

Cooperatives and Public Policy: A Partnership in Progress



Last summer, the cooperative movement was surprised by the sudden insertion of co-ops into the national debate on healthcare reform. Public policy has often encouraged cooperative development in times of crisis. The Great Depression saw a spike in cooperative development, often with the support of government. Through the prolonged and fitful recovery from our latest recession, there continues to be market failures in which the investor-owned businesses do not deliver the goods.

Such conditions often prompt people to organize cooperatively to meet their needs—for everything from housing to finance to food—and the policy environment should support such grassroots organizing. We have gathered the insights of four writers on the policy impacts and opportunities in their respective sectors: Worker cooperatives create jobs. Electric cooperatives engage the federal government's push for renewable energy. Credit unions influence finance policy on behalf of their members. Housing co-ops provide a way to reduce costs and stabilize local housing markets.

Cooperatives of all sorts provide a way for people to meet their needs with less reliance on an overextended and divided government. However, we should be proactive in our dealings with government. This will help us make the most of the many opportunities heading our way.

Using the Worker Co-op Model to Build Community Wealth

BY GAR ALPEROVITZ AND STEVE DUBB



With unemployment at 10 percent, “jobs, jobs, jobs” tops the political agenda in Washington. Yet cooperatives are rarely discussed, even though cooperative “self-help” aided Americans in the Great Depression and could play an equally important role today.

The Evergreen network of cooperatives in Cleveland, Ohio, provides a powerful, modern example. Last October, more than 300 people gathered to celebrate the opening of Evergreen Cooperative Laundry, a commercial-scale “green” worker cooperative that will employ up to forty people and aims to clean 10 million pounds of linens annually while using one fourth as much water per pound of laundry as the industry standard. Mayor Frank Jackson called the Evergreen Cooperative network “a model for how we can put our people back to work and rebuild our community.”

A second Evergreen co-op, Ohio Cooperative Solar, also opened last year and aims to employ 100 people. Another co-op in development is Green City Growers, a year-round hydroponic greenhouse that will employ 50 people and produce millions of heads of lettuce a year. Organizers project that an initial complex of ten companies will generate 500 jobs over the next five years. Patterned on the Mondragón model in Spain, start-up funds come from a common Evergreen Cooperative Development Fund. In exchange, Evergreen co-ops pay ten percent of their profits back to the fund, seeding more co-ops.

In Cleveland, philanthropy—in particular, the Cleveland Foundation—has played a key role, providing \$3 million in investment capital to seed the development fund and grant funding to cover pre-development organizing costs. But how can the story of Cleveland also become the story of Detroit, Scranton, and elsewhere?

Policy can play an important role. First, a dedicated federal office can issue the clarion call for developing “jobs that you can own.” Second, this office can be linked to a finance entity that can seed local “Evergreen Funds.” Third, technical assistance dollars can fund the vital pre-development work needed to start new networks. Lastly, policy can help link these co-ops to other innovative wealth building tools such as community land trusts, employee stock ownership plan (ESOP) companies, and community development financial institutions (CDFIs).

A comprehensive national strategy, which would require a national Community Wealth Building Center and Bank, coupled with support at the local level to finance implementation in metropolitan areas across the country, we estimate would cost \$10 billion a year— not cheap, but less than a fifth of what states and localities spend chasing corporations today. A more modest 10-city pilot program might cost \$50 million a year, with a capital investment pool of \$500 million. In Italy, social cooperatives, which now employ hundreds of thousands, grew in a time of troubles. The time is ripe for a similar movement in our country today.

Gar Alperovitz is the Lionel Bauman Professor of Political Economy at the University of Maryland and a founding principal of the Democracy Collaborative. Steve Dubb is a senior research associate of The Democracy Collaborative. The Democracy Collaborative has worked with the Cleveland Foundation on the development and implementation of the Evergreen cooperative network strategy. For more information, see www.Community-Wealth.org.