to the Great Depression. The Great Depression led to the development and adoption of Keynesian economic policies. Endless government spending and other global forces led to

stagflation. The stagflation of the 1970s led to the emergence of neoliberal economic policies and non-regulation of the banking industry, which ultimately created the Foreclosure crisis.

- The Cycle of Crisis continues because most theories assume there is endless growth potential. These theories have paved the way for the creation of policies that have allowed for the infinite extraction of environmental and human resources to match our theoretical needs for success (i.e. “only a growing economy is a healthy economy”).
- Our current crisis, the Great Recession, gives us the opportunity to develop new economic theories, policies, and practices.

V. BREAK (OPTIONAL) **TIME: 10 MIN**

VI. ECONOMIC DEMOCRACY **TIME: 30 MIN**

SECTION OBJECTIVES

- Develop consensus with the group about where we are now in the Cycle of Crisis and build a sense of opportunity to break the cycle
- Use the framework of “ruling institutions,” “mediating institutions,” and “civil society” to explain how political and financial decisions are made and where power is held
- Use the same framework to describe economic democracy and convey the two main tenets of economic democracy: collective ownership and democratic governance
- Provide examples of economic democracy in today’s society

MATERIALS NEEDED

- White board or flip chart paper
- Markers
- Video projection equipment (projector, laptop, and PowerPoint), if available
- Appendix B: Visual Aid
- Appendix E: Handout No. 3: Ruling Institutions vs. Economic Democracy Framework
- Appendix F: Handout No.4: Mondragon Corporation: Economic Democracy in Action
- Appendix G: Handout No. 5: Other Examples of Economic Democracy

FACILITATION

1. Depending on how advanced your group is, you can begin by providing a quick overview of different types of political-economic systems. Note that these systems often do not exist on their own; most countries use a combination of elements from different systems, but maintain an ideological commitment to one. For instance, the United States has a capitalist political economy with some socialist characteristics: the government regulates many aspects of production and trade for businesses.

We defined the economy earlier as “a socially constructed system that manages how we as a society distribute and exchange resources” or “the way humankind copes with the problem of provisioning for itself.” The regulation of land and labor; the production of goods; the exchange of goods and services; and the distribution of resources are all determined by a set of policies and practices that can only be understood by analyzing a society’s political economy.

Economic Democracy	Socialism	Capitalism	Communism
Economy regulated by participatory democratic processes “Political democracy is not possible without economic democracy”	State-regulated production and trade Universal public goods create a safety-net	Market organized production and exchange Price and trade “regulated” by supply and demand	State owned and controlled production and exchange Resources are allocated from the top down based on government defined citizen rights

2. You can use the “ruling institutions” framework to explain the way the United States system of market capitalism operates in society (**Slide 17**).

With participants, re-create the “ruling institutions” framework by having them answer the popcorn questions below.

POPCORN QUESTION: *Right now, who or what makes most of the decisions about what gets produced and how resources are distributed in society?*

A: Corporations (oil companies, media moguls, pharmaceutical companies, etc.) have the power to produce goods and set prices. They also have the power to influence the government to create business conditions that increase their profits. Essentially, we see that people with money make a lot of decisions about how the world—and the United States—is run. We call these ruling institutions.

Write the names of institutions given at the top.

Note: If people start with elected officials (i.e. Congress/The President), push them until they get to people with money and businesses that have lobbying power and influence.

POPCORN QUESTION: *How are ruling institutions able to exert their influence?*

A: *Because the United States is a representative democracy, in name, at least, ruling institutions must exert their power and control through institutions that have democratic legitimacy within society. These institutions are known as mediating institutions, which include government, military, media, labor unions, foundations, and even some churches.*

Write the names of institutions given in the middle.

POPCORN QUESTION: *So what is left?*

A: Then there is the rest of civil society. Civil society does create groups and associations, but, for the most part, it is unorganized. This also includes many small- and medium-sized businesses.

Finish labeling the diagram.

Use the constructed diagram to explain the way society currently works (**distribute Appendix E**). Use the historical examples highlighted in the previous section to show the constant struggle of powerful “ruling” institutions that use mediating institutions to exert control over the rest of us. These institutions control the productive capacity—most of the land and labor—in the world.

Add that what many community organizing organizations try to do is organize “the rest of us” to influence the way mediating institutions exert control over the ruling institutions. But this rarely works. Because of civil society’s limited access to resources, when compared to major corporations, the balance of power is usually tilted in favor of the ruling institutions.

Ruling institutions exert power and control over the resources of civil society (particularly land and labor) while mediating institutions make sure that ruling institutions can do what they want without civil society collapsing. Right now mediating institutions unfairly mediate the tensions between the super rich and the super poor thanks to “democratic” infrastructure, such as courts, Congress, voting, and local governance. In the 1950s, mediating institutions (like labor unions and government) were strengthened by New Deal policies and were better able to mediate the inherent tensions between labor and capital by allowing for collective bargaining and progressive taxation.

POPCORN QUESTION: *How might you want this diagram to be different?*

2. Now use the “economic democracy” diagram (**Appendix E**) to explore the concept of economic democracy (**Slide 18**).

Economic democracy seeks to reorient the relationships in the ruling institutions framework. Under economic democracy, the rest of civil society aren't separated from the "ruling institutions" that control resources. All members of society exert control over resources – land and labor – and therefore do not need separate institutions to "mediate." Rather, they create institutions that support democratic decision-making and collective ownership.

There are two fundamental aspects of economic democracy (Slide 19). The first aspect is collective ownership. The benefits of an asset—such as a business, land, and financial institutions—accrue to the owners. When an asset is collectively owned, the benefits (and the losses) accrue to its owners.

Second, economic democracy is rooted in democratic control of the assets. Democratic control means that everyone who collectively owns the assets also makes the decisions over how those assets should be managed. This can take many forms from representative governance—where members elect councils—to direct democratic control.

A society based in economic democracy is the goal. We can become members of worker cooperatives and credit unions, and use participatory budgeting to decide collectively how resources are allocated. These are some examples of ways we can begin to collectively control resources, and create political institutions that support democratic decision-making and collective ownership .

Although a society built on principles of economic democracy might take a long time to get to, we can start to build institutions and practices based on shared ownership and democratic governance. This way, we begin to develop control over various aspects of our lives and build power to reinvigorate the mediating institutions. Over time, the ruling institutions will be fundamentally transformed and we can transition to a full economic democracy.

3. Ground concepts of economic democracy through the introduction of Mondragon Corporation or another local case **(Slide 20)**.

As we just discussed, economic democracy is rooted in democratic ownership and a control of assets. Worker cooperatives are businesses that are rooted in this principle – workers own and control the company. For example, the Mondragon Corporation is the largest network of worker-owned cooperatives in the world. This network of about 100 cooperatives employs over 80,000 worker-owners. Collectively, the network of cooperatives own over 40 billion dollars.

4. Allow participants to read the handout and discuss the idea of worker cooperatives and economic democracy. Direct participants to watch the videos on the history and mission of Mondragon Corporation **(Appendix F)**.

SECTION WRAP-UP QUESTIONS

- What is the impact of reorienting these relationships?
 - What would that look like at your job? In your neighborhood? At your bank? At the grocery store or other shops? In the City budget? In the Bronx and throughout New York City?
5. Explore some more examples of economic democracy, particularly the Bronx-specific examples included in **Appendix G** and found in **slides 18 through 23**. Depending on the time and the group you are facilitating, you can either describe and discuss each case briefly as a whole group or divide participants into small groups to go over one or all of them with report backs. A fun method to use is modified from a learning strategy called the jigsaw classroom. Participants are first grouped by case study and then one person from each case study group will come together to form new groups for discussion.

TAKEAWAY POINTS

- For much of recent history, ruling institutions (i.e. corporations) have had greater influence and control of mediating institutions (i.e. government and labor unions) than civil society.
- Ruling institutions control most of the productive capacity—land and labor—in the world.
- Economic democracy seeks to reorient the relationships between ruling institutions, mediating institutions, and civil society. Under economic democracy, civil society is not separated from the “ruling institutions” that most of the control resources. All members of society exert control over resources – land and labor – and therefore do not need separate institutions to “mediate.”

VII. CONCLUSION AND EVALUATION **TIME: 10 MIN**

SECTION OBJECTIVES

- Summarize the main points and topics of the workshop
- Provide the opportunity and space for final reflections and thoughts
- Collect valuable feedback and data from participants
- Close and generate excitement about Economic Democracy and the rest of the training series

MATERIALS NEEDED

- Appendix H: Evaluation Form
- Appendix I: Major Takeaway Points

FACILITATION

1. Summarize the Main Points and Topics

- ▶ The economy can be defined as: “A socially constructed system that manages how we as a society distribute and exchange resources” or “the way humankind copes with the problem of provisioning itself.”
- ▶ The economy is not just about the exchange of money.
- ▶ The United States economy is stuck in an unsustainable “Cycle of Crisis.”
- ▶ The Great Depression led to the development and adoption of Keynesian economic policies and stagflation in the 1970s led to the emergence of neoliberal economic policies. However, our current crisis, the Great Recession, gives us the opportunity to develop new economic theories, policies, and practices.
- ▶ Economic democracy seeks to reorient the relationships illustrated in the ruling institutions framework. Under economic democracy, the rest of civil society isn’t separated from the “ruling institutions” that control resources. People exert control over resources and, therefore, do not need separate institutions to “mediate.” Rather, they create institutions that support democratic decision-making and collective ownership.
- ▶ The examples of economic democracy discussed illustrate how different types of institutions embody the principles of collective ownership and democratic control.

2. Closing Discussion Question—BCDI believes that we can build community wealth that is democratically governed and collectively owned to build a strong, just, and sustainable economy in the Bronx. Many organizations, institutions, and individuals can and need to be involved in a variety of activities that build a new economy based on shared wealth. Ask: *Do we want to further Economic Democracy? Why? How can we do it?*

3. Discuss any concrete next steps participants can take, upcoming events and the next training.

4. Hand out the written evaluation for participants to complete and, depending on the time, conclude with a verbal evaluation. You can use the 4-part evaluation suggested below. Be sure to have a recorder to capture notes for participant feedback.

- ▶ Written Evaluation – Hand out the evaluation specific to the session. Emphasize any parts of the worksheet that are particularly important to get feedback on. Discuss the purpose of this evaluation; it allows the facilitator(s)/ sponsor(s) to improve the training and for the group to move forward with strength into future workshops. **(Appendix H)**
- ▶ Verbal evaluation – It comes from the Gamaliel Foundation (<http://www.gamaliel.org/>) training. Parts I and II tend to be the most important; parts III and IV can be eliminated under time constraints.
- ▶ Introduce that you are doing a 4 part evaluation in ___ minutes (10, 5); lay out the parts (perhaps by writing them on the board).
 - » Part I: One-Word Feeling Word – Ask each participant to offer a one-word feeling word on “How they feel about this training.” Encourage participants to use a feeling word (such as excited, happy, confused, troubled, hopeful) as opposed to a “head word” (thoughtful, pensive, interested). Also, be strict about only ONE word, this keeps pace and ensures everyone shares. Keep track of the words. Return to any “negative word” such as confused, angry, etc. Ask the participant who shared a negative word to “say more about that word.” Finish this section by hearing elaboration from some of the “positive” words. You will not have time for everyone to elaborate on their word.
 - » Part II: Performance – This is a time for participants to discuss “what worked” and “what could be improved”. They should be encouraged to give feedback on the delivery of the content by the facilitators, the participation of the rest of the room, the set up and logistics of the room, and the content of the training. You can use flip chart paper and make 2 columns, one with a plus sign and one with a negative sign (or “delta” sign [a triangle] which is the scientific symbol for change).
 - » Part III: Tension – The points of tension in a workshop are often the places where learning is happening; the places participants feel uncomfortable are the places they feel pushed or stretched. These can be important and powerful points for individuals, but also for the group as often tensions are shared. You can ask the group, “Where did you feel tension? Where did you feel you were being stretched in a new direction?” Listen to and engage in a dialogue about some of the points of tension.
 - » Part IV: Political Learning – This is typically offered by the facilitator or another very experienced organizer/leader in the room. Summarize the key learning you have about operating in the public arena and moving into economic democracy. This should be a short, sweet, challenging/inspiring statement.

APPENDIX A

REFERENCE MATERIALS

DIVERSE ECONOMIES FRAMEWORK

The mainstream view is that an economy that runs on capitalist lines is the most efficient and progressive. In a capitalist economy production facilities are privately owned; individual wage workers are employed by business owners; goods and services are produced for market exchange; and consumers purchase the goods and services they need to sustain themselves with money.

Most economic theory that seeks to explain how economies work focuses on enterprise ownership, investment in business, commodity prices, wage levels, consumption patterns and market fluctuations. Economies are seen to be guided by rational laws of supply and demand, and growth and competition that need to be strictly adhered to if we hope to survive.

Those who take into account the environmental and social costs of privately owned economic growth are currently challenging mainstream views of the economy. Many now see the current mainstream model of the economy as unsustainable.

The Diverse Economy as an Iceberg:



Above the water line are the visible activities that we all see as the real economy—paid work, market exchange, capitalist enterprises.

Below the water line are all the other activities that also keep us alive, fed, sheltered, cared for and connected to each other. The contribution of these activities is often hidden and unrecognized. Many of these practices deliver well-being directly and need to be safe-guarded. Some of these activities are illegal; they undermine community well-being and need to be controlled.

Our economy is what we make it. We have the right to build a local economy that is just, cares for all and protects our environmental and social commons.

ECONOMIC DEMOCRACY

Economic democracy is meeting our needs through a process of collective decision-making, collective ownership and collective management of resources, a process that is infused with our values and priorities. Dr. J.W. Smith, founder of the Institute for Economic Democracy, offers that economic democracy is a socioeconomic philosophy that proposes to shift decision-making power from corporate shareholders to a larger group of public stakeholders that includes workers, customers, suppliers, neighbors and the broader public. No single definition or approach encompasses economic democracy, but it is a response to modern property relations that externalize costs, subordinate the general well-being to private profit, and deny the nation's citizens a democratic voice in economic policy decisions.

POWELL MEMORANDUM

A confidential memorandum written in 1971 for the United States Chamber of Commerce that describes a road map to defend and further the neoliberal concept of free-enterprise capitalism.

To read the Powell Memorandum, visit: http://reclaimdemocracy.org/powell_memo_lewis/

THE HISTORY AND THEORIES BEHIND OUR ECONOMIC SYSTEM

THE GREAT DEPRESSION: The Great Depression is an economic depression that began on October 29, 1929, following the crash of the United States stock market. While the Great Depression originated in the United States, it quickly spread to Europe and the rest of the world. Lasting nearly a decade, the Depression caused massive levels of poverty, hunger, unemployment and political unrest. The New York Stock Exchange (NYSE) crashed on October 24, 1929, a day known as Black Thursday. Thousands of people lost nearly the entire value of their investments, leaving them with next to nothing. The following Tuesday, known as Black Tuesday, the

Dow Jones Industrial Average dropped 12 percent, marking the start of the great depression. International trade declined, along with personal income, tax revenues and product prices. Many economists believed that the Great Depression was evidence that capitalism, when left unchecked, is a dangerous ideology.

Additional Resources

1. "The Great Depression" (video). PBS. <<http://video.pbs.org/video/2151510933>>.
2. "The Crash of 1929" (video). PBS. <<http://video.pbs.org/video/1308436568/>>.
3. Surviving the Dust Bowl (video). PBS. <<http://www.pbs.org/wgbh/americanexperience/films/dustbowl/player/>>.

KEYNESIANISM: Keynesianism is an economic theory first developed by the 20th century economist John Maynard Keynes. It states that the best method for ensuring economic growth and stability is through active government involvement in the marketplace and monetary policies. A supporter of Keynesian economics believes it is the government's job to smooth out the bumps in business cycles. Involvement would come in the form of government spending and tax breaks in order to stimulate the economy, and government spending cuts and tax hikes in good times in order to curb inflation. Contemporary Keynesian economists include Nobel Prize winner Paul Krugman and Robert Reich.

Additional Resources

1. The Conscience of a Liberal Blog by Paul Krugman: <http://krugmanonline.com/>
2. Robert Reich's blog: <http://robertreich.org/>
3. "Keynsian Economics." Alan S. Blinder. <<http://www.econlib.org/library/Enc/KeynesianEconomics.html>>.
4. "Keynsian Economics." Investopedia. <<http://www.investopedia.com/terms/k/keynesianeconomics.asp#ixzz20RL20gVa>>.

NEOLIBERALISM: Neoliberalism is an ideology that defines liberal as "free". The ideology and its advocates believe that complete freedom of markets and individuals will achieve economic stability and efficiency. In neoliberal ideology "freeing up" the economy means removing barriers and restrictions to what economic actors (private sector actors) can do. Thus neoliberal policies call for the privatization of state-owned enterprises, the deregulation of markets, and the promotion of the private sector's role in society. A related term is *laissez faire* economy, French for "hands off", as in the public sector takes its "hands off" the economy.

Additional Resources

1. “Neo-liberal Ideas.” World Health Organization. <<http://www.who.int/trade/glossary/story067/en/>>.

SCARCITY AND ABUNDANCE

Scarcity is a theory in classical economics that says there is a finite amount of resources on the planet. In the market distribution of these resources, scarcity says that some human beings will have to live with deep sacrifice (hunger, homelessness, poor health), even death.

Abundance stands in opposition to scarcity because abundance asserts that despite the finite resources naturally provided, these resources can be distributed in a way that allows the basic needs of all citizens of the planet to be met in ways that do not compromise the provision of those resources for future generations. Part of economic democracy is a social and political negotiation that seeks to codify abundance policies into law and public policy, as well as into cultural and economic practices.

Additional Resources

1. “An Essay on the Nature and Significance of Economic Science” (essay). Lionel Robbins. <<http://mises.org/books/robbinessay2.pdf>>.
2. “Scarcity” (article). Investopedia. <<http://www.investopedia.com/terms/s/scarcity.asp>>.
3. “Scarcity and Abundance: Escaping the Scarcity Mentality” (article). Trent Hamm. <<http://www.thesimpledollar.com/scarcity-and-abundance-escaping-the-scarcity-mentality/>>.

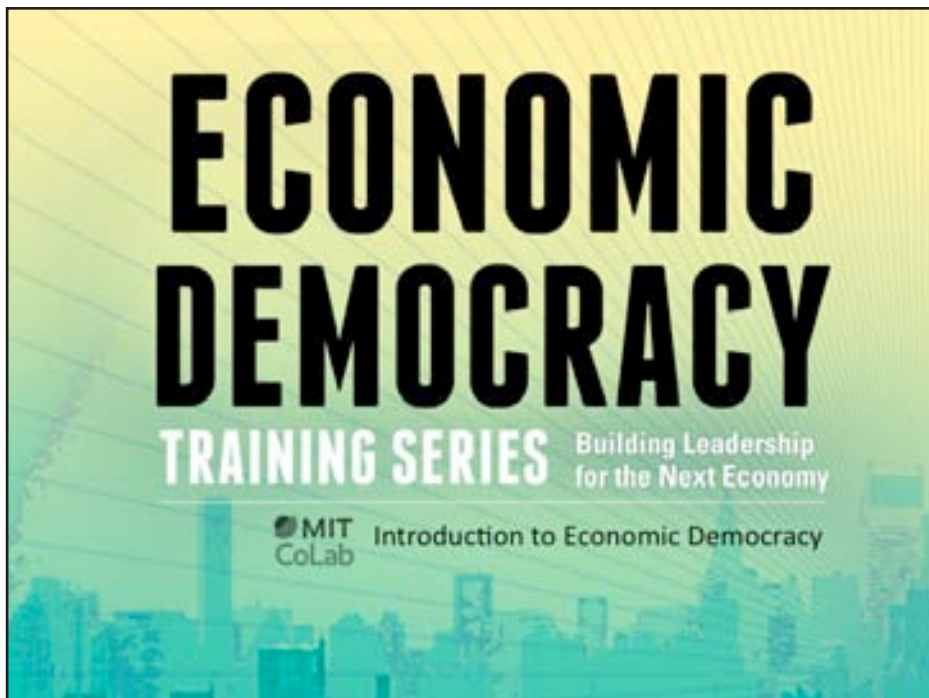
COMMUNITY WEALTH BUILDING

Community wealth building aims at improving the ability of communities and individuals to increase asset ownership, anchor jobs locally, expand the provision of public services, and ensure local economic stability. Community wealth strategies are designed to draw more dollars into the community — by raising the financial assets of individuals, increasing the level of “common” assets within a community, and leveraging the use of funds from institutions that are based in the community for community-benefiting purposes.

OTHER USEFUL WEBSITES RESOURCES

1. Center for Popular Economics (website): <http://www.populareconomics.org/>
2. Community-Wealth.org (website). <<http://www.community-wealth.org/>>.

APPENDIX B
VISUAL AID



SESSION GOALS 

- Develop interest amongst participants in exploring economic concepts
- Provide a basic overview of the U.S.'s economic history since the Industrialist Revolution
- Introduce the concept of Economic Democracy and provide examples of projects that represent aspects of Economic Democracy
- Inspire participants to be leaders in developing their local economy

2 | Economic Democracy: Training Series INTRODUCTION TO ECONOMIC DEMOCRACY

AGENDA



- Introduction (10 min)
- Activity: Defining “the Economy” (10 min)
- Activity: Build Your Ideal Community (40 min)
- Economic Cycles in the U.S. (20 min)
- Economic Democracy (30 min)
- Conclusion and Evaluation (10 min)

FIRST AGREEMENTS:

How we want to treat each other and
be treated in this space

- Be present – don’t look at cell phones, text, or be on the computer
- Listen to understand
- Argue about concepts, not people
- Don’t Yuck My Yum
- Mind Your Space (clean up after yourself)
- Respect time limits
- Step Up, Step Back
- Hold comments until the end
- Return from break on time
- Turn cell phones on silent (not vibrate)
- One conversation, don’t talk over others

Yesterday Survey

What did you do yesterday?

- What activities did you do between waking up and going to sleep?
 - Was it for/with other people?
 - Was it for money? For pleasure?
 - Was it physically, mentally, and/or socially taxing?

Activity: Defining “the Economy”

What is “the Economy”?

“A socially constructed system that manages how we as a society distribute and exchange resources.”

-- Or --

“The way humankind copes with the problem of provisioning for itself.”

The Iceberg

Below the waterline, answer:

- What is something you do to meet your material needs?
- What is something you do to meet your spiritual, physical, mental needs?
- What is something you can't live without doing?
- What is something you don't want to live without doing?

Above the waterline, answer:

- When you hear or read about “the economy,” what is usually talked about?



Activity: Build Your Ideal Community

Build Your Ideal Community

4 roles per team:

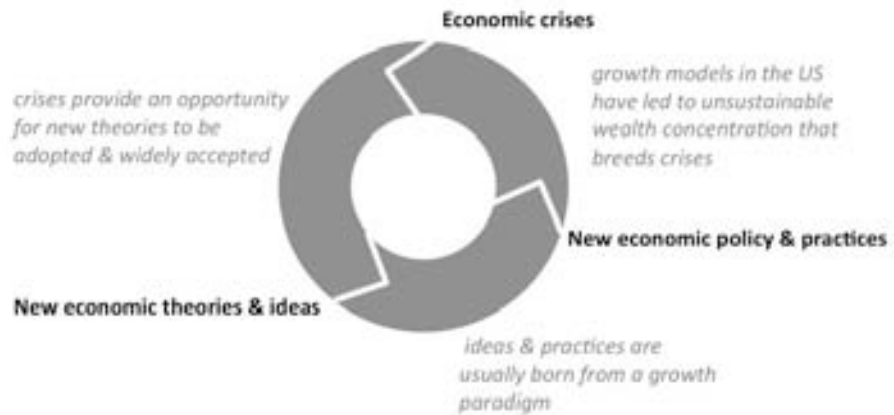
- **Banker:** Controls access to the Legos
 - **Designer:** Designs the community
 - **Builder:** Places the blocks
 - **Consumer:** Can't touch the blocks; can comment
- If you need more Legos, the **Consumer** should ask the **Facilitator**
 - **Time to Build:** 20 minutes
 - **Time to Share/Reflect:** 15 minutes

Economic Cycles in U.S. History

11 | Economic Democracy Training Series

ECONOMIC CYCLES IN THE U.S.

Cycle of Crisis in the U.S. Economy

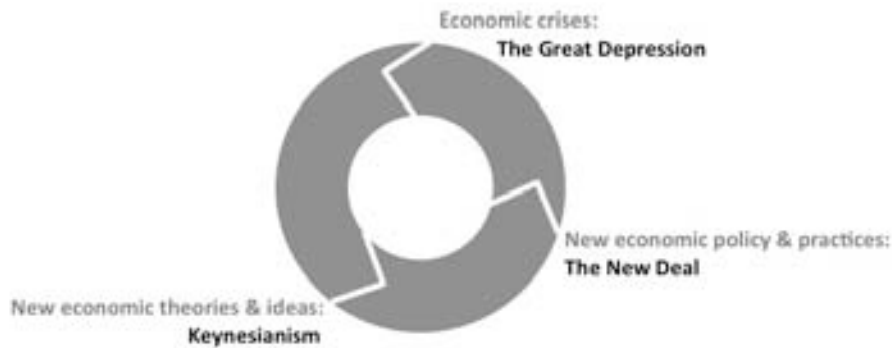


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ECONOMIC CYCLES IN U.S. HISTORY

The Great Depression and Keynesianism

1930s - 1950s



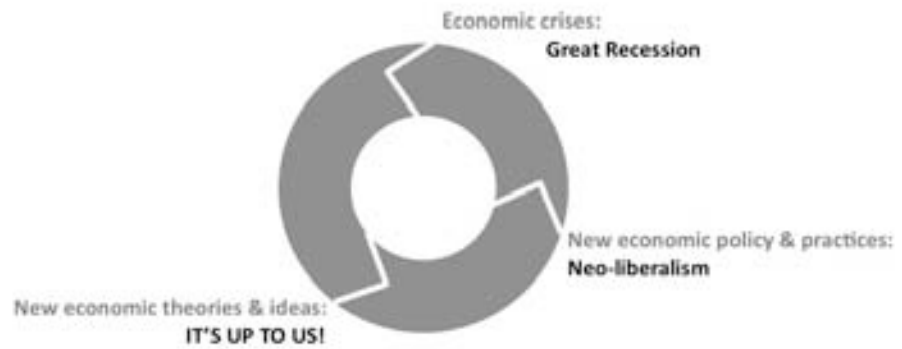
Stagflation and Neoliberalism

1970s - 2000s



The Great Recession and ...

2008 - now



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ECONOMIC CYCLES IN THE U.S.

Economic Democracy

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ECONOMIC DEMOCRACY

Ruling Institutions Framework



Economic Democracy Framework



Economic Democracy

What does that even mean?

1. Democratic Governance
2. Collective Ownership

Mondragon Corporation

- Mondragon Corporation is the largest network of worker-owned cooperatives in the world
- Mondragon's network has about 100 cooperatives and employs over 80,000 worker-owners, which collectively own over \$40 billion



Cooperative Home Care Associates

"Committed to delivering quality care by creating quality jobs"

- Founded in 1985 to provide quality jobs and services to clients
- 2,100 members
- Can become a member for \$1,000 investment
- 14 person board of directors
- 8 members of the board are worker-owners



Cooperative Home Care Associates

• Benefits to Employees

- Referrals to public benefits, social services, and continuing education programs
- Mentoring support from their peers
- Coaching from their supervisors, and opportunities available for promotion to administrative positions
- Dividends
- 401k contribution
- Bonuses
- Pay



Amalgamated Housing Cooperative

- 1,500 apartments, consisting of studios, 1, 2, 3, and 4 bedroom apartments
- Buy into a share of the cooperative for \$40,000 equity plus monthly carrying charges of about \$1,000 per month



Amalgamated Housing Cooperative

- The Board consists of twelve directors, all of whom are resident-cooperators and serve without compensation
- Four directors are elected each year
- There are 6 "committees of the Board"



Bethex Credit Union

- Founded in 1970 by several women on welfare
- Over 5,000 members and \$28 million in assets
- Become a member by opening a savings account
- Each member pays a \$15 annual membership fee
- Each member (regardless of size of savings) gets one vote in the elections of the Board of Directors
- The 8 Directors serve without compensation



24 | Economic Democracy Training Series

ECONOMIC DEMOCRACY

Closing Discussion Questions

- Economic Democracy efforts have been happening on the ground for some time:
 - Do we want to further it? Why?
 - How can we do it strategically?

24 | Economic Democracy Training Series

ECONOMIC DEMOCRACY

APPENDIX C: HANDOUT NO. 1

INSTRUCTIONS FOR BUILD YOUR IDEAL COMMUNITY ACTIVITY

GOAL:

Each group will have an opportunity to design their ideal community and build it. The winner of the activity will be the group that can build a community that best resembles their design, judged on two things: aesthetics and accuracy.

RULES:

1. The facilitators can stop the exercise at any moment.
2. The facilitators can make final judgments.
3. The facilitators have the power to take or give Lego® pieces as they please.

ROLES:

Facilitator: Your job is to decide how many Legos each team gets.

Banker: Your job is to manage and hold the Lego® pieces. Your group can get more Lego® pieces if your consumer asks the Facilitator for more.

Builder: Your job is to physically build the community. Only you can use the Lego® pieces. You might want to periodically check in with your banker to make sure you have enough Lego® pieces to build your community.

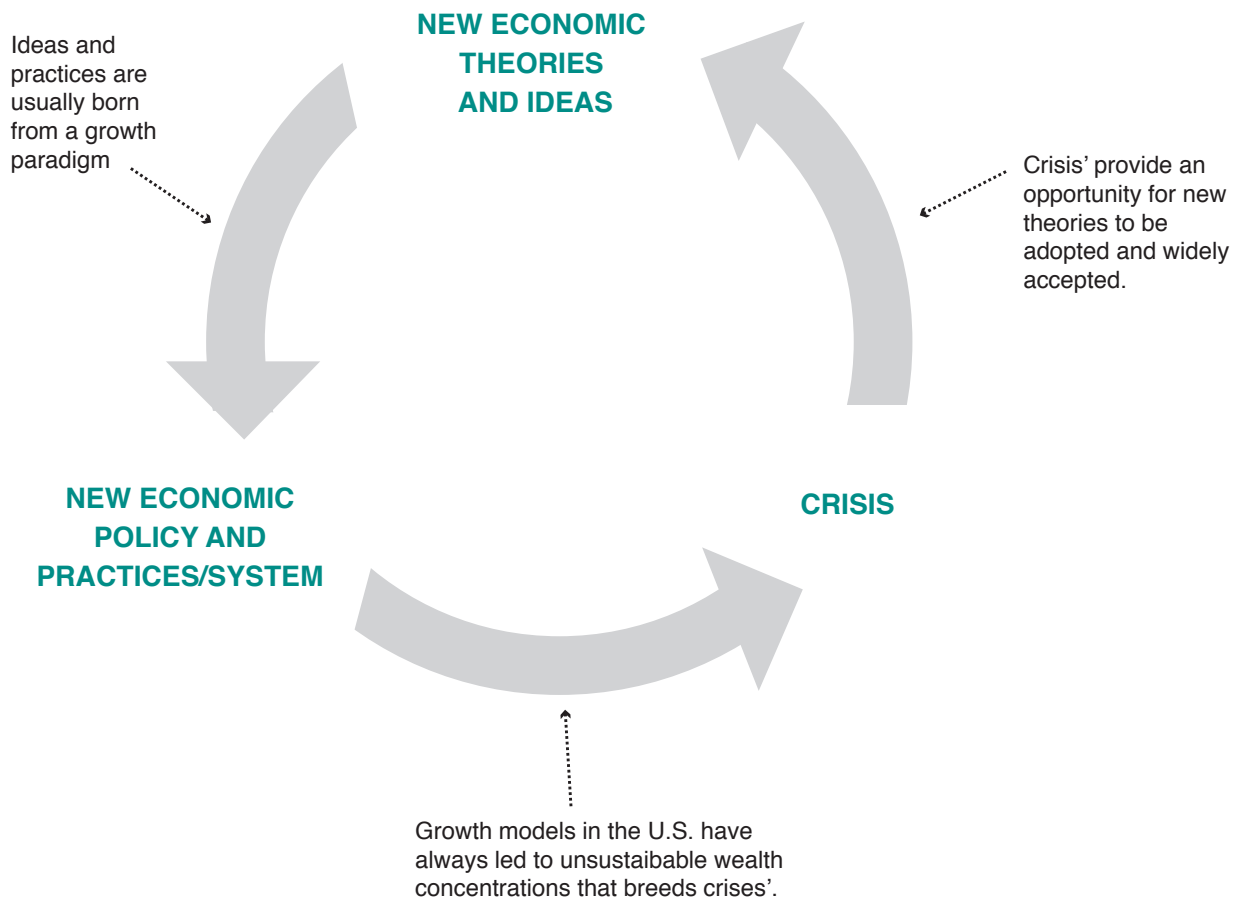
Consumer: Your job is to comment on everything that's happening and correctly answer the Facilitator's questions in order to get your group more Lego® pieces.

Designer: Your job is to provide creative direction to design the best community possible.

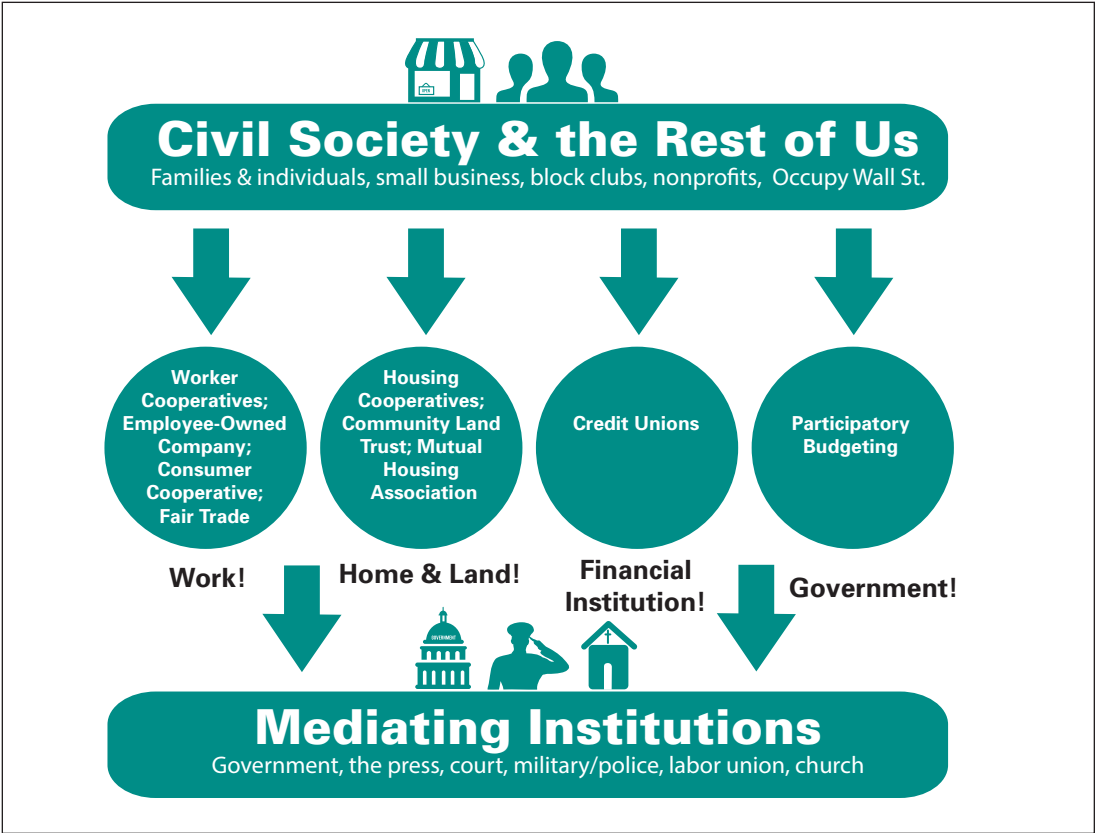
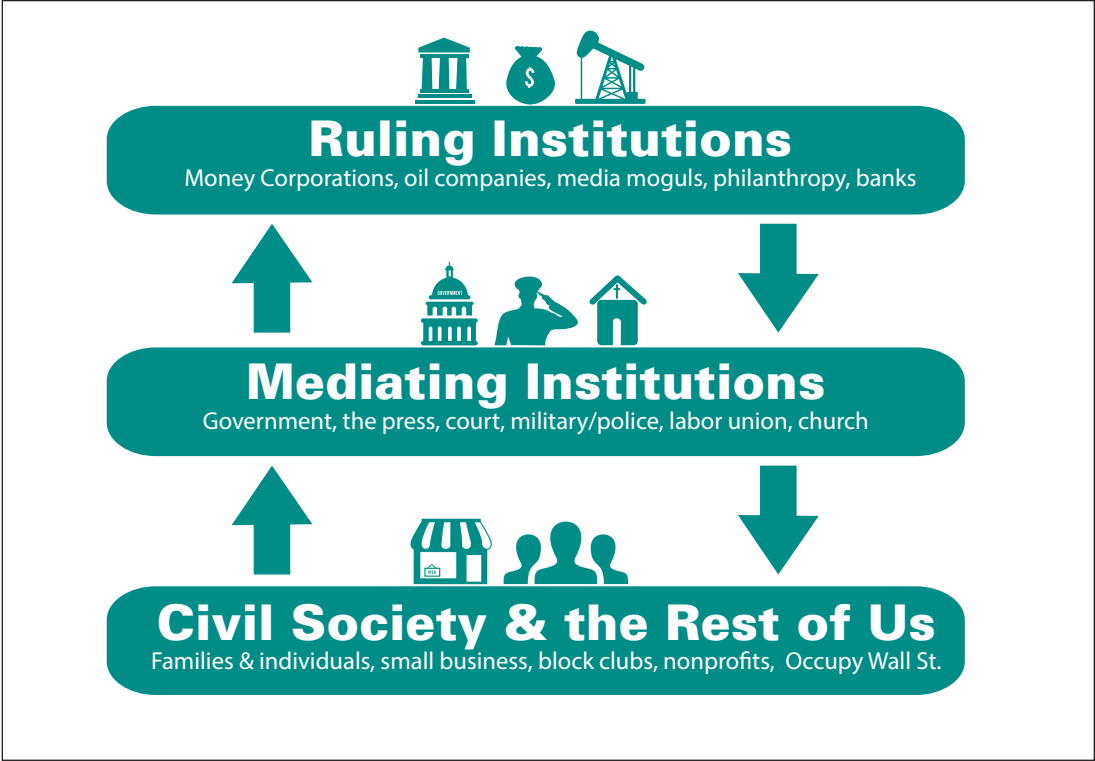
Observer: Your job is to record a play-by-play account of how the game unfolds.

APPENDIX D: HANDOUT NO. 2

THE CYCLE OF CRISIS



RULING INSTITUTIONS VS. ECONOMIC DEMOCRACY FRAMEWORK



APPENDIX F: HANDOUT NO. 4

MONDRAGON COOPERATION: ECONOMIC DEMOCRACY IN ACTION

Mondragon is a city in the Basque region of Spain that is a leading example of how economic democracy can be practiced today. Founded in 1956 by a priest named Don José María Arizmendiarieta (Arizmendi) and five graduates of a technical high school, the Mondragon Cooperation has grown to become the largest network of worker owned cooperatives in the world today and is directly responsible for 65 percent of the region's employment. There are currently about 85,000 worker-owners in over 100 worker cooperatives. In addition to the cooperatives that have formed over the last 56 years, a university, a bank, a social welfare agency, 14 research and development centers, a philanthropic foundation, and a micro enterprise development center for low-income immigrants have been created to support their work.

Mondragon Corporation rose from the ashes of the Spanish Civil War. With little industrial expertise or wealth in the region, it became the seventh largest business group in Spain with the fourth largest bank. They accomplished this in part through a model of collective ownership, grassroots fundraising and investment. But the ability to drive these models forward can only be attributed to an overriding commitment to the pursuit of human development. For its entire history, only a handful of workers have been permanently laid off. In order to maintain employment and weather downturns in the economy, the Mondragon network of companies has developed a system that moves workers and excess cash from one business to another to help struggling businesses overcome a downturn. This system has made it difficult for cooperatives to go out of business and for people to lose their jobs. To date, only three cooperatives have closed shop.

Additional Resources

1. "The Mondragon Experiment" (video). <<http://www.youtube.com/watch?v=7efaDeFmurQ>>.
2. Mondragon Corporation's Basic Principles (that guide their operations). Mondragon Corporation. <<http://www.mondragon-corporation.com/eng/co-operative-experience/our-principles//>>.

APPENDIX G: HANDOUT NO. 5

OTHER EXAMPLES OF ECONOMIC DEMOCRACY

CASE #1: COOPERATIVE HOMECARE ASSOCIATES (CHCA)

Cooperative Home Care Associates (CHCA) is a South Bronx home care agency; it is the largest worker cooperative in the country. Worker cooperatives are businesses that are owned and controlled by their workers, rather than by outside shareholders or investors. They operate on the principle of one person, one vote, giving each worker equal decision-making power over governance issues and financial decisions.

CHCA provides home care aid to seniors and disabled clients such as operating medical equipment, accompanying them to appointments, preparing meals, and other tasks. Founded in 1985 with only 12 employees, CHCA is the oldest home care cooperative in the United States and now employs over 1,600 workers and serves over 4,000 clients. Currently, 68 percent of CHCA's home care workers are also owners.

The cooperative generates \$40 million in revenue a year and is expected to more than double its workforce over the next few years. Members of CHCA receive a host of benefits that they typically would not receive at a traditional home care agency, including full-time employment, employer contributions to a 401k, dividends based on annual profits, high quality training, and access to free and low cost financial services.

CHCA is also an example of how worker cooperatives and unions can be partners. In 2003, the members of CHCA became 1199SEIU members and the benefits of the union were extended to the cooperative, including health insurance and political influence.

Additional Resources

1. "Cooperative Homes Care Associates: Participation with 1,600 Employees" (article). Stu Schneider. <<http://www.geo.coop/node/433>>.
2. "How America's Largest Worker Owned Co-op Lifts People Out of Poverty" (article). Laura Flanders. <<http://american.coop/content/brief-history-cooperative-home-care-associates>>.
3. "Portraits of the Solidarity Economy: Cooperative Home Care Associates" (video). <<https://vimeo.com/84816669>>.

CASE #2: AMALGAMATED HOUSING COOPERATIVE

Founded in 1927, Amalgamated Housing Cooperative is the oldest limited equity housing cooperative in the United States. They provide affordable housing and a strong community for about 1,500 moderate-income families. The coop occupies several buildings near 98 Van Cortland Park South in the Bronx. At the time of its founding, many immigrants worked in sweatshop-like conditions and lived in crowded tenement housing. Though the units were unsanitary and dilapidated, it did not stop landlords from constantly raising rents. Sidney Hillman, president of the Amalgamated Clothing Workers Union, commissioned Abraham Kazan, the director of Amalgamated Credit Union, to design a strategy to relieve the workers from poor housing conditions and high rent burdens. Abraham Kazan ended up becoming the founder and president of Amalgamated Housing Cooperative for 40 years.

Kazan had a vision that people could build and manage their own communities without landlords. By working together cooperatively, they could provide themselves with better homes at less cost than could be found in privately owned housing. At the same time, a community would develop that offered cultural, social, educational, and neighborhood interests to enrich the lives of all members of the family, particularly the children.

Kazan came up with a strategy that would allow a household to put in a \$500 down payment and pay \$11 a month for rent/utilities in exchange for a share in the housing corporation. All shareholders in the housing corporation are entitled to an apartment in the corporation's buildings. At that same time, New York State passed laws encouraging the private construction of low-cost housing by offering 20-year tax exemption. With this support, the collateral of the down payments and the credit of the union, Kazan took out a mortgage to construct five buildings (this has since expanded to 12).

Today, Amalgamated Cooperative consists of 1,500 apartments, including studios, 1-, 2-, 3-, and 4-bedroom apartments. A person or family can buy a share of the cooperative for between \$13,000 and \$40,000 depending on the size of the apartment (these figures are based on calculations from December 2006). Monthly "carrying charges," or rent, which includes monthly utilities and other building needs, ranges from \$350-\$1,250 per month, depending on the size of the apartment. The waiting list is between 2-7 years long. The coop is designed for people of low and moderate income, so income restrictions apply to who can or cannot live in the coop. Those who make above certain income amounts must pay an additional charge at the end of the year in accordance with their income—income is verified yearly.

Residents are "shareholders" in the corporation. Upon moving in, residents receive a \$10 certificate representing one share of stock in the cooperative. Residents also receive a stock certificate representing their equity investment in the corporation.

Both are refundable upon moving out. Stock cannot be sold on the open market. Instead, the corporation would buy back a share from a departing shareholder. Thus, the cooperative can maintain the low carrying charge in order to keep the housing affordable for future residents. The equity and carrying charges are used to keep the buildings in good condition, maintain the beautiful grounds of the coop, put on programming, and carry on other functions of the building. Residents also earn a limited amount of interest on their equity investment.

Responsibility for the ongoing operations of the cooperative rests with the Board of Directors. The Board consists of twelve Directors, all of whom are resident-cooperators and serve without compensation.

Additional Resources

1. "Amalgamated Housing: The History of a Pioneer Co-operative 1927" (article). Alexandra Vozick Hans. <<http://www.lesonline.org/cv/AmalgamatedHousing.pdf>>.
2. "The Amalgamated: a socialist-inspired housing co-op in the Bronx" (article). Madonna Gauding. <<http://www.occasionalplanet.org/2011/05/31/the-amalgamated-a-socialist-inspired-housing-co-op-in-the-bronx/>>.
3. "Amalgamated Housing Co-operative" (official website). <<http://www.amalgamated-bronx.coop/>>.

CASE #3: BETHEX CREDIT UNION

Bethex Federal Credit Union is a community development credit union founded in 1970 by Joy Cousminer. Community development credit unions are small, member-owned and -controlled institutions that serve the purposes of providing affordable and accessible financial services to areas traditionally underserved by commercial financial institutions. They also provide loans that support community development in ways that are directed by their members. Credit unions serve as alternatives to more traditional banks and financial institutions—offering most of the same services at competitive rates.

Bethex has over 5,000 members and \$28 million in assets. A person becomes a member by opening a \$25 savings account. Also, each member pays a \$15 annual membership fee. Each member (also known as a shareholder) is permitted to vote in the elections of the Board of Directors; each member has one vote regardless of his/her savings and account balance. The 8 Directors serve without compensation. There is also a supervisory committee responsible for auditing the operations of the credit union and overseeing the board.

Bethex also accepts non-member deposits. These might be deposits from churches or other organizations that want to see their money invested in

community development. The deposits stay in the credit union, typically for a long period of time, allowing the credit union to lend more to its members and provide more services. However, as non-members these depositors are not allowed to vote in the elections. Currently, about \$6 million of Bethex's assets are non-member deposits.

Unlike banks, credit unions exist solely to serve their members and do not have to pay dividends to an outside group of stockholders. Instead, credit union earnings are returned to members in the form of better rates, lower fees and innovative services such as credit and budget counseling, business checking accounts with low minimum balance requirements, free tax preparation, mobile branches for neighborhoods without easy access to financial services, and loans designed to achieve specific financial goals.

In 2011, Bethex paid a dividend of .37 percent to shareholders with a minimum of \$100 in their bank accounts. In 2010, the dividend decreased to .25 percent.

Additional Resources

1. Bethex Federal Credit Union (official website): <http://www.bethexfcu.org/>

CASE #4: PARK SLOPE FOOD COOP

Park Slope Food Coop is a member-owned and -operated grocery store located in Brooklyn, New York. When the coop started in 1973, there were just a handful of members and the "store" was open for four hours every Saturday. At that time, there was no access to healthy foods in the area. The coop was a way to provide access to healthy foods at a low cost. Now, the store has 16,000 members, generates over \$47 million in revenues annually, and is the largest member-owned and -operated cooperative in the United States.

To become a member, an individual must pay a joining fee of \$25 and an investment fee of \$100. These costs are significantly reduced for welfare and WIC recipients. The Coop has town-hall style meetings where each member has one vote. The Board is elected by the membership. All board meetings are open and members are encouraged to come to contribute their opinions and voice their concerns. Typically there are 250-400 people at a meeting, and 1,700 if there is a contentious issue up for discussion or vote.

All members are required to work one shift every four weeks. Each shift is 2.75 hours. Since personnel are the largest expense of most retailers, member labor enables the coop to save money. Managers estimate that without members contributing labor, the store would require 350 staff as opposed to the current 70 full-time staff. Those savings are passed on to members in the form of low prices

on high-quality food. There is only a 21 percent markup on food, compared to between 40 and 100 percent found at regular grocery stores.

Additional Resources

1. Park Slope Food Co-op (website): <http://www.foodcoop.com>
2. "A Brooklyn Story: The Park Slope Food Co-op" (video). GRITtv. <<https://vimeo.com/70117088>>.

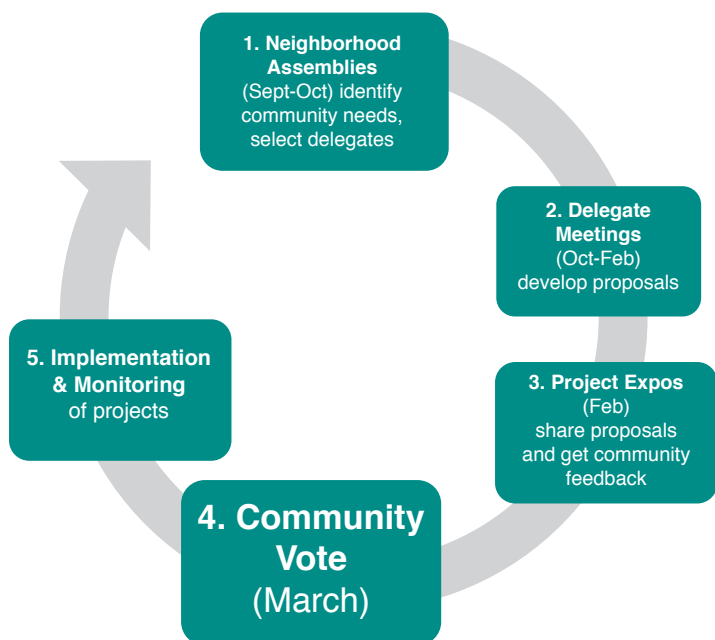
CASE #5: PARTICIPATORY BUDGETING

Participatory budgeting is a process by which community members directly decide on how to spend a portion of a public budget. Whereas elected officials

and agencies usually determine city, state, and federal budget priorities, participatory budgeting allows citizens to create and vote upon projects to fund. Supported by the non-profit organization, the Participatory Budgeting Project, the process has taken place internationally and in various locations in the United States (mostly at the municipal levels).

In New York City, participatory budgeting has been implemented in at least 8 City Council districts. District residents get to participate in deciding how to spend the Discretionary Capital Funds that are usually appointed to each city council member for capital projects involving schools, parks, and other City-owned infrastructure. These funds are usually allocated at the discretion of the City Council, City Councilors, the Speaker, and the Borough Presidents. Each Council Member can allocate between \$2 and 9 million in discretionary funds each year.

HOW DOES PB WORK IN NYC?



The process is about one year long to ensure citizens have the resources and time to make wise decisions. First, there are Neighborhoods Assemblies, public meetings in which district community members learn about participatory budgeting and discuss their community's needs. Then, they brainstorm project ideas and select Budget Delegates. With support from Council member staff and other experts, Budget Delegates learn about the budget process, project development, and key spending areas in order to form committees that will transform the community's initial project ideas into full proposals. Delegates present draft project

proposals to the community and get feedback at Project Expos and then revise the projects. Finally, Delegates present the final project proposals and residents vote on which projects to fund. The Council Members submit their spending priorities to the City Council, which include the winning projects.

Additional Resources

1. New York City Participatory Budgeting (official website): <http://pbnyc.org/>
2. "Participatory Budgeting in Harlem" (video). SolidarityNYC. <<http://solidaritynyc.org/#/videos/participatory-budgeting-in-harlem>>.

CASE #6: MARKET CREEK PLAZA

Since 1998, the Jacobs Center for Neighborhood Innovation (JCNI) has supported the development of Market Creek Plaza, a \$23.5 million commercial and cultural center built on the former site of a 20-acre abandoned factory at the heart of the Diamond Neighborhoods in San Diego. Community ownership of assets gives residents control of their future. Neighborhood revitalization linked with a strategy for local ownership eliminates blight, expands resources, and gives residents a way to drive community change without being displaced by it.

To make community ownership of the project a reality, a design team of over 120 residents helped create Market Creek Partners, a community development limited liability company. This innovative new entity provided a way for residents to share in the risks and rewards of the project they helped to develop. Built upon six guiding principles, which include community ownership and economic development, JCNI worked with the community to develop an ownership strategy for residents and stakeholders. Creating ways to build profits that can be re-invested in the neighborhoods is the backbone of the unique wealth creation strategy that emerged from the Ownership Design Team. The team's work was modeled off the Native American tribes' theory of thirds: a third for personal benefit, a third for community benefit, and a third for on-going development.

What has been launched is a self-generating system of wealth creation in the neighborhood. Profits from the Plaza will go back into the neighborhood through a neighborhood-controlled community foundation. This will provide ongoing access to resources generated from within the community for future projects or services. In addition, a portion of Market Creek Plaza's profits will provide resources for ongoing commercial development within the neighborhood.

Additional Resources

1. Market Creek Plaza (official website): www.marketcreekplaza.com
2. "Residents Owning and Driving Change: Market Creek Plaza" (video). Jacobs Center for Neighborhood Innovation. <<http://www.youtube.com/watch?v=NFvt5wHNdpc>>.

APPENDIX H: HANDOUT NO. 6
EVALUATION FORM

INTRODUCTION TO ECONOMIC DEMOCRACY WORKSHOP

Name (Optional): _____

Borough & Community Board _____ Date: _____

How did you hear about this training? Name of the person/organization/place:

What topics, terms, and ideas were most relevant to you? Check all that apply.

General Comments	Check all that apply	
		Yesterday Survey & Defining “the Economy”
		Build Your Own Community Activity
		The Cycle of Crisis in the U.S. Economy
		Ruling Institutions and Economic Democracy framework
		Economic Democracy & Examples of Economic Democracy
		Discussing what we can do to create a new economy
		Other

What parts of the workshop did you dislike?

General Comments	Check all that apply	
		Yesterday Survey & Defining “the Economy”
		Build Your Own Community Activity
		The Cycle of Crisis in the U.S. Economy
		Ruling Institutions and Economic Democracy framework
		Economic Democracy & Examples of Economic Democracy
		Discussing what we can do to create a new economy
		Other

What areas of the workshop need improvement?

General Comments	Check all that apply	
		Yesterday Survey & Defining “the Economy”
		Build Your Own Community Activity
		The Cycle of Crisis in the U.S. Economy
		Ruling Institutions and Economic Democracy framework
		Economic Democracy & Examples of Economic Democracy
		Discussing what we can do to create a new economy
		Other

What can the facilitators do to improve the delivery of the workshop?

What are you curious to learn more about (please be as specific as possible)?

Location (check one)

General Comments		
		Convenient location for me
		Inconvenient location for me
		No comment
		Other

Room size and set up (check one)

General Comments		
		Convenient location for me
		Inconvenient location for me
		No comment
		Other

Food (check one)

General Comments		
		Satisfied
		Unsatisfied
		Did not eat
		Other

Length (check one)

General Comments		
		Perfect amount of time
		Too long
		Too short
		No comment

Thank you for participating in the workshop and filling out this survey. Your feedback is important to us!

My thoughts, reactions, notes to self:

APPENDIX I: HANDOUT NO. 7

MAJOR TAKEAWAY POINTS

1. The economy is (1) socially constructed, and (2) it is how societies produce and distribute money and resources. Since it is a social construction, we can rebuild the economy in a way that reflects our values.
2. Our economy is currently based on a scarcity framework; our view is that it should be based on an abundance framework. While the Earth has a finite amount of resources, there is enough for all of us to thrive. Changing the framework would require a different mode of distribution than we currently have.
3. Planning and building our communities works best when we work together and we are involved in the process as equal partners. We must think expansively and radically about the development of our communities and how we use resources to meet our needs.
4. The neoliberal agenda did not just happen; the choice was made to prioritize wealth accumulation using “neutral” markets to allocate resources, while cutting social programs at the same time. But we know that markets are not neutral.
5. Right now, “ruling” institutions—corporations, oil companies, and banks – control most of the resources in society (particular land and labor). They use mediating institutions—media, government, police, labor unions, etc. to exert control over the rest of civil society.
6. Economic democracy seeks to reorient the relationships in the ruling institutions framework. Under economic democracy, the rest of civil society are not separated from the “ruling institutions” that control resources. People do not need separate institutions to “mediate.” Rather, they create institutions that support democratic decision-making and collective ownership.

