

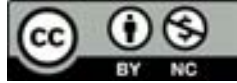
ECONOMIC DEMOCRACY

TRAINING SERIES

Building Leadership
for the Next Economy



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MIT Community Innovators Lab

The Community Innovators Lab (CoLab) is a center for planning and development within the MIT Department of Urban Studies and Planning (DUSP). CoLab supports the development and use of knowledge from excluded communities to deepen civic engagement, improve community practice, inform policy, mobilize community assets, and generate shared wealth. CoLab believes that community knowledge can drive powerful innovation and can help make markets an arena for supporting social justice.

CoLab facilitates the interchange of knowledge and resources between MIT and community organizations. We engage students to be practitioners of this approach to community change and sustainability.

Bronx Cooperative Development Initiative

The Bronx Cooperative Development Initiative (BCDI) is a transformative model for urban economic development and the only model of its kind in the New York metropolitan area. It was launched in 2011 following a year-long, community-engagement process led by Bronx-based institutions, grassroots organizations, and civic leaders. BCDI is working to build a Community Enterprise Network, which will promote the development of sustainable, employee-owned businesses; build business-development and business support capacity; and foster collaboration between community-based organizations (CBOs) and anchor institutions. In this way, BCDI aims to support equitable economic development in the poorest urban county in the United States, where over 30 percent of the population lives below the poverty line.

Acknowledgments

This curriculum would not have been possible if not for the tireless effort of all the young people who courageously took this project on. To create something that we believed did not exist needed countless hours of questioning, modifying, and intense debate. This curriculum would not have been made if not for you:

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INTRODUCTION

The **Economic Democracy Training Series** is a joint project between the Bronx Cooperative Development Initiative and the MIT Community Innovators Lab. This 10-session, 20-hour series of workshops will introduce community members, residents, youth, and community leaders to major concepts in economic development, political economy, and, most importantly, economic democracy. The training series was originally developed as a tool for leaders in the Bronx to use for the purposes of galvanizing their communities to take a hands-on, democratic approach to local community economic development that would pave the way for all residents, not just those who currently control a majority of the resources, to thrive.

This curriculum is not neutral. The role that oppression has played in the current state of our political economy is palpable for communities of color, women, queer folks, working class people, and all those whose identities have historically made them the victims of interpersonal, institutional, internalized, and ideological oppression and injustice. The examples and cases we highlight will explore some of the connections and embedded natures between these forms of oppression and economic oppression. However, we expect that community groups who use this curriculum to bring a racial, economic, queer, ecological, etc. lens to the workshops and incorporate the information we explore here into their analyses.

This political education curriculum draws upon popular education tools and methodologies to explore topics that may seem unfamiliar to participants but are often unnamed or unacknowledged forces in their lives. The hope is that the sessions are learning experiences for all – with the facilitator taking on the responsibility of reading the reference materials and familiarizing themselves with the content to bring the information to their community for collective theorizing and problem-solving.

We build on the work of numerous groups and people who have created wonderful materials – images, workshops, and essays – that help explain concepts in economic theory, capitalism, the economy, and a variety of other topics.

The movement towards Economic Democracy – a system of governance that puts capital and resources under democratic control and ownership – cannot happen

without the people most impacted by the current economic paradigm. The Bronx Cooperative Development Initiative's Economic Democracy Training Series is our first attempt to galvanize, amplify, and listen to those voices.

Thanks for participating, and good luck!

The Bronx Cooperative Development Initiative

GUIDE TO USING THIS CURRICULUM:

Participation in a train-the-trainer workshop is highly recommended. If that is not possible, individuals should seek consultation with a Bronx Cooperative Development Initiative staff member, trained facilitator, or someone specializing in economic democracy study or practice. An intuitive understanding of the concepts and their relationships to each other will ensure quality workshop delivery.

On the first page of each workshop, an agenda, learning objectives, material needs, and major concepts for the facilitator are included.

The directions for the facilitator are numbered. The talking points—things you could actually say out loud to participants—are italicized. Concepts from the workshop to highlight are included at the end of each section as part of “Takeaways Points.” Questions to pose in a popcorn style to increase engagement as you are talking are in orange as part of the talking points. More open discussion questions are called out as discussion questions or section wrap-up questions.

The first appendix is always the reference materials; the second appendix is always the visual aid. The second to last appendix is always the evaluation and the last appendix is always the major takeaway points. Please be sure to read through the reference material—click any links, watch the videos, check out the books. The more versed and comfortable you are with the material, the more smoothly the training will run.

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/robbinssessay2.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/>>.

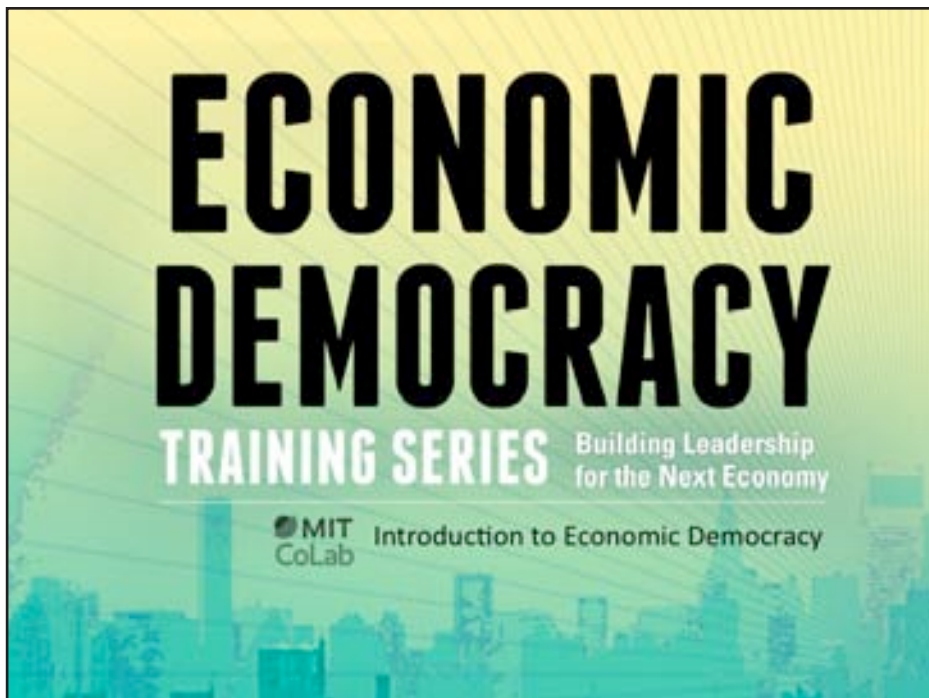
COMMUNITY WEALTH BUILDING

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

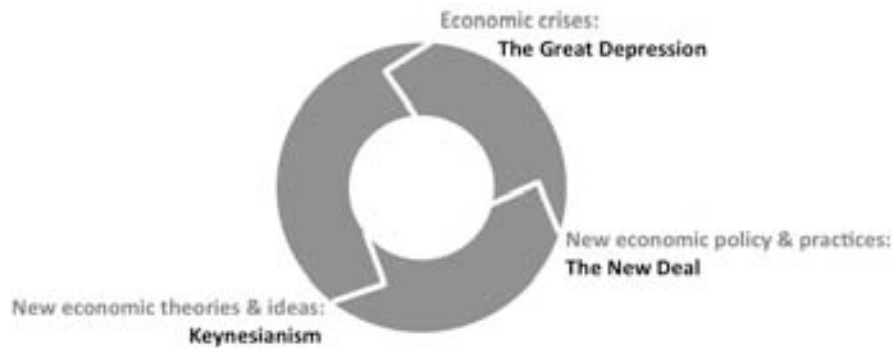


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ECONOMIC CYCLES IN U.S. HISTORY

The Great Depression and Keynesianism

1930s - 1950s



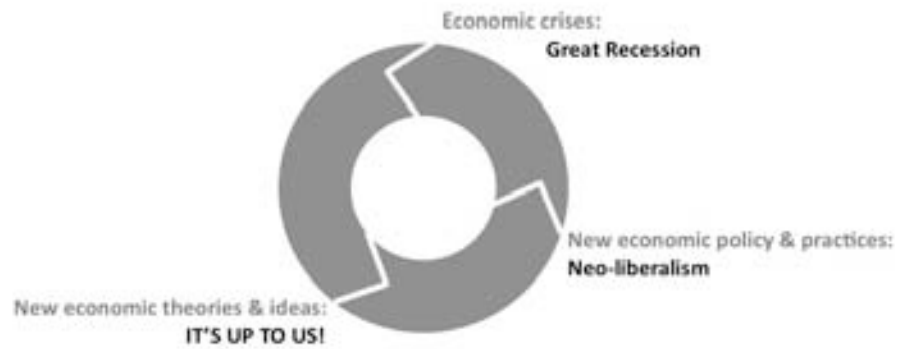
Stagflation and Neoliberalism

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



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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?

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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.

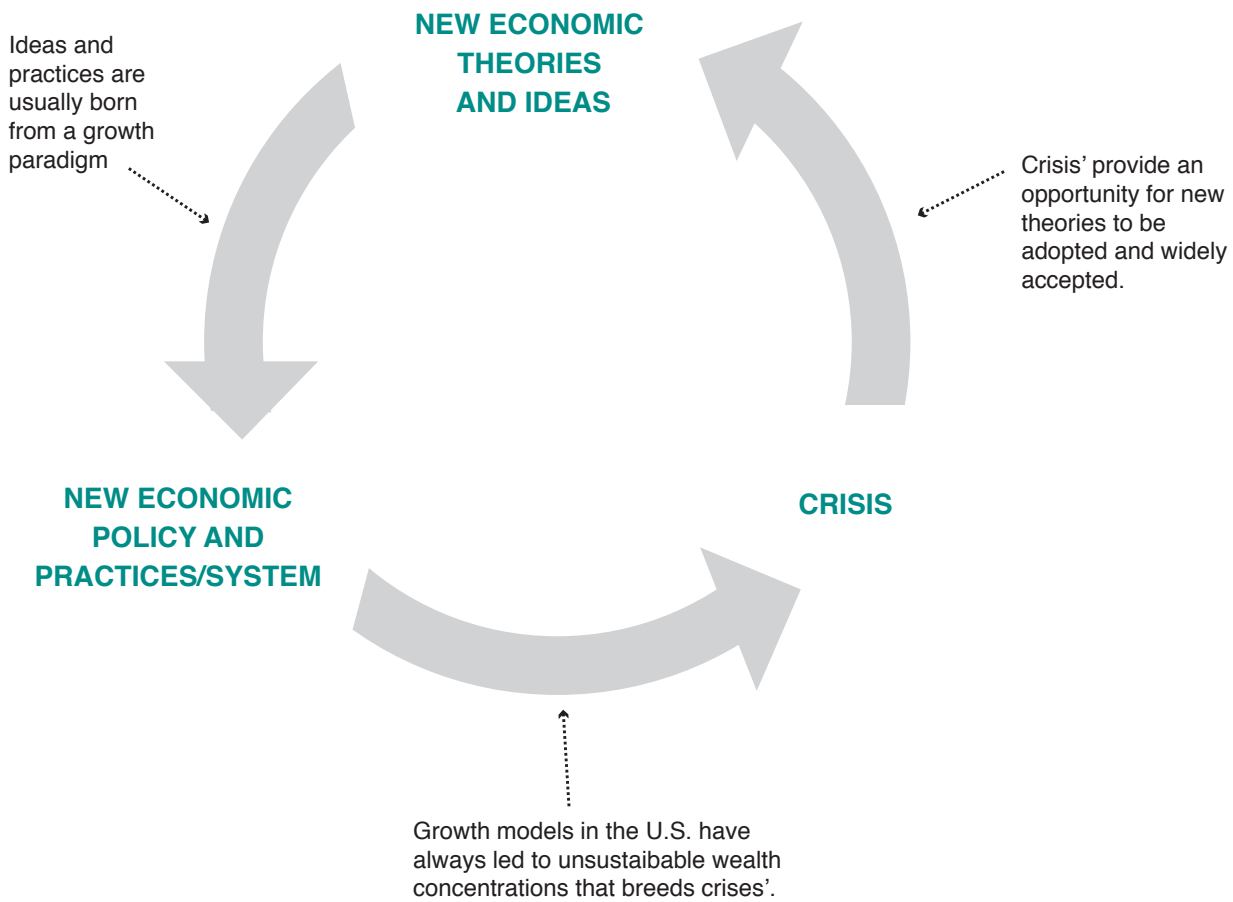
Builder: Your job is to physically build the community. Only you can use the Lego® pieces. You might want to periodically check in with your banker to make sure you have enough Lego® pieces to build your community.

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.

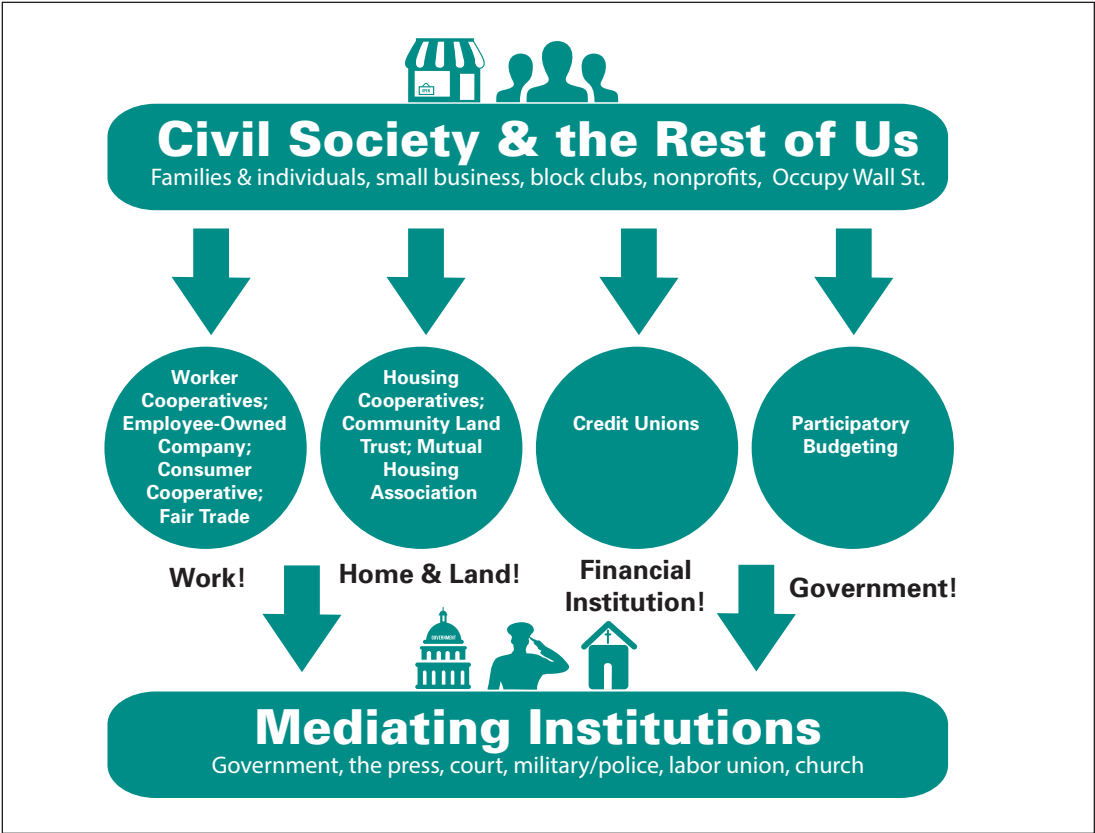
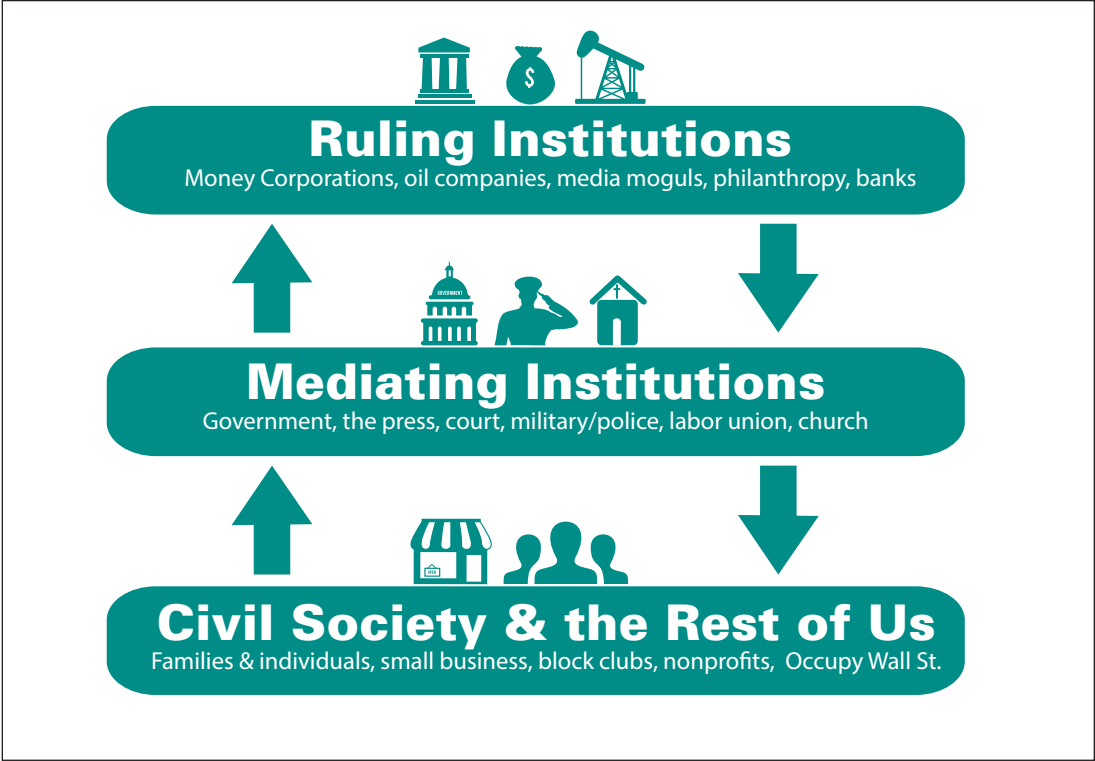
Designer: Your job is to provide creative direction to design the best community possible.

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.

FACILITATOR'S GUIDE

Markets and Economic Actors

TIME: 2 HOURS

OVERVIEW: This workshop introduces participants to markets, different actors in the economy, and the behavior of these actors in the marketplace. The workshop does not support the traditional classical understanding of markets as self-regulating, but instead emphasizes that markets, like the rest of the economy, are socially and politically constructed. The workshop asks participants to consider their roles in the economy and the ways markets can be used to harm or hurt communities and the environment.



SESSION GOALS:

- Provide a clear, easy to understand picture of “the market”
- Give participants space to explore their roles as economic actors in the market
- Think about how we can shape and influence the market
- Link the economy and market actors to the movement for economic democracy in the Bronx



MATERIALS NEEDED:

- White board or flip chart paper
- Video projection equipment (projector, laptop, and PowerPoint), if available
- Excel (or another graph producing software)
- Markers
- Name tags
- Popcorn kernels
- 4 cups (glass/see-through)
- Pens and paper
- M&Ms
- Index cards
- Appendix:
 - A. Reference Materials
 - B. Visual Aid
 - C. Handout No. 1: Cases in Economic Democracy
 - D. Handout No. 2: Evaluation Form
 - E. Handout No. 3: Major Takeaway Points



PREPARATION/PRE-TRAINING:

Facilitators should review the following concepts using the texts and resources found in Appendix A.

- Microeconomic Principles
- Traditional, Command, & Market Economies
- Circuit of Capital(ism)
- Economic Survival Questions



AGENDA:

Times below are suggested. As written, the agenda includes a break. If you choose to include a break, the module will exceed the 2-hour allotted time.

I. WELCOME AND INTRODUCTIONS	10 MINUTES
II. A SIMPLE CORN ECONOMY	20 MINUTES
III. OWNERS, LABORERS, AND FINANCIERS	20 MINUTES
IV. PRODUCERS AND CONSUMERS	20 MINUTES
V. BREAK (OPTIONAL)	(10 MINUTES)
VI. CASES IN 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

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

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 this workshop. The goals should be tailored to the group or host organization. List the goals on a piece of flipchart paper that can be posted and visible throughout the workshop **(Slide 2)**.

SAMPLE GOALS

- Provide a clear, easy to understand picture of “the market”
 - Give participants space to explore their roles as economic actors in the market
 - Think about how we can shape and influence the market
 - Link the economy and market actors to the movement for economic democracy in the Bronx
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 to 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 **(Slide 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; perhaps including name, reason for attending the workshop and/or what you hope to get out of the workshop; and any other important identifier if necessary/desired (neighborhood, organization, etc.) 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 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 participants. 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 haven’t said anything, consider speaking up sharing a question or idea you have.
- Hold comments till 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. A SIMPLE CORN ECONOMY TIME: 20 MIN

SECTION OBJECTIVES

- Conduct an activity that uses an oversimplified society to illustrate that the economy is a social/political construction
- Illustrate that, at its core, an “economy” concerns the way a society organizes itself to survive by answering the three critical “economic survival questions” questions:
 - ▶ What goods and services should our society produce?
 - ▶ How should we produce these goods and services?
 - ▶ Who gets what is produced?

Demonstrate that social and political relationships, not naturally occurring or mathematical laws, shape the answers to the economic survival questions.

MATERIALS NEEDED

- Popcorn kernels
- 4 clear cups, of which 3 are separately labeled, “Consume Today,” “Save for Next Year,” and “Surplus”
- Video equipment (projector, laptop and PowerPoint), if available
- Appendix B: Visual Aid

FACILITATION

1. This activity helps participants understand the concept of surplus and the challenging questions society has historically grappled with in how to divide it.
2. Set the stage (**Slide 5**). Begin with a clear, unlabeled cup that contains all of the corn kernels.

Imagine we are a society that needs only one crop to survive: corn. All of our basic needs such as food, clothing, and shelter can be met through corn and corn alone. However, in order to produce enough corn, all members of society must be involved in the production of corn and corn byproducts. Here [indicate unlabeled cup of corn kernels] is our corn.

Be sure to stress these elements of the scenario:

- In the Simple Corn Economy, inhabitants are able to use corn to supply all their material needs (food, clothing, shelter).
- Everyone in our society participates in the production of corn to provide for our needs.

- This is a highly simplified, hypothetical society.

3. Engage participants in a discussion by asking the following questions:

POPCORN QUESTION: *If this is the only corn we have, how can our society use this corn to ensure that we survive next year? (Slide 6-7)*

Participants should arrive at these answers:

- ▶ They must consume some corn today
- ▶ Save some corn to be planted next year

Retrieve the cups labeled “Save for Next Year” and “Consume Today.”

After the discussion concludes, pour half of the kernels into the glass labeled, “Save for Next Year,” and half into the glass labeled, “Consume Today,” emphasizing that this is a political and social decision.

POPCORN QUESTION: *How much do we save and how much do we use?*

Answers to this will vary. Ask participants to expound on their answers and challenge them. Also have participants address each other.

The main point is that there are a number of ways society could make this decision.

You will want to return to some of these examples later. Try to get several voices in the conversation. There are no “right” answers to this question. However, you can imagine participants offering different decision-making structures such as consensus, majority-rule democracy, monarchy, etc. In addition, participants might mention using information to make the decision.

Do not let this discussion go on for too long.

POPCORN QUESTION: *How do we decide who gets the corn and corn products?*

Again, answers will vary. Use this time to explore different ways of divvying up resources and the pros and cons of each way. Feel free to bring up historical examples, such as voting, religion, family ties, elders, royalty, etc. The point is that there are many approaches to distribution that are ultimately social/political decisions.

3. Build on the Simple Corn Economy in order to explain the concept of ‘surplus’

The Simple Corn Economy is about to become more complex. A new technology has been introduced that allows us to generate more corn than before with the same amount of work —or with less work we can still produce the same amount of corn.

Reveal and pour corn into the cup labeled “Surplus” (**important:** this corn should not come from the Save or Consume cups – it should come from a different container).

The new technology allows us to have an excess supply of corn, or what is called in economic terms, *a surplus*. *The society must now decide how the surplus should be used and who gets to decide how it is used.*

4. In small groups (2 to 4 people), ask participants to use 3 minutes to generate a list as long as they can of all the ways they could use this surplus. Remind participants:

Corn is a good that meets all of our needs and that, at least prior to this technology, everyone was needed to help produce corn. But now, we can produce corn for today, corn for tomorrow, and still have corn left over—our surplus.

Take a few minutes to hear a few ideas from each group.

Here are ideas and examples of each that their lists could include and that should be mentioned by the facilitator if no group brings them up:

- ▶ **Public Goods & Services** – Perhaps we decide we want some people to become teachers, so instead of producing corn we give them some of the surplus so that they can use all of their time to teach.
- ▶ **Division of Labor** - We improve technology and everyone doesn't have to spend their time with corn, we can diversify to other goods and services.
- ▶ **Goods** - We decide we can produce more than what we need. Perhaps we can produce more types of clothing, different types of homes, or maybe instead of having just one home, families begin to have vacation homes.
- ▶ **Services** - Maybe some people begin to turn their hobbies into full-time work, and they trade services (e.g. haircutting or teeth-cleaning) for corn and corn byproducts.

5. In the same small groups, ask participants to use another three minutes to brainstorm all of the ways that the society could decide how to use the surplus.

We have a lot of ideas of ways we could use the surplus, but we can't do all of them. How can we decide? Who should decide?

Again, participants should list as many ideas as they can (**Slide 13**).

Take a few minutes to hear some of the ideas.

Be sure that some of the following concepts are included:

- **Democracy** – Direct or Representative
- **Command** - Monarchy, Dictatorship, or Democratically Elected Authority
- **Traditional** – Customs, Family, Religion, or Culture

ECONOMICS AND “THE ECONOMY”

6. Move into a discussion about the ways societies make decisions.

While our corn economy was very simple, this example can help us understand some very fundamental elements of “the economy.” As economists Robert Heilbroner and Lester Thurow said, “Economics is the study of how mankind copes with the problem of provisioning itself.” Simply, the economy is how humankind uses its available resources to provide for today and for the future (Slide 14).

Through the Simple Corn Economy, we can see that the economy is primarily concerned with answering three critical questions: (1) What goods and services should our society produce? (2) How should we produce these goods and services? and (3) Who gets what is produced? These questions are going to come up over and over again; we have termed them the “economic survival questions” (Slide 14).

Throughout our discussion, we named some of the ways, both past and contemporary, societies have answered these questions. There are three primary ways we can categorize various economies: Traditional, Command, and Market (Slide 15).

Traditional economies: *Traditional economies exist when tradition, custom, and belief dictate who plays which role in the economy; for instance, if your father was a farmer, you’ll also be a farmer.*

POPCORN QUESTIONS: *Can anyone think of examples of traditional economies? Are there things we do in our society today that are based on tradition?*

One potential answer is that families who have a tradition of “white-collar” work are reluctant to enter manufacturing traditions even though salaries in some manufacturing positions exceed white-collar positions.

Another answer could be that many people who become teachers had a parent who taught for a living.

Command Economies: *In a command economy, an authority figure or an “economic commander-in-chief” uses their authority to answer these 3 questions. It could be an elected body, a dictator, or other authority.*

POPCORN QUESTIONS: *Can anyone think of examples of command economies? Are there things we do in our society today that are based on command?*

Any time a government authority taxes, spends, or directs the behavior of its citizens we are operating under a “command economy”.

Provision of public schools and health services (funded by tax dollars) are “command economy” activities. These activities help society survive today and in the future, while ensuring that certain goods—education and health—are distributed, even if a person can’t pay for them.

Market Economies: *Market economies rely primarily on the forces of supply and demand to determine what a society needs. In this economic system the production and distribution of goods is based on the interaction between individuals and firms.*

POPCORN QUESTION: *Can anyone think of examples of the market operating?*

We’ll spend much of today talking about market economies. To get a better sense of market economies we’re going to talk about some of the actors in the market and the forces that dictate their behavior.

7. End this section by acknowledging that societies must engage in a lot of activities to provide for the present and future needs of a society.

Not all of those activities, however, result in monetized transactions in the formal economy. Helping participants distinguish between the “formal, market economy” and the non-monetized economy helps focus the direction of this workshop (specifically looking at market activities) while also acknowledging the breadth of “economic activities.” Before we dive into understanding market economies, we should talk about the things that are not included in the market economy.

WHAT’S MISSING FROM “THE MARKET”?

8. Refer participants back to the Yesterday Survey in the Introduction to Economic Democracy workshop.

As we saw in the Yesterday Survey activity from that workshop, we don’t meet all of our needs through markets.

9. Show the Iceberg Diagram from the Diverse Economies Framework **(Slide 16)**.

In this diagram, we can see that the economy is typically talked about as a production of goods or services that are exchanged for a price; individuals are paid wages for their labor to produce various goods and services. However, if we expand our definition of the economy, we can see that there are many activities occurring all the time that help us survive and are not part of any monetized market. In this diagram, the highly visible market activities are the part of the iceberg that is showing, while the bulk of economic activities that aid in our daily

survival are below the surface. These non-monetized activities make the market activities possible.

POPCORN QUESTIONS: *What are some things we need, want, and exchange (give or receive) that don't usually exist in a market? What work is done that is not about monetary exchange? What are the problems with this limited view of what "counts" as the economy?*

Examples are gifting, childrearing, housework, eldercare, or even public services like schools, fresh water, etc.

10. Show the Layer Cake as another framework that helps us see the entire economy and identify those parts that are based on monetized exchange **(Slide 17)**. These tend to be market-based activities in the private economy or expenditures by government in the public sector (the tip of the iceberg). The economy is about the creation of a system that allows a society to survive. Therefore, everything that helps a society survive is not part of a monetized exchange; everything that directly and indirectly answers the three economic survival questions is not part of a monetized exchange. There are many names for non-monetized economies, including the "social economy," the "love economy," and the "gift economy." Activities in a non-monetized economy include childbearing and childrearing. Women don't bear children based on a monetized exchange, nor do families care for and raise children because of a monetized exchange. Yet, without the birth and care of new generations there can be no survival of a society.

This is particularly important when considering the role of economics in the oppression of women. Because the activities that are unique to women have not traditionally contributed to the economy monetarily— such as childbearing and rearing – they are not counted when measuring economic activity. This reinforces the notion that "women's work" is not "real work" and that women do not contribute substantially to society.

While it is important to keep this part of the iceberg and layer cake in mind, this workshop is going to focus on the monetized exchanges in the private and public sector. As we go through the workshop, however, keep in mind ways activities that are on the tip of the iceberg can be linked more closely to activities typically beneath the water on the iceberg, or part of the non-monetized economy.

Note: As the facilitator, you can design entire activities around these images. The Iceberg activity in the Introduction to Economic Democracy workshop is an example of how to use the iceberg diagram in a way that generates more conversation about the idea of what is missing from the market.

III. OWNERS, LABORERS, AND FINANCIERS

TIME: 20 MIN

SECTION OBJECTIVES

- Discuss the roles and self-interest of owners, laborers, and financiers in an economy
- Explain and critique the microeconomic principles of supply and demand

MATERIALS NEEDED

- Pens and paper
- Video equipment (projector, laptop, and PowerPoint), if available
- Appendix B: Visual Aid

CIRCUIT OF CAPITALISM

1. Use activities to engage participants in constructing the circuit of capital(ism).
The circuit of capital(ism) is the way capital is used to acquire the means of production; produce goods and services; sell those goods and services in the marketplace; earn a profit; and distribute the profit. While participants may not be familiar with the term “circuit of capital” they will be familiar with the components and should be able to complete the activity without the knowledge of technical terminology.
2. Instruct participants to work with a partner or in groups of three for 3 to 5 minutes (or more, depending on the time available) to construct the circuit of capital(ism).
Build on the Simple Corn Economy activity by telling participants they are going to start a business making a “corn head” that harvests corn (you can choose another prompt of your creation, just keep in mind that, to illustrate the circuit, it is easier to use a firm that makes a good than one that provides a service).

Let’s imagine that all of us together have decided to start a business, also known as a firm. Our firm manufactures machines that help our society harvest corn. Work with your neighbor (or in groups of three) to create a list of the things we will need to start our business. Designate a scribe, and use 3 (or 5) minutes to brainstorm the things we will need to start our manufacturing firm.
3. After three minutes, ask, “What will we need to make our machines?” Call on various groups to report. Don’t have each group read their entire list but rather share one or two items to get a variety of voices. As participants name discrete items (such as land, metal, a manager), fit these items into the broader categories

of Labor, Means of Production, Production Process, Output, Market, Accumulation (Profit), and Start-up Capital (finance). If you are able, you might draw a little image to represent the things they name; this is easier if there are two facilitators. Or you might just write the words they say and group them together under the components (listed below). If every part of the circuit is not named, add it at the end.

- ▶ **Laborers** – Workers, employees, managers, metal workers, etc.
- ▶ **Means of Production** – A place to work, factory, machines, metal, plastic, glass, raw materials, relationships with producers of raw materials, land (to build factory on)
- ▶ **Production Process** – A business plan, knowledge of how to put the parts together, skills, etc.
- ▶ **Output** – Finished products, ways to get the output to customers
- ▶ **Market** – Customers, people who want to buy products/outputs, farms, corn production, people with money who want to buy the product, people who can pay more than the cost of what it took to produce the good.
- ▶ **Accumulation** – Profits are what’s left after all parts of the production process—bills, taxes, wages and salaries to employees and owners—are paid for.
- ▶ **Finance** – A loan to purchase the means of production and hire employees, ongoing credit to make sure the firm has cash to pay expenses.

ROLES AND SELF-INTEREST

4. Once the entire circuit has been constructed, begin at “the beginning,” with the entrepreneur/owner who starts the firm, and tell the generic story of firm development in a capitalist system (**Slide 19**).

Now that we have all the parts, let’s connect them together. An owner starts a business. That owner could be one person with an idea, a group of people with an idea, or a set of investors who use their money to hire someone else to manage the firm. The main point is there is an owner who uses his/her money to purchase the means of production, hire labor power, develop a business plan, and engage in a production process to create a product (output). Oftentimes, the owner will borrow money from a financier, which could be a bank, uncle, best friend, or other source, and promise to repay the loan with the profits made from the business. The product is then sold in the marketplace. Notice the product is sold for more money than it cost to manufacture the product. This is the surplus. In our Simple Corn Economy, the surplus was corn, but in the circuit of capital, the surplus is known as profit. The profit is what’s left after all the bills and expenses are paid, including the

wages and salaries of workers, taxes, and interest on loans. The profit goes to the owners. This is a central point: the surplus = the profit.

5. As you walk through the circuit with the participants briefly review the roles and self-interest that are motivating each party **(Slide 20)**.

There are three actors, who are central to this circuit, that we want to discuss. First, we have the owner or the capitalist. They are motivated to enter the market because a profit can be made. They own the means of production. They set the circuit in motion, producing a product that can be sold in the marketplace to generate profits.

The worker or laborer does not own the means of production. They must sell their labor power to the owner/capitalist. The sale of their labor power earns them a wage and results in the creation of a product that generates profits.

The financier has money that he/she wants to loan or invest. Through loaning or investing money, the financier will make more money. Either their investment will yield dividends from the profits of the company or the loan will accrue interest that the owner/capitalist must pay. We are not going to focus very much on financiers and capital today – we'll talk about that in the workshop on the Great Recession.

6. When the circuit has been completed, break the participants into pairs or small groups. Assign each group one of the following parts of the circuit: Labor, Means of Production, Production Process, Output, Market, Accumulation, and Capital. Have them pretend they are owners of a firm and ask them to (1) list strategies they could employ in that area of the circuit to extract greater profits and (2) list ways capitalists can manipulate race, class, and gender to increase profits.

Give groups at least 5 minutes for this exercise. You can have groups report back and record some of the ideas on flip chart paper, or you can just listen to a few ideas from each group.

7. During the report back, challenge participants to think expansively. For instance, the traditional capitalist may increase profits by lowering wages. However, that can also lead to high turnover and high training costs. In that case, the capitalist may pay a higher wage in order to retain employees. In fact, employers may compete with each other to pay higher wages .

DISCUSSION QUESTIONS:

- Has anyone experienced the cost-cutting measures firms have taken? What was that like?
- Why do individuals sell their labor power?
- Why do businesses pay taxes? Should they?

- Who benefits from this circuit? In what way? What forces determine who benefits?
- How do owners try to extract more surplus and profit from this process? Should they be able to?
- Owners are frequently depicted as only wanting profit. Is that always true? What happens when profit is the only motive?
- What do you think of businesses that say they have a triple bottom line (profit, people, and the planet)?
- Who Gets the Surplus?

8. Start a discussion about class. Discuss the most basic understanding of class and the debate around who gets to keep the surplus from the production process. In our Simple Corn Economy, the surplus was additional corn, but, in real life, the surplus is usually profit (or money). The debate over what to do with the surplus is both a historic and contemporary debate.

POPCORN QUESTIONS: *What is class? If someone says that someone is “low class,” “high class,” or “middle class,” what are they talking about?*

Likely answers that you can record on a flip chart:

- Income, wages, wealth
- Behavior
- Education
- Type of jobs

Often, when we talk about class in the United States, we are referring to culture and money (income, wages, wealth). However, I want to propose that we think about class as ownership. If we think about class as ownership, we can think about two groups of people. One group is made up of those people who own the means of production, and the other group is made up of those people who do not own the means of production. In this dichotomy, we can see two classes emerging. The group of people who own the means of production – they own land, the factory, a patent on a product – is known as the bourgeoisie [be sure to write on board]. The group of people who do not own the means of production and must sell their labor to the bourgeoisie, or the owners, is known as the proletariat.

DISCUSSION QUESTIONS:

- How does this definition differ from thinking of class as money and culture? Does this definition resonate with you or not?
9. Present the classical capitalist understanding of why the owner/capitalist gets to keep the surplus, OR ask the group to generate a list of reasons why the owner/capitalist should get to keep the surplus/profits.

A central part of class conflict—some might say the true source of class conflict—is the struggle between the owner and laborers regarding what to do with the surplus. So let’s talk about some reasons why the owner should get to keep the surplus. Remember that surplus is profit, so we’re talking about reasons why an owner should get to keep the surplus from the firm.

POPCORN QUESTION: Why should owners get to keep the surplus? (Slide 22)

Some possible answers:

- Reward for effort – Profits are the return on hard work, innovation, risk-taking, and effective management. The owner put in hard work to start or run the company, which is a big risk. The profits are the reward for doing so, and the hope of profit causes him/her to start the business in the first place.
- Historical precedent – Past entrepreneurs have reaped the profits.
- Choice, Abstinence, Sacrifice – The owner made sacrifices (for instance, to receive the requisite education) or abstained from other activities, and through those diligent choices has earned the right to the surplus.
- Laws and Structure – Many federal and state laws support business structures and anti-labor practices in which profits go to the owners instead of to workers as is the case under structures such as worker coops.
- They invested their funds – Owners took risk and put their own money into the business. Therefore, they should get something out of it.

10. Discuss this list and also create a list of reasons why workers should get a greater share of the surplus/profits.

POPCORN QUESTION: Why should the workers get the surplus (or a greater share of the surplus)? (Slide 22)

Some possible answers:

- Laborers also work hard – The workers work hard and should reap some of the profit from their hard work.
- Historical and continuing discrimination creates gaps in who owns and who doesn’t. Generational inheritance has provided some people with a great advantage and higher propensity to own than others. Much of this inheritance is made possible by past and continued discrimination and oppression of others. Discrimination against some still prevents people of certain races, religions, genders, or sexual orientations from getting ahead. Finally, everyone is born to a different family; birth alone should not determine your chances in life.
- Workers also take a risk when deciding to take on a job – By choosing to do one

job, workers cannot choose to do another job (opportunity cost). They are taking the risk that this choice of employment will allow them to earn a living.

- Profits are generated as a result of the workers' efforts – Labor is not just an input into the production process. Rather laborers are fundamental actors in the production process. It is because of their work that profits are possible and, as such, they should reap in those profits.

11. Encourage discussion and debate of these ideas.

SECTION WRAP-UP QUESTIONS

- What's missing from these arguments?
- How would you feel as a business owner? How would/do you feel as a worker?
- Who should decide who gets the surplus? How did we decide in our Simple Corn Economy?
- Who deserves the surplus? Why?
- What is the role of organized labor in this struggle?

TAKEAWAY POINTS

- Laws and government policies have typically determined who gets the surplus. Similar to what we saw in the Simple Corn Economy, "who gets the surplus" is determined by political and social forces. Organized labor and labor unions are one way the proletariat has typically tried to gain a greater share of the surplus.

IV. PRODUCERS AND CONSUMERS TIME: 20 MIN

SECTION OBJECTIVES

- Explain the basic function of supply and demand and key market forces
- Stimulate debate about the role of market forces in answering the three economic survival questions (what to produce? how to produce? who gets what is produced?)

MATERIALS NEEDED

- 3 packets of M&Ms
- Index cards
- White board or flip chart paper

- Markers
- Video equipment (projector, laptop, PowerPoint), if available
- Appendix B: Visual aid

FACILITATION

1. Supply and Demand – Supply and Demand links the entrepreneurs/owners with consumers through the marketplace. This topic creates a smooth transition from the owner/worker discussion to the producer/consumer discussion. The main objective here is to describe how “market forces,” such as supply and demand, give signals to owners of firms when there is demand for a product and at what price they should sell the given product in order to produce a profit. The presence of a market that will produce profit encourages entrepreneurs/owners to produce.

2. Transition from the discussion of workers vs. owners to a discussion of the market

We talked earlier about three ways societies can decide what to produce, how to produce it, and who gets what is produced. We said there are traditional, command, and market economies. In a traditional economy, tradition, customs, and beliefs are used to make decisions. In a command economy, decisions are made through some type of authority structure. In a market economy, owners decide what to produce based on “the market.” Supply and demand are particularly important market forces. In our example, one of the basic ideas is that there are people in our society who want to buy our machines; we know there are farmers who could use this product. They cannot produce the machines on their own, but they are willing to use their money to purchase one—i.e. there is demand. They are willing to pay a certain price for those machines. When we as a firm ran our numbers and created our business plan we realized that after we add up all of our costs to produce the machines we could sell them at a price that is above our costs and a price that consumers are willing to pay.

So we’re going to leave the owner/worker focus, and look at the marketplace—which is part of our Circuit of Capital.

3. Set up an activity where participants have to “buy” a good (to demonstrate demand) and participants have to “sell” a good (to demonstrate supply). The facilitator should find examples and a way of explaining supply and demand that they are comfortable with. There is a link to an activity from econport.org in **Appendix A** that the facilitator can also use to explain the way supply and demand works.

4. Start with Demand. You are going to auction off up to three M&M packets to the highest bidders. Each participant can only purchase one packet. The auction begins with all participants standing (if able). Gradually increase the price per

packet in 5 cent increments from \$0 and ask participants to sit down when the price reaches a level above what they are willing to pay. By sitting down, a participant is announcing that they are dropping out of the bidding and will not re-enter. Instruct participants at the beginning of the auction to write down on their index cards the price that represented the maximum amount that they were willing to pay for the M&M packet. When there are only three or fewer participants standing, the auction ends (see below for rules when there are ties). Instruct the highest bidders to estimate the maximum amount that they were willing to pay for the M&M packet and write it down on their index cards. Collect all index cards and enter the values into Excel. The graph will form the demand curve.

First we're going to do an activity that explains the basic way supply and demand works. I am passing out blank index cards and you should each take two cards. You should not write anything on the card until told to do so.

I (the facilitator) will be auctioning off to the highest bidders "fun size" M&M packets (1.69 oz), which you can see here in my hand. I will sell up to three packets. You can each purchase a maximum of one packet. Prior to participating in the auction, think about the maximum price at which you would be willing to buy an M&M packet. You will be required to pay in U.S. currency, so please do not bid values above \$0 if you are not prepared to pay.

The auction begins with every participant standing, so please stand up now if you are able. I am writing the starting price for the auction on the flip chart, which will be \$0. I will then begin to increase the price. By remaining standing, you are indicating that you would be willing to buy a packet of M&Ms at the price most recently announced. If, at any point in the auction, the announced price rises above the maximum price at which you are willing to buy a packet, you should sit down.

When you sit down, please write on one of your index cards the price that came before the announced price that caused you to sit down. In other words, write down the price that was either equal to or less than the maximum price that you were willing to pay for the M&M packet. You do not need to write anything else on the card.

The price will rise until three or fewer participants remain standing. At this point the price stops rising and all bidders still standing will pay this price in exchange for a packet of M&Ms. I ask that these winning bidders estimate the maximum amount that they were willing to pay for the M&M packet, if the price had continued to rise, and write it down on their index cards.

Optional Text: Please notice that in this auction (called an English auction), it is in your best interest to sit down only when the price rises above the maximum price you are willing to pay for a packet of M&Ms. You cannot do better, and will sometimes do worse, by lying about your maximum price. You cannot do better by

sitting down early or standing up after the price passes your maximum acceptable price. If you sit down early, you may miss out on buying a packet of M&Ms at a price less than what you would be willing to pay for the packet. If you remain standing too long, you may end up having to pay a price for the packet of M&Ms that is above what you normally would be willing to pay.

5. Now move to supply. Give each participant an M&M packet and tell her or him that you want to purchase up to 3 packets from the lowest bidders via an auction. The auction begins with all students standing. Gradually decrease the price per packet in 5 cent increments from \$3 (if \$3 isn't high enough—i.e., some people won't sell their packet for \$3—start higher). Have participants sit down when the price reaches a level below what they are willing to accept to give up the M&M packet. By sitting down, a participant is announcing that they are dropping out of the bidding and will not re-enter. Instruct participants at the beginning of the auction (and remind them during the auction) to write down on their other index cards the price called immediately before the price that caused them to sit down (i.e., the price that represented the minimum amount that they were willing to accept to give up the M&M packet). When there are only three students standing, the auction ends. Instruct the three lowest bidders to estimate the minimum amount that they were willing to accept for their M&M packet and write it down on their index cards. Collect all index cards and enter the values into Excel. The graph will form the supply curves.

I am now going to run an auction that is similar to the one we ran. This time, though, I will be buying M&M packets through the auction. Please listen carefully to the instructions for this auction. I am also passing around "fun size" M&M packets (1.69 oz). You should each take just ONE packet. Please do not take any more than one packet.

I will be purchasing up to three M&M packets from participants in the room. Each of you can sell a maximum of one packet. Prior to participating in the auction, think about the minimum price at which you would be willing to sell your M&M packet to me.

The auction begins with every participant standing, so please stand up now if you are able. I am writing on the board the starting price for the auction, which will be \$3. I will then begin to decrease the price. By remaining standing, you are indicating that you would be willing to sell your packet of M&Ms at the price most recently announced. If, at any point in the auction, the announced price drops below the minimum price at which you are willing to sell a packet, you should sit down.

When you sit down, please write on your index card the price that came before the announced price that caused you to sit down. In other words, write down the price that was either equal to or greater than the minimum price that you were willing to accept for giving up your M&M packet. Do not write anything else on the card.

The price will decline until three or fewer students remain standing. At this point, the price stops declining and all bidders still standing will receive this price in exchange for a packet of M&Ms. We ask that the winning bidders estimate the minimum amount that they were willing to accept for giving up their M&M packet, if the price had continued declining, and write it down on their index cards.

Optional text: Please notice that in this auction (called a reverse English auction), it is in your best interest to sit down only when the price drops below the minimum price you are willing to accept for selling a packet of M&Ms. You can do no better, and will sometimes do worse, by lying about your minimum price. You cannot do better by sitting down early or standing up after the price passes your minimum acceptable price. If you sit down early, you may miss out on selling a packet of M&Ms at a price more than what you would be willing to accept for giving it up. If you remain standing for too long, you may end up having to give up the packet for a price lower than what you normally would be willing to accept.

6. Show the basic graph of supply and demand representing the data shared by the participants in each auction (you will probably need a co-facilitator to help do this in Excel or on a flip chart). If you are hand drawing the graphs, it's probably best to do so with 20 people or less. The easiest way is to put the cards in order and draw a line connecting the top prices to the bottom prices. There should be an upward sloping demand line, and a downward sloping supply line.

7. Debrief the activity by discussing demand, supply, and market equilibrium

The market for any good or service consists of all (actual or potential) buyers or sellers of that good or service.

In the first M&M experiment, the market consisted of 1 seller (me) and ## buyers (you). In the second experiment, the market consisted of 1 buyer (me) and ## sellers (you).

- ▶ Discuss demand first. Introduce consumers as economic actors who demand goods. **(Slide 24)** Relate it back to the activity and the Simple Corn Economy example and describe demand verbally.

Demand is an important market force. Consumers generate demand. In the activity, you were all consumers demanding M&Ms. As the price of the M&Ms increased, fewer people wanted to buy them. In our Simple Corn Economy, the consumers were demanding ways to harvest corn—they wanted the machine that our firm manufactures. If the price of our machine is really high, not many people will want to buy our machine. If the price of our machine is really low, more people will want to buy our machine. That is the basic idea of demand: when the price is low, the quantity demanded will increase. When the price is high, the quantity demanded will decrease.

- ▶ Discuss supply. Introduce owners as producers (a dual role) **(Slide 25)**. Relate it back to the activity and the Simple Corn Economy example and describe supply verbally.

In the last section we talked about owners and capitalists. In this discussion of supply and demand we'll use the word "producer" to refer to the owner or capitalist. We said that the reason a producer begins a business is because there is demand for a product. If they are able to create a product to meet that demand and the product can be sold for more than it cost to make it, the producer will reap a profit. Motivated by potential profit, the producer enters the market.

The producer supplies goods to the market—the "supply" part of supply and demand. The producer wants to make a profit. The more products they can sell at a higher price, the greater their profits. So the producer wants the price to be high and wants to sell a lot. Let's go back to our activity as an example. Each of you had a good (M&Ms) that you were willing to sell for at least \$3. As the price decreased, fewer people were willing to sell it. A producer – someone who was cooking the meals – would be willing to supply more meals if they could get a higher price in exchange. But if they know they have terrible cooking, they might offer very few meals for very low prices. They won't supply a lot of meals because they can't get a lot of money from each one. On the other hand, for the producers who knew they could charge a lot for each meal, they would be willing to make more meals.

- ▶ Refer back to the supply and demand graph you drew. Point out the place where the curves cross. This is known as the "market equilibrium" and it tells us how much will be produced and at what price. A key point that links the two concepts together is that this equilibrium arises from the opposing forces of supply and demand, which comes from the opposing interests of consumers and producers **(Slide 26)**.

So we can see that the forces of supply and demand are opposing forces. Consumers demand more at lower prices. Producers produce more at higher prices.

Put together on one graph, these opposing forces intersect and yield the market equilibrium. This is the price at which there are as many producers willing to sell as there are consumers willing to buy. In subsequent market interactions, the price of the goods will converge around the market price. This price is thought to reflect the true price of the good – the price and quantity that, considering the constraints of producers and consumers, works best for everyone.

While this activity demonstrates how individual markets for a particular good works, a similar principle applies when thinking about the larger economy. A free market economy is based on the assumption that the total goods produced and total goods supplied will reach an equilibrium point that is efficient. That is, one where there will be no shortages or surpluses in what is produced and consumed.

DISCUSSION QUESTIONS:

- How are market forces like supply and demand good for consumers?
For producers?
- How might market forces like supply and demand harm consumers and producers?
- Should these forces determine answers to all of the economic survival questions?
 - ▶ Here is an example that demonstrates how culture, values, and norms compel society to limit market forces from determining everything: *In 1999, someone put their kidney up for auction on e-bay. The person figured 'I have 2 kidneys. I only need one kidney. So I'll sell my spare kidney to the highest bidder.'* The bidding began at \$25,000 and got up to over \$5 million (\$5,750,100 to be exact) before it was shut down. Now this seems like a perfectly fine market activity. An entrepreneurial individual saw a market, entered it, and consumers were willing to buy. Why not let supply and demand work?
 - » There are many reasons participants will give. The main point is that we, as a society, don't want the consequences of what this type of market might bring. Or that we don't believe a healthy kidney should just go to the highest bidder. We don't, and shouldn't, let market forces answer all questions about survival.
 - ▶ If not market equilibrium, how else should we determine what to produce, how to produce it, and who gets it?

7. Transition to a discussion about the behaviors and actions of producers and consumers. Individuals can play different roles at different times. No role exists in a vacuum; rather, they are played out in a social and political context within a larger natural environment **(Slide 27)**.

*We've discussed a variety of concepts today related to the ways that different actors relate to each other, and touched on a number of debates about how we might want to live together. While I have refrained from taking strong positions one way or the other, I and [your organization] believe that the relationships between economic actors are complex and nuanced. Economics often treats actors as separate groups with separate interests and goals. It looks siloed **(Slide 27)**.*

*However, I think our discussions today have revealed that the world is not that simple. A producer consumes and a consumer works. But, a worker may also own, and an owner definitely consumes. Not only that, these monetized, market interactions are happening in a larger social and political context, and that context exists on the planet Earth, which provides natural constraints and boundaries to our activities. I think the relationships look more like this diagram **(Slide 27)**.*

TAKEAWAY POINTS

- While advocates for a “free market” attach a normative meaning (value judgment) to the equilibrium price and the idea that markets should be efficient, the theory does not actually presuppose that equilibrium leads to a fair or just distribution of resources. For example, food markets may reach equilibrium even while there are people starving at the same time because they cannot afford to pay the high equilibrium price.
- Distributing resources based on markets, as it is currently done, has left many communities without resources, such as housing, food, health care, and education. This comes as a result of insufficient investment on the part of public and private funders or as a consequence of being “priced out of the market.”
- “Market forces don’t exist in a vacuum. Market forces are shaped. They are shaped by rules, regulations, by politics.” Dr. Joseph Stiglitz, winner of the Nobel Prize in Economics
- Consumers and producers have additional roles, interests, and desires that stem from other social roles they play. So profit and utility may not be all that they desire.

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

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

SECTION OBJECTIVES

- Expose participants to economic democracy practices that change the relationships between owners and workers
- Close the workshop by having participants think about alternative relationships between owners and workers

MATERIALS NEEDED

- White board or flip chart paper
- Markers
- Video equipment (projector, laptop, PowerPoint), if available
- Appendix B: Visual Aid
- Appendix C: Handout #1: Cases in Economic Democracy

FACILITATION

1. The end of the prior discussion can leave participants feeling disempowered. An economy that operates under principles of economic democracy can help create a society where all people feel empowered to shape and control the world they live in. Economic democracy challenges the current economic paradigm by redefining traditional definitions of roles, access to capital, and self-interests of actors in the economy.

In the first workshop, we discussed the idea that large corporations represent ruling institutions. These institutions use their influence to shape society—including markets—to their benefit. By exerting influence on mediating institutions they are able to have influence on “the rest of us” (Slide 28). But, in the last workshop, we also discussed economic democracy as a way to reorganize these relationships and build an economy that works for more people. To do that, economic democracy strategies begin by reorganizing the traditional relationships of owner, worker, consumer, and producer, and by infusing government with participation and democratic decision-making (Slide 29-30).

2. Divide the room into small groups of at least 3 and no more than 5 participants. Distribute a packet that describes the contexts in which economic democracy is being practiced (**Appendix C**). The proposals include worker cooperatives, credit unions, consumer cooperatives, participatory budgeting, and community land trusts (**Slide 31**).
3. Instruct the groups to read the brief descriptions of the economic democracy case studies, discuss questions provided, and then quickly report back to the entire group (**Slide 32-33**). Depending on the amount of time you have, you can assign each group a different topic or assign all groups the same topic. If all groups read and discuss the same topic, then the report back is more focused and takes less time.
4. Ensure that each group assigns a scribe, receives a large piece of flip chart paper, a marker, and has someone prepared to report back.
5. If there is time, facilitate a full group discussion on how these cases answer the three economic survival questions (**Slide 32**).

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 D: Evaluation Form
- Appendix E: Handout #2: Major Take Away Points & Notes to Self

FACILITATION

1. Summarize the Main Points and Topics

- ▶ Human beings have been working with each other to answer the three economic survival questions throughout history: *(1) What goods and services should our society produce, (2) How should we produce these goods and services, and (3) Who gets what is produced?* Over the course of history, the answers have been different. Therefore, we can create answers that can be different moving forward—we have the power to impact the way our society answers these questions.
- ▶ In a market economy, there are many actors who have different roles and self-interests. However, most actors fill many roles in their lives. Actors within society are not siloed off one from another, but rather connect and overlap.
- ▶ We discussed the way the circuit of capital(ism) functions in a market economy.
- ▶ We talked about economic democracy and discussed examples of economic democracy practices that are happening right here in NYC. These examples illustrate how different types of institutions can transform existing power relationships between actors. We can decide to answer the three economic survival questions in ways that lead to more just and equitable outcomes. We can put people first in the answers to our questions.

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: *What would happen if you got involved?*
3. Discuss any concrete next steps participants can take, upcoming events and the next training.
4. Depending on the time left, either hand out the written evaluation for participants to complete, or conclude with the 4-part evaluation suggested below. Be sure to have a recorder to capture notes for participant feedback.
 - ▶ Written Evaluation – Hand out the worksheet 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.
 - ▶ 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 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 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 stretch 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

MICROECONOMIC PRINCIPLES

SUPPLY AND DEMAND: In microeconomics, supply and demand is a principle that explains how prices of goods and services are set in the economy. The basic idea of demand is that when a price is low, the quantity demanded will increase. When the price is high, the quantity demanded will decrease. Consumers generate demand. On the other hand, producers supply a product. If they are able to create a product to meet demand and the product can be sold for more than it cost to make it, the producer makes a profit. Motivated by potential profit, the producer enters the market. The producer supplies goods to the market. The more products they can sell at a higher price the greater their profits. So the producer wants the price to be as high as the market will bear and wants to sell a lot. These opposing forces eventually reach an equilibrium point.

Supply and Demand Activity:

“Supply and Demand.” Experimental Economics Center.

<<http://www.econport.org/content/teaching/modules/DemandSupply>>.

MARKET EQUILIBRIUM: Market equilibrium is a concept in microeconomics that tells us how much and at what price a good will be produced. This equilibrium arises from the opposing forces of supply and demand, which comes from the opposing interests of consumers and producers.

SURPLUS: After expenses are paid, the money that is leftover is the surplus, or profit.

Other Resources

For a basic understanding of the microeconomic principles covered in this training, please explore:

1. “Understanding Microeconomics” (read chapter 1). Robert L. Heilbroner and Lester C. Thurow.
2. MIT OpenCourseWare – Introduction to Microeconomics (the opening lecture is particularly helpful): <<http://ocw.mit.edu/courses/economics/14-01sc-principles-of-microeconomics-fall-2011/unit-1-supply-and-demand/introduction-to-microeconomics/>>.
3. “Ecological Economics: Principles and Applications” (book). Joshua Farley and Herman E. Daly.
4. “Field Guide to the U.S. Economy: A Compact and Irreverent Guide to Economic Life in America.” Jonathan Teller-elsberg, Nancy Folbre, and James Heintz.

ECONOMIC SURVIVAL QUESTIONS

Throughout humans' existence, they have been working with one another to answer the following three questions:

1. What goods and services should our society produce?
2. How should we produce these goods and services?
3. Who gets what is produced?

TRADITIONAL, COMMAND, AND MARKET ECONOMIES

Traditional economies: Traditional economies exist when tradition, custom, and belief dictate the roles people play in the economy. For instance, if your father was a farmer, you will also be a farmer.

Command Economies: In a command economy, an authority figure or an "economic commander-in-chief" uses their authority to answer these 3 questions. It could be an elected body, a dictator, or other authority figure.

Market Economies: Market economies rely primarily on the forces of supply and demand to determine what a society needs. In this economic system, the production and distribution of goods is based on the interaction between individuals and firms.

Source:

"The Advantages and Disadvantages of Traditional, Command and Market Economies." <<http://socyberty.com/economics/the-advantages-and-disadvantages-of-traditional-command-and-market-economies/>>.

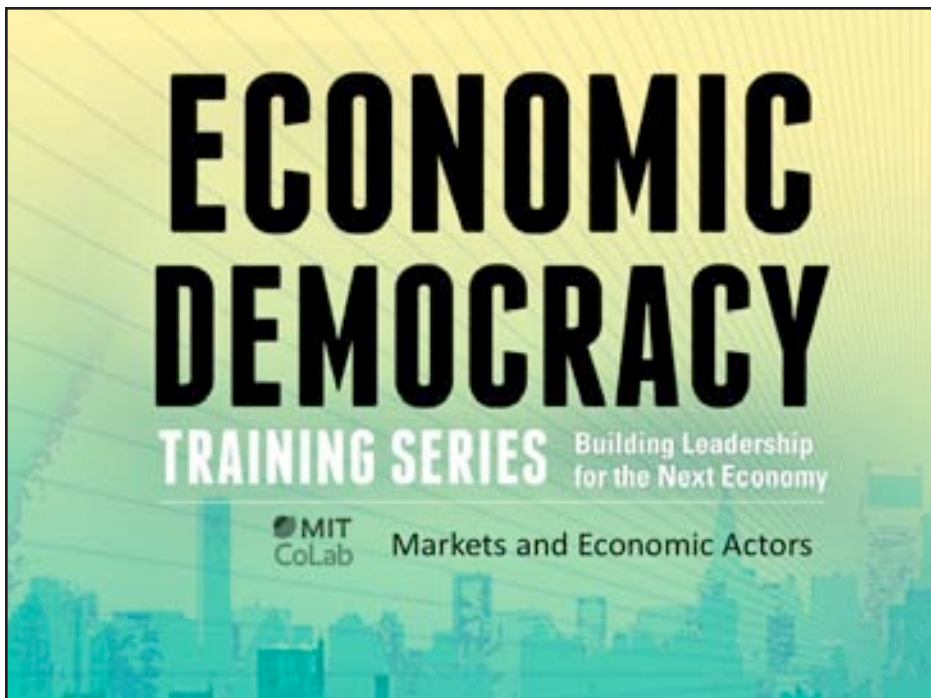
CIRCUIT OF CAPITALISM

The circuit of capital(ism) is the way capital is used to acquire the means of production, produce goods and service, sell those goods and services in the marketplace, earn profit, and then distributed the profit.

Additional Resource:

"Capital accumulation." Wikipedia. <http://en.wikipedia.org/wiki/Capital_accumulation>.

APPENDIX B
VISUAL AID



SESSION GOALS 

- Introduce the concept of “the market”
- Explore the actors in the market
- Think about how we can shape and influence the market
- Build the movement for economic democracy in the Bronx, NY!

2 | Economic Democracy Training Series MARKETS AND ECONOMIC ACTORS

AGENDA



- Introduction (10 min)
- Activity: A Simple Corn Economy (20 min)
- Owners, Laborers, and Finance (20 min)
- Producers and Consumers (20 min)
- Cases in Economic Democracy (30 min)
- Conclusion and Evaluation (10 min)

FIRST AGREEMENTS:

How we want to treat each other and
be treated by others 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

Activity: A Simple Corn Economy

A Simple Corn Economy

- Imagine that we all live in one community
- In our hypothetical, highly simplified community:
 - **Corn provides all of our material needs**, including food, clothing, and shelter
 - **Everyone participates in the production of corn only**

Discussion Question

What do we need to do to ensure our society can survive next year?

Answer to Discussion Question

Use some corn today and save some corn to be planted next year.

Discussion Question

How much should we save versus
consume?

Answer to Discussion Question

There is no right or wrong answer –
this is a social and political question

Discussion Question

Who gets the corn and the corn products?

Discussion Question

Again, there is no right or wrong answer –
this is a social and political question

Discussion Questions

- What can we do with the surplus?
- How can we decide what to do with the surplus?
- Who gets to decide what to do with the surplus?

What is Economics and “the Economy”?

- **“Economics** is the study of how mankind copes with the problem of provisioning itself.”

- Robert Heilbroner & Lester Thurow

Economic Survival Questions

- What goods and services should our society produce?
- How should we produce these goods and services?
- Who gets what is produced?

Three Ways Societies Organize

Tradition

Tradition, Custom, Belief

Command

Authority

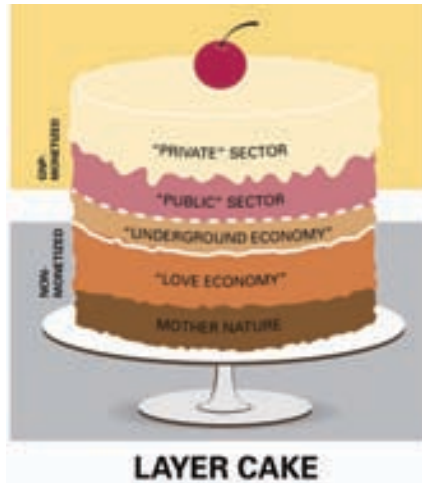
Market

Supply & Demand, Price, Profit

What's Missing from the Market?



What's Missing from the Market?



Owners, Labor, and Finance

Circuit of Capital(ism)



Actors in the Circuit of Capital



Class

What is class? How do we distinguish between classes?

- Money
- Income
- Wealth
- Education
- Where you live
- Behavior
- Habits
- Type of job (blue or white collar)

We often see class as money and culture

Another Way of Understanding Class

Bourgeoisie = class who owns the means of production

Proletariat = class who does NOT own the means of production (= **laborers**)

This understanding emphasizes that class isn't just about money (income) or culture, but instead **class is about POWER.**

Therefore, **CLASS** is the relationship between the owner's power and the worker's power.

Surplus

Reasons Why Capitalists Get the Surplus

- Profits are a return for hard work, innovation, risk taking, and effective management
- Historical precedent
- Choice, Abstinence, Sacrifice
- Laws and Structure
- Anti-labor Laws
- They invested their funds

Why Workers Should Get the Surplus, Too

- Laborers also work hard
- Historical and continuing discrimination creates gaps in who owns, who doesn't
- Workers also take risk when deciding to do a job
- Profits are generated as a result of the worker's efforts

Producers and Consumers

Consumers

Rationale & Behavior

Consumer

Has a Limited Budget

Wants to Get the Most Out of the Budget

Demands More at Lower Prices

Consumers & Producers

Rationale & Behavior

Consumer

Has a Limited Budget

Wants to Get the Most Out of the Budget

Demands More at Lower Prices

Producer

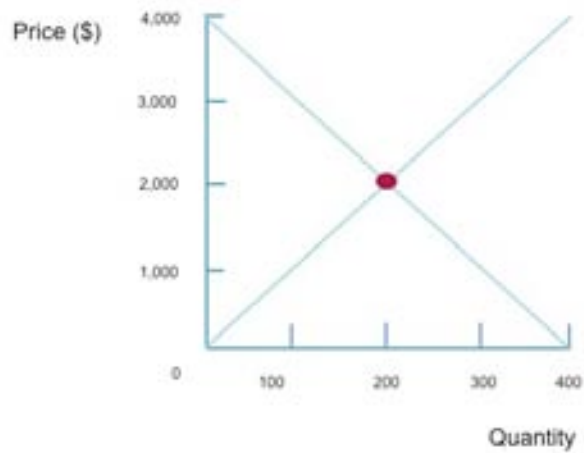
Has Production Limits

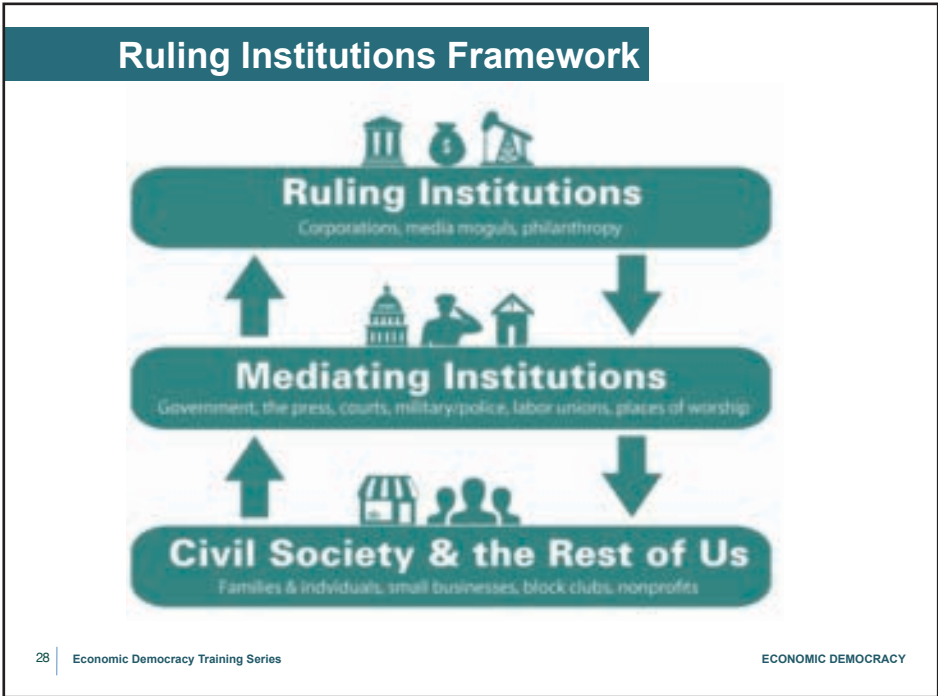
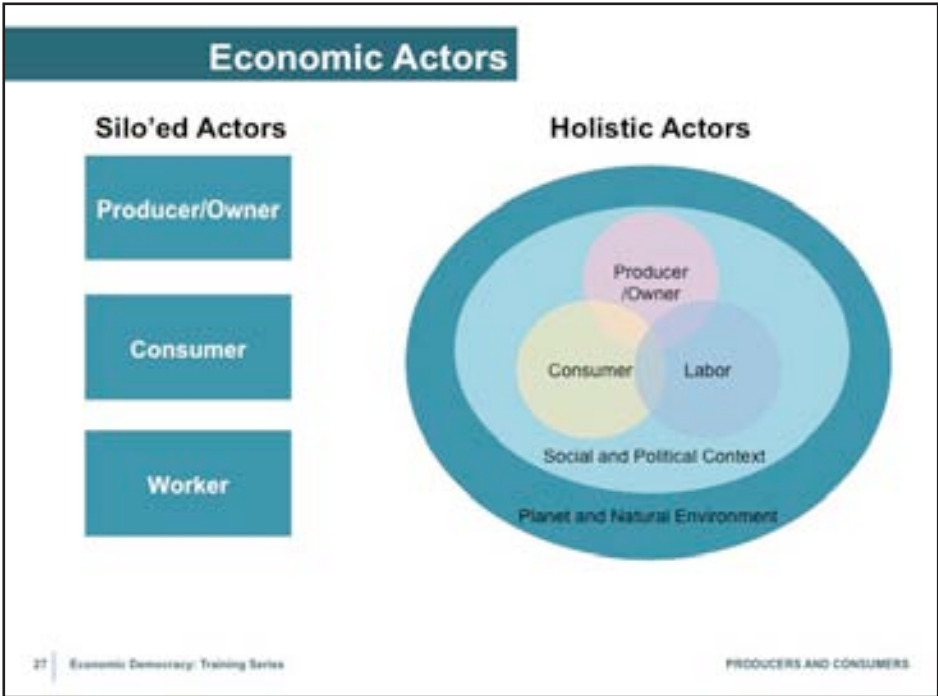
Wants to Maximize Profit

Increases Supply at Higher Prices

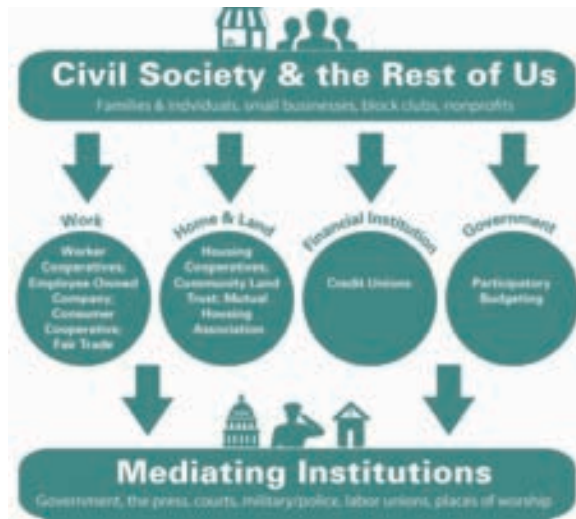
VS

Supply & Demand





Ruling Institutions Framework



Economic Democracy Framework



Economic Democracy

Overall, **economic democracy** is a way of organizing our society so that the production of goods and services contributes to society's best interests and to responsibly stewarding the planet's resources. This is achieved through the democratic control and governance of public, private, and not-for-profit institutions.

Principles/Characteristics of Economic Democracy:

- Democratic Governance
- Collective Ownership
- Influence Over Economic Institutions

Cases in Economic Democracy

Cases in Economic Democracy

- Each small group will get a sheet of paper that describes an example of economic democracy.
- There are 5 different cases:
 - **Worker Cooperative:** Cooperative Home Care in the Bronx, NY
 - **Credit Union:** Bethex Credit Union in the Bronx, NY
 - **Consumer Cooperative:** Park Slope Food Co-op in Brooklyn, NY
 - **Government:** Participatory Budgeting in New York City

Another Future is Possible

- In a small group, read your sheet
- Take 10 minutes to discuss the following questions:
 - What is the most important feature of this proposal? What strikes you most about it?
 - How are the roles of producer, consumer, worker, owner, and government filled in this proposal?
 - What would it be like for you to participate in this proposal?
 - What are the advantages/disadvantages of this proposal?
- Report back to the large group.

Full Group Discussion

- How do these cases answer the 3 economic survival questions:
 1. What goods and services should our society produce?
 2. How should we produce these goods and services?
 3. Who gets what is produced?

APPENDIX C: HANDOUT NO. 1

CASES IN ECONOMIC DEMOCRACY

Read your assigned case and be prepared to report back on the discussion questions below.

DISCUSSION QUESTIONS

- What is the most important feature of this case? What strikes you about it?
- How are the roles of producer, consumer, worker, owner, and government filled in this organization?
- What would it be like for you to participate in the organization described in the case?
- What are the advantages/disadvantages of the strategies/structures of this organization?
- How does this organization impact the market or industry it is in (remember supply & demand)?

CASE #1: COOPERATIVE HOMECARE ASSOCIATES (CHCA)

Cooperative Home Care Associates (CHCA) is a South Bronx home care agency and the largest worker cooperative in the United States. CHCA provides home care aid to seniors and disabled clients, including operation of medical equipment, transportation to appointments, and preparation of meals. Founded in 1985, employing 2,000 workers, and serving over 4,000 clients, CHCA is also the oldest home care cooperative in the United States. Collectively, home care workers comprise more than 90 percent of all worker-owners at CHCA. Currently, 68 percent of CHCA's home care workers are worker-owners.

OWNERSHIP AND COMPENSATION

CHCA allocates 80 percent of their total revenue to the wages and fringe benefits costs of home care workers, including a comprehensive health and dental insurance benefit that does not require a financial contribution from employees. They also offer CHCA home care workers:

- Referrals to public benefits, social services, and continuing education programs
- Mentoring support from their peers
- Coaching from their supervisors
- Opportunities for promotion to available administrative positions

Additionally, CHCA provides their home care workers with many opportunities to accumulate assets, including:

- Worker-ownership, through which employees can accumulate a \$1,000 equity stake in CHCA and receive dividends based on their annual profits (that have averaged \$250 each year)
- An employer-contribution to their 401(k) account in profitable years
- Access to free tax preparation services to help them obtain the Earned Income and Child Tax Credits

As an alternative to predatory payday loans, CHCA offers no-interest loans that average \$250. They also encourage workers to create savings and checking accounts, so that they do not have to rely on expensive cash checking services.

SURPLUS

All worker-owners have a vote in ratifying CHCA's allocation of net profit into four key areas:

- Money that is reinvested into the company for growth or other strategic objectives
- Dividends to worker-owners
- An employer-contribution to the 401(k) accounts of all employees
- Bonuses to all employees

As the first step in this process, both CHCA's President and its Chief Financial Officer recommend an allocation for consideration by their Board of Directors and its Finance Committee. CHCA's worker-owners then vote to ratify the allocations approved by a majority of members on their Board and its Finance Committee.

For the past few years, CHCA's worker-owners have approved allocating 50 percent of their net profit to retained earnings, so that CHCA gets to keep and use the extra money. While reducing the amount of money available for distribution as dividends, this decision has significantly strengthened CHCA's finances.

Additionally, in 2004, worker-owners approved a recommendation by CHCA's President and Chief Financial Officer to contribute a percentage of CHCA's annual profit to the 401(k) accounts of all employees. This decision reduced the total amount of money paid as dividends to worker-owners.

MANAGEMENT AND DECISION-MAKING

Worker-owners elect the members of a 14-person Board of Directors. Directors are elected to two-year terms. The Board determines CHCA's strategic direction and approves its allocations of net profit. In addition, worker-owners serve on the Worker Council. The Worker Council members serve as a resource to help their

home care workers understand key decisions made by their managers and share feedback from their conversations with home care workers to other administrative staff members. CHCA workers are also unionized into 1199SEIU. The Labor Management Committee, created by 1199SEIU, provides home care workers with another opportunity to collaborate with administrative staff members, managers, and union organizers to improve key facets of their operations.

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, New York. At the time of its founding, many immigrants worked in sweatshop-like conditions making clothing. They 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 E. Kazan, the director of Amalgamated Credit Union, to design a strategy to relieve the workers from the poor housing conditions and high rent burdens they endured.

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 a lower cost than could be found in the private market. 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 ended up founding the Amalgamated Housing Cooperative and served as its president for 40 years.

OWNERSHIP AND COMPENSATION

Kazan came up with a strategy that would allow a household to place a \$500 down payment on an apartment and pay \$11 per month for rent/utilities in exchange for a share in the housing corporation he created. 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 a 20-year tax exemption. With this support, Kazan used the collected down payments, loans and credit from the Amalgamated Clothing Workers Union, as well as other entities as collateral loans for individual tenant mortgages. This financing enabled Amalgamated's construction of their first five buildings (which has since expanded to 12).

Today, Amalgamated Cooperative consists of 1,500 apartments, including studios, 1, 2, 3, and 4 bedroom apartments. While the cost of an apartment varies by the

size and location of the apartment, prices for the coop today are still extremely low. A person can buy into a share of the cooperative for \$40,000 equity plus monthly carrying charges (this pays for monthly utilities and other building needs) of about \$1,000 per month. Some apartments have carrying charges as low as \$700 per month. The coop is designed for low and moderate income households, so income restrictions apply for initial acceptance into the housing cooperative.

Residents are “shareholders” in the corporation that owns the building. 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” (i.e. rent) in order to keep the housing affordable for future residents.

SURPLUS

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 out other functions of the building. Residents also earn a limited amount of interest on their equity investment.

MANAGEMENT AND DECISION-MAKING

Responsibility for the ongoing operations of the cooperative is vested in the Board of Directors. The Board consists of twelve Directors, all of whom are resident-cooperators and serve without compensation. Elections are staggered, with four Directors elected each year. There are 6 committees of the board that include the Apartment Allocations Committee, Finance Committee, Service Committee, Long Range Planning Committee, Audit Committee, and Incoming Capital Assessment Committee. Another committee, the Joint Community Activities Committee (JCAC), has existed since the founding of the coop and plans social, cultural, and educational activities for cooperative members at Amalgamated Housing Cooperative, A. H. Consumers Society, and Park Reservoir Housing Corporation. The JCAC also sponsors several groups including Amalgamated Nursery School, Circle Pines Center, and the International Committee.

CASE #3: BETHEX FEDERAL 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 two primary purposes: to provide financial services, like access to savings and checking accounts, to areas underserved by traditional commercial financial institutions; and to provide loans that promote community development in the places in which their members are located” (DeFilippis 2004).

OWNERSHIP AND COMPENSATION

Bethex has over 5,000 members and \$28 million in assets. A person becomes a member by opening up a savings account and depositing \$25. Also, each member pays a \$15 annual membership fee.

Bethex also accepts non-member deposits. Non-members can be churches or other organizations. 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, non-members are not allowed to vote in the elections.

SURPLUS

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

MANAGEMENT AND DECISION-MAKING

Each member (also known as a shareholder) has one vote regardless of how large or small a deposit the member maintains in their savings account and is permitted to vote in the elections of the Board of Directors. While members elect the Board, they have little control over decision-making that takes places within the institution. Decisions are primarily made by staff and the Board.

APPENDIX D: HANDOUT NO. 2
EVALUATION FORM

MARKETS AND ECONOMIC ACTORS 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	
		A Simple Corn Economy & The Economic Survival Questions
		Circuit of Capital(ism)
		Economic Actors: Owners, Laborers, & Financiers;
		Supply & Demand
		Economic Democracy & Examples of Economic Democracy
		Other

What parts of the workshop did you dislike and why?

General Comments	Check all that apply	
		A Simple Corn Economy & The Economic Survival Questions
		Circuit of Capital(ism)
		Economic Actors: Owners, Laborers, & Financiers

		Supply & Demand
		Economic Democracy & Examples of Economic Democracy
		Other

What areas of the workshop need improvement?

General Comments	Check all that apply	
		A Simple Corn Economy & The Economic Survival Questions
		Circuit of Capital(ism)
		Economic Actors: Owners, Laborers, & Financiers
		Supply & Demand
		Economic Democracy & Examples of Economic Democracy
		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		
		Great size and set up
		Too small
		Too large
		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!

APPENDIX E: HANDOUT NO. 3

MAJOR TAKEAWAY POINTS

ECONOMIC SURVIVAL QUESTIONS

Human beings have been working with each other to answer the three economic survival questions throughout their existence. The answers have been different. What's more, the answer can be different—we have the power to impact the way our society answers these questions

The economy is about a society surviving and everything that helps a society survive is not part of a monetized system of exchange. Not everything that directly and indirectly answers the three economic survival questions is part of a monetized exchange. This is often called the “social economy”, the “love economy”, or the “gift economy.”

There are three primary ways in which societies have chosen to answer economic survival questions. We can categorize various economies as Traditional, Command, and Market.

In a market economy, there are many actors who have different roles and self-interests. However, most actors fill many roles in their lives. Society is not siloed; roles connect and overlap.

A central part of class conflict is the struggle between the owner and laborers over what to do with the surplus.

What has typically determined who gets the surplus are laws and policies in the government. “Who gets the surplus” is determined by political and social forces. Organized labor is a way the proletariat has typically tried to gain a greater share of the surplus.

There are examples of economic democracy that illustrate how different types of institutions right here in New York can alter the power relationships between economic actors. We can decide to answer the three economic survival questions in ways that lead to more just and equitable outcomes. We can put people first in the answers to our questions.

My thoughts, reactions, notes to self:

FACILITATOR'S GUIDE

Building Strong Local Economies I: Introduction to Economic Development

TIME: 2 HOURS

Overview: This workshop introduces participants to local economic development and provides space for participants to critique current strategies. Using the economic democracy framework, this workshop asks participants to brainstorm proposals for economic development.



WORKSHOP GOALS

- Introduce traditional economic development strategies and inspire participants to take a more expansive, radical view of economic development
- Identify the characteristics of strong and weak economies, and the goals participants believe economic development should achieve
- Help participants understand that there are a variety of economic development strategies that can build strong and just economies
- Define the concept of economic democracy and provide examples of projects that represent aspects of economic democracy



MATERIALS NEEDED

White board or flip chart paper

- Video projection equipment (projector, laptop, and PowerPoint), if available
- Markers
- Name tags
- Pens and paper

Appendix:

- A. Reference Materials
- B. Visual Aid
- C. Handout No. 1: Example of Endogenous Economic Development
- D. Handout No. 2: Bronx profile
- E. Handout No. 3: Local Economic Development Strategies
- F. Handout No. 4: Evaluation Form
- G. Handout No. 5: Major Takeaway Points



PREPARATION/PRE-TRAINING

Facilitators should review the following concepts and case studies using the texts and resources found in the **appendices A, C, D, and E**.

- Import Replacement
- Economic Growth
- Economic Development
- Multiplier Effect
- Competitive Advantage
- Economic Base Theory
- Local Economic Development Strategies
- Reports by Good Jobs New York
- Gross Domestic Product (GDP)
- Example of Endogenous Economic Development
- Demographic Profile of the Bronx



AGENDA

Times below are suggested. As written, the agenda includes a break. If you choose to include a break, the module will exceed the 2-hour allotted time.

I. OPENING AND INTRODUCTIONS	10 MINUTES
II. STORY OF DEVELOPMENT AS USUAL	10 MINUTES
III. STRONG AND WEAK ECONOMIES	15 MINUTES
III. ECONOMIC BASE THEORY	30 MINUTES
IV. BREAK (OPTIONAL)	10 MINUTES)
V. BRONX ECONOMIC DEVELOPMENT PROPOSAL	45 MINUTES
VI. 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

- Name tags
- Markers
- Flip chart paper
- Video equipment (projector, laptop, 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 this workshop. The goals should be tailored to the group or host organization. List the goals on a piece of flipchart paper that can be posted and visible throughout the workshop **(Slide 2)**.

SAMPLE GOALS

- Introduce participants to traditional economic development strategies and inspire them to take a more expansive, radical view of economic development
 - Identify the characteristics of a strong economy and the goals participants believe economic development should achieve
 - Help participants understand that there are a variety of economic development strategies that can build strong and just economies
 - Define economic democracy and provide examples of projects that represent aspects of economic democracy
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 to 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 **(Slide 3)**.
 - ▶ Time Expectations - 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; perhaps including name, reason for attending the workshop and/or what you hope to get out of the workshop; and any other important identifier if necessary/desired (neighborhood, organization, etc.) 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 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 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 participants. 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 haven't said anything, consider speaking up sharing a question or idea you have.
- Hold comments till 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. STORY OF DEVELOPMENT AS USUAL TIME:10 MIN

SECTION OBJECTIVES

- Get participants thinking about what economic development means
- Use an extractive development project that is local and familiar to many participants as a way to highlight “development as usual.” Development as usual refers to the many incentives, tax breaks, and public subsidies given to businesses that do not benefit the local economy, and is synonymous with gentrification.

MATERIALS NEEDED

- Video equipment (projector, laptop, and PowerPoint), if available
- Appendix A: Reference Materials
- Appendix B: Visual Aid

THE POLITICS AND PROCESSES OF ECONOMIC DEVELOPMENT: A CASE STUDY OF YANKEE STADIUM

1. Introduce the section by briefly describing how economic development happens today. It is important to keep this part to 10 minutes or less, if possible. Many participants may want to contribute and debate because they have passionate opinions on this subject. However, there is not enough time during this portion of the workshop to fully engage in a dialogue on this topic. The point is not to argue for or against the new Yankee Stadium, but to present a project that is emblematic of exploitative development that does not build broad wealth/income or well-being for residents where the project is located and only serves to enrich the elite.

We often hear stories of local or state government using subsidies in order to attract private corporations to an area or to keep corporations in an area—this is called smokestack chasing. In fact, for decades the main task for economic development staff was to travel around the country to try and cut deals with companies in an effort to attract them to their locale. That practice is still with us today.

2. Discuss the construction of the new Yankee Stadium. Ask participants to contribute pieces of information they know to construct the story and augment it with facts and other details. Again, many participants may want to contribute and debate because they have passionate opinions on this subject, but there is not enough time. The point is not to argue for or against the new Yankee Stadium, but to present a project that is emblematic of exploitative development that does not build broad wealth/income or well-being for residents where the project is located and only serves to enrich the elite.

There may be Yankee fans in the audience or other people who supported the new stadium's construction. Take care to communicate as much factual information as possible, not simply opinions, and draw out some key points. Then discuss how this is not an uncommon story and how economic development, as practiced all over the country, consists of giving public subsidies to private corporations to "keep them" in the city or to enrich the owner/capitalists.

Different reports offer different numbers regarding the dollar value of actual subsidies given, so accuracy becomes difficult. Use this information and other details you are able to find.

Timeline (Slide 6):

- **June 15, 2005:** An agreement is reached between New York City, New York State and the New York Yankees to generate the public funds needed to build a new stadium for the New York Yankees
- **June 23, 2005:** Legislation is passed in both houses of the New York State Assembly
- **April 5, 2006:** The City Council approves the plan and proposes subsidies for the construction of the new Yankee Stadium

3. Present some of the subsidies given to Yankee Global Enterprises, a private LLC headed by Hal Steinbrenner, the son of George Steinbrenner. Read reports by Good Jobs New York ("Loot, Loot, Loot for the Home Team" or "Insider Baseball") for more information. Links to both of these articles are found in **Appendix A**.

Some of the subsidies include: **(Slide 7- 8)**

- \$138 million paid by the City of New York to demolish the old stadium
- Use of public park land for the development of the new Yankee stadium, which is owned by a private entity
- \$900 million plus in tax exempt bonds for the Yankees to build the new stadium
- No obligation for the Yankees to pay rent or property taxes paid by the Yankees to the City of New York
- \$70 million of public funds for the construction of parking garages
- The Yankees built a new stadium that seats about 53,000 people—fewer than the old stadium did. There are, however, more luxury boxes (a total of 60) and 3,000 more parking spaces.
- In the old stadium, the Yankees paid rent to the City for use of the stadium. Now, the Industrial Authority, a city agency, leases the land for the stadium. The Yankees paid for the actual construction materials of the stadium, but do not pay rent.

DISCUSSION QUESTIONS

- Who benefits from this stadium?
- Who pays for the stadium? **(Slide 9)**

Capture the ideas from participants on the white board or flip chart. Do not necessarily argue with participants about their ideas. Allow each idea to be recorded or put on the table. Then draw out some key points.

TAKEAWAY POINTS

- The new Yankee Stadium is not an anomaly. There are projects all over the country and world that are structured around this type of economic development. The projects justify the use of public funds by promising to bring new jobs and stimulate the local economy. In many cases, the ‘owners’ of these projects will threaten to pursue their projects elsewhere if subsidies are not given. But “development as usual” typically yields **(Slide 10)**:
 - ▶ **Public money for Private Use** – The public invests its tax dollars, while the private entity does not have to pay taxes. Furthermore, whatever is developed is restricted to private use.
 - ▶ **An Increase in Profits** – The owners of Yankee Stadium get to charge the public as much money as they want for entrance fees and make more money.
 - ▶ **Money Generated in One Area Flows Elsewhere** – Ticket sales and other revenue flow to the Yankee players, owners, and staff, but do not circulate in the local Bronx economy.
 - ▶ **Over-reliance on Money from Outside the Area** – These types of strategies often look to entities from outside of the community for economic development capital without considering how the capital could be retained or even generated by the community. The City and State framed the Yankee Stadium as a great economic development opportunity for the Bronx instead of looking within the borough for economic development opportunities that could be generated by local residents.
- While this may be “development as usual”, development does not have to be this way. Today we want to think about how we can understand and reframe economic development.

III. STRONG AND WEAK ECONOMIES **TIME: 15 MIN**

SECTION OBJECTIVES

- Know the characteristics of strong and weak economies
- Have participants describe New York City and the Bronx's economy

MATERIALS NEEDED

- White board or flip chart paper
- Markers
- Video equipment (projector, laptop, PowerPoint), if available
- Appendix A: Reference Materials
- Appendix B: Visual Aid

FACILITATION

1. Ask participants to brainstorm the characteristics of strong and weak economies in the full group or in small groups **(Slides 11-13)**.

Give each group a piece of flip chart paper and tell them to make two columns (Strong vs. Weak). Give them 5 minutes to record their answers on the flip chart paper, and then use the responses from each group to generate one larger list. Verbally review some of the answers. These characteristics can be referred to over and over again.

The words strong versus weak are important here, as we will be making the distinction between a "strong economy," as traditionally defined, and a "good/just economy," which we will define differently.

Ultimately, we want to get away from "development as usual" and move towards a strong Bronx and New York economy that works for all NYC residents. Today, we'll start by looking at how strong economies develop and, conversely, what contributes to weak economies. To start out, I want you to work with your neighbor to generate a list of what you have heard or know are the characteristics of strong and weak economies. You can use words, examples, or any other way to describe a strong or weak economy.

2. After, review the definition of economics and the three economic survival questions from the last sessions **(Slide 14)**.

Now that we've discussed some of the characteristics of strong and weak economies, let's take a step back to connect our discussion today with the

things we talked about in the last session. The first questions we asked were “What is economics?” and “What is the economy?” and we reviewed what we called the three economic survival questions.

POPCORN QUESTION: Who can remember how we described economics, the economy, or the three economic survival questions?

- The **economy** is the way human societies organize to meet their needs, OR an economy is how a society organizes itself, using its resources to survive.
- **Economics** is the study of how human societies organize themselves to meet their needs, OR economics is the study of how mankind copes with the problem of provisioning for itself. In other words, how our society can feed itself today and in future generations.
- The **three economic survival questions** are:
 - ▷ What goods and services should our society produce?
 - ▷ How should we produce these goods and services?
 - ▷ Who gets what is produced?

The way a society chooses to answer these three questions can yield strong or weak economies. That is, the way we choose to answer these questions contributes to the way our overall economy functions.

DEFINING “GOOD” ECONOMIES

3. Taking a closer look at the three economic survival questions, quickly discuss what goods and services are needed to survive and who should get what is produced. For now, leave off the question of how society produces those goods and services.
4. Link answers to the iceberg from the diverse economies framework (**Slide 15**).
We produce these goods and services sometimes by buying them, but also by the activities on the part of the iceberg hidden underwater.
5. Explain that the way economic development is usually done only supports activities that are on the tip of the iceberg versus those activities on the iceberg below the waterline.

Many of the invisible activities, including family and neighborhood relations, self-provisioning, and childrearing, are actually the things we need to survive. However, as mentioned in the first workshop, the activities below the waterline, many of which are traditionally in the domain of women, are not counted when measuring the size or strength of the economy.

Work with participants to examine the Yankee stadium case as an economic development project—use the three economic survival questions to see what type of economy Yankee Stadium is developing.

SECTION WRAP-UP QUESTIONS

- The strategies communities use to answer the three economic survival questions can contribute to strong or weak economies. By adapting the three economic survival questions to the Yankee Stadium case, we can see how the new Yankee Stadium has not contributed to creating a stronger economy in the Bronx. **(Slide 17)**

Ask participants:

- ▶ What does Yankee Stadium produce?
- ▶ Who benefits from what is produced?
- ▶ How does Yankee Stadium produce it?
- What type of economy is Yankee Stadium producing?
 - ▶ The answer to this is debatable. It is helping some people (players, restaurants and shop owners, etc.) and harming others (not enough jobs for neighborhood residents, citizens who could benefit from lost tax revenue, etc).
- Discuss the strengths or weaknesses of the Bronx economy and the NYC economy. Use this discussion to lead participants to the conclusion that building a strong economy does not necessarily create a good, equitable, just, or fair economy with outcomes we might desire. **(Slide 19)**

So far today we've talked about strong and weak economies. Let's look at New York City. Ask participants:

- ▶ Is the New York City economy strong?

Be ready to challenge and play devil's advocate to whatever response participants give, or ask:

- ▶ Who thinks the NYC economy is strong? Why?
- ▶ Who thinks the NYC economy is weak? Why?

You can also refer back to the indicators that participants have named that define a strong and weak economy. Ask if NYC meets their criteria of strong and weak.

Now turn to the Bronx:

- ▶ Is the Bronx a strong or weak economy? Why?

Most likely they will answer that it is a weak economy. You want to draw out the contradiction that NYC is one of the strongest economies (as traditionally defined in terms of size and wealth generated) in the world, but that there are parts of the city, such as the Bronx, which struggle economically.

TAKEAWAY POINTS

- While NYC has one of the strongest economies in the world and a considerable amount of wealth is generated here, it is not equally distributed across its geographic boundaries. The Bronx has one of the weakest economies.
- The Bronx is characterized by its high rates of poverty and its low quality of life for many. What we can learn from this is that a “strong” economy is not enough to ensure the distribution of wealth among all participants. An economy also has to be “good,” “fair,” “just,” “equitable,” and “accessible.”
- We can have economic development strategies, such as the construction of a new Yankee Stadium, that answer the economic survival questions poorly and contribute to the wealth and well-being of a few, or we can have other strategies that contribute to the wealth and well-being of more people.
- There are a variety of ways for a society (or neighborhood, city, state) to answer the economic survival questions.

IV. ECONOMIC BASE THEORY **TIME: 30 MIN**

SECTION OBJECTIVES

- Show the breadth and ambiguity of economic development as a broad field with many differing perspectives, definitions, and ideas
- Illustrate the difference between economic development and economic growth.
- Introduce the idea of what a local economy is (households and firms) and how it develops primarily using economic base theory

MATERIALS NEEDED

- White board or flip chart paper
- Markers
- Appendix A: Reference Materials
- Appendix B: Visual aid

FACILITATION

1. Explain economic base theory through a graphic visualization and an example **(Slides 22-26)**. The point is not to defend base theory as the way economies

develop are meant to develop, but rather to use base theory as a jumping off point for explaining, critiquing, and introducing import substitution, resilient communities, and thinking about new ways to answer the economic survival questions.

Start with the basic building blocks of economic development theory **(Slide 21)**.

Explain:

This is the basic picture of the (local) economy. Households provide labor to firms in exchange for wages. In turn, firms provide goods and services to households in exchange for money (purchases). Together, firms and households are able to provide for their needs. This is the basic idea that much economic development theory and practice is built on.

Economic base theory is one theory of how economies develop. We can use the language, actors, and critiques of this theory to think of different ways to build strong local economies.

Construct the diagram, piece by piece, explaining the relationships between different parts. Putting the image up all at once may be confusing, but constructing it with a story will help illustrate the ideas.

*Let's say we have a local community called Oiltown. This community is located near large oil deposits. There is a lot of oil under the ground. Now other communities need oil, but they lack oil deposits. So, Oiltown can drill for the oil, process it, and sell it to others. This is a situation in which we would describe Oiltown as having a competitive advantage in oil production. A competitive advantage means a good/service can be produced in this town at a better quality, more inexpensively, etc. than in other places. In other words, this community can produce something better than other communities. **(Slides 22- 26)***

POPCORN QUESTIONS: *This town's competitive advantage is in oil. What competitive advantages does the Bronx have? What competitive advantages does New York City have? The State?*

So, back in Oiltown, there are firms that are rooted in the oil industry – drilling, processing, selling, and shipping. Oil is the base of our economy, so the firms that work with oil are the basic firms. The basic firms export their goods to the rest of the world and provide jobs for households in Oiltown.

POPCORN QUESTIONS: *What are some of the basic firms in NYC? In the Bronx? In New York State? What goods or services are exported?*

Now we have our households and our basic firms. In order to live, our households need more than just jobs. They will earn their wages and salaries from their jobs, but then they need to use their money to buy stuff.

POPCORN QUESTIONS: *What will they need to buy? Where will they get it?*

They will need clothes, houses, and food. So another group of firms arises to produce goods and services for local consumption; they are not looking to export their goods and services. These are called non-basic firms, as much of what they sell might be imported or, perhaps, made locally. The households and firms will also want schools, hospitals, roads, etc., so they will pay taxes to their local government to get these goods and services. However, none of these non-basic firms are based on Oiltown's known competitive advantage.

POPCORN QUESTIONS: *What are some non-basic firms in NYC? In the Bronx?*

4. *You may notice that the non-basic sector is much bigger than the basic sector. Economists have studied different communities and one pattern they have seen is that as the size of the basic sector increased, the size of the non-basic sector increased at a greater magnitude. For instance, for every additional job created in the oil business, three more jobs would be generated in the non-basic sector. That is what economic base theory calls the multiplier effect.*
5. *Now that we have learned how households, basic and non-basic firms, and the rest of the world are thought to interact in theory, let's explore the challenges with economic base theory in practice.*

DISCUSSION QUESTIONS:

- What problems could arise if a community grows its economy through exports?
 - ▶ The town can be at the mercy of the rest of the world. If, for instance, they only have one export (cars) and there is an external decrease in demand (no one wants American cars), then the whole local economy is in trouble because of its dependence on that one export to keep it healthy.
 - ▶ The community is also at the mercy of the firms' leadership, who may decide to move to a new location if it seems like the new location will afford them a greater competitive advantage (or more enticing subsidies).
- What if a local economy is too reliant on imports? What could happen?
 - ▶ Again, the economy is vulnerable to external changes. If prices go up elsewhere, they will be stuck paying the higher prices.
 - ▶ Under base theory, a town with lots of imports would have a smaller basic sector.

ENDOGENOUS GROWTH MODELS

2. Begin to introduce the idea of economic growth as distinct from economic development. **(Slide 27- 28)**

One of the reasons why local economic development so often takes the form of projects like Yankee Stadium is because these activities often contribute to economic growth as we currently measure it through Gross Domestic Product.

Oftentimes, to measure the size of the economy, economists will add up the total value of all government spending, investment and production of businesses, and money spent by households. This is called the Gross Domestic Product (GDP).

Write on the word 'Gross Domestic Product' on the board/flip chart.

Economic growth is thus defined as the literal increase in the size of the economy or the value of economic activity.

When economic development is focused on the tip of the iceberg, it is focused on growing the money that is circulated in the economy. Therefore, projects like the Yankee Stadium project, seem like they would be effective economic development strategies because they, in theory, increase the money that is circulated in the economy. With a new stadium, more people may be willing to go out and spend money, or new businesses might pop up around the stadium to serve the potential increase in clientele. However, while more money may be spent by people as a result of the new stadium, the people benefitting from the increase in these expenditures may not live in the Bronx. The impacts that the increased revenue may have brought will thus be realized elsewhere. Therefore, how we measure the economy affects the type of economic development strategies used.

Emphasize that "economic development" can, and should, be thought of more broadly.

Economic development does not necessarily need to be only about economic growth or contraction. Economic development should be concerned with the process through which institutions in an economy change the economic outcomes of its participants. In this way, we could understand that an economy could develop without growing or shrinking in size or amount of money. As an example, Sweden and Iran have roughly the same GDP's. However, their economies function very differently, resulting in differences in the way wealth is distributed across all participants in the economy.

DISCUSSION QUESTION:

- Base theory suggests that the only way a local economy can thrive is through the growth of a basic firm's exports. But are there other ways an economy could grow?

3. Link the discussion to the idea of Endogenous growth.

Endogenous growth models suggest that another way to think about how

economies could grow and develop is *from within*. There are practitioners and scholars who have demonstrated that through investments in human capital—such as school and training—new industries will grow and new ideas will come into being. This is called *endogenous growth theory*—endogenous can mean “from within”. These theories indicate that we don’t have to run around trying to get businesses to locate in our town or borough. They suggest that by investing in the people of our borough, the businesses will follow. There might still be a need for exports, but, unlike base theory, the area does not have to be reliant on the growth of a basic sector in order to thrive.

Examples of Endogenous Growth Models:

- Import Replacement **(Slide 29)**

What if instead of importing materials, goods, and services from the outside we provided them ourselves? This is an idea called *import replacement*. Jane Jacobs coined the phrase and described it in her book, *The Economy of Cities*. In it, she uses an example from Japan to illustrate her point:

- ▶ Starting in the late 1800s, Japan imported bicycles. Repair shops sprang up in Tokyo, at first cannibalizing broken bicycles for parts. When enough of these existed, workshops started producing some of the most-used parts locally. More and more parts were made, until ultimately Tokyo could produce its own bicycles and export them to other Japanese cities.

POPCORN QUESTION: How could something like that change our fictional Oiltown, or the Bronx?

The non-basic firms that brought imported goods and services to the community could be sourced locally and provide jobs to households.

- Economic Gardening

Another example of an endogenous growth model comes from Littleton, Colorado. This city moved from traditional economic development strategies to what they call “economic gardening” **(Slide 30)**.

The brief write up in **Appendix C** provides an explanation of what economic gardening is. Simply reading (or summarizing) this handout may be sufficient to communicate the story, but you can also make copies available to participants.

Be sure to make the points that replacement goods must be at the same quality (or higher) and the same price (or cheaper) of the goods being replaced.

Note: In the next section, we will present other local economic development strategies that use endogenous growth models (Market Creek, DSNI, and Evergreen)

SECTION WRAP-UP QUESTIONS

- What are the limits to the things we can make?

In most locations, there isn't an infrastructure set up for things like manufacturing and food production and businesses require start-up costs that are out of reach.

- What would happen if we tried to make everything ourselves?

The goal is not to make everything ourselves so we become independent of the "rest of the world," but rather to create networks of communities that work together to produce the goods and services needed in order to survive.

TAKEAWAY POINTS

- An economy that develops according to economic base theory might run into many problems that we have seen happen throughout the course of United States history and in our own communities.
 - ▶ Dependency on one or a few types of exports – A local economy that is not diversified, and reliant on one or a few types of exports to generate and maintain a healthy economy, is vulnerable to external market pressures. A prime example of a place whose dependence on one type of industry to keep its economy thriving is Detroit, Michigan. Its reliance on the auto industry has led to the collapse of its local economy.
 - ▶ Mercy of the World – The state of dependency described above can lead to being at the mercy of the world market; forces that are beyond the control of the community/locale.
 - ▶ Search for continuous growth – Basic firms' bottom line is to grow their profits. Therefore, local economies are at the whims of a firm's leadership, who may decide to re-locate their business elsewhere if another place is willing to provide greater incentives and subsidies that will help them achieve their bottom line.
- These examples help us see two primary ways that we can approach economic development:
 - ▶ Invest resources in strengthening relationships with the rest of the world, in relocating firms, stimulating external demand, and relying on growth or change in the economy coming from outside of the local community
 - ▶ Foster growth and development through leveraging existing resources found within a community.
- It is important to note that one approach is not better than the other—both are

important to the success of an economy. Importing and exporting will occur under either circumstance. Economic base theory is not completely wrong. It's just incomplete. Exports could be a way for a community to generate wealth as long as strategies for retaining wealth, like endogenous growth strategies, are used simultaneously.

- Either way, if local economic development strategies do not focus on answering the 3 economic survival questions and prioritize how wealth will be distributed—as we saw in the case of Yankee stadium-- the economy might be appear strong, but is not fair or just in reality.

Transition to the next section:

In the next section we will look at some examples of local economic development and then create some ideas for what might work in the Bronx.

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

VI. ECONOMIC DEVELOPMENT PROPOSALS FOR THE BRONX **TIME: 45 MIN**

SECTION OBJECTIVES

- Review cases of economic development that focus on development from the ground up or endogenous growth and import replacement
- Engage participants in proposing an economic development strategy for the Bronx
- Expose participants to some of the parameters of the Bronx through a profile of the borough

MATERIALS NEEDED

- Video equipment (projector, laptop and PowerPoint), if available
- White board or flip chart paper
- Markers
- Appendix B: Visual aid
- Appendix D: Bronx Profile
- Appendix E: Local Economic Development Strategies

FACILITATION

1. First present three cases of economic development in different cities (**Slide 33**).

In our remaining time, we are going to look at some examples of local economic development and then come up with ideas for what might work in the Bronx. The three cases we are going to present have challenged economic base theory and used endogenous growth assumptions to develop their local economy.

- Briefly introduce Market Creek and then show the video below:

Market Creek is a shopping center in California that a community came together to invest in by purchasing shares of the center.

- ▶ Market Creek – commercial real estate (5.33): <http://www.youtube.com/watch?v=NFvt5wHNdpc>

- Briefly introduce DSNi and then show the video below:

The Dudley Street Neighborhood Initiative organized residents to purchase land and start a community land trust to support resident home-ownership and community ownership of assets.

- ▶ DSNi – housing (start at 4.26): <https://www.facebook.com/video/video.php?v=574444766019>

» If you have enough time, show the whole video

- Briefly introduce Evergreen and then show the video below: The Evergreen Cooperatives in Cleveland is a network of worker cooperatives that used a relationship with a large anchor institution and import replacement to create jobs.

- ▶ Evergreen – worker cooperatives (6.38): http://www.youtube.com/watch?v=Gt_ZHUDhKjs

- Ask participants to give brief responses to how the different cases challenged traditional economic development strategies

2. Announce the overall task:

*To practice thinking about how we can challenge conventional economic development strategies, we're going to think about economic development in the Bronx (**Slide 34**).*

Let's pretend that Mayor de Blasio has asked each group to present one project they think will help develop the economy in the Bronx. Using the information provided about the Bronx, as well as the endogenous growth strategies and case studies we covered earlier,, work with your group to develop a proposal for the Bronx's economy.

3. Break the participants into groups. There should be 3 – 5 people per group. Have them sit with their group and then distribute the Bronx profile (**Appendix D**). The profile includes information on population, income, land use, and the private sector. The information is primarily displayed graphically, so it should make it easier to review quickly. Also, display one large Bronx map, or, if possible, distribute one map to each group.
4. Finally, have the participants work in their small groups to create a proposal for economic development in the Bronx. Participants will then present their ideas to the entire group. If there is time, allow for questions.

Announce the overall task:

Mayor de Blasio has asked each group to present one project they think will help develop the economy in the Bronx. Each group must propose a strategy that they think would help develop the Bronx economy. At [a given time] each group must present their proposal.

Their proposals should include:

- General description of the idea, including how it fits with one of the models described in the workshop
- Rationale; why will this work?
- Goals the project will achieve
- The people and institutions who need to be involved in the project
- Targeted population (if any)
- Expected impact of the project

Help them keep track of time by periodically announcing the amount of time remaining. Also, walk around, interact with groups, and make yourself available for questions.

5. Presentations (10 min): Have each group present their idea. Be very strict about time so that each group can present. Depending on the number of groups and time remaining, there will probably only be 2 – 3 minutes per group.

If there is time you may ask each group a few questions to gain better understanding and help others understand their ideas.

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 thought
- Collect valuable feedback and data from participants
- Close and generate excitement about Economic Democracy and the rest of the training series

MATERIALS NEEDED

- Appendix F: Evaluation Form
- Appendix G: Major Takeaway Points

FACILITATION

1. Summarize the Main Points and Topics

- ▶ Development as usual – We started the workshop by looking at the case of Yankee Stadium to understand how traditional economic development initiatives typically only yield “development as usual.” “Development as usual” refers to the process by which public monies are poured into projects that do not benefit the community as a whole. For the most part, money that the project generates goes to the owners of the project and does not circulate in the local economy.
- ▶ Economic Base Theory – Economic base theory is one of the theories of economic development that can lead to “development as usual.” This theory encourages growing the “basic sector” of an economy for export and importing goods and services that workers and firms in the basic sector need.
- ▶ Endogenous Growth – Endogenous growth is more in line with economic democracy than economic base theory because it encourages local control and ownership. Strategies such as import replacement and economic gardening encouraged the use of resources within an area to provide the goods and services that people need.
- ▶ Endogenous growth is in line with the three economic survival questions and the more robust definition of what the economy and economics are. Throughout the history of the human race, we have been working with one another to answer the three economic survival questions. The answers have been different, and we have the power to continue to shape those answers to impact the way our society functions.

- ▶ Finally, in your own proposals, we saw that we can decide to answer the three economic survival questions in ways that lead to more just and equitable outcomes. We can put people first in the answers to our questions.
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 this new economy based on shared wealth. ***What would happen if you got involved?***
 3. Discuss any concrete next steps participants can take, upcoming events and the next training
 4. Depending on the time left, either hand out the written evaluation for participants to complete, or conclude with 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 the future workshops. **(Appendix H)**
1. 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 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 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 stretch 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

ECONOMIC BASE THEORY

Economic base theory assumes that all local economic activities can be divided into two sectors: 1) basic (or non-local) and 2) non-basic (or local). Basic firms are locally resource-oriented (i.e. agriculture, mining, tourism), but are largely dependent on non-local factors and export their goods. The non-basic sector is largely dependent on local factors/business conditions for success (i.e. demand for local grocery stores, clothing stores, etc). The basic/non-basic distinction is important because economic base theory states that the way to strengthen and grow the local economy is to develop and enhance the basic sector. Therefore, the basic sector is considered the driver of the local economy. Economic base theory also posits that the local economy is strongest when it develops economic sectors that are not closely tied to the local economy. By developing firms that rely primarily on external markets, the local economy can better weather economic downturns because, it is hoped, these external markets will remain strong even if the local economy experiences problems. In contrast, a local economy wholly dependent upon local factors will have great trouble responding to economic slumps.

Excerpt adapted from the following sources:

1. "Economic Base Theory." Florida State University. <<http://mailer.fsu.edu/~tchapin/garnet-tchapin/urp5261/topics/econbase.htm>>
2. "Economic Base Model." World Bank. <info.worldbank.org/etools/docs/library/.../Dinc%20Presentation.ppt>

Additional Resources:

1. "Economic Base Theory" (Prezi presentation). Tyler Wright, Jacob Reinhardt, Hernan Guzman, David Krueger, and Drew Flesch. <https://prezi.com/vnjh_sqliqpy/econ/>

GROSS DOMESTIC PRODUCT (GDP)

"The GDP or Gross Domestic Product is a calculation that economists and governments use to measure economic activity in any given country. Progressive economists have argued for years that the GDP isn't a very good indicator of how the economy is functioning, because it doesn't take into account the negative costs of economic production, like economic destruction or human misery. For example, Hurricane Katrina led to a bump in the U.S. GDP, because a lot of goods and services were consumed in the recovery. But that doesn't mean that the hurricane

was good for the people involved, or the economy as a whole. It appears the government of France has taken some of these criticisms to heart, because they have recently announced that they will begin factoring into the GDP the well being of French citizens and the sustainability of the economy and natural resources.”

Source

1. “France to Count Happiness in their GDP.” Other Worlds. <<http://www.otherworldsarepossible.org/france-count-happiness-their-gdp>>

ECONOMIC GROWTH

Economic growth is the increase of an economy’s capacity to produce goods and services over time. It is widely believed that economic growth breeds prosperity, and, therefore, we should promote growth policies. However, growth policies have been shown to negatively contribute to human welfare and the environment.

Additional Resources:

1. *Limits to the Growth Paradigm* by Robert U. Ayres. <http://www.insead.edu/facultyresearch/research/details_papers.cfm?id=11395>

IMPORT REPLACEMENT

“[Jane] Jacobs believed that the best way to achieve such sustainable economies is to examine what is now imported into a region and develop the conditions to produce those goods from local resources with local labor. She referred to this process as “import replacing.””

Source:

1. “The Grace of Import Replacement.” Susan Witt. <<http://neweconomicsinstitute.org/publications/essays/witts/susan/the-grace-of-import-replacement>>

Additional Resources:

1. “Community Supported Industry.” Schumacher Center for a New Economics. <<http://www.centerforneweconomics.org/content/community-supported-industry-white-paper>>.

COMPETITIVE ADVANTAGE

“Competitive advantage is an advantage that a firm has over its competitors, allowing it to generate greater sales or margins and/or retain more customers than its competition. There can be many types of competitive advantages including the firm’s cost structure, product offerings, distribution network and customer support.”

Source:

1. "Competitive Advantage." Investopedia. <http://www.investopedia.com/terms/c/competitive_advantage.asp>.

MULTIPLIER EFFECT

The employment multiplier estimates the impacts of local basic sector employment on non-basic sector job creation, given an increase in basic sector employment. That is, for every one job produced in the basic sector, there are three more jobs produced in the non-basic sector.

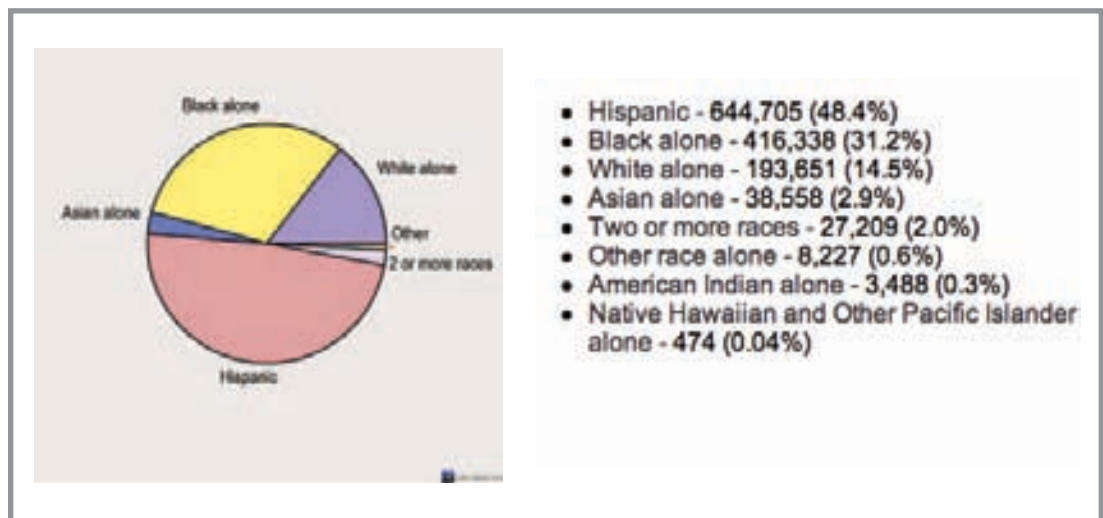
Source:

1. "Economic Base Theory." Florida State University. <<http://mailer.fsu.edu/~tchapin/garnet-tchapin/urp5261/topics/econbase.htm>>

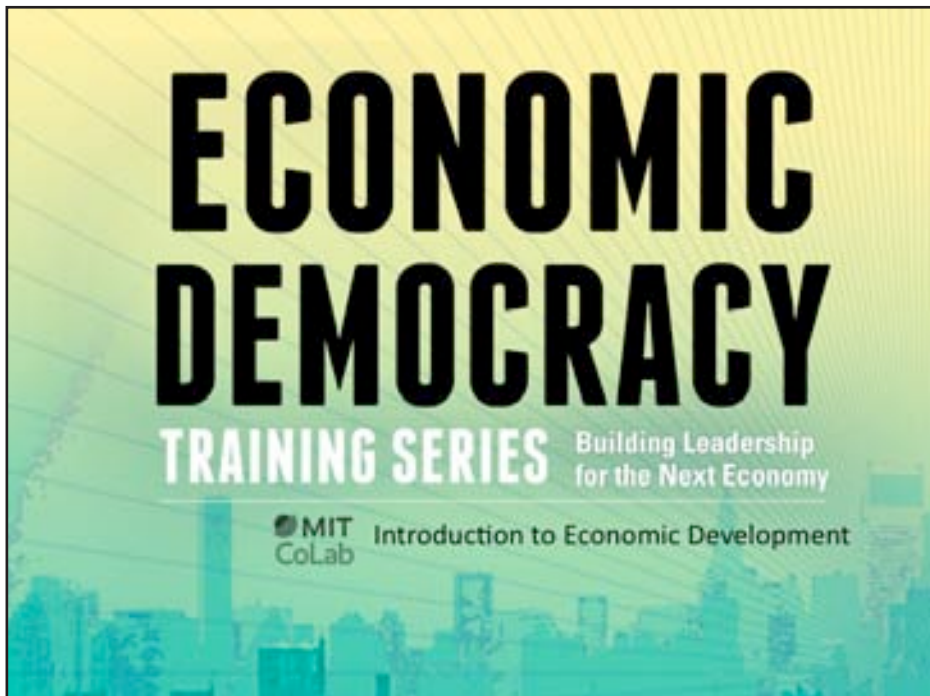
REPORTS BY "GOOD JOBS NY"

"Loot, Loot, Loot for the Home Team: How the Proposal to Subsidize a New Yankee Stadium Would Leave Residents and Taxpayers Behind." February 2006. <<http://www.goodjobsfirst.org/sites/default/files/docs/pdf/lootfinal3.pdf>>

"Insider Baseball: How Current and Former Public Officials Pitched a Community Shutout for the New York Yankees." July 2007. <http://goodjobsny.org/sites/default/files/docs/master_0717_mac_pdf4.pdf>.



APPENDIX B VISUAL AID



SESSION GOALS

- To introduce you to traditional economic development strategies
- To understand the variety of economic development strategies that can build strong and just economies
- To identify the characteristics of strong and weak economies
- To introduce you to the concept of economic democracy and provide examples of projects that represent aspects of economic democracy
- To create your own definition of a strong economy

2 | Economic Democracy Training Series SESSION GOALS

AGENDA



- Welcome and Introductions (10 min)
- Story of Development as Usual (10 min)
- Strong and Weak Economies (15 min)
- Economic Base Theory (20 min)
- Break (10 min)
- Economic Development Proposals for the Bronx (45 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

Story of Development as Usual

New Yankee Stadium



Timeline

- **June 15, 2005:** An agreement is reached to generate the public funds needed to build a new stadium for the New York Yankees
- **June 23, 2005:** Legislation in both houses of the New York State Assembly pass
- **April 5, 2006:** The City Council approves the plan & subsidies for the construction of the new Yankee Stadium

Cost of New Yankee Stadium

Subsidies and Concessions

- Demolition of old stadium - \$138 million
- City Park Land – 25+ acres of historic park replaced by 22 acres
- \$900 million+ in tax exempt bonds
- Exemption from mortgage taxes, property taxes
- \$70 million for parking garage construction
- New Stadium seats 53,000 vs. 59,700 at old stadium
- 60 luxury boxes
- 10,000 parking spaces (3,000 more than before)
- Site owned by the City, leased by the Industrial Development Agency for \$1; Yankees paid for stadium construction, but pay no rent or taxes

New Yankee Stadium

Community Benefits Program

Community Benefits Program:

- \$1 million in grants for 20 years to local organizations
- 25% of jobs to Bronx and NYC residents
- No evidence that either of these commitments have materialized

Proposed Impact:

- Jobs in construction
- Jobs at the stadium
- Support for restaurants & shops in the area

BUT, no monitoring, reporting or enforcement!

New Yankee Stadium

Discussion Questions

- Who benefits from this stadium?
- Who pays for this stadium?



Development as Usual

- Public \$ in, Private Use Out
- Increased profits for developers or company
- Money generated in one area flows elsewhere
- Over-reliance on money from outside

Strong and Weak Economies

Strong and Weak Economies

- What are the characteristics of a "weak" economy?
- What are the characteristics of a "strong" economy?

With your neighbor generate a list of the characteristics and features weak and strong economies.

Use specific examples if you have any

Describing Economies

Good/Strong Economies

- There are jobs, low unemployment
- Good education
- People have homes

Bad/Weak Economies

- Unemployment
- Crime
- Hunger
- Homelessness

The Economy, Economics + Three Survival Questions

- The **economy** is the way human societies organize to meet their needs.
- **Economics** is the study of how human societies organize themselves to meet their needs.
- Societies must answer the **three economic survival questions** in order to meet their needs:
 1. What goods and services should our society produce?
 2. How should we produce these goods and services
 3. Who gets what is produced?

Defining "Good" Economies



Defining "Good" Economies

Discussion Questions

- What does Yankee Stadium produce?
- How does Yankee Stadium produce it?
- Who benefits from what is produced?

Ultimately, what type of economy is Yankee Stadium producing?

Defining “Good” Economies

Discussion Question Answers

- **What does Yankee Stadium produce?**
 - Baseball stadium; revenue from ticket sales and concessions; space and customers for retails & restaurants; recreation & entertainment
- **How does Yankee Stadium produce it?**
 - Taking public park land; through public subsidy; without taxes; paying \$1 billion for construction materials; a sports team owned by a small number of partners
- **Who benefits from what is produced?**
 - Ticket holders (fun); Steinbrenner Family & partners (profit); athletes and Yankee employees; shop & restaurant keepers (profit); companies that work with or for the Yankees; companies who contract with the Yankees

Defining “Good” Economies

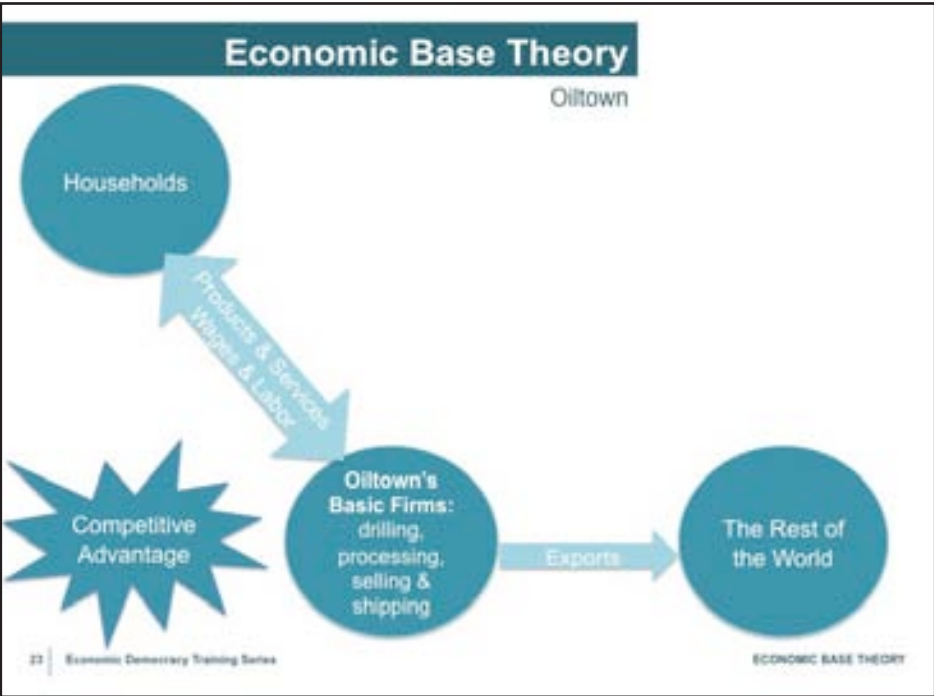
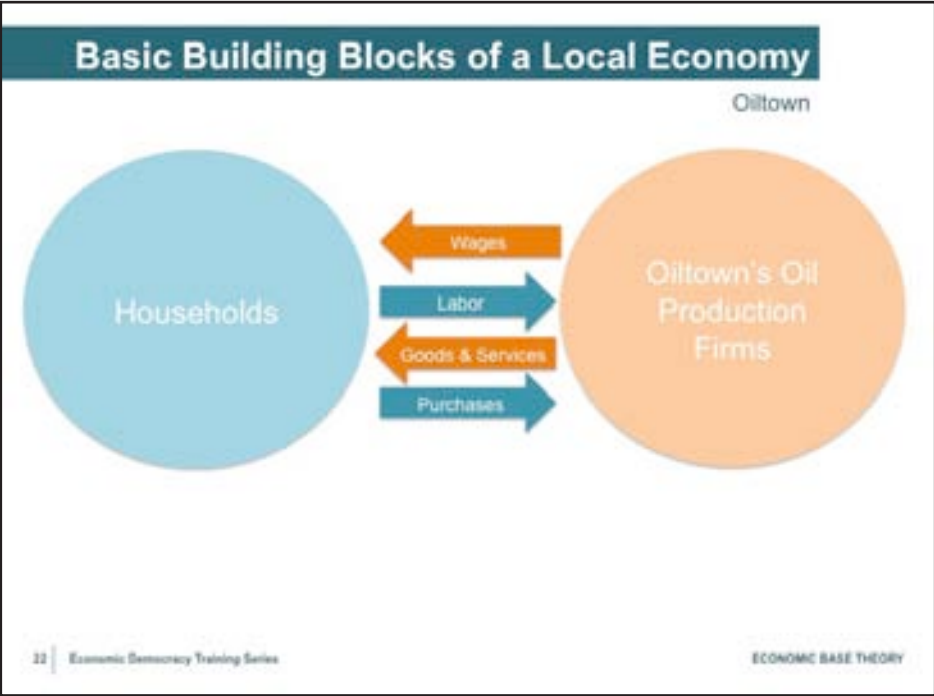
Discussion Questions

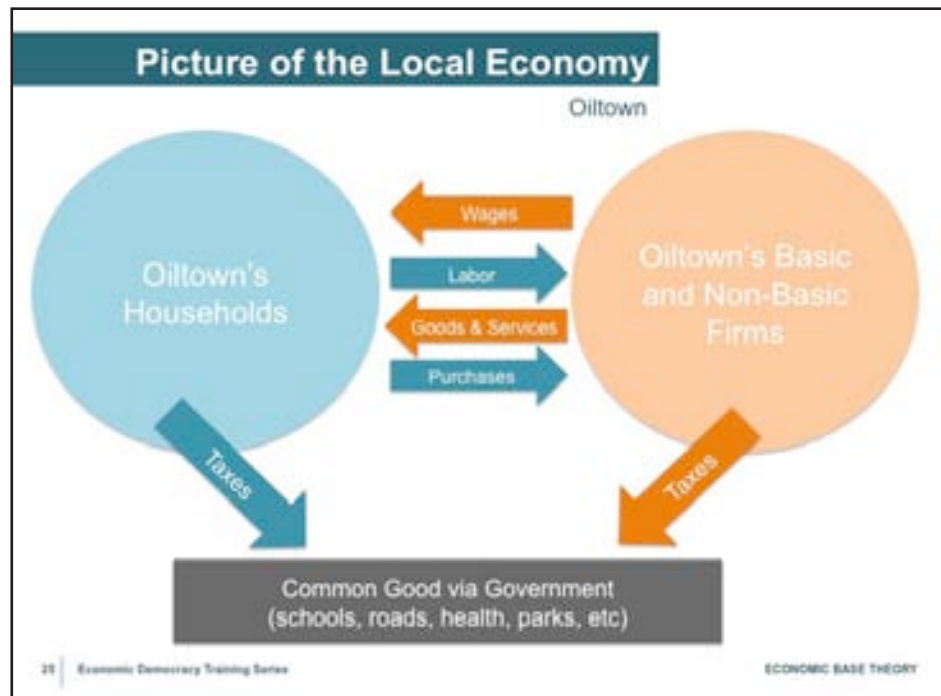
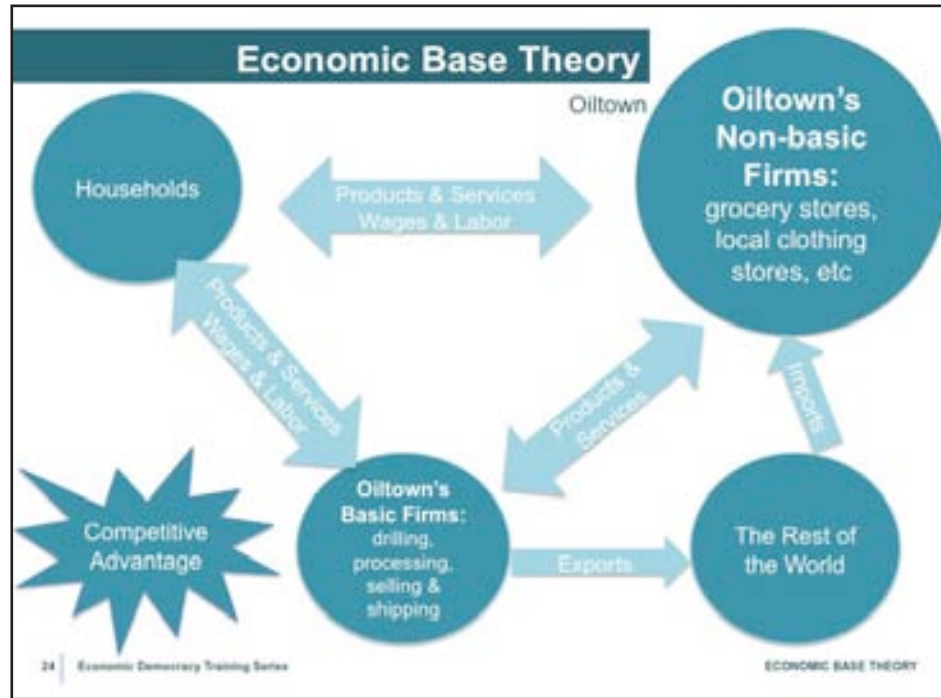
- Is New York City’s economy strong? Why or why not?
- Is the Bronx’s economy strong? Why or why not?

Economic Base Theory

Basic Building Blocks of a Local Economy







Economic Base Theory

Discussion Question

- **What problems could arise if a community grows its economy through exports?**
 - The community could be at the mercy of the world and firms' leadership
- **What if a local economy is too reliant on imports? What could happen?**
 - The local economy is vulnerable to external changes
 - Smaller basic sector

Endogenous Growth Models

Economic Development vs. Economic Growth

Base theory suggest that the only way a local economy can thrive is through the growth of a basic sector's imports.

Are there other ways an economy could grow?

Endogenous Growth Models

Discussion Question

Economic Growth

Government Spending
+ Investment
+ Consumption

Gross Domestic Product, or
GDP

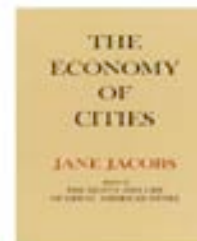
Economic Development

The process, structures, institutions, actors involved in an economy and the ways the in which processes, structures, institutions, and actors change.

Endogenous Growth Models

Import Replacement in Japan

- In the late 1800s, Japan imported bicycles
- In Tokyo, repair shops sprang up, at first cannibalizing broken bicycles for parts
- Repair shops then started to produce some of the most-used parts
- More and more different parts were made, until Tokyo started to produce entire bicycles and exported them to other cities



Endogenous Growth Models

Economic Gardening in Littleton, Colorado

- In 1987, created an alternative to the traditional economic development practice of recruiting industries, called "economic gardening"
- Economic gardening is an idea that communities should grow their own jobs, not recruit them from the outside



Endogenous Growth Models

Discussion Questions

- What are the limits to the things we make?
- What would happen if we tried to make everything ourselves?

Economic Development Proposals for the Bronx

Local Economic Development

Using Endogenous Growth Strategies

- Market Creek – Commercial real estate (5.33): <http://www.youtube.com/watch?v=NFv15wHNdpc>
- DSNI – Housing (4.26 of 9.06): <https://www.facebook.com/video/video.php?v=574444766019>
- Evergreen – Worker cooperatives (6.38): http://www.youtube.com/watch?v=Gt_ZHJDhKjs

Economic Development Proposals

The Bronx

Mayor de Blasio has asked your team to propose one project to develop the economy in the Bronx.

Your proposal must include:

- A general description of the project
- Rationale for the project: why will this project work?
- Targeted Population (if any)
- The people and institutions who need to be involved in this project to make it work

APPENDIX C: HANDOUT NO. 1

EXAMPLE OF ENDOGENOUS ECONOMIC DEVELOPMENT

ECONOMIC GARDENING IN LITTLETON, COLORADO

In 1987, the City of Littleton, Colorado pioneered an entrepreneurial alternative to the traditional economic development practice of recruiting industries. This demonstration program, developed in conjunction with the Center for the New West, was called “economic gardening.”

They kicked off the project in 1989 with the idea that “economic gardening” was a better approach for Littleton (and perhaps many other communities) than “economic hunting.” By this, they meant that they intended to grow their own jobs through entrepreneurial activity instead of recruiting them. The idea was based on research by David Birch at MIT that indicated that the great majority of all new jobs in any local economy were produced by the small, local businesses of the community. The recruiting coups drew major newspaper headlines but they were a minor part (often less than five percent) of job creation in most local economies.

This was the world when they proposed another approach to economic development: building the economy from the inside out, relying primarily on entrepreneurs. They knew it wouldn’t be glamorous work or work which would get 40-point-type headlines. But they sensed that if they could develop a solid alternative model, even if it took years to implement that model, they would make a valuable contribution to communities all over the world.

After two years of formulating and developing the idea, they launched economic gardening with the simple concept that small, local companies were the source of jobs and wealth and that the job of economic developers should be to create nurturing environments for these companies. Since then they have often compared their experiences to Alice following the rabbit down the hole to Wonderland. It has been a long journey with many bends and twists in the road and one that has been full of constant surprises.”

Source:

1. Economic Gardening. Littleton, Colorado Government. <<http://www.littleton.gov/bia/economicgardening/>>.

APPENDIX D: HANDOUT NO. 2

PROFILE OF THE BRONX

BRONX PROFILE

Demographics

- ▶ **Population (2010):** 1,385,108
- ▶ **Land area:** 42.0 square miles
- ▶ **Population density:** 32,978 people per square mile
- ▶ **Median Household income (2007-2011 estimates):** \$34, 744
- ▶ **Residents with income below the poverty level (2009):** 30.7%
- ▶ **Residents with income below 50% of the poverty level (2009):** 17.5%
- ▶ **Cost of living index (2012):** 160.8 (U.S. average is 100)
- ▶ **Mean Prices of all housing units (2009):** \$386,329

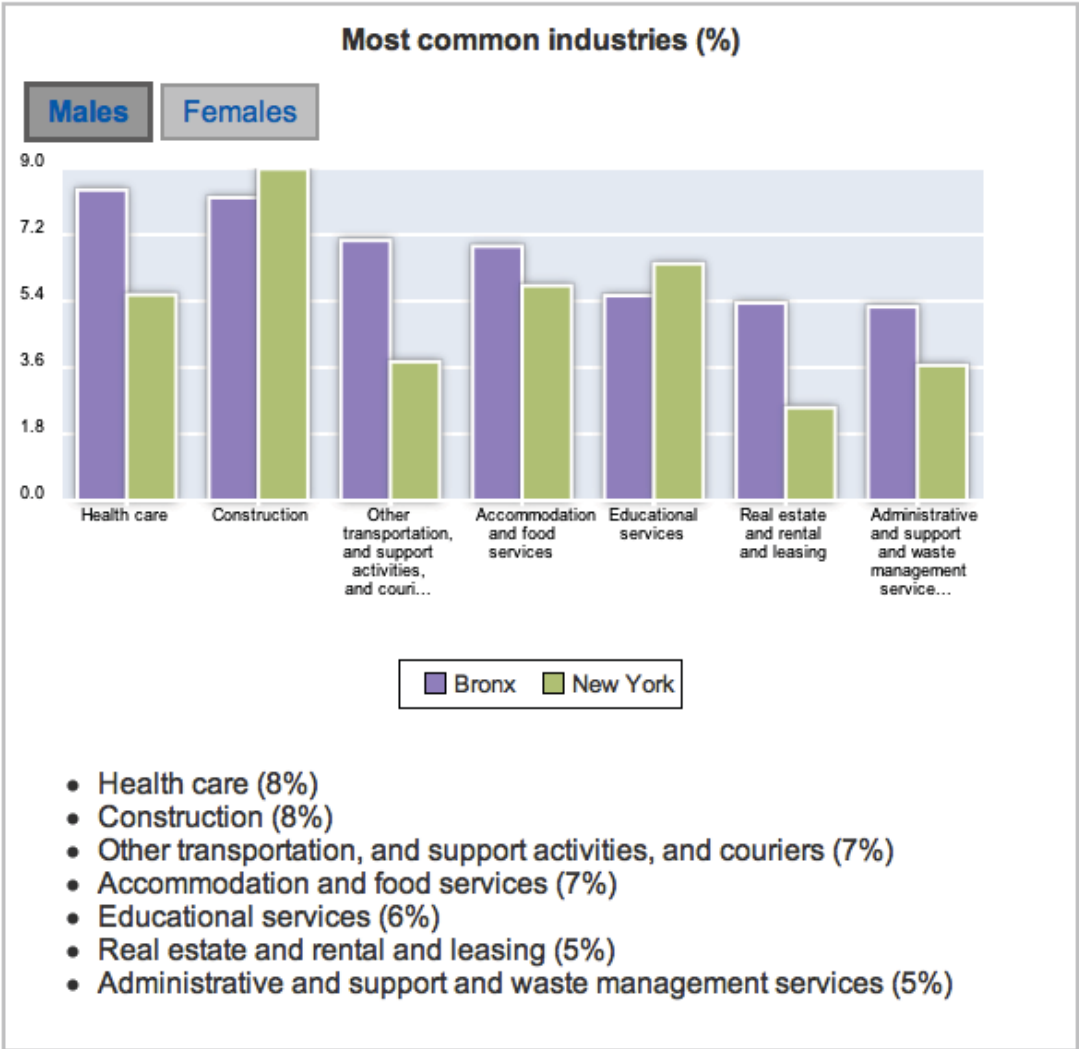
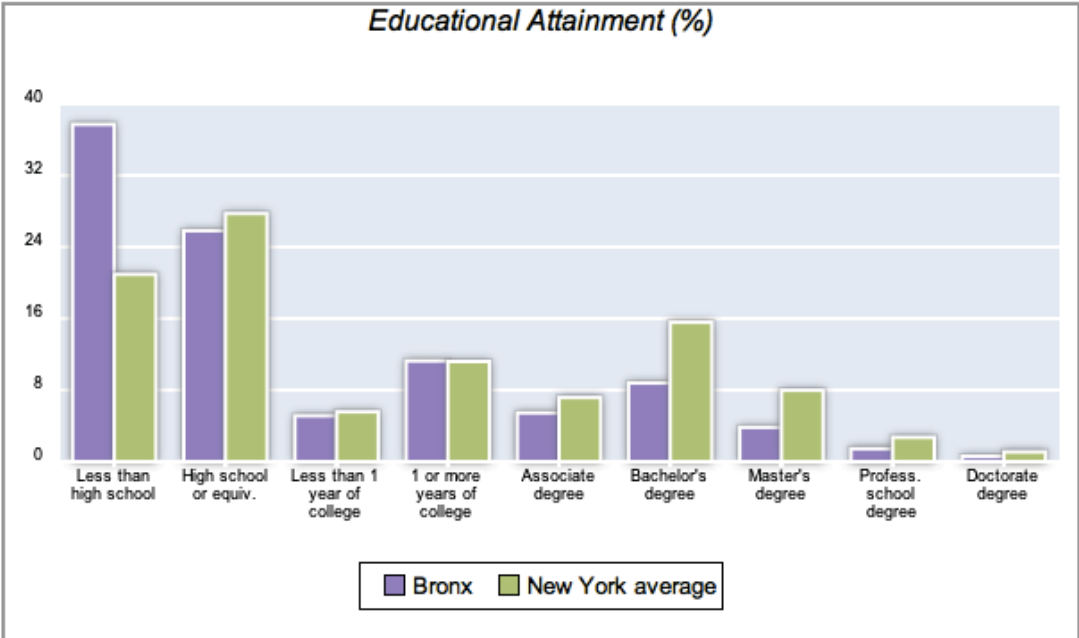
Races in the Bronx

Education

- ▶ Educational attainment for population 25 years and over:
- ▶ High school or higher: 62.3%
- ▶ Bachelor's degree or higher: 14.6%
- ▶ Graduate or professional degree: 5.9%

Colleges/Universities in the Bronx:

- ▶ American Beauty School
- ▶ Boricua College
- ▶ Brittany Beauty School
- ▶ CUNY Bronx Community College
- ▶ CUNY Hostos Community College
- ▶ CUNY Lehman College
- ▶ Fordham University
- ▶ Manhattan College
- ▶ Monroe College
- ▶ College of Mount Saint Vincent
- ▶ School of Professional Horticulture at the New York Botanical Garden



Employment

Unemployment Rate (2007-2011 estimates): 7.7%

Hospitals/medical centers in the Bronx

- ▶ James J. Peters VA Medical Center
- ▶ Bronx-Lebanon Hospital Center
- ▶ Jacobi Medical Center
- ▶ Lincoln Medical and Mental Health Center
- ▶ Montefiore Medical Center
- ▶ New York Westchester Square Medical Center
- ▶ North Central Bronx Hospital
- ▶ St. Barnabas Hospital

Natural Resources

Lakes and reservoirs:

- ▶ Van Cortlandt Lake
- ▶ Woodlawn Lake
- ▶ Indian Pond
- ▶ Cope Lake
- ▶ Jerome Park Reservoir
- ▶ Williamsbridge Reservoir

Rivers and creeks:

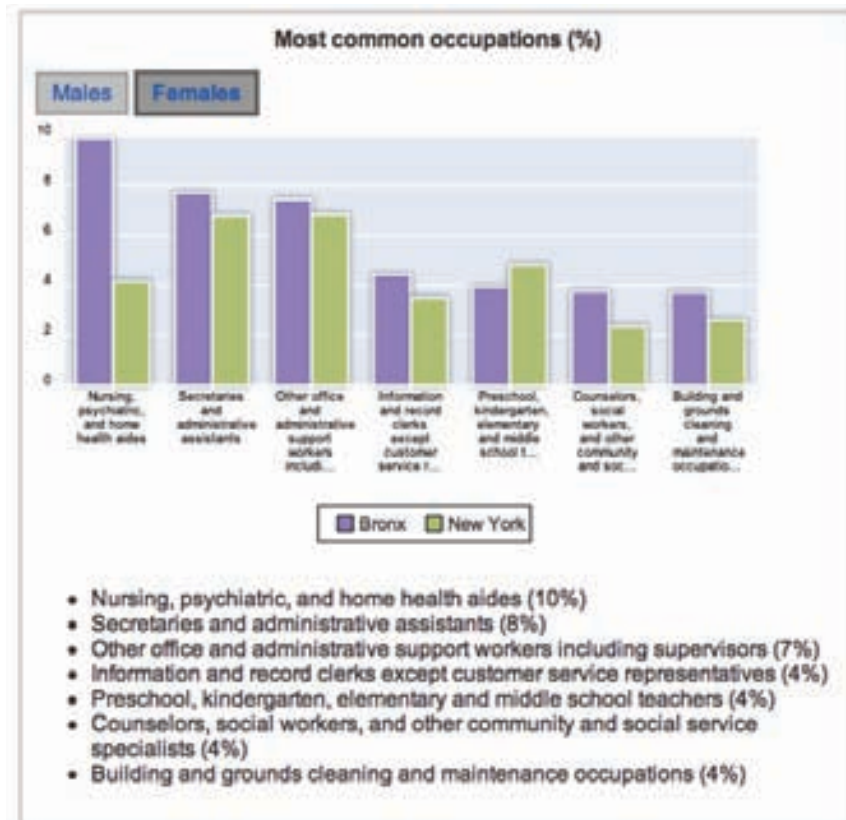
- ▶ Givan Creek
- ▶ Westchester Creek
- ▶ Bronx River
- ▶ Pugsley Creek
- ▶ Hutchinson River
- ▶ Hammond Creek

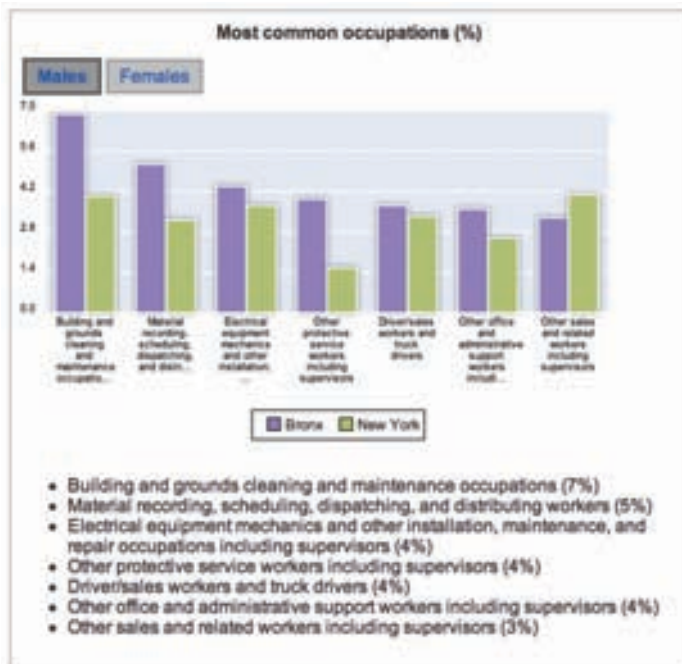
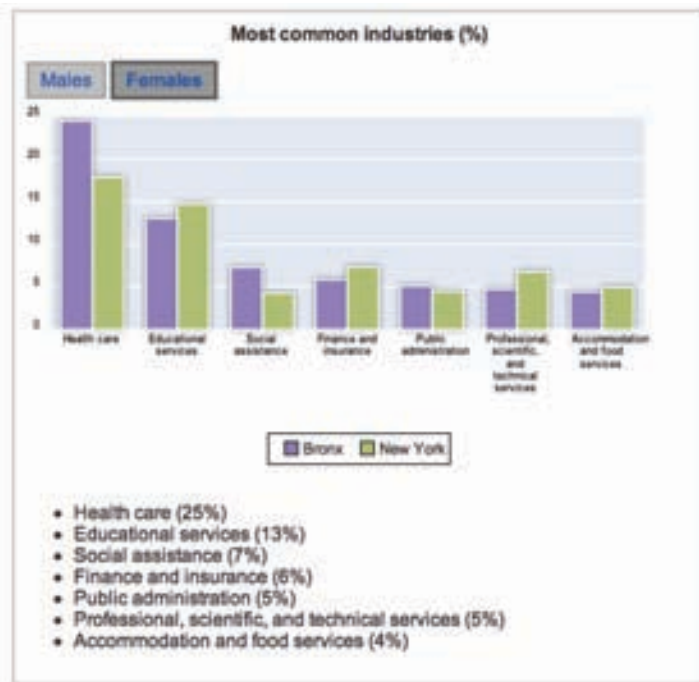
Parks:

- ▶ Columbus Square
- ▶ Barnhill Triangle
- ▶ Beatty Plaza
- ▶ Barretto Point Park
- ▶ Sheridan Triangle
- ▶ Babe Ruth Plaza
- ▶ Joyce Kilmer Park
- ▶ Castle Hill Park
- ▶ Eastchester Playground

Beach:

- ▶ Orchard Beach
- ▶ Cultural Attractions
- ▶ The Bronx Zoo
- ▶ New York Botanical Gardens
- ▶ City Island Nautical Museum
- ▶ Edgar Allan Poe Cottage
- ▶ Woodlawn Cemetery
- ▶ Yankee Stadium
- ▶ Lehman Center for the Performing Arts
- ▶ Bronx Opera House
- ▶ The Bronx Museum
- ▶ Van Cortlandt House Museum





Sources:

1. "Bronx, New York," City-data.com. <<http://www.city-data.com/city/Bronx-New-York.html>>.
2. "Major Attractions." The Bronx Tourism Council. <<http://www.ilovethebronx.com/index.php/bronx-links/major-attractions>>.
3. "Entertainment." The Bronx Tourism Council. <<http://www.ilovethebronx.com/index.php/bronx-links/entertainment>>.
4. "Local Colleges." The Bronx Tourism Council. <<http://www.ilovethebronx.com/index.php/bronx-links/local-colleges>>.

APPENDIX E: HANDOUT NO. 3

LOCAL ECONOMIC DEVELOPMENT STRATEGIES

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 in 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 has given residents the opportunity to share in the risks and rewards of the project they helped to develop. Built on six guiding principles, including community-ownership and economic development, the JCNI undertook the challenge of working with the community to develop an ownership strategy for residents and stakeholders. Creating ways to generate profits that could then be re-invested in neighborhoods in the surrounding area is the backbone of this unique wealth creation strategy that emerged from the Ownership Design Team. The team's work was modeled after the Native American tribes' theory of thirds: a third for personal benefit, a third for community benefit, and a third for on-going development.

As a result, a self-generating system of wealth creation in the neighborhood was launched. Profits from the Plaza will go back into the neighborhood through a neighborhood-controlled community foundation. This will provide an ongoing source of capital for the community to use towards future projects and/or services. In addition, a portion of Market Creek Plaza's profits will provide resources for ongoing commercial development within the neighborhood.

What is so unique about Market Creek Plaza is that it ties asset building and skill building to a project that rebuilds a neighborhood. It has removed blight, brought a vibrant asset to the neighborhood, stimulated the redevelopment agency and the City to commit greater focus to work in this area, and provided residents a strong voice in holding the public agencies accountable to the community's vibrant vision. The Food 4 Less Grocery Store at Market Creek Plaza has become one of the busiest stores in the area. As other businesses at the Plaza open, their success ripples through the community in the form of new jobs, entrepreneurial opportunities, and an increase in the tax base, all of which ensure that wealth is captured in the community. This economic flow into the area will help transform the community across the board, street-by-street, block-by-block, and neighborhood-by-neighborhood.

Source:

1. Market Creek Plaza (official website). < <http://www.marketcreekplaza.com/>>.

Additional Resources:

1. “Residents Owning and Driving Change: Market Creek Plaza” (video). <<http://www.youtube.com/watch?v=NFvt5wHNdpc>>.

DUDLEY STREET NEIGHBORHOOD INITIATIVE

Dudley Neighbors, Incorporated (DNI) was created by the Dudley Street Neighborhood Initiative (DSNI) to play a critical role in the housing development portion of DSNI’s comprehensive master plan that was drafted by residents to guide the revitalization of the neighborhood.

In the fall of 1988, the Boston Redevelopment Authority (BRA) approved DNI’s request to become a Massachusetts 121A Corporation. That status allowed DNI to accept the power of eminent domain to acquire privately-owned vacant land in the area designated as the Dudley Triangle. DNI combines vacant lots acquired via eminent domain with City-owned parcels and leases these to private and nonprofit developers for the purpose of building affordable housing consistent with the community’s master plan.

DNI is structured as a Community Land Trust (CLT), and as such plays a crucial role in preserving affordable housing and providing residents with a way to control the development process in the neighborhood. DNI leases land initially to developers during construction, and subsequently to individual homeowners, cooperative housing corporations, and other forms of limited partnerships.

Through its 99-year ground lease, DNI can require that its properties be used for purposes set forth by the community. It can also establish parameters on the price that homes sell for and can be resold for.

DNI’s operations are funded through minimal lease fees from leaseholders. Some funding is provided by private individuals and foundation grants.

The DNI Community Land Trust, was created by residents of the Dudley Street Neighborhood area as a vehicle to rebuild their neighborhood and to ensure that the homeownership opportunities created today are available to future generations. To date a total of 225 new homes and two community spaces or micro-centers have been built on DNI land.

Within the next decade, approximately 250 new homes will have been built on DNI land in the area known as the “Dudley Triangle”, the section of the Roxbury and North Dorchester neighborhoods bounded by Dudley Street, Blue Hill Avenue,

Brookford Street, Hartford Street, Robin Hood Street, Folsom Street, Woodward Park Street, and Howard Avenue. All of these new homes will be part of the DNI Community Land Trust. In addition to the new homes, the rebuilding of the triangle will include the construction of a community greenhouse, parks, gardens, open space, and a revitalized local shopping area.

Source:

1. "Dudley Neighbors, Inc." Dudley Street Neighborhood Initiative. <<http://dsni.org/dudley-neighbors-inc>>.

Additional Resources:

1. "Holding Ground Revisited" (video). Dudley Street Neighborhood Initiative. <<https://www.facebook.com/video/video.php?v=574444766019>>.

THE EVERGREEN COOPERATIVES

Launched in 2008 by a working group of Cleveland-based institutions (including the Cleveland Foundation, the Cleveland Clinic, University Hospitals, Case Western Reserve University, and the municipal government), the Evergreen Cooperative Initiative is working to create living wage jobs in six low-income neighborhoods (43,000 residents with a median household income below \$18,500) in an area known as Greater University Circle (GUC).

The Evergreen Cooperative Initiative has been designed to cause an economic breakthrough in Cleveland. Rather than a trickle down strategy, it focuses on economic inclusion and building a local economy from the ground up; rather than offering public subsidy to induce corporations to bring what are often low-wage jobs into the city, the Evergreen strategy is catalyzing new businesses that are owned by their employees; rather than concentrate on workforce training for employment opportunities that are largely unavailable to low-skill and low-income workers, the Evergreen Initiative first creates the jobs, and then recruits and trains local residents to take them.

Although still in its early stages of implementation, the Evergreen Cooperative Initiative is already drawing substantial support, including multi-million dollar financial investments from the Federal government (particularly HUD) and from major institutional actors in Cleveland. It is also capturing the attention and interest of officials and philanthropy in a number of other cities seeking to replicate the "Cleveland model" (interested cities include Detroit, Atlanta, Newark, Pittsburgh, Washington, DC, and a number of cities across Ohio). Recent positive media coverage of the Initiative has appeared in the Economist, Business Week, the Nation, and Time; on NPR; NBC Nightly News, and the PBS series hosted by journalist David Brancaccio, "Fixing the Future." There are also important State and Federal policy implications and opportunities related to the effort which are now being pursued

with the Administration (in particular with HUD and the White House Office of Urban Affairs), and in Congress (through the office of Senator Sherrod Brown).

Source:

1. "The Evergreen Cooperatives Story." Evergreen Cooperatives.
<<http://evergreencooperatives.com/about/evergreen-story/>>.

Additional Resources:

1. "Evergreen Cooperatives" (video).
<http://www.youtube.com/watch?v=Gt_ZHUDhKjs>.

APPENDIX F: HANDOUT NO. 4
EVALUATION FORM

BUILDING STRONG LOCAL ECONOMIES I - INTRODUCTION TO ECONOMIC DEVELOPMENT 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	
		Development as Usual
		Economic Base Theory
		Endogenous Growth
		Import Replacement
		Discussing what we can do for economic development in the Bronx
		Other

What parts of the workshop did you dislike?

General Comments	Check all that apply	
		Development as Usual
		Economic Base Theory
		Endogenous Growth
		Import Replacement
		Discussing what we can do for economic development in the Bronx
		Other

What areas of the workshop need improvement?

General Comments	Check all that apply	
		Development as Usual
		Economic Base Theory
		Endogenous Growth
		Import Replacement
		Discussing what we can do for economic development in the Bronx
		Other

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

What are you curious to learn more about
(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		
		Great size and set up
		Too small
		Too large
		No comment

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!

APPENDIX G: HANDOUT NO. 5

MAJOR TAKEAWAY POINTS

1. "Economic Development as usual" typically yields:
 - Public money for private use
 - An increase in profits for owners
 - The flow of money outside of the place where it is generated
 - The over reliance of money from outside the area where the project will take place
2. A "strong" economy is not enough. An economy should also be "good," "equitable," "fair," and "accessible."
3. Problems with economic base theory:
 - Dependency on one or a few industries to stimulate an economy. Example: Detroit, Michigan's dependency on the auto industry for economic prosperity.
 - Need for constant growth in the basic sector to develop the local economy. This might lead to "smoke stack chasing" where local economic developers or others use subsidies and incentives to entice businesses to locate in their community.
 - A diversity of firms is needed in the basic sector in order to prevent dependency on one industry.
4. Endogenous growth models suggest economies grow and develop from within. These theories indicate that we don't have to run around trying to convince businesses to locate in our town or borough to realize economic success, but that we should look to invest in the people of our borough and the businesses will follow.

My thoughts, reactions, notes to self:

FACILITATOR'S GUIDE

Building Strong Local Economies II: Wealth and Ownership

TIME: 2 HOURS

OVERVIEW: This workshop connects participants understanding of concepts previously explored, such as the market and economic actors, to concepts of economic development, capital, and wealth.



SESSION GOALS:

- Introduce the concept of wealth and explore drivers of wealth inequality
- Explore wealth generation through ownership as an economic development strategy
- Explore different types of wealth



MATERIALS NEEDED:

- White board or flip chart paper
- Video projection equipment (projector, laptop, and PowerPoint), if available
- 10 armless chairs
- Markers
- Name tags
- Pens and paper
- Appendix:
 - A. Reference Materials
 - B. Visual Aid
 - C. Handout No. 1: 8 forms of Capital/Wealth Matrix
 - D. Handout No. 2: Examples of Asset Building and Wealth Generation
 - E. Handout No. 3: Evaluation Form
 - F. Handout No. 4: Major Takeaway Points



PREPARATION/PRE-TRAINING

Facilitators should review the following concepts using the texts and resources found in **appendices A and C**.

- Asset
- Stock vs. Flow
- Income
- 8 Forms of Capital
- Community Wealth
- Wealth Inequality
- Examples of Asset Building and Wealth Generation
- Treaty of Detroit
- Washington Consensus



AGENDA

Times below are suggested. As written, the agenda includes a break. If you choose to include a break, the module will exceed the 2-hour allotted time.

I. WELCOME AND INTRODUCTIONS	10 MINUTES
II. WHAT IS WEALTH?	20 MINUTES
III. WEALTH INEQUALITY IN THE U.S.	30 MINUTES
IV. BREAK (OPTIONAL)	(10 MINUTES)
V. TYPES OF WEALTH	20 MINUTES
VI. CASE STUDIES AND WEALTH MATRIX	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

- Name tags
 - Markers
 - White board or flip chart
 - Video equipment (projector, laptop, and PowerPoint), if available
 - Appendix B: Visual aid
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 this workshop. The goals should be tailored to the group or host organization. List the goals on a piece of flipchart paper that can be posted and visible throughout the workshop. **(Slide 2)**

SAMPLE GOALS

- To introduce the concept of wealth and explore drivers of wealth inequality
 - To explore wealth generation through ownership as an economic development strategy
 - To emphasize the need for community wealth and ownership as an economic development strategy
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 so that is visible throughout the entire workshop. The agenda should be timed to encourage group accountability to stick 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. **(Slide 3)**
 - ▶ Time Expectations - 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; perhaps including name, reason for attending the workshop and/or what you hope to get out of the workshop; and any other important identifier if necessary/desired (neighborhood, organization, etc.) 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 treat each other and 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 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 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 participants. 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 haven't said anything, consider speaking up sharing a question or idea you have.
- Hold comments till 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. WHAT IS WEALTH? TIME: 20 MIN

SECTION OBJECTIVES

- Familiarize participants with the terms asset, wealth, income, stock, and flow
- Connect the concepts of ownership and wealth
- Prepare participants to understand the importance of developing ownership strategies

MATERIALS NEEDED

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

CONNECTING WEALTH TO OWNERSHIP

1. The purpose of this section is to connect ideas in economic democracy to ideas of ownership and wealth. Through comparing the ownership models of two professional sports franchises—the Green Bay Packers and the New York Yankees—participants can begin to see how economic democracy principles can be realized in mainstream things, such as sports teams.
2. Review the story of Yankee Stadium. Then discuss the lessons of the new Yankee Stadium as they relate to ownership **(Slide 6)**.

Last time, we talked about Yankee Stadium as a story of development as usual. The Steinbrenners wanted to make more money from their baseball team.

Ask: Does anyone remember what happened?

That's right; we saw a story in which the City gave tax breaks and incentives in the name of economic development.

3. Connect the idea of ownership to the different economic actors. The main point is that those who currently make many of the rules are in a position to influence the city's allocation of public subsidies, determine how wages are set, and decide how much profit they will keep for themselves.

What we also want to highlight is the role that ownership played in the story. The City and other government agencies argue that by providing tax breaks and incentives, the stadium will spur economic growth—growth that makes the tax breaks worth it. So maybe the Yankees sell more tickets, maybe more folks come

to the games, maybe the fans have dinner before the game at the Hard Rock Café.

Ask: Even if all that happened, and even if there was significant growth, who gets that growth? **(Slide 7)**

The growth goes primarily to the owners—those who own make the profit. As we learned in the last session, owners get the profit; owners pay low wages so they can get more profit; owners get the benefits of the public subsidy; owners of restaurants and other nearby businesses get the benefit of increased sales.

3. Then pose the following rhetorical questions:

- What would happen if the “tables were turned” and the workers became owners, customers became owners, and tenants became landlords? **(Slide 7)**
- What if instead of fighting the construction of Yankee Stadium, the community built Yankee Stadium? What if the community owned Yankee Stadium?

That’s what we’ll be talking about today. We’ll be examining the role of individual ownership in building wealth and the role of collective ownership in building community wealth.

4. Introduce the case of the Green Bay Packers **(Slide 8)**. The Green Bay Packers team serves as an example of collective ownership of a wealth-producing asset. The article “Home Field Advantage” by Sue Halpern **(Appendix A)** details what makes the Packers different from the Yankees. One key point to highlight is that because ownership is spread out among so many people it would be difficult (if not impossible) for the team to move or take on controversial projects. In addition, profit is not the primary motive of the team. While the players and probably staff of the Packers are paid comparably to other NFL teams, there is not one owner at the top trying to get rich off of the team’s profits. The team is collectively owned, which means that the wealth of the team (not just in actual dollars, but in other community benefits as well) does not only accrue to the team owners.

The idea of a collectively owned professional sports team isn’t just a hypothetical—it’s a reality! The Green Bay Packers are a professional football team in the NFL. In 1923, the Packers organized as a nonprofit organization. The bylaws state, “This association shall be a community project, intended to promote community welfare.” It is owned not by one family or several multi-millionaires, but by 110,901 shareholders who bought a share for no more than \$200. There are no economic dividends or perks to shareholders, and the team could not easily move. Plus, the team gives over \$1 million back to the community each year.

This is an example of how wealth is shared among the owners. The 110,901 shareholders—many of whom live and work in Wisconsin—are able to ensure the

wealth of having a football team doesn't damage the community. As owners, they hold the team accountable to its mission and to doing good.

Note: This is not a perfect example of economic democracy; there is no democratic governance structure or direct financial benefits to the owners. However, it does present an example of a successful sports franchise that is not organized around profit and a single owner.

In a paper titled, "Who Benefits from the Presence of Professional Sports Teams?", the authors, David Swindell and Mark S. Rosentraub, present interesting ideas about how those who usually accrue all of the benefits from sports arenas might channel some of their own economic gains back into the community. Tools, like special tax districts, could provide another possible solution to the problem of public subsidies for private uses. However, politically, they may not be feasible. Further, solutions like this and community benefits agreements will always be reactionary (capturing/reallocating/fighting for surplus). Therefore, we need to seek proactive solutions where the community inherently owns the surplus and, as a result, the wealth.

DEFINING "WEALTH"

1. Draw (or project) a "bathtub" as best as you can (**Slide 9**). Important elements are the faucet with water entering the tub (which represents income), the water collected at the bottom (which represents wealth/stock), and water flowing out (which represents flow/consumption). Explain the different parts of the diagram.

So we just discussed how owning things is important to building wealth. And, in our last few sessions, we talked about the unequal allocation of power and wealth. But what exactly is wealth? For the next 20 minutes we're going to talk about what wealth is.

Here you can see we have a bathtub. We have water flowing into the bathtub from the faucet. Some of the water stays in the bathtub and some of the water flows out of the bathtub through the drain. You'll notice this bathtub is unique because it has two drains. This bathtub is going to serve as our metaphor for understanding wealth.

Let's start with the water flowing into the tub. This water flowing into the tub represents the money that a person or a household receives.

POPCORN QUESTION: *What are some ways you or your household earn or receive money?*

- Participants may list a variety of things. Some include: salary, wages, social security/disability, child support, alimony, black market/underground economy, gifts, pension, interest, dividends from stock, and income from a business.

All of these sources are income. (Write income near the faucet). Income is the water that comes into your life and flows into the bathtub.

Now, let's look at the water flowing out. If income is the water coming into the bathtub, what is the water flowing out? The water flowing out is the money that we spend in order to live.

POPCORN QUESTION: *What types of things do we spend money on?*

- Again, participants may list a variety of things. Some include: food, clothing, rent, entertainment, etc. These should primarily be items that once you consume them, they are gone or their value significantly depreciates. For instance food is consumed and cannot be consumed again, and most other bills pay for things that are consumed (water, electricity, garbage, etc.) which must be consumed again in the future.

So one of the outflow drains is consumption. It is the money we spend for things we need to live. The other outflow drain is similar to consumption, but deserves its own explanation. What happens if you need to buy something, but you don't have enough money? (Answer: you borrow the money). When we borrow money, we have to pay it back. So part of our income flows out to repay our debts. This second outflow drain is for debt, which is also known as "liabilities". We'll come back to it in a little bit to see how we can use debt to build assets.

Now, let's look at the water that is staying in the bathtub. So we said that we have income flowing into the tub, and we spend that money on consumption and paying debts. So this water that stays is what is left over. This water represents an individual's or a household's assets. An asset is something that can be owned and provides future economic benefit.

POPCORN QUESTION: *Can anybody name any assets?*

Homes, education, land, stock in a company, bond, copyright or patent, cash/savings, etc.

2. Use a couple of examples to explain why they are assets and how these assets may differ from some of the items that we declared to be part of consumption. These can be discussion questions as well.

- ▶ **Homes:** A home that a family owns is an asset because it can be sold for money. So it is something that can be owned today, but can bring economic benefit in the future. It is an example of a tangible asset, something that you can physically own.
- ▶ **Education:** Education can be an asset because you can use your education to get a job. That job can then bring in money. Education is something that you can have forever since once you have it, it cannot be taken away. It is an

example of an intangible asset because you cannot physically own education.

- ▶ **Cash:** Cash can be an asset because it can be held today (for example, in a savings account) and spent tomorrow.

3. Explain assets further:

- ▶ *First, the benefits of assets only accrue to their owners. For instance, most of the benefits that come from the Yankees franchise goes to the owners of the team.*
- ▶ *Second, the value of most assets diminishes over time and must be replenished. For instance, I may own a home. But, if the home falls into disrepair, its value will diminish over time. I have to maintain the home (put on a new roof, fix the plumbing, etc) if it is still going to remain an asset.*

4. Establish the connection between debt and assets

- ▶ *There is a connection between our assets and our debts. The saying, “it takes money to make money,” highlights the connection between debt and assets.*

POPCORN QUESTION: *Can anyone give an example of this?*

- **Buying a Home:** In order to buy a home, most Americans have to borrow money. That is, they go into debt in order to purchase the home. So each month, they spend a bit of their income on the debt and gradually over time purchase the home. If they sell the home and the value of the home has increased to be more than the value of the mortgage, they earn money.
- **Getting an Education:** To get an education, a student may borrow money to pay for tuition. Once they get a job, the income from that job pays for their consumption and for their debt.

5. Establish a connection between income and assets

- ▶ *A person can also use income to build assets. So instead of spending all of their money, a person might save some—their savings is now an asset. A person might invest in a retirement account—that is an asset. A person might pay for school, a house, or buy stock in a company. Those are all ways a person can use income to build assets.*
- ▶ *Often, many individuals use a combination of debt and income to purchase assets.*

6. Connect the bathtub to the definition of wealth

The final concept we want to talk about is wealth. Wealth is the concept that can tie all of these different elements together. If you add up all of the things that a household owes—that is all of its debt—and all of the things that a household owns—that is all of its assets—and then subtract the debt from the assets, you have the household’s wealth. That is to say, assets minus debt equals household wealth (write down that “equation”) **(Slide 10)**.

Another way to understand these concepts is in terms of “stocks” and “flows.” Income and consumption are flows of resources. Assets are stock – they are what sticks and stays in the bathtub. Assets represent the wealth of an individual, family, or community.

7. Answer any questions participants have. If participants don't have questions, you might pose some questions to get them engaged in a discussion. You want to make sure they are really thinking about and connecting these concepts by asking them for other examples, or asking them to name assets and see if they know what category of asset – debt, stock, or flow – it falls into.

MAKING IT PERSONAL

1. Facilitate a stand up/sit down activity to help drive home the concepts explained so that participants can see how wealth is (or is not) a part of their lives.

Stand up if...

- *You own any property*
- *You have educational debt*
- *You own your own business*
- *You pay more in expenses than you earn each month*
- *You have a mortgage*
- *You own any shares in a company*
- *You have enough money in savings to pay for your bills for at least 2 months*
- *You know that your assets minus your debts equals a positive number*

SECTION WRAP-UP QUESTIONS

- What did people observe in the activity?
- How did it make people feel?
- Why is this a problem?

TAKEAWAY POINTS

Most likely, this activity will demonstrate that the net wealth of most participants is pretty low (depending on the audience). This will prepare participants to see a big contrast between themselves and the top 1 percent of wealth holders that will be featured in the next section. This may cause feelings of resentment and outrage. Some participants may feel totally overpowered by those with money. That energy should be directed towards encouraging participants to work to change the present situation by not only increasing individual wealth, but also by increasing community wealth.

III. WEALTH INEQUALITY IN THE U.S. **TIME: 30 MIN**

SECTION OBJECTIVES

- Explore the magnitude, causes, and consequences of wealth inequality in the United States
- Make the connection between inequality and laws, policies, practices, and norms in government and business
- Emphasize that collective, democratic ownership can serve as a means of building wealth
- Emphasize the need to reorient laws, policies, and practices in government and business so that they provide the conditions necessary for collective, democratic ownership

MATERIALS NEEDED

- Video equipment (projector, laptop, and PowerPoint), if available
- 10 armless chairs
- Appendix B: Visual aid

FACILITATION

1. This section will place the participants' low net wealth in context by showing graphs and charts of the wealth of American households. This is to demonstrate that low net wealth is not the isolated problem of a few, but a problem that affects many Americans (**Slide 11**).

Like many Americans, our net wealth is not very high. New York City is one of the most unequal cities in the U.S. We're going to take the next 20 minutes to look at income and wealth inequality in the U.S. today. We're going to gain a historical perspective on inequality. And, we'll talk about why the inequalities in wealth and income have changed.

2. Do an adapted form of the 10 Chairs of Inequality Activity from the School of Unity & Liberation's (SOUL) *Building Power, Shaping Minds!* curriculum. Throughout, you will be telling the story of how changes in laws and policies in recent decades have shifted the way income and wealth are distributed in the U.S., causing the magnitude of inequality to grow over time.
3. Set up ten (armless) chairs in the room and ask for ten volunteers to come sit in each chair.

Each of these chairs represents 10 percent of the wealth in the U.S. Each person represents 10 percent of the nation's population. So when the 10 people are evenly spread out among the ten chairs, this means the wealth is evenly distributed.

4. Ask for 2 volunteers in two chairs to represent the wealthiest 20 percent of the population – use their names (i.e., Janine and George) to continue the story.

In the 1950s, Janine and George owned about 40 percent of the wealth in the United States. That means Janine and George get to occupy 4 chairs.

Tell Janine and George to spread out along the 4 chairs and have the other eight participants scrunch up on the remaining 6.

5. Explain:

*During this time – sometimes called “The Treaty of Detroit” – the post Great Depression New Deal legislation established institutions, policies, and norms that promoted rising incomes with rising productivity so workers were able to capture surplus from their work **(Slide 12)**.*

- ▶ *For example, during the Treaty of Detroit period, President Truman convened a conference between business, labor, and public relations offices to discuss labor relations and avoid strikes.*
- ▶ *During the Treaty of Detroit era, the tax rate on the highest earners was as high as 94 percent.*
- ▶ *All of this led to inequality, but not extreme inequality. Make a reference to how some of the people in the bottom 80 percent might be uncomfortable in the 6 chairs, but it should not be too bad.*

Let's fast forward to the 1970s.

Ask George or Janine to volunteer to represent the top 10 percent.

In 1976, Janine owned 50 percent of the wealth in the U.S.

Again, ask Janine to stretch out over 5 chairs and the remaining 9 people to fit in the remaining 5 chairs

6. Explain:

*During the 1970s, relationships between government, business, and labor changed. The federal government enacted economic policies (deregulating businesses, low minimum wage, low taxes, dismantling collective bargaining) that led to more inequality. This period is known as the Washington Consensus **(Slide 13)**.*

- ▶ *For example, during the Washington Consensus Era, when the air traffic controllers went on strike, President Reagan simply fired them all! Government was no longer the middleman reaching a peace between labor*

and business, instead government was outright hostile towards labor making it difficult for workers to organize to capture surplus. As labor power declined and the power of capitalists increased, the capitalists were able to use their power to influence government in their favor (Slide 14).

- ▶ *The shift is also exemplified in different tax policies. As you can see in the comic on Slide 15, for much of recent American history the tax rate on the top income bracket has been fairly high. However, the 94 percent tax rate during the Treaty of Detroit era sunk to a low of 28 percent under Ronald Reagan.*

7. Explain that it doesn't end there.

Today, Janine is even richer. She has 7 chairs – 70 percent of the wealth.

Force the remaining 9 people to again crowd on the remaining 3 chairs (really encourage them to scrunch up, sit on top of each other, etc. – but don't force anyone to do anything that makes them really uncomfortable). Encourage Janine to stretch out, playfully ask her if she wants or needs anything.

Ask the people representing the bottom 90 percent:

How do you feel squished in the 3 chairs? What are your lives like?

Ask Janine the same question to contrast.

8. Ask Janine to hold up her arm to represent the top 1 percent.

In 1976, Janine's arm had 2 chairs all to itself and, in 1998, it – the wealthiest 1 percent of the population of the United States – had 3 chairs to itself.

This means that 1 percent of the population owns 30 percent of the wealth. In 2009, the top 1 percent of households in the United States owned 35.6 percent of the nation's private wealth. That's more than the combined wealth of the bottom 90 percent.

Show the pie chart on **Slide 16**. This slide shows the distribution of private wealth in the US.

Look at the bottom 80 percent. The bottom 80 percent of the entire country own just 12 percent of the private wealth in this nation! This is depicted on Slides 16-17.

If we look at wealth inequality by race (Slide 18), we see that the median net worth of Hispanic and Black households is very low compared to Whites. These graphs show the median net worth of households by race before the economic crisis and after. On the right side, the graph shows the percentage change between 2005 and 2009. We see that Hispanic families lost 66 percent of their net worth and Black families lost 53 percent of their net worth.

9. Explain that we can see the shift in relationships between government, labor, and business by the fact that productivity gains are not going to labor (**Slide 19**).

*The graph on **Slide 19** shows the increase in productivity of American workers in a greenish line. You can see American workers have become more productive since 1979—so we know that income inequality isn't due to laziness. Yet we see the blue line has barely changed. That line represents average wages. The red line, though, has taken off. The average income of the 1 percent, the red line, has grown astronomically since 1979. Even though American workers are more productive, these productivity gains are being captured by business owners—not labor.*

10. Establish that income inequality and wealth inequality have not always been growing. The graphs on **slides 20 and 21** show change in real family income by quintile and top 5 percent from 1947–1979 and 1979–2009. It illustrates how much growth in income each quintile experienced during these time periods.

This graph shows that between 1979 and 2009, the top 5 percent of American families saw their real incomes increase by 72.7 percent, according to Census data. Over the same time period, those in the bottom 5 percent saw a decrease in real income of 7.4 percent. This contrasts sharply with the 1947-79 period, when all income groups saw similar income gains, with the lowest income group actually seeing the largest gains.

SECTION WRAP-UP QUESTIONS

- Now that we've seen these facts and figures and done this activity, why is there such great inequality in income and wealth in the United States? Why has inequality increased over time?
- What are the consequences of income inequality
- What could we do to reduce income inequality?

TAKEAWAY POINTS

- Policies and institutions established during the New Deal (as a result of the Great Depression) promoted an increase in income with an increase in productivity. The broad gains of all income groups were not rooted in economic processes, but in the institutions, norms, and relationships established/maintained by government, labor, and business. In contrast, post-1970s institutions supported economic policies and norms that led to rising inequality.
- The inequality that came about in the United States was not inevitable. Nations across Europe do not have the same inequality yet have faced similar economic

challenges related to technology and globalization. In either time period—the Treaty of Detroit or the Washington Consensus—adoption of these policies was not inevitable. Circumstances most certainly influenced decisions made by various actors, but they were not dictated by nature. Instead, institutional changes and changes in norms led to the adoption of policies that have caused inequality to grow.

- The concentration of wealth leads to the concentration of power. The system allows the top 1 percent to use their influence to pass laws and policies that maintain and increase their power. This concentration of power threatens our democracy; we seem to be going from “one person, one vote” to “one dollar, one vote”—those with more dollars have a greater say!
- According to economists, Frank Levy and Peter Temin, who have written extensively on this topic, “Only a reorientation of government policy can restore the general prosperity of the post-war boom [and] can recreate a more equitable distribution of productivity gains.”
- This inequality also exacerbated racial income disparities that have persisted in the U.S. for decades.
- Inequality isn’t just a problem because the people at the bottom are struggling. Inequality is a problem because it concentrates wealth and power in the hands of a few. The top 1 percent use this power to influence government to create laws, policies, and norms that benefit them. Thus, inequality causes social and economic problems, and threatens American democracy.
- Government (and other public and private institutions) must be reoriented in order to combat inequality and create shared prosperity, similar to what has been done in the past. By using ownership as an economic development strategy and promoting shared ownership and democratic governance, we can build the capacity to reorient government, business, labor, and other parts of society. By democratizing institutions—public institutions and private institutions—and promoting shared ownership, we can build shared wealth.

IV. BREAK (OPTIONAL) TIME: 10 MIN

V. TYPES OF WEALTH **TIME: 20 MIN**

SECTION OBJECTIVES

- Contextualize the fight for economic democracy using income and wealth inequality, as well as the concept of community wealth
- Define and explain different types of capital and assets

MATERIALS NEEDED

- Pens and Paper
- Video equipment (projector, laptop, and PowerPoint), if available
- Appendix B: Visual Aid
- Appendix C: 8 Forms of Capital/Wealth Matrix

FACILITATION

1. Express why it is important to think differently about wealth. Affirm that the participants may not have that much wealth, but that (1) we can begin to build both individual and community wealth—there is a way forward and people are already doing it—and (2) that in order to truly build wealth we need to redefine it and broaden the definition.

We want the movement for economic democracy to be holistic, to be different than the exploitative and extractive methods of wealth creation that others have used. Therefore, we must refuse to see wealth only in terms of money and financial assets. In order to do that, we must expand our definition and understanding of wealth, and who owns it.

2. Lay out the long-term vision for building community wealth through ownership **(Slides 24-25)**. One way to think about the goals and potential of a community wealth building strategy, is that through ownership, communities (whether they are boroughs, neighborhoods, cities, or towns) can regain some control over how wealth grows and to whom wealth flows. This can allow the community to take a greater role in answering the three economic survival questions; it can give the owners (the community) more power to decide how their economy will function. Express the limitations of this long-term vision. This vision is not about everyone getting rich quick, or about a community isolating itself from the world.

We just spent the first half of this workshop understanding wealth; part of what we learned is that most of us in this room don't have very much wealth. We have shown how ownership can be a foundation for wealth. We also looked at how the inequality of ownership means that some people accumulate wealth and others don't. We looked further at the roots of this inequality. We found that some of the roots are institutional shifts and changes in the relationships between government, business, and labor. In order to combat this, we have proposed pursuing economic democracy strategies.

Economic democracy uses shared ownership and democratic governance to create a strong, just, and sustainable economy. We can use ownership and democracy to reorient public policy and private enterprise.

Community wealth is assets owned or controlled by (or in the interests of) a community, which serve the community, businesses and individual members.

DISCUSSION QUESTION:

- What does community wealth mean to you? Does it matter? Why does it matter?

TYPES OF WEALTH

1. Introduce the different types of capital. Explain that these are commonly called the 8 types of "capital", a term which can be confusing, but in this instance we can think of "capital" as an "asset." Then move into defining each type of capital. This capital can be held, spent, or shared in ways that do generate wealth—both financial and non-financial (**Slides 26-27**).

An important point to remember when generating examples is that an asset gives the owner (and others) value. So a house may not have a high financial value, but its value as shelter is incredibly valuable.

2. Distribute the handout on the 8 forms of capital found in **Appendix C**. Read the definitions and, together with the participants, think of different examples that represent that type of capital, ways to invest in that type of capital, and earnings that can come from that type of capital.

VI. CASE STUDIES AND WEALTH MATRIX TIME: 20 MIN

SECTION OBJECTIVES

- Introduce examples of wealth creation and asset building strategies, their results, and critiques
- Inspire participants to see wealth creation and asset building as viable strategies in the Bronx

MATERIALS NEEDED

- Pens
- Appendix C: 8 Forms of Capital/Wealth Matrix
- Appendix D: Examples of Asset Building and Wealth Generation

FACILITATION

1. Share the story of the Market Creek shopping plaza with participants as an example of a wealth creation and asset building strategy. Discuss outcomes and critique.

I'm going to share a story with you, an example of a community that worked together to create more wealth. We're going to identify how this strategy of wealth generation created more than just one type of wealth.

Market Creek Plaza is 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. 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 provides a way for residents to share in the risks and rewards of the project they are helping to develop. Built upon its six guiding principles, which include community ownership as economic development, the Jacobs Family Foundation undertook the challenge of working with the community to develop an ownership strategy for residents and stakeholders. Creating ways to build profits that can be re-invested in the neighborhood is the backbone of the unique wealth creation strategy that emerged from the Ownership Design Team. The team's work was modeled on 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 go back into the neighborhood through a neighborhood-controlled community foundation. This provides ongoing access to resources generated from within the community for future projects or services. In addition, a portion of Market Creek Plaza's profits provides resources for ongoing commercial development within the neighborhood.

What is so unique about Market Creek Plaza is that it ties asset building and skill building to a project that rebuilds a neighborhood. It has removed blight, brought a vibrant asset to the neighborhood, stimulated the redevelopment agency and the City to commit greater focus to work in this area, and empowered residents to hold the public agencies accountable to the community's vibrant vision.

DISCUSSION QUESTION:

- Can we identify the different types of capital involved in building wealth in the Market Creek example?
2. In small groups, ask participants to read examples of asset building/wealth creation (**Appendix D**). If the participants in today's session have been to previous workshops, the examples should be familiar to them. You can also develop more relevant examples for the group. Try to include examples like Community Development Corporations, Pension Funds, and Worker-Ownership.
 3. Ask them to start by completing the Wealth Matrix for the case study they are reading. Then, challenge them to think about the questions below and present back to the rest of the group. Only give each group one case study to read and assess.
 - ▶ In what ways does this method/case build other forms of wealth (capital)?
 - ▶ What challenges does this method present? Think about who owns the wealth, what the limitations are, how much revenue/income it provides, and whether it is sustainable.
 - ▶ How might this strategy work in the Bronx? Is this strategy already employed in the Bronx?
 - ▶ How would this method help individuals? Families? Neighborhoods/Communities?
 4. If there is time, have participants identify how the 8 types of capital are manifested in the Bronx. Divide participants into 8 groups and assign each group one type of capital. Have them identify the location of the asset and ways that the asset can increase its value or productivity (**Slide 34**).

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

SECTION OBJECTIVES

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

MATERIALS NEEDED

- Appendix E: Evaluation Form
- Appendix F: Major Takeaway Points
- Pens and paper

FACILITATION

1. Summarize the Main Points and Topics
 - ▶ Ownership can be a foundation for building wealth
 - ▶ Inequality in the U.S. has been growing since the 1970s due to policies and practices that have allowed the increasing accrual of surplus value to owners
 - ▶ We can leverage the different types of capital found in our community to achieve our goals
 - ▶ Community wealth is a wealth building strategy that aims to increase asset ownership and influence/control; ensure local economic stability, environmental sustainability and social well-being; and enhance capacity for resilience.
2. Closing Discussion Question - BCDI believes that we can build community wealth that is democratically governed and collectively owned in order 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 this new economy based on shared wealth. Ask: *What would happen if you got involved?*
3. Discuss any concrete next steps participants can take, upcoming events and the next training

4. Depending on the time left, either hand out the written evaluation for participants to complete, or conclude with 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 the future workshops.
 - ▶ 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 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 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 stretch 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

POLICIES AND PRACTICES DURING THE TREATY OF DETROIT AND WASHINGTON CONSENSUS ERAS

“Inequality and Institutions in 20th Century America,” a paper by Frank Levy and Peter Temin (<http://ssrn.com/abstract=98433>), argues that it was not one policy, one administration, or one set of actors that led to the increase in income and wealth inequality, but rather the dismantling of a series of policies and institutions established during the New Deal and their replacement with policies that have aided the increasing accrual of wealth. The solution is not the enactment of individual policies, but rather a reorientation of government policy that could lead to the restoration of the prosperity experienced by many during the post-war boom and the equitable distribution of productivity gains. This argument places institutions, policies, and norms, as well as decision makers and society at-large, at the center of this shift, not economic phenomena or markets.

Government Hostile to Labor – During the Treaty of Detroit, the federal government established several bodies and laws to handle labor disputes. The National Labor Relations Act was enacted and Truman convened a tripartite body that was comprised of government, business and labor in order to avoid strikes and the government (for most of the time) appointed impartial government members to the National Labor Relations Board. Government became increasingly hostile to labor during the Washington Consensus Period. During this time, President Reagan fired the striking air traffic controllers and appointed an anti-union person to the National Labor Relations Board.

Tax Rates – During the Treaty of Detroit (which took place during 2 traumatic national crises: The Great Depression and World War II), the government set very high tax rates for wage income on the top tax brackets. During the Washington Consensus period these tax rates as well as taxes on unearned income (typically stocks or other investment income) decreased.

Minimum Wages – The first federal minimum wage was established during the New Deal. However, President Reagan allowed the minimum wage to languish. During the New Deal, minimum wage and high taxes on the top brackets led to a wage floor and (somewhat) a ceiling. However, during the Washington Consensus the floor dropped and the ceiling vanished.

Declining Power of Organized Labor – As the Washington Consensus really came to the fore, unionization rates declined: members working in the private sector decreased from 23 percent in 1979 to 16 percent in 1985. The reason participation in organized labor declined is complex. In 1948, unions made concessions on controls

over shop floor decisions (work assignments, etc.) allowing management to take more control in exchange for wage increases pegged to cost of living increase and inflation. Collective bargaining then gained pensions and other benefits. These benefits spread from the UAW to other industries, both union and non-unionized businesses. During the stagflation of the 1970s, the low value of the dollar led to an increase in demand for US exports; labor capturing a large share of income; and a “Rural Renaissance” that demanded more labor in energy and agriculture, all of which masked the declining power of labor. However, when Paul Volcker, Chairman of the Federal Reserve under President Jimmy Carter, instituted tight money policies, which President Reagan also adopted during his presidency, inflation stopped. This meant that wages weren’t increasing and the dollar gained value, so demand for goods produced in the United States decreased, greatly hurting the nation’s manufacturing industry.

Productivity Gains Not Going to Labor – The graph on Slide 18 of the visual aid demonstrates that wages have been stagnant overall while productivity has not. That is to say, each worker is able to be more and more productive, yet the worker is not seeing an increase in their wages. However, the top 1 percent is experiencing a huge increase in wages. The top 1 percent is capturing the productivity gains—not labor. As discussed in the above examples, the decline in the power of labor, the increase in the power of business, and the refusal of government to act as a mediating institution between business and labor, has made this productivity capture possible.

Financialization of the Economy – The economy of the United States has not always been so dependent on finance or have those in the finance industry earned such huge salaries and bonuses. In the late 1970s, new financial products were developed and new norms around income for people employed in the finance industry developed. From the mid-1980s onward, compensation plus benefits per full time employee in the finance industry soared relative to other industries. Other factors (deregulation, free trade, etc.) increased the mobility of capital, which increased the power of traditional capitalists (manufacturers) and financiers. Unlike the previous period, where U.S. Steel was public and castigated by President John Kennedy for raising prices after labor made wage concessions in the early 1960s, those in finance (and other industries) felt no shame—and would face no public shame—for dramatically increasing their salaries and compensation.

COMMUNITY WEALTH

The term 'community wealth' is used to denote resources that are collectively owned and controlled by communities.

Additional Resources:

The following resources explore different models of community wealth creation:

1. "Keeping Wealth Local: Shared Ownership and Wealth Control for Rural Communities." Marjorie Kelly and Shanna Ratner. <http://www.yellowwood.org/assets/resource_library/resource_docs/keeping%20wealth%20local.pdf>.
2. "Wealth Creation" (reports and presentations). Yellow Wood Associates, Inc. <<http://www.yellowwood.org/wealthcreation.aspx>>.
3. "Sharing the Wealth: Resident Ownership Mechanisms." PolicyLink. <<http://www.policylink.org/site/apps/nlnet/content2.aspx?c=IkIXLbMNJrE&b=5136581&ct=6999783>>.

WEALTH INEQUALITY

Wealth inequality refers to the unequal distribution of financial assets among a population.

Additional Resources:

1. "Wealth Inequality." Institute for Policy Studies. <<http://inequality.org/wealth-inequality/>>.
2. "Record inequality between rich and poor" (video). OECD. <<http://youtu.be/ZaoGscbtPWU>>
3. "Inequality and Institutions in 20th Century America." Frank Levy and Peter Temin. <http://economistsview.typepad.com/economistsview/2007/06/levy_and_temin_.html>.

ASSET

Assets are economic resources. Anything tangible or intangible that is capable of being owned or controlled to produce value and that is held to have positive economic value is considered an asset.

Source:

1. "Asset." Wikipedia. <<https://en.wikipedia.org/wiki/Asset>>.

STOCK VS FLOW

Stocks are an example of an asset. Income and consumption are flows of resources.

Source:

1. "Stock and Flow." Wikipedia. <http://en.wikipedia.org/wiki/Stock_and_flow>.

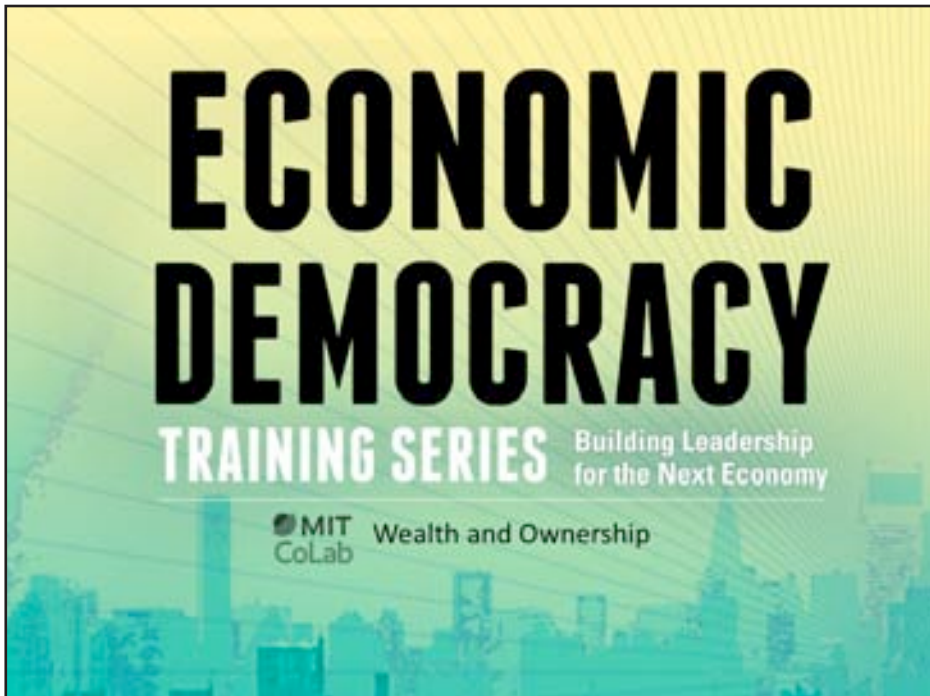
INCOME

Income is money that an individual or business receives in exchange for providing a good or service or as a return on capital investment. Income is consumed to fuel day-to-day expenditures. Most individuals gain income through earning wages by working and/or making investments into financial assets like stocks, bonds, and real estate.

Source:

1. "Income." Investopedia. <<http://www.investopedia.com/terms/i/income.asp>>.

APPENDIX B
VISUAL AID



SESSION GOALS 

- To explore the concept of wealth and the drivers of wealth inequality
- To explore wealth generation through ownership as an economic development strategy
- To explore different types of wealth

2 | Economic Democracy Training Series SESSION GOALS

AGENDA



- Welcome and Introductions (10 min)
- What is Wealth? (20 min)
- Wealth Inequality in the U.S. (15 min)
- Break (10 min)
- Types of Wealth (20 min)
- Case Studies and Wealth Matrix (45 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

What is Wealth?

Connecting Wealth to Ownership

Review & Connection: Yankee Stadium



Connecting Wealth to Ownership

Review & Connection: Yankee Stadium

The World as It Is...

Seen in Development of New Yankee Stadium...

- Those who **own** make the rules
- **Owners** get the profit
- **Owners** pay low wages so they can take more profit
- **Owners** get public subsidies

The World as it COULD Be...

- What if instead of fighting Yankee Stadium **we built** Yankee Stadium?
- What if **we owned** Yankee Stadium?
- What if **tenants own** property?
- What if **workers own** the company?
- What if the **customers own** the store?

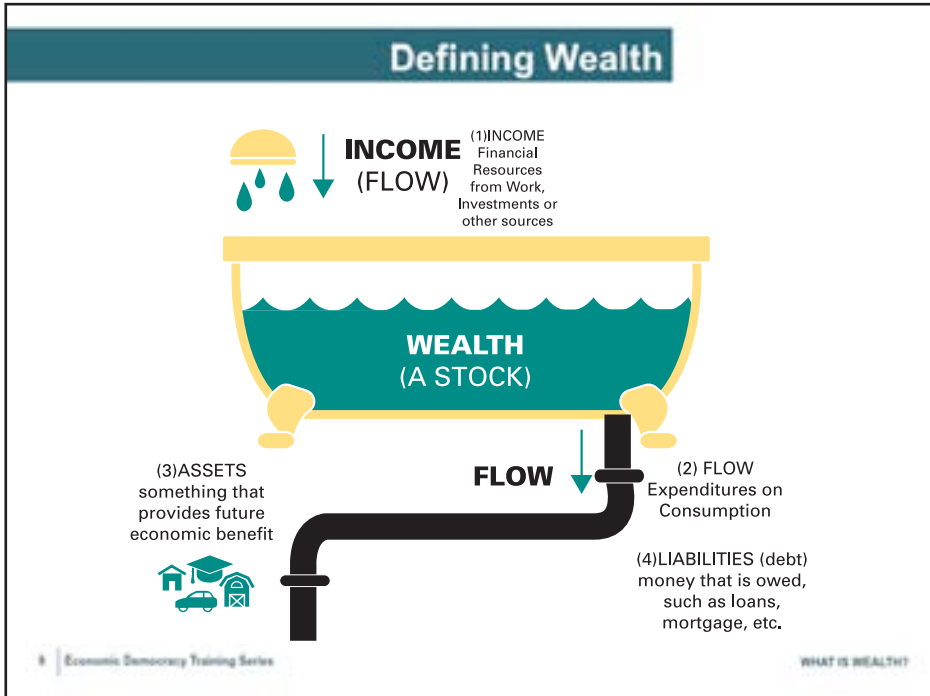
*Today we're examining the role of **ownership** in building wealth, and the role of **collective ownership** in building **community wealth**.*

Connecting Wealth to Ownership

Green Bay Packers

- In 1923, Packers organized as a not-for-profit organization; bylaws state "this association shall be a community project, intended to promote community welfare"
- Owned by 110,901 shareholders who bought a share for no more than \$200
- No economic dividends or perks to shareholders; but team cannot easily move and team gives \$1 million back to community
- Concession stands run by Holy Cross School and Green Bay Curling Club, and other local orgs
- This type of ownership has been "outlawed" by NFL; all teams must be owned by a majority owner. There will be no more teams like the Packers





Defining Wealth

Household wealth is the accumulated sum of assets minus the sum of debt.

Economic Democracy Training Series | WHAT IS WEALTH?

Wealth Inequality in the U.S.

- Examine Wealth Inequality
- Provide Historical perspective
- Assess Why Things Have Changed

History of Wealth Inequality

The New Deal to Post WWII

1930's – 1970's: New Deal through Post WWII

Treaty of Detroit

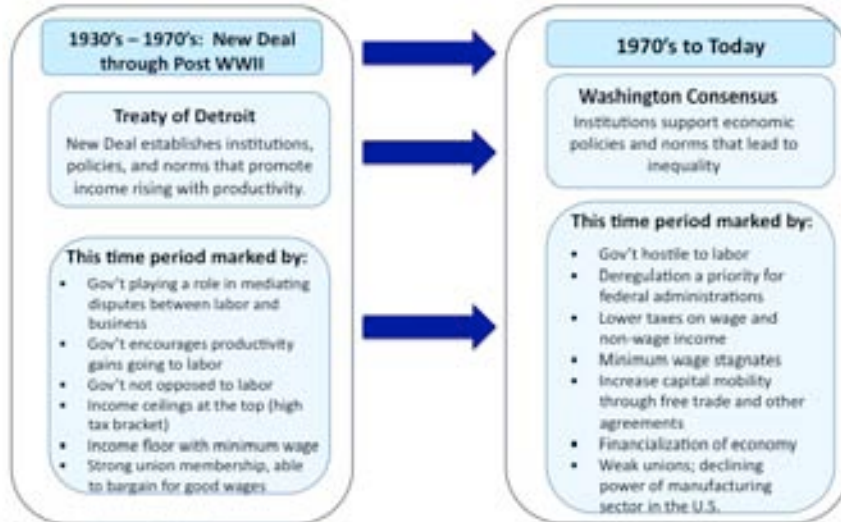
New Deal establishes institutions, policies, and norms that promote income rising with productivity.

This time period marked by:

- Gov't playing a role in mediating disputes between labor and business
- Gov't encourages productivity gains going to labor
- Gov't not opposed to labor
- Income ceilings at the top (high tax bracket)
- Income floor with minimum wage
- Strong union membership, able to bargain for good wages

History of Wealth Inequality

The New Deal to Today



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WEALTH INEQUALITY IN THE U.S.

Shift Exemplified by...

Government Hostility to Labor

Treaty of Detroit Era

- *For example...* In 1945 President Truman convenes a tri-partite conference between business, labor, and public offices to discuss labor relations and avoid strikes.

Washington Consensus Era

- *Compared to...* In 1981 the Air Traffic Controllers went on strike. President Reagan ordered them to return to work in 2 days. When they refused, President Reagan fired all of the striking controllers and decertified the union.

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WEALTH INEQUALITY IN THE U.S.

Shift Exemplified by...

Changes in Tax Rates

Treaty of Detroit Era

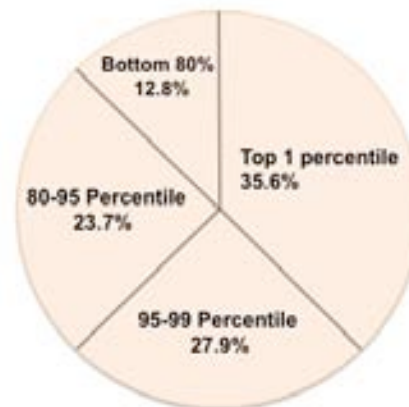
- *For example...* President Franklin Roosevelt increased the tax rate in the highest tax bracket to 79% in 1936.

Washington Consensus Era

- *Compared to...* President Reagan decreased taxes to a low of 28% and decreased taxes on non-wage income (investments) to 50%.

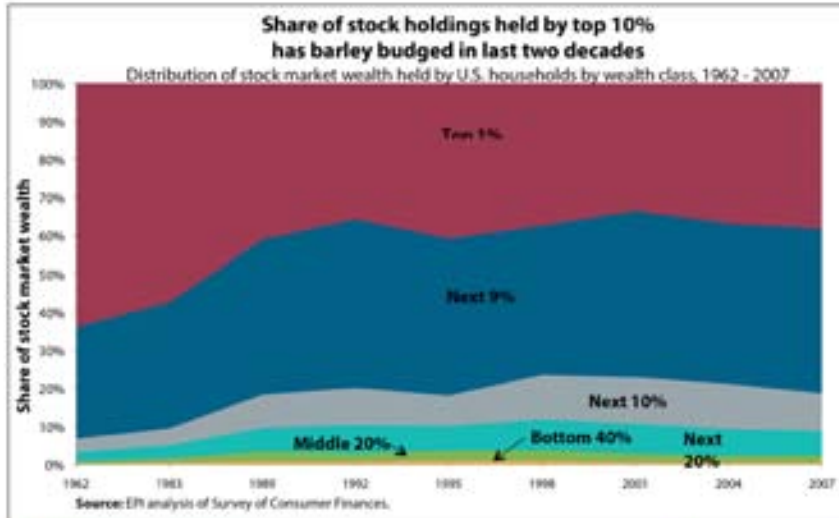
Wealth Inequality

Distribution of U.S. Wealth



Source: Economic Policy Institute, *The State of Working America 2011*, "Wealth Holdings Remain Unequal in Good & Bad Times."

Wealth of the Top 1%



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WEALTH INEQUALITY IN THE U.S.

Wealth Inequality and Race

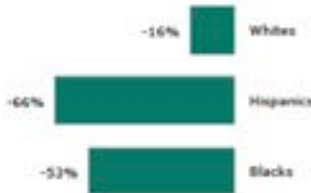
Distribution of U.S. Wealth

Median Net Worth of Households, 2005 and 2009
 in 2009-dollars



Source: New Research Center tabulations of Survey of Income and Program Participation data
 NEW RESEARCH CENTER

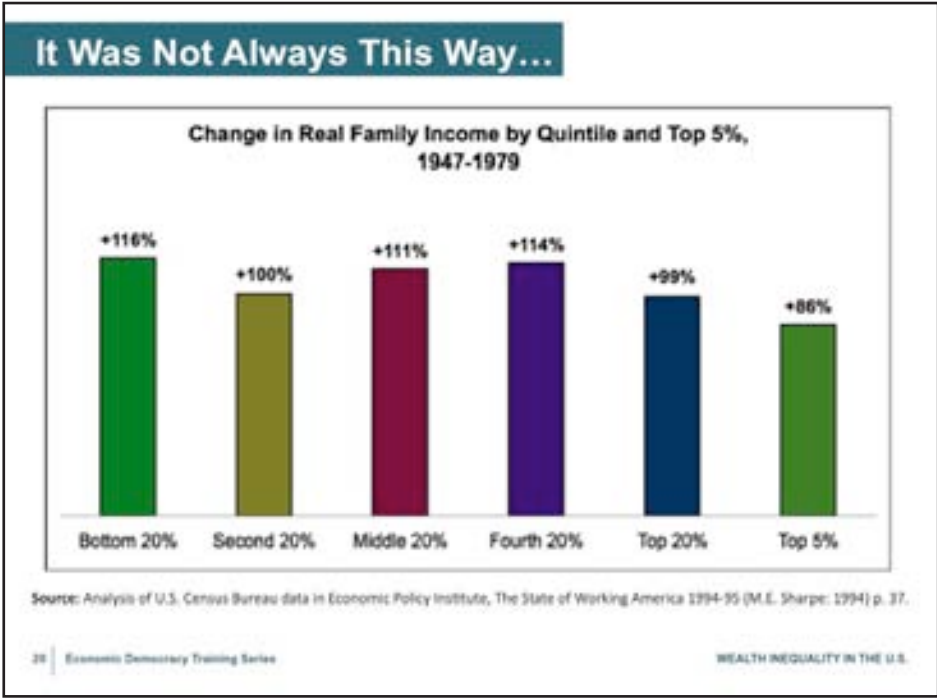
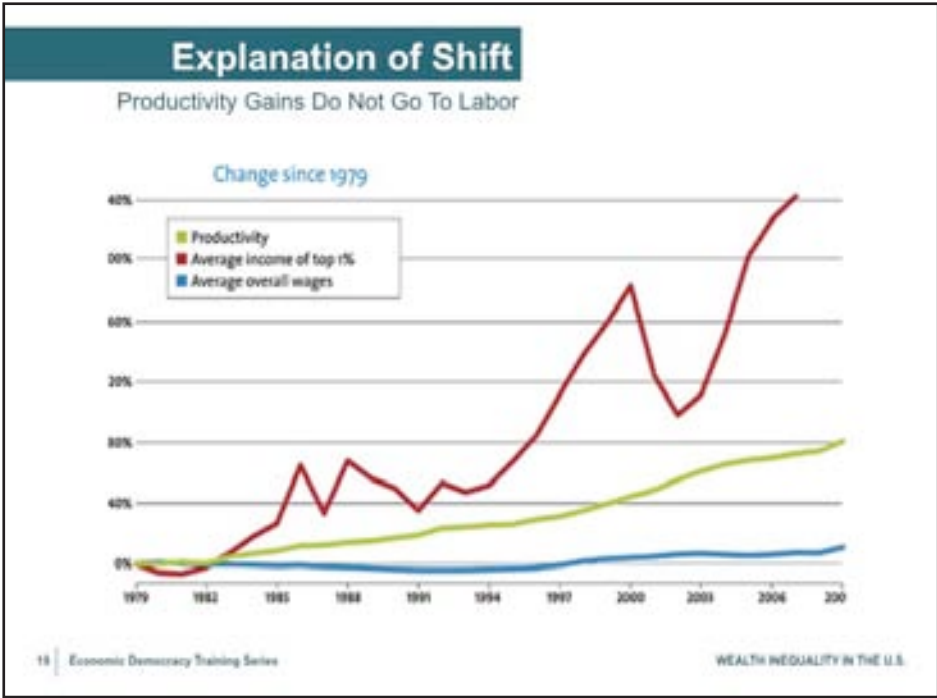
Percentage Change in Median Net Worth of Households, 2005 to 2009



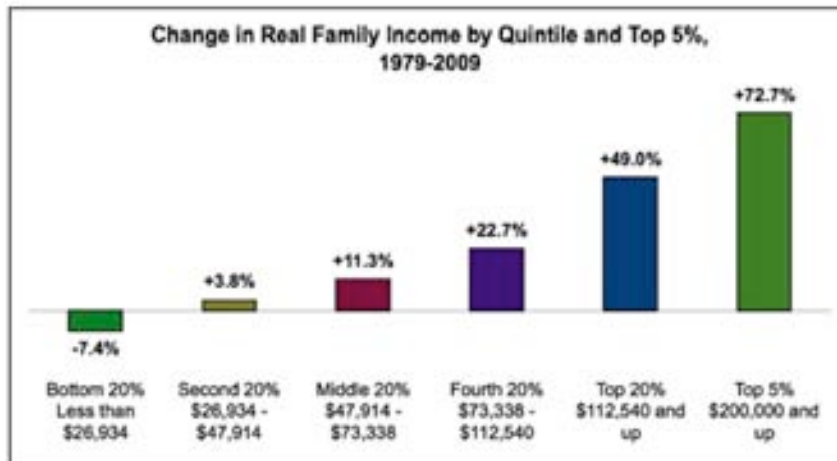
Source: New Research Center tabulations of Survey of Income and Program Participation data
 NEW RESEARCH CENTER

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WEALTH INEQUALITY IN THE U.S.



It Was Not Always This Way...



Source: U.S. Census Bureau, [Historical Income Tables: Families](#), Table F-3 (for income changes) and Table F-1 (for income ranges in 2009 dollars).

Wealth Inequality in the U.S.

Discussion Questions

- Why is there such great inequality in income and wealth in the U.S?
- What are the consequences of income inequality?
- What could we do to reduce income inequality?

Wealth Inequality in the U.S.

Discussion Question Answers

- **Why is there such great inequality in income and wealth in the U.S?**
 - No single policy caused these changes
 - The shift was influenced by a number of complex political, social and economic factors
 - Relationships between government, business, and labor changed
- **What are the consequences of inequality?**
 - Concentration of wealth leads to concentration of power. The 1% use their influence to pass laws and policies that maintain and increase their power.
 - Threatens democracy – moving from one person one vote, to one dollar for one vote!
- **What could we do to reduce income inequality?**
 - “Only a reorientation of government policy can restore the general prosperity of the post-war boom, can recreate a more equitable distribution of productivity gains” – From *“Inequality and Institutions in 20th Century America”* by Frank Levy and Peter Temin

Community Wealth

Community wealth includes assets owned or controlled by (or in the interests of) a community, which serve the community, businesses and individual members.

Community Wealth as an Economic Development Strategy

Community wealth includes: financial assets; functional built infrastructure; educated, skilled, and healthy individuals; healthy land and natural resources; creativity and new ideas; power and influence over decision-making that affects community wealth; and connections to others.

A wealth building strategy aims at increasing asset ownership and influence/control, and ensuring local economic stability, environmental and social well-being, and capacity for resilience.

Redefining Wealth

Types of Capital

1 NATURAL CAPITAL

is the stock of unimpaired environmental assets in a region. It has 3 major components: (1) non-renewable resources, (2) renewable resources, and (3) environmental services.

e.g. sunshine, wind, air, water, rivers, parks, trees

Investments: planting trees, recycling, energy efficiency
Returns: cleaner air, better health, less energy use, shade



2 HUMAN CAPITAL

is the stock of skills and physical and mental healthiness of people in a region.

e.g. skills, health, worker morale

Investments: education, training, healthcare
Returns: labor power and productivity, worker competence



3 BUILT CAPITAL

is the stock of fully functioning constructed infrastructure.

e.g. roads, sewers, apartments, homes, and transit

Investments: building, cleaning, repairing, maintaining, and rebuilding infrastructure
Returns: equity, sale, result of use (shelter, waste disposal)



4 SOCIAL CAPITAL

is the stock of trust relationships, and networks that support civil society

e.g. networks, families, sports teams, schools, churches

Investments: festival, potlucks, conversation, time together, greeting neighbors
Returns: sharing resources including information, jobs, learning, cooperation




Credits:
Spirited, from the Neuen Project (natural capital)
Juan Pablo Brea, from the Neuen Project (individual capital)
Juan Pablo Brea, from the Neuen Project (individual capital)
John Nelson, from the Neuen Project (social capital)

Credit:
Photo: Pexels from the Non-Profit Project (cultural capital)
Shad Frost, from the Non-Profit Project (political capital)
GET LITERATION FOR INTELLECTUAL CAPITAL
Lacy Priddy, from the Non-Profit Project (financial capital)

Redefining Wealth


Types of Capital

5 CULTURAL CAPITAL 

is the stock of values, symbols, and rituals that a society embraces as well as their understanding of how society functions and their role in it.

e.g. work ethic, family structure, personal priorities


Investments: ??
Returns: ??

6 POLITICAL CAPITAL 

is the stock of power and goodwill held by individuals, groups, and/or organizations that can be held, spent, or shared to achieve desired ends. Political capital is evidenced by the ability of an individual or a group to influence the distribution of resources within a social unit.

e.g. voter turnout, advocacy


Investments: voter registration and education, organizing and advocacy, meeting with elected officials
Returns: public services and investment, favorable policies

7 INTELLECTUAL CAPITAL 

is the stock of fully functioning constructed infrastructure.

e.g. roads, sewers, apartments, homes, and transit

Investments: building, cleaning, repairing, maintaining, and rebuilding infrastructure
Returns: equity, sale, result of use (shelter, waste disposal)

8 FINANCIAL CAPITAL 

is the stock of unencumbered monetary assets that can be invested in other forms of capital or financial instruments.

e.g. cash, savings accounts, liquid assets

Investments: banking infrastructure
Returns: liquidity

27 | Economic Democracy Training Series TYPES OF WEALTH

Case Studies and Wealth Matrix

28 | Economic Democracy Training Series CASE STUDIES AND WEALTH MATRIX

Market Creek

Financial, Built and Intellectual Capital

Shopping Plaza



Shopping Plaza



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CASE STUDIES AND WEALTH MATRIX

Market Creek

Cultural, Built, and Intellectual Capital

Bridge connecting the Shopping Plaza and Jacobs Center offices & cultural space



This building contains an art gallery, the offices of the Jacobs Center for Neighborhood Innovation, and event space.



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CASE STUDIES AND WEALTH MATRIX

Market Creek

Natural and Cultural Capital

Dry Creek Bed, restored during Market Creek construction



Outdoor Performance Space



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CASE STUDIES AND WEALTH MATRIX

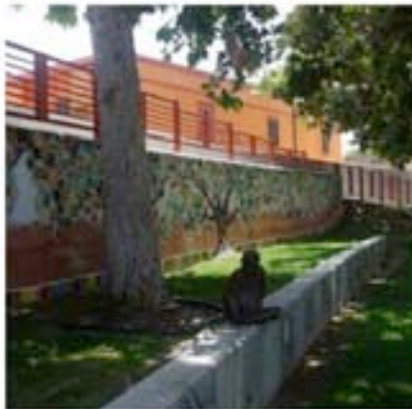
Market Creek

Built, Intellectual, and Cultural Capital

Trolley System: Market Creek is located along mass transit connecting the neighborhoods with downtown San Diego.



This "tree" (mural) consists of ceramic tiles painted by area children



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CASE STUDIES AND WEALTH MATRIX

Market Creek

Built, Intellectual and Financial Capital

Affordable Housing Project: The developer went bust in the 2008 crash.



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Market Creek is taking over development, creating affordable housing.



CASE STUDIES AND WEALTH MATRIX

Wealth Matrix Activity

- Complete a Wealth Matrix for your assigned case study
- After completing the Wealth Matrix, think about the following questions:
 - In what ways does this method/case build other forms of wealth?
 - What challenges does this method present?
 - Think about who owns the wealth, what the limitations are, how much revenue/income it provides, and whether it is sustainable
 - How might this strategy work in the Bronx? Is this a strategy already employed in the Bronx?
 - How would this method help individuals? Families? Neighborhoods/communities?

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CASE STUDIES AND WEALTH MATRIX

Wealth Matrix Activity

The Bronx

- We will divide into 8 groups.
- Each group will be assigned one type of capital.
- As a team you will brainstorm all of the ways that type of capital is manifested in the Bronx.
- You want to try to identify the location of the asset and brainstorm ways to invest in that asset to increase its value or productivity.
- We'll share our lists at the end.

APPENDIX C: HANDOUT NO.1

8 FORMS OF CAPITAL/WEALTH MATRIX

Wealth, as defined by Pender, et al in *Rural Wealth Creation: Concepts, Strategies, and Measures* is the “stock of all assets, minus liabilities, that can contribute to the general well-being of an individual or group.” Pender et al offer 8 forms of capital: financial, physical, natural, human, intellectual, cultural, social, and political. Different forms of capital can be a measure of wealth; they are durable goods that can be accumulated and contribute to well-being. Measures of production such as income or value of homes, though often used to measure the well-being of a community, paint incomplete pictures of the assets of a community. Taken together these forms of capital provide a holistic picture of the assets available to an individual, family, or community; and therefore its wealth.

Type of Capital	Examples	Examples from Case Study
Financial Capital (such as cash or stock investments)		
Natural Capital (such a clean water and air)		
Social Capital (such as relationships between neighbors)		
Individual Capital (such as mental and physical health of an individual)		

<p>Built Capital (such as buildings and roads)</p>		
<p>Intellectual Capital (such as labs that innovate new ideas or arts programs that stimulate creativity)</p>		
<p>Political Capital (such as relationships with politicians and voters)</p>		
<p>Cultural Capital (such as food, dance, or language)</p>		

A community (city, state, nation) should strive to build wealth in each of these areas, not just financial wealth.

APPENDIX D: HANDOUT NO. 2

EXAMPLES OF ASSET BUILDING AND WEALTH GENERATION

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 in 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 has given residents the opportunity to share in the risks and rewards of the project they helped to develop. Built on six guiding principles, including community-ownership and economic development, the JCNI undertook the challenge of working with the community to develop an ownership strategy for residents and stakeholders. Creating ways to generate profits that could then be re-invested in neighborhoods in the surrounding area is the backbone of this unique wealth creation strategy that emerged from the Ownership Design Team. The team's work was modeled after the Native American tribes' theory of thirds: a third for personal benefit, a third for community benefit, and a third for on-going development.

As a result, a self-generating system of wealth creation in the neighborhood was launched. Profits from the Plaza will go back into the neighborhood through a neighborhood-controlled community foundation. This will provide an ongoing source of capital for the community to use towards future projects and/or services. In addition, a portion of Market Creek Plaza's profits will provide resources for ongoing commercial development within the neighborhood.

What is so unique about Market Creek Plaza is that it ties asset building and skill building to a project that rebuilds a neighborhood. It has removed blight, brought a vibrant asset to the neighborhood, stimulated the redevelopment agency and the City to commit greater focus to work in this area, and provided residents a strong voice in holding the public agencies accountable to the community's vibrant vision. The Food 4 Less Grocery Store at Market Creek Plaza has become one of the busiest stores in the area. As other businesses at the Plaza open, their success ripples through the community in the form of new jobs, entrepreneurial opportunities, and an increase in the tax base, all of which ensure that wealth is captured in the community. This economic flow into the area will help transform the community across

the board, street-by-street, block-by-block, and neighborhood-by-neighborhood.

Source:

1. Market Creek Plaza (official website). < <http://www.marketcreekplaza.com/>>.

Additional Resources:

1. “Residents Owning and Driving Change: Market Creek Plaza” (video). <<http://www.youtube.com/watch?v=NFvt5wHNdpc>>.

DUDLEY STREET NEIGHBORHOOD INITIATIVE

Dudley Neighbors, Incorporated (DNI) was created by the Dudley Street Neighborhood Initiative (DSNI) to play a critical role in the housing development portion of DSNI’s comprehensive master plan that was drafted by residents to guide the revitalization of the neighborhood.

In the fall of 1988, the Boston Redevelopment Authority (BRA) approved DNI’s request to become a Massachusetts 121A Corporation. That status allowed DNI to accept the power of eminent domain to acquire privately-owned vacant land in the area designated as the Dudley Triangle. DNI combines vacant lots acquired via eminent domain with City-owned parcels and leases these to private and nonprofit developers for the purpose of building affordable housing consistent with the community’s master plan.

DNI is structured as a Community Land Trust (CLT), and as such plays a crucial role in preserving affordable housing and providing residents with a way to control the development process in the neighborhood. DNI leases land initially to developers during construction, and subsequently to individual homeowners, cooperative housing corporations, and other forms of limited partnerships.

Through its 99-year ground lease, DNI can require that its properties be used for purposes set forth by the community. It can also establish parameters on the price that homes sell for and can be resold for.

DNI’s operations are funded through minimal lease fees from leaseholders. Some funding is provided by private individuals and foundation grants.

The DNI Community Land Trust, was created by residents of the Dudley Street Neighborhood area as a vehicle to rebuild their neighborhood and to ensure that the homeownership opportunities created today are available to future generations. To date a total of 225 new homes and two community spaces or micro-centers have been built on DNI land.

Within the next decade, approximately 250 new homes will have been built on DNI land in the area known as the “Dudley Triangle”, the section of the Roxbury and North Dorchester neighborhoods bounded by Dudley Street, Blue Hill Avenue, Brookford Street, Hartford Street, Robin Hood Street, Folsom Street, Woodward Park Street, and Howard Avenue. All of these new homes will be part of the DNI Community Land Trust. In addition to the new homes, the rebuilding of the triangle will include the construction of a community greenhouse, parks, gardens, open space, and a revitalized local shopping area.

Source:

1. “Dudley Neighbors, Inc.” Dudley Street Neighborhood Initiative. <<http://dsni.org/dudley-neighbors-inc>>.

Additional Resources:

1. “Holding Ground Revisited” (video). Dudley Street Neighborhood Initiative. <<https://www.facebook.com/video/video.php?v=574444766019>>.

THE EVERGREEN COOPERATIVES

Launched in 2008 by a working group of Cleveland-based institutions (including the Cleveland Foundation, the Cleveland Clinic, University Hospitals, Case Western Reserve University, and the municipal government), the Evergreen Cooperative Initiative is working to create living wage jobs in six low-income neighborhoods (43,000 residents with a median household income below \$18,500) in an area known as Greater University Circle (GUC).

The Evergreen Cooperative Initiative has been designed to cause an economic breakthrough in Cleveland. Rather than a trickle down strategy, it focuses on economic inclusion and building a local economy from the ground up; rather than offering public subsidy to induce corporations to bring what are often low-wage jobs into the city, the Evergreen strategy is catalyzing new businesses that are owned by their employees; rather than concentrate on workforce training for employment opportunities that are largely unavailable to low-skill and low-income workers, the Evergreen Initiative first creates the jobs, and then recruits and trains local residents to take them.

Although still in its early stages of implementation, the Evergreen Cooperative Initiative is already drawing substantial support, including multi-million dollar financial investments from the Federal government (particularly HUD) and from major institutional actors in Cleveland. It is also capturing the attention and interest of officials and philanthropy in a number of other cities seeking to replicate the “Cleveland model” (interested cities include Detroit, Atlanta, Newark, Pittsburgh, Washington, DC, and a number of cities across Ohio). Recent positive media

coverage of the Initiative has appeared in the Economist, Business Week, the Nation, and Time; on NPR; NBC Nightly News, and the PBS series hosted by journalist David Brancaccio, "Fixing the Future." There are also important State and Federal policy implications and opportunities related to the effort which are now being pursued with the Administration (in particular with HUD and the White House Office of Urban Affairs), and in Congress (through the office of Senator Sherrod Brown).

Source:

1. "The Evergreen Cooperatives Story." Evergreen Cooperatives. <<http://evergreencooperatives.com/about/evergreen-story/>>.

Additional Resources:

1. "Evergreen Cooperatives" (video). <http://www.youtube.com/watch?v=Gt_ZHUDhKjs>.

APPENDIX E: HANDOUT NO. 3
EVALUATION FORM

BUILDING STRONG LOCAL ECONOMIES II – WEALTH AND OWNERSHIP 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.

Check all that apply	General Comments

What parts of the workshop did you dislike?

	Check all that apply	General Comments
What is wealth? – Bathtub exercise		
“Making it Personal” Stand up/sit down		
10 Chairs of Wealth Inequality		
Case Studies and Wealth Matrix		
Other		

What areas of the workshop need improvement?

	Check all that apply	General Comments
What is wealth? – Bathtub exercise		
“Making it Personal” Stand up/ sit down		
10 Chairs of Wealth Inequality		
Case Studies and Wealth Matrix		
Other		

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

What are you curious to learn more about (Be as specific as possible!)?

Location (check one)

	Check all that apply	General Comments
Convenient location for me		
Inconvenient location for me		
No comment		
Other		

Room size and set up (check one)

		General Comments
Great size and set up		
Too small		
Too large		
No comment		

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 F: HANDOUT 4

MAJOR TAKEAWAY POINTS

Income inequality current prevalent in the U.S. was not inevitable. The Treaty of Detroit and the Washington Consensus led to the adoption of different policies that impacted where surplus flowed, which paved the way to growing inequality. These decisions were made by various actors and not dictated by nature.

The government (and other public and private institutions) must be reoriented in order to combat inequality and create shared prosperity. Just like what has been done in the past. Through the the promotion of shared ownership and democratic governance, we can build the capacity to reorient government, business, labor, and other parts of society. By democratizing institutions—public institutions and private institutions—and promoting shared ownership we can build shared wealth.

Economic democracy uses shared ownership and democratic governance to create a strong, just, and sustainable economy. We can use ownership and democracy to reorient public policy and private enterprise.

Community wealth “includes assets owned or controlled by (or in the interests of) a community, which serve the community, businesses and individual members.”

FACILITATOR'S GUIDE

Economies in Crisis: The Great Recession

TIME: 2 HOURS

Overview: This workshop teaches participants how the United States financial system works by using the Great Recession as an example. Through simple stories and activities, participants will unpack complex financial concepts and the institutional practices that led to the Great Recession. While the material is technical and may be difficult to digest, it is important that participants leave with an intuitive sense of the causes of financial crises so that they know the types of solutions we need to work towards to create a more sustainable, inclusive, and just economy.



SESSION GOALS:

- Learn how the United States banking system works and why financial crises happen
- Explain the role of the Federal Reserve in the banking system
- Demystify the stock market
- Explore the bailout as a policy response to the financial crisis and its effect on the economy
- Understand the role people play in the financial system



MATERIALS NEEDED:

- White board or flip chart paper
- Video projection equipment (projector, laptop, and PowerPoint), if available
- Markers
- Name tags
- Pens and paper
- Masking tape
- Appendix:
 - A. Reference Materials
 - B. Visual Aid
 - C. Handout No. 1: The Cycle of Crisis
 - D Handout No. 2: Evaluation Form
 - E. Handout No. 3: Major Takeaway Points



PREPARATION/PRE-TRAINING:

Facilitators should review the following concepts, policies, historical events and

- The Recession
- The Stimulus
- The Federal Reserve
- The Stock Market
- The Bailout
- Securities
- Interest rates
- Bank Runs/Panic
- United States Fiscal Cliff of 2012
- Commercial Banks
- Investment Banks
- Austerity

institutions using the texts and resources found in **appendices A and C**.



AGENDA:

Times below are suggested. As written, the agenda includes a break. If you choose to include a break, the module will exceed the 2-hour allotted time.

I. WELCOME AND INTRODUCTIONS	10 MINUTES
II. WHAT LED TO THE GREAT RECESSION?	30 MINUTES
III. BREAK (OPTIONAL)	(10 MINUTES)
IV. GOVERNMENT RESPONSES TO ECONOMIC CRISES	40 MINUTES
V. THE MACHINE	30 MINUTES
VI. CONCLUSION AND EVALUATION	10 MINUTES

I. WELCOME AND INTRODUCTIONS TIME: 30 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

- Name tags
- Markers
- Flip chart paper
- 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 this 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 visible throughout the workshop **(Slide 2)**.

SAMPLE GOALS

- Learn how the United States banking system works and why financial crises happen
 - Explain the role of the Federal Reserve in the banking system
 - Demystify the stock market
 - Explore the bailout as a policy response to the financial crisis and its effect on the economy
 - Understand the role people play in the financial system
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 to 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 **(Slide 3)**.

- ▶ Time Expectations - 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; perhaps including name, reason for attending the workshop and/or 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 and treat others 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 as a way to encourage thoughtful adherence.

SAMPLE FIRST AGREEMENTS TO CONSIDER

- Be present – Don’t look at cell phones, text, or be on 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 participants. 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 haven’t said anything, consider speaking up sharing a question or idea you have.
- Hold comments till 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. WHAT LED TO THE GREAT RECESSION?

TIME: 20 MIN

SECTION OBJECTIVES

- Foster understanding of the major factors that led to the Great Recession
- Begin to think through how we can respond to financial crises to create a more just and sustainable economy

MATERIALS NEEDED

- Video projection equipment (project, laptop and PowerPoint), if available
- Appendix B: Visual Aid

FACILITATION

1. In this section, participants will watch a short, 11-minute video that explains the factors that led to the Great Recession in 2008. Introduce the video:

The 2008 recession is a complex phenomenon involving many variables and actors. It is important to understand the factors that led to the recession in order to think through solutions that could ensure such a crisis never happens again. The recession had profound impacts on people living in the U.S. In the U.S., 8.8 million people lost their jobs, causing the unemployment rate to skyrocket from 4.5 percent before the crisis began to 10.1 percent at the height of the crisis in 2009. Equally troubling was the loss of household wealth, which disproportionately impacted low-income people and people of color. During the recession, \$19.2 trillion was lost in household wealth. This video will provide an easy-to-digest explanation of the factors that led to the financial crisis. After we watch the video, we will spend time reflecting and discussing how we can more effectively respond to financial crises (Slide 5-7).

2. Show the video, "Understanding the Financial Crisis" by Jonathan Jarvis (<http://crisisofcredit.com/>)
3. Quickly Recap the video, and then ask participants the following questions to create a meaningful dialogue around how they can disrupt the cycle of crisis.

The video ends by describing how the whole financial system froze as a result of the irresponsible lending habits of commercial banks, the lack of oversight by the Federal Reserve, and the pressure tactics of investment banks and investors on commercial banks to sell them more home loans.

In order to prevent a banking panic when a number of investment banks declared bankruptcy in 2008, many financial institutions needed to be "bailed out" by

the government. The bailout, which will be discussed in more depth in the next section of this workshop, infused money into the economy and helped to maintain a high enough level of confidence in the banking system so that people would not withdraw their savings from banks. This helped prevent a large-scale financial collapse.

DISCUSSION QUESTIONS

- Why did there continue to be a recession, even after the banks were bailed out?
- How should we be responding to financial crises to prevent them from occurring in the first place? What type of economy should we have to stop the cycle of crisis?

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

V. GOVERNMENT RESPONSES TO ECONOMIC CRISES **TIME: 30 MIN**

SECTION OBJECTIVES

- Solidify understanding of the way the “ruling institutions” framework perpetuates inequality and poor outcomes, regardless of the policy
- Bolster confidence in participants’ ability to think through and make sound decisions despite not having a deep understanding of complex financial concepts

FACILITATION

1. Set up a debate about government responses to crises. Help participants recall the “Cycle of Crisis” discussed in the Introduction to Economic Democracy workshop. **(Slides 9-11)**

Reliance on the growth paradigm has led governments to respond to the economic crisis in one of two extreme ways. Governments can choose to respond to a crisis by putting more money into the economy and hoping to encourage growth (stimulus), or they can cut spending in an attempt to recuperate losses by saving (austerity). These two options have radically different implications for society at large. The consequences of each are often at the heart of debates surrounding policy responses to economic crises.

- ▶ **The Bailout (President Bush)** – The Emergency Economic Stabilization Act (aka The Bailout) was proposed by the Treasury in 2008 in an effort to prevent the collapse of the entire financial system. The Act created a program that authorized the United States Treasury to spend up to \$700 billion to purchase troubled assets both domestically and internationally. It essentially enabled the government to buy bad securities in order to prevent more banks and investment banks from going bankrupt.
- ▶ **The Stimulus (President Obama)** – The American Recovery and Reinvestment Act (also know as the Stimulus Bill) was a Keynesian attempt to revive the economy through spending. The program impacted most sectors of the economy and included aid to the unemployed as well as resources for new infrastructure projects, health care, education, law enforcement, and new energy programs. In addition to spending, the bill introduced new tax cuts, including an auto-buyers credit. The estimated cost of the final bill was \$787 billion. It was passed in February 2009.
- ▶ **Austerity** – Fiscal austerity is the subject of much current debate. A government austerity program is usually a last resort policy response since governments are allowed to borrow money to pay for government services (this is called debt financing). Austerity measures are implemented when debt has reached an unsustainable level and the government cannot even afford to pay the interest on its debt without borrowing/printing more money. Although the United States government has not implemented a full-fledged austerity program in response to the Great Recession (as has been implemented in Greece), austerity measures such as tax increases, social-service cutbacks, and cuts to foreign aid have been proposed and implemented in the wake of the crisis.
 - » **The Fiscal Cliff** drama of 2012 reflected an austerity policy response. The Fiscal Cliff was a term used to describe the tax increases and spending cuts (\$600 billion in total) that would have gone into effect in 2013 had the government not reached an agreement on a deal before the end of 2012.

2. Divide participants up into two groups: One group will be austerity lobbyists and the other group will be stimulus lobbyists. Tell participants that they are an advisory group to the President of the United States following the Great Recession. Drawing upon what they have learned in this and prior workshops, participants should debate potential solutions and strategies for the crisis. One group should lobby for austerity programs, while the other group should lobby for stimulus programs (**Slide 10**).

The activity will be more effective if there are a variety of perspectives expressed. Encourage participants to adopt political views that are different from their own. To achieve this, you might want to further divide the lobbyist groups into Democrats and Republicans.

The facilitator should act as the President to keep the discussion going.

SECTION WRAP-UP QUESTIONS

- If we lived in a society that operated under principles of economic democracy, what would be our response to crises? Would it be different? Why?
- What are the implications of federal level decision-making at the local level? Discuss how seemingly good policy decisions at the federal level can face limitations at the level of execution (i.e. local level) under our current system of government.

TAKEAWAY POINTS

- The activity and discussion reveals that under the current structure of the banking system, it is extremely important that people have faith in banks and don't panic if they are to function well.
- Because we live under the "ruling institutions" framework, bailing out the banks did not provide relief to the people who were losing their homes and money.
- Ultimately, the problem was not the bailout—that might have been necessary and may have happened even if we lived in an economic democracy—it was the terms of the bailout that was problematic.

VI. THE MACHINE **TIME: 30 MIN**

SECTION OBJECTIVE

- Stress the importance of an intuitive understanding of the economic system, monetary policy, and the Great Recession

MATERIALS NEEDED

- White board or flip chart paper
- Pens/markers

FACILITATION

1. Start by explaining that “The Machine” is an activity that comes from Theater of the Oppressed by Augusto Boal, a Brazilian theater practitioner, educator, and organizer. Boal used theater as a means of organizing people and promoting social and political change. The practice is grounded in Paulo Freire’s pedagogy of anti-oppressive, anti-colonial education.

The purpose of using a Theater of the Oppressed activity here is to invite participants to participate in the dismantling of a system that can seem so vast and impossible to do. This encourages participants to imagine new possibilities from not only an intellectual space, but also an intuitive, physical space.

2. Work with participants to define a “machine.”
 - Something that has repetitive motions and that produces an outcome
 - Something that captures a process
 - Etc.
3. Tell participants that we are going to create machines with our bodies. Practice first! Divide the participants into groups of 3-5. Tell participants to work with their group to come up with a machine, or process. Figure out the component parts of the machine and then assign each person a sound and a motion that represents the component parts. When everyone in the group does their sound and motion together, it should be easy to determine what machine is being represented.

Note any particularly interesting machines, or the different types of processes groups decided to show. For example, highlight instances where a group represents a process like making a pizza, or a factory, versus an appliance like a washing machine. The point here is that the activity can be used for anything that fits the definition of a “machine.”

4. Make the connection between the economic system and a machine.

The economic system is like a machine because it has repetitive motions (lending and borrowing, etc.) that produce an outcome (massive profits for some, poverty for others, financial crises, etc.).

5. Tell the participants that they are going to work together to come up with a machine that represents our economic/financial system. The machine will start with one person doing a motion and making a sound. Each participant will observe the action and then add to it, based on what they think the person is doing and what they want to add to the machine. Make sure participants know to pick an action/sound that they can repeat for a while.

Distribute Appendix X: Roles in the Economy, so participants can familiarize

themselves with the different actors in the economic system. Ask participants to choose a role in the economic system (i.e. a community, commercial bank, investment bank, the Fed, bank regulator, etc). Ask them to come up with a sound or a motion that represents their role within the system. If necessary, they can work with one other person. Ask one person to step forward and start the machine.

Participants should modify or change the ideas they had to fit the image they are seeing and one by one add to the machine.

Tap on one or two people at a time so they can walk around the machine and observe what everyone is doing.

Speed up the machine, slow the machine to a stop, or have the participants leave the machine in the reverse order that they entered it.

DISCUSSION QUESTIONS

- Ask people to reflect on the activity. What did they choose to do and why? What did they observe?
 - Why does this system exist? What are the problems that it solves? (Write the answers to these questions on the white board or flip chart)
 - What are different ways we could answer these questions?
 - How would we want this system to act?
6. Have the participants create another machine, this time depicting a financial/ economic system that produces sustainable outcomes. What might a machine that answers these questions look like under the principles of economic democracy? What would be the component parts? Repeat the instructions for generating the machine.

SECTION WRAP-UP QUESTIONS

- How can we think differently about investment through the framework of economic democracy?
- How can we use the tools provided by the stock market to grow and develop our community assets?

TAKEAWAY POINTS

- While it often seems impossible to dismantle our current economic system, with persistence, creativity, and imagination we can begin to unravel it to form a new economic system that is more just and sustainable.

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 thought
- Collect valuable feedback and data from participants
- Close and generate excitement about Economic Democracy and the rest of the training series

MATERIALS NEEDED

- Appendix D: Handout No. 2: Evaluation Form
- Appendix E: Handout No. 3: Major Takeaway Points

FACILITATION

1. Summarize the Main Points and Topics
 - ▶ The banking system relies on consumer faith and trust in the system to prevent bank runs and panic.
 - ▶ To understand the Great Recession, it is important to understand the institutions that make-up our financial system.
 - ▶ Governments can choose to respond to crises by putting more money into the economy and hoping to encourage growth (stimulus), or they can cut spending in an attempt to recuperate losses by saving (austerity).
 - ▶ When thinking about economic democracy, we must not vilify policy decisions that happen now, but, rather, we must think about what the execution and/or the implications of different policy decisions would be if civil society were in control of political and financial institutions.
2. Closing Discussion Questions - This discussion serves as a platform for not only explaining the mechanics of the banking system, but also for questioning those mechanics. Banks make money by charging interest on loans. Therefore, banks give loans based primarily on the ability of a client to pay back the loan and interest on the loan. How do for-profit institutions impact communities? Which factors—such as benefit to the community, etc.—get ignored within this framework? How might banks work differently with clients to finance projects? Would not-for-profit community-owned banks use different processes for lending money and evaluating projects?
3. Discuss any concrete next steps participants can take, upcoming events and the next training.

4. Depending on the time left, either hand out the written evaluation for participants to complete, or conclude with 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 the future workshops. **(Appendix G)**
 - ▶ 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 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 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 stretch 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

THE STOCK MARKET

The stock market includes stock exchanges, over-the-counter (OTC) market, and electronic trading systems

- **Stock Exchange:** A place where stocks and bonds are bought and sold. Exchanges are essentially companies or organizations that enable the trading of stocks through listing services and requirements, tools to bring buyers and sellers together, and systems to track prices and sales data. The primary exchanges in the U.S. are the New York Stock Exchange (NYSE) and NASDAQ, which is an electronic stock exchange.
 - ▶ In the U.S., an exchange must be registered with the Securities and Exchange Commission (SEC).
- **Buying Stocks:** When you buy stock in a company, you become a shareholder, which means you are entitled to a portion of the company's profits (paid out in the form of *dividends*).
 - ▶ Companies sell stocks to raise money for research, production, innovation, expansion, etc.
 - ▶ Companies can raise money either through debt financing (taking out a loan) or equity financing (selling part of the company via the stock market). The difference between debt and equity financing is that when the company chooses to pursue equity financing, they do not pay back a loan but instead pay out a share of their profits (known as *dividends*). Therefore, when one buys stock, one assumes *risk* (i.e. the risk that the company may not be successful).
 - ▶ A company first issues shares at an *initial public offering* (IPO). The shares can be bought and sold on the stock market thereafter.
 - ▶ Individuals or companies who buy stocks in a company become *shareholders* or *stockholders*. If the company is profitable, the stockholders share in the profits.
- **What Determines the Price of a Stock?** Stock prices are shaped by the forces of supply and demand (much like the prices of goods you buy in your everyday life). However, since stocks are so easily traded on the stock market, supply and demand are impacted by multiple factors:
 - ▶ **Performance:** The performance of a company (i.e. earnings and value) will have a decisive impact on the value of its stock. If profits are declining or the company is not growing, then investors will look to sell their shares.
 - ▶ **Consumer Confidence:** Confidence in the health of the national economy

also has a big impact on the prices of stocks and bonds. People are more hesitant to invest money in a country where the stability (and therefore predictability) of the economy is in question. This is why stock prices often decrease during times of political crisis and uncertainty.

- ▶ **Expectations:** People often invest in companies based on expectations of how the company will perform, not on how the company is actually performing. When investing, the dream is always to buy low and sell high in order to make as much profit as possible. As a result, people are constantly speculating about how the market will perform. This speculation has a major impact on the price of stocks.
- ▶ **Other Investors' Behavior:** Stock prices can be manipulated by trends, competition, and the behavior of large investment firms and prominent financiers. If, for example, a large firm invests in a company, their investment will act as a signal to other investors to buy shares in the company. This alone will drive up the price of the stock.
- ▶ **Buying Bonds:** When you buy a bond, you purchase a long-term IOU issued by a government, a corporation, or some other entity. You are lending money to the issuer (i.e. the borrower) and you make money by charging interest on top of what they owe you. While interest rates in general fluctuate, the interest rate for a bond is fixed for life.
- ▶ **The Dow Jones Industrial Average (or the Dow):** The Dow is the average stock value of 30 large companies that are considered to be big players in their industries (GM, Goodyear, IBM, and Exxon are the kinds of companies that make up this index). The Dow (and other indices such as the S&P 500 and NASDAQ (the NASDAQ average is the average price of all stock in NASDAQ) track the general health of stock prices and serve as an indicator for how the stock market is performing.

SECURITIES

The term 'security' refers to the piece of paper that represents ownership of an asset. When you possess a security, you own an underlying asset without actually taking possession of it (i.e. if you own shares in a company and the company goes bankrupt you can only lose as much as you invested in the company). Securities are therefore highly liquid and can be easily traded on a secondary market. The invention of securities enabled the success of the financial market. Stocks and bonds are both 'securities'. There are three main kinds of securities:

- ▶ **Equity securities:** These give you a share in the ownership of a corporation
 - » Stocks
 - » Mutual fund: When you invest in a mutual fund, you are buying a share of a combination of investments that have been compiled by mutual fund companies, such as Fidelity, BlackRock, or T. Rowe Price. Mutual funds can consist of both stocks and bonds.

- » IPO (initial public offering): An IPO is the first time that stock of a company is sold on the stock market. In this instance, the stocks are sold in bulk, so only big investors can usually afford to purchase them. Investors can also purchase stocks at a discount if they buy them before they hit the market (like buying a condo before the building has been constructed).
- ▶ **Debt securities:** These securities give you ownership of a loan (so you receive the interest)
 - » Treasury bonds (government issued)
 - » Corporate bonds
- ▶ **Derivative securities:** These are more “creative” securities that often involve buying the option to buy a stock at a later day or involve the complex bundling of securities. Derivatives became so complex leading up to the crash in 2008 that many investors bought them without really understanding what they were buying.
- ▶ **Mortgage-backed securities** are the most well known derivative security. In this case, investment banks bundle mortgages based on risk level and sell them on the stock market (i.e. securitize the mortgages) . By combining mortgages into one large pool, the investment bank can sell pieces of the pool to investors. Individual investors can therefore purchase the mortgage-backed security as a type of bond.

INTEREST RATES

Interest rates reflect the value of money, both in terms of how much it costs to borrow it and how much can be earned by lending it. In short, it is the amount a lender receives for deferring the consumption of resources (i.e. money) until a future date and the price a borrower pays to have resources (money) now. Interest rates are set by both lending institutions (i.e. banks) and the Federal Reserve (the Fed). High interest rates make it more costly to borrow money and therefore discourage borrowing and spending. The Fed will often lower interest rates in times of economic trouble to stimulate spending and thus growth.

RECESSIONS

A recession is when GDP falls for 2 consecutive quarters and is characterized by high levels of unemployment due to lack of economic growth. A depression is like an extreme recession and happens when GDP declines by more than 10 percent. A recession/depression is over when an economy starts to experience growth again.

FISCAL AUSTERITY

Fiscal austerity is the subject of much current debate. A government austerity program is usually a last resort policy response since governments are allowed to

borrow money to pay for government services (this is called debt financing). Austerity measures are implemented when debt has reached an unsustainable level and the government cannot even afford to pay the interest on its debt without borrowing/printing more money. Although the United States government has not implemented a full-fledged austerity program in response to the Great Recession (as has been implemented in Greece), austerity measures such as tax increases, social-service cutbacks, and cuts to foreign aid have been proposed and implemented in the wake of the crisis.

THE EMERGENCY ECONOMIC STABILIZATION ACT OF 2008 (THE BAILOUT)

The Emergency Economic Stabilization Act (aka The Bailout) was proposed by the Treasury in 2008 in an effort to prevent the collapse of the entire financial system. The Act created a program that authorized the United States Treasury to spend up to \$700 billion to purchase troubled assets both domestically and internationally. It essentially enabled the government to buy bad securities in order to prevent more banks and investment banks from going bankrupt.

Additional Resource:

1. "Emergency Economic Stabilization Act of 2008." Wikipedia. <https://en.wikipedia.org/wiki/Emergency_Economic_Stabilization_Act_of_2008>.

THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009 (THE STIMULUS)

The American Recovery and Reinvestment Act (also know as the Stimulus Bill) was a Keynesian attempt to revive the economy through spending. The program impacted most sectors of the economy and included aid to the unemployed as well as resources for new infrastructure projects, health care, education, law enforcement, and new energy programs. In addition to spending, the bill introduced new tax cuts, including an auto-buyers credit. The estimated cost of the final bill was \$787 billion. It was passed in February 2009.

Additional Resource:

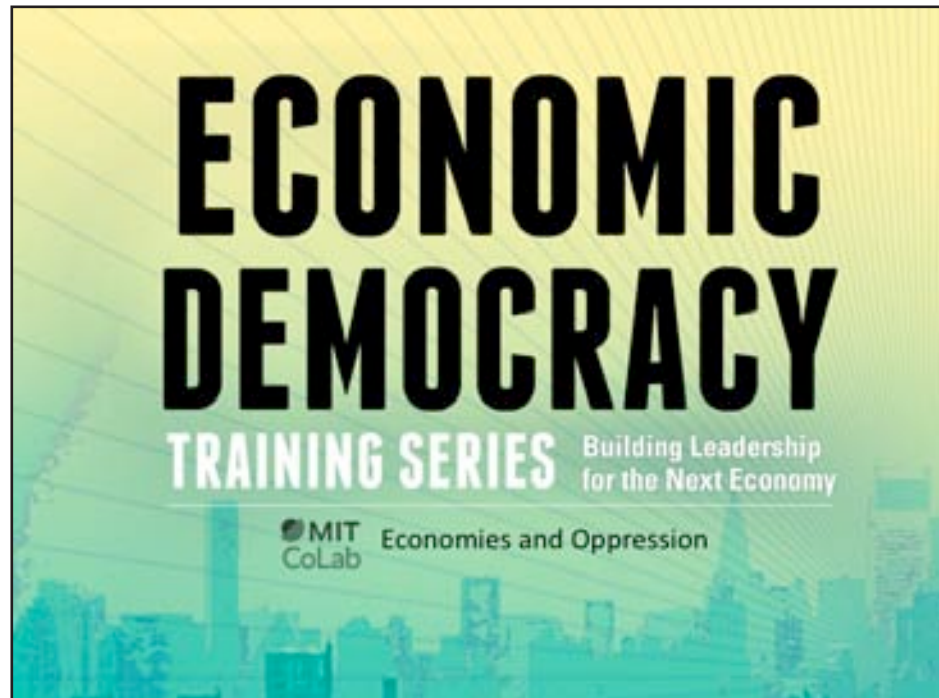
1. "American Recovery and Reinvestment Act of 2009." Wikipedia. <https://en.wikipedia.org/wiki/American_Recovery_and_Reinvestment_Act_of_2009>.

THE U.S. FISCAL CLIFF OF 2012

The Fiscal Cliff was a term used to describe the tax increases and spending cuts (\$600 billion in total) that would have gone into effect in 2013 had the government not reached an agreement on a deal before the end of 2012. **Additional Resource:**

1. "United States Fiscal Cliff." Wikipedia. <http://en.wikipedia.org/wiki/United_States_fiscal_cliff>.

APPENDIX B
VISUAL AID



SESSION GOALS

- To explain how economies have exploited particular identities within our society that are rooted in discriminatory ideologies that have historically disadvantaged them and continue to do so today
- To explain how an economic democracy framework can offer a base for addressing economic oppression within communities
- To give participants a chance to discuss their experiences with oppression within the economic system

Economic Democracy Training Series SESSION GOALS

AGENDA



- Welcome and Introductions (10 min)
- Flawed Theory (20 min)
- The Wheel of Power (40 min)
- Break (10 min)
- Concentric Circles: Structural Barriers to Dreams (20 min)
- Fighting Oppression (20 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

Flawed Theory

Flawed Theory

Activity

- Draw an image that graphically represents how wages/employment rates are determined in the economy
 - This can take any form: flow chart, supply/demand curve, cartoon, etc.)
- Discuss your image with your partner: what factors guided your images? What forces are you trying to represent?

The Wheel of Power

The Wheel of Power



The Wheel of Power



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WHEEL OF POWER

The Wheel of Power

Discussion Questions

- Looking at race/gender/citizenship, which groups have social, political, economic and ideological power in society?
- Which groups lack social, political, economic and ideological power in society?
- What ideologies do people with power have about people who do not have any power?

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WHEEL OF POWER

Concentric Circles: Structural Barriers to Dreams

Concentric Circles

- What is the biggest dream you have for yourself?

Concentric Circles

- What is the biggest dream you have for the youngest child in your family?

Concentric Circles

- What is the hope you have for your community?

Concentric Circles

- Thinking about the social, political, economic and ideological powers that some people have, what structural forces exist that prevent you from achieving your dreams?
- Or, are there forces that normally work against people who look/are like you and/or who are in a situation similar to yours?

Fighting Oppression

The Four I's of Oppression



1 IDEOLOGICAL



2 INSTITUTIONAL



3 INTERPERSONAL



4 INTERNALIZED

Credits:
Juan Pablo Brea, from the Neuen Project (Ideological)
Diego Chavez, from the Neuen Project (Institutional)
Scott Lewis, from the Neuen Project (Interpersonal)
External, from the Neuen Project (Internalized)

FIGHTING OPPRESSION

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The Four I's of Oppression

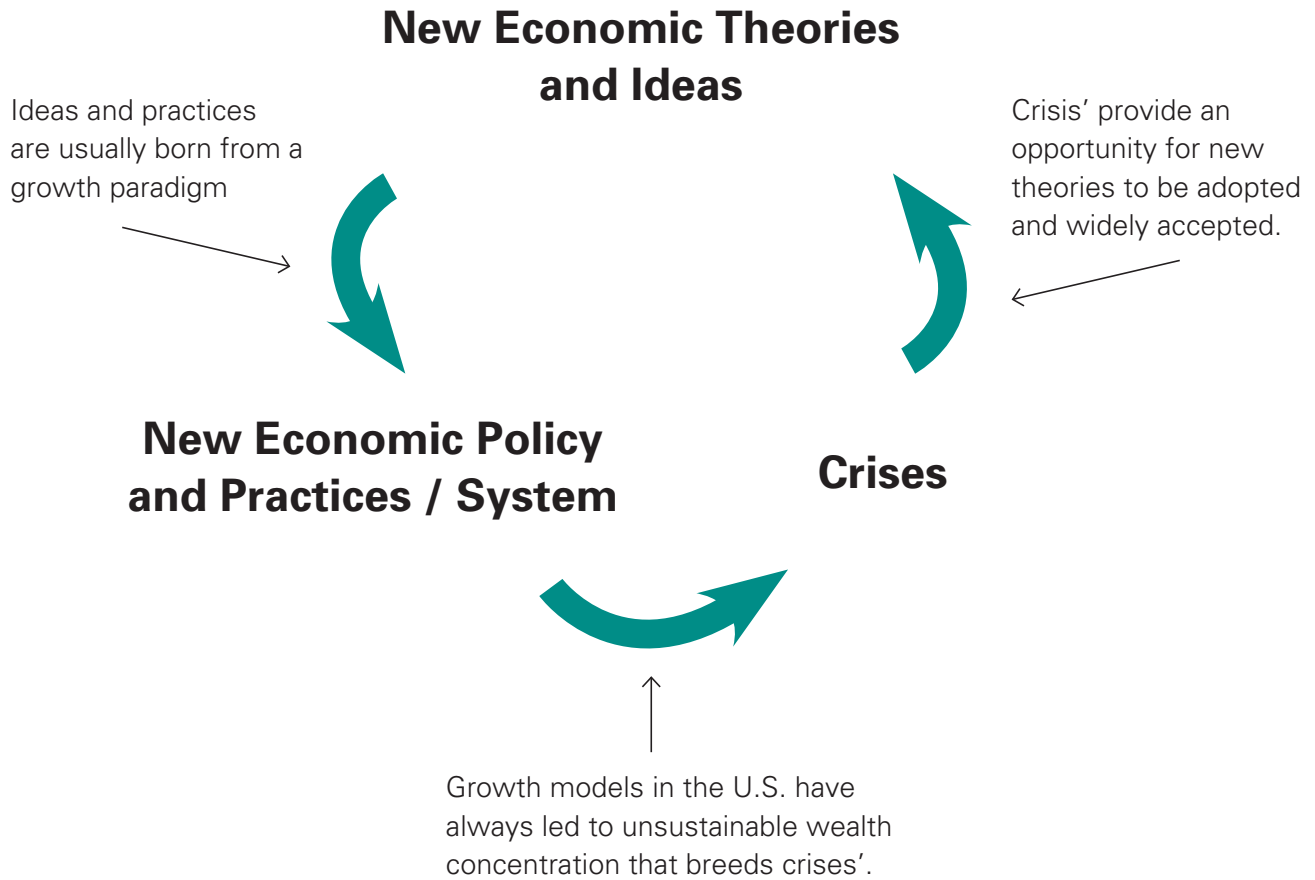
Discussion Question

- How does (or can) economic democracy challenge systems of oppression?

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FIGHTING OPPRESSION

APPENDIX C:HANDOUT NO. 1
THE CYCLE OF CRISIS



APPENDIX D: HANDOUT NO. 2
EVALUATION FORM

ECONOMIES IN CRISIS – THE GREAT RECESSION 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.

	Check all that apply	General Comments
Understanding the Banking System		
What led to the Great Recession		
Government Responses to Crises		
The Machine		
Other		

What parts of the workshop did you dislike? Why?

	Check all that apply	General Comments
Understanding the Banking System		
What led to the Great Recession		
Government Responses to Crises		
The Machine		
Other		

What areas of the workshop need improvement? How could they be improved?

	Check all that apply	General Comments
Understanding the Banking System		
What led to the Great Recession		
Government Responses to Crises		
The Machine		
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
Great size and set up		
Too small		
Too large		
No comment		

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!

APPENDIX E: HANDOUT NO. 3

MAJOR TAKEAWAY POINTS

The banking system can seem confusing, but it is simply based on the principle of trust.

The banking system relies on consumer faith and trust in the system to prevent bank runs and panics.

To understand the Great Recession, it is important to understand the institutions that make up our financial system. Commercial banks, investment banks, the Federal Reserve, individuals, and investors, all play a role in the system.

Governments can choose to respond to crises by putting more money into the economy and hoping to encourage growth (stimulus), or they can cut spending in an attempt to prevent further losses (austerity).

“Political and financial institutions can take many forms. Under an economic democracy framework, these institutions would be governed by civil society.”

My thoughts, reactions,
notes to self:

FACILITATOR'S GUIDE

Economics and Oppression

TIME: 2 HOURS

Overview: This workshop aims to provide a space where participants can explore how economics and the economy interacts with, and contributes to, different forms of oppression and marginalization.

SESSION GOALS:

- Explain how economies have exploited particular identities (race, gender, immigration status, etc.) within our society that are rooted in discriminatory ideologies (racism, sexism, xenophobia) that have historically disadvantaged them and continue to do so today
- Explain how an economic democracy framework can offer a base for addressing economic oppression within communities
- Give participants a chance to discuss their experiences with oppression within the economic system and provide them with the conceptual vocabulary to link experiences of oppression with systemic inequalities

MATERIALS NEEDED:

- White board or flip chart paper
- Video projection equipment (projector, laptop, and PowerPoint), if available
- Markers
- Name tags
- Pens and paper
- Appendix:
 - A. Reference Materials
 - B. Visual Aid
 - C. Handout No. 1: Fighting Oppression
 - D. Handout No. 2: Evaluation Form
 - E. Handout No. 3: Major Takeaway Points



PREPARATION/PRE-TRAINING:

Facilitators should review the following concepts using the texts and resources found in **Appendix A**.

- Invisible Hand
- 4 I's of Oppression
- Oppression



AGENDA:

Times below are suggested. As written, the agenda includes a break. If you choose to include a break, the module will exceed the 2-hour allotted time.

I. WELCOME AND INTRODUCTIONS	10 MINUTES
II. FLAWED THEORY	20 MINUTES
III. THE WHEEL OF POWER	40 MINUTES
IV. BREAK (OPTIONAL)	(10 MINUTES)
V. CONCENTRIC CIRCLES: STRUCTURAL BARRIERS TO DREAMS	20 MINUTES
VI. FIGHTING OPPRESSION	20 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

- Name tags
- Markers
- White board or flip chart paper
- Video 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 this 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 visible throughout the workshop. **(Slide 2)**

SAMPLE GOALS

- Explain how economies have exploited particular identities (race, gender, immigration status, etc.) within our society that are rooted in discriminatory ideologies (racism, sexism, xenophobia) that have historically disadvantaged them and continue to do so today.
 - Explain how an economic democracy framework can offer a base for addressing economic oppression within communities
 - Give participants a chance to discuss their experiences with oppression within the economic system and provide them with the conceptual vocabulary to link experiences of oppression with systemic inequalities
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 to 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. **(Slide 3)**
 - Time Expectations - 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. You can have them state their name, reason for attending the workshop and/or what they 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 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 **(Slide 4)**.

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. 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 haven’t said anything, consider speaking up, asking a question or sharing an idea you have.
- Hold comments until the end – We only have a limited amount of 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. FLAWED THEORY **TIME: 20 MIN**

SECTION OBJECTIVES

- Use creativity and storytelling to launch into a deeper discussion about structural oppression in the economy
- Reveal the incongruence between how economic theory predicts the world will work and how the world actually functions

MATERIALS NEEDED

- Pens and Paper

FACILITATION

1. Ask participants to draw an image that graphically represents how wages/employment rates are determined in the economy (this can be any form of graphic representation – flow chart, supply/demand curve, cartoon, etc.). Ask: *In this country, how is it determined who gets a job and what they get paid?*
2. Ask participants to share their images with a partner. Discuss how they determined which factors guided their image and which forces they are trying to represent.
3. Engage participants in a popcorn-style discussion about the diversity of forces that influence economic activity. *So what did you all draw? What factors determine whether you are employed, or how much you make?*

The list should include: supply/demand, firms, profit, utility, policy, race, gender, nationality, and values/norms

TAKEAWAY POINTS

- Remind participants of where we are in the cycle of crisis. The neoliberal policies and practices we have are grounded in neoclassical economic theory. That is, the idea that the objective supply and demand forces will naturally guide the economy to its equilibrium.

- Market forces of supply and demand are supposed to dictate how much labor is in supply and how much money is made - not race, class or gender.
- The economy is not an objective entity. It is not guided solely by the invisible hand of the market, but is also influenced by political and social factors (such as race, gender, policy, and political status). These forces privilege some groups and disadvantage others.
- After discussing the numerous and diverse forces that shape economic outcomes, define *political economy* as a term used to bring to light the social and political forces that impact economic decision-making. When we describe economics as the way society distributes resources or provisions for itself, we are highlighting the political and social factors that often drive these decisions. The way economics is currently described as market forces, supply and demand, etc. can obscure this reality.

III. THE WHEEL OF POWER TIME: 40 MIN

SECTION OBJECTIVES

- Introduce a framework for understanding power in society
- Ground understanding of power as a structural force impacting many aspects of life

MATERIALS NEEDED

- Video equipment (projector, laptop, and PowerPoint), if available
- Appendix B: Visual Aid

FACILITATION

Introduce the section: *We know that the economy is not neutral; people with power make decisions that impact our access to resources. Understanding what kind of power keeps these decision-makers in place is necessary if we are to be effective in our fight for change.*

4. Show the first version of the wheel of power and define the different types of power **(Slide 8)**:
 - ▶ **Political Power:** The ability to control the administration of some or all of the public and private resources, including labor and wealth.
 - ▶ **Social Power:** The ability to control your environment by determining the inclusivity/exclusivity of other entities.

- ▶ **Economic Power:** The ability to influence political behavior and decisions based on money, wealth, or purchasing ability.
 - ▶ **Ideological Power:** The ability to use an idea or belief (fact or myth) as a means to influence or normalize conditions.
5. Read out the scenarios below and ask participants to name the type of power that is demonstrated by each of the actors. Ask them to justify why they think it demonstrates that particular type of power.
- ▶ The lack of East to West streets and MTA connections in most boroughs **(political, economic)**
 - ▶ A politician saying: “This is a priority, there’s just no money left in the budget.” **(political, ideological)**
 - ▶ Fear that undocumented immigrants will take away their jobs **(ideological)**
 - ▶ When someone says, “He should have stayed in school,” after a young man is arrested for selling drugs **(ideological)**
 - ▶ The public subsidies that the New York Yankees received in order to build a new Yankee stadium **(economic, social, political)**
 - ▶ The decision to site public waste facilities in poor neighborhoods **(political)**
 - ▶ Low-income neighborhoods have fewer grocery stores because supermarket chains cannot (or believe they cannot) make a profit **(economic)**
 - ▶ Someone gets a job referral from someone they went to college with **(social)**

As the parentheses indicate, the scenarios show different kinds of power that can influence decision-making. Ask people to respond to the comments of their fellow participants to see if they can get at the idea that all of these types of power are linked and reinforce one another. If you have political power, you probably also have economic and social power, etc.

Part of the fight for economic democracy, therefore, is gaining economic power so that people can wield greater political power and so on.

6. Reveal the second version of the wheel of power where social, political, and economic powers are embedded within ideological power **(Slide 9)**.

POPCORN QUESTION: *Why might I argue that power works more in this way?*

The way people think, what they believe, and what is ingrained as normal often play a major role in how they exercise the power they have. For example, if someone has political power and believes that people need to “pull themselves up by their bootstraps” then the policies they push for will not be very generous.

DISCUSSION QUESTIONS

This is the opportunity for you to focus on a particular marginalized identity you want to explore in the workshop—race, gender, sexuality, ability, age, etc.

- Looking at race/gender/citizenship, which groups have social, political, economic and ideological power in society?

A: White/Men/U.S. Citizens

- Which groups lack social, political, economic, and ideological power in society?

A: People of color/Non-Heterosexual Men/ Undocumented Immigrants

- What ideologies do people with power have about people who do not have any power?

A: Stealing jobs, lazy, weak, deserving of their situation, there's no alternative, not following the American Dream, resources are scarce, etc.

Note to participants that many of these ideologies are strongly related to one another AND are things that we – despite not being in power – believe as well.

POPCORN QUESTION: *Why do we believe it?*

TAKEAWAY POINTS

- The economy is not neutral; people with power make decisions that impact our access to resources. Understanding what kind of power keeps these decision-makers in place is necessary to be effective in our fight for change.
- By changing our current exploitative economic system to an economic democracy, we can start to transform power relations among different actors in society and ensure those who have been marginalized have the opportunity to flourish.

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

V. CONCENTRIC CIRCLES: STRUCTURAL BARRIERS TO DREAMS

TIME: 20 MIN

SECTION OBJECTIVES

- Allow space and time for storytelling and sharing
- Connect people's experiences to an exploitative system that does not distribute resources properly or fairly

MATERIALS NEEDED

- Computer or any music-playing device
- Video equipment (projector, laptop, and PowerPoint), if available
- Appendix B: Visual aid

FACILITATION

1. Introduce the section: *The American Dream is a classic idea that provides justification for cutting social welfare policies and programs through the belief that hard work advances economic opportunities. It is also something that most of us (at some point) believe or believed. So let's talk about our dreams.*
2. Count participants off by twos so that there are two groups. Instruct the "1's" to form a circle facing outward. Instruct the "2's" to form a circle around them facing inward. There should be two concentric circles now, with each participant facing another participant (there can be a group of three if there is an odd number).
3. Play music. As the music plays, ask the inner circle to move around clockwise and the outer circle to move around counterclockwise. After 15 or so seconds, stop the music. Participants should be facing a new partner. Each time you stop the music, ask one of the questions below and give each participant about 1.5 minutes to answer. Make sure you remind them to switch!

Ask participants to share with their partner:

- What is the biggest dream you have for yourself? **(Slide 12)**
- What is the biggest dream you have for the youngest child in your family? **(Slide 13)**
- What is the hope you have for your community? **(Slide 14)**
- Thinking about the social, political, economic, and ideological powers that some people in society have, what structural forces exist that prevent you from achieving your dreams? **(Slide 15)**

- Alternatively, to focus on a particular oppression, you can ask: Are there forces that normally work against people who look/are like you and/or who are in a situation similar to yours? **(Slide 15)**
4. Ask participants to share answers that impacted or resonated with them.

TAKEAWAY POINTS

- The economic systems that we participate in have particular structures that enable exploitation. Understanding how these systems work and learning how to disaggregate them will make the concepts more applicable to everyday life.

VI. FIGHTING OPPRESSION **TIME: 20 MIN**

SECTION OBJECTIVES

- Provide space and time to reflect on how we can challenge oppression in our everyday lives, particularly through practices that are rooted in economic democracy.

MATERIALS NEEDED

- Pens
- Video equipment (project, laptop, and PowerPoint), if available
- Appendix B: Visual Aid
- Appendix C: Handout No. 1: Fighting Oppression

FACILITATION

1. Go over the four /s of oppression. **(Appendix A; Slide 17)**
2. Ask participants to partner with the last person they spoke to in the concentric circles activity. Hand out the “fighting oppression” workshop and instruct them to fill it out together.

In each box, participants should brainstorm what they can do to fight the structural oppression they face. You can offer examples if participants need.

- In the institutional box, participants should identify an institution or approach associated with economic democracy (worker cooperatives, participatory budgeting, land trusts, etc.) and offer how it might remove some of the structural barriers to the dream they mentioned earlier.

- ▶ For example, if I am a domestic worker who works long hours and takes care of other people’s kids. I will need childcare for my son. But I don’t have enough money to make sure he is in a nurturing environment while I am at work, so I could get together with other people who might need childcare services and see if we can pool our resources to start a cooperative day care center.
 - In the interpersonal box, participants should identify a place of privilege they come from and offer what they can do to be a good ally.
 - In the ideological box, participants should identify an ideology or assumption society has about them based on their identity and offer a new ideology that they would want a society based on economic democracy to have about them.
 - ▶ “Pick yourself up by your bootstraps” is a detrimental ideology. I think there should always be a community you are accountable to and is accountable to you in return.
 - In the internalized box, participants should identify an ideology that they buy into or believe that is oppressive and offer how they will challenge their thinking around it in the future.
 - ▶ I will stop thinking that resources are scarce and frame my desires for the world as a desire to share abundance.
5. Ask participants to report back.

DISCUSSION QUESTION

How does (or can) economic democracy challenge systems of oppression?

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 thought
- Collect valuable feedback and data from participants
- Close and generate excitement about Economic Democracy and the rest of the training series

MATERIALS NEEDED

- Appendix D: Evaluation Form
- Appendix E: Major Takeaway Points

FACILITATION

1. Summarize the Main Points and Topics
 - ▶ Oppression is power plus prejudice and it operates in social, political, ideological, and economic realms.
 - ▶ The power that white, male, heterosexual American citizens (and other privileged identities) hold has real implications for the way resources are allocated in society and cause those with marginalized identities to encounter not only interpersonal barriers, but also structural barriers to accessing resources.
 - ▶ The ideological realm determines how power in other realms are expressed. Therefore, we must always keep in mind the ideologies, assumptions, and norms that we are challenging as we push for economic democracy.
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 this new economy based on shared wealth. Ask: *How do we make sure we are not perpetuating systems of oppression in our movement?*
3. Discuss any concrete next steps participants can take, upcoming events, and the next training.
4. Depending on the time left, either hand out the written evaluation for participants to complete, or conclude with the four-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 the future workshops. **(Appendix D)**
- ▶ 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 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 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 stretch 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

INVISIBLE HAND

The Invisible Hand is a metaphor conceived of by Adam Smith in his book, The Wealth of Nations. In it, he describes the ability of a free market, governed by self-interest and supply and demand, with little to no interference from government, to provide the maximum benefit to society. This theory is often used as the ideological justification for neoliberal economic policies. As we have mentioned, however, market forces do not simply act on their own. They are constrained and constructed by social and political forces. As Nobel prize winning economist Joseph E. Stiglitz once offered, “The reason that the invisible hand often seems invisible is that it is often not there.”

Source:

1. “A Q&A with Joseph Stiglitz.” Daniel Altman. <http://economistsview.typepad.com/economistsview/2006/10/joseph_stiglitz.html>.

OPPRESSION

Oppression is best understood as a system that combines prejudice and discrimination with institutional and ideological power and privilege. At the core of any oppression (racism, sexism, heterosexism, etc.) is an ideology of superiority held by a dominant group—be it white people, men, heterosexual people, able-bodied people, rich people, etc. These attitudes are manifested in the institutions—courts, media, schools—that the dominant group also controls. They result in mass incarceration, misrepresentation in the media, and poor school systems, among other ills. The ideological and institutional powers in society allow for the interpersonal mistreatment of the targeted group by the dominant group (i.e. racial slurs, violence against women, hate crimes, etc.). Finally, the oppression is internalized by the targeted group and very little overt oppression is necessary to keep the system in place. This view of oppression explains why there is no such thing as “reverse racism” or a woman being sexist; without the force of institutional and ideological power behind the actions or attitudes, they are just singular actions or attitudes, not oppression.

THE FOUR /S OF OPPRESSION

Ideological

First, any oppressive system has, at its core, the idea that one group is better than another and, in some measure, has the right to control the other group. This idea gets elaborated in many ways—the first group is deemed more intelligent, harder

working, stronger, more capable, more noble, more deserving, more advanced, chosen, superior, and so on. The dominant group holds this idea about itself. And, of course, the opposite qualities are attributed to the other group—stupid, lazy, weak, incompetent, worthless, less deserving, backward, inferior and so on. These are known as *dominant narratives*, and they serve to make the dominant group appear *normal* and everyone else to appear as an aberration, or *Other*.

Institutional

Institutions can reinforce and manifest ideologies or dominant narratives created by dominant groups. These institutions include the media, the medical industry, the legal system, education, religion, psychiatry, and banking and financial systems. The idea that one group is better than another and has the right to control the other becomes embedded in these institutions through laws, the legal system and police practice, how schools are run and what they teach, hiring practices, public policy, housing development, media images, political power, etc. The fact that women on the whole make less than what men make (even after controlling for occupation and experience – which also has sexist underpinnings) is evidence of institutionalized sexism that does not compensate men and women equally for equal work. The fact that one out of four African American men are in jail or on probation is evidence of institutionalized racism, which polices, accuses, convicts and sentences citizens differently according to their racial or ethnic identity. Consider how dominant culture also controls the language that is used to describe all groups in society and can make things visible or invisible when necessary.

Other examples/things to consider are the “War on Drugs” policies that replaced the “War on Poverty,” as well as an expanded definition of violence and how violence towards targeted groups happens at a systemic level. Another example is the institution of parental leave. In countries that mandate parental leave after the birth of a child for both men and women, members of both groups tend to have similar employment outcomes later. In countries that don’t (e.g. the U.S.), the responsibility for rearing young children often falls on women (or employers assume that it will anyway), and this often disadvantages them in their career.

Interpersonal

The idea that one group is better than another and has the right to control the other, which gets structured into our institutions, gives permission and reinforcement for individual members of the dominant group to personally mistreat individuals in the targeted or oppressed group. Interpersonal racism is at play when white people mistreat people of color directly—through racist jokes, stereotypes, physical violence and harassment, or exclusion. Similarly, interpersonal sexism is at play when men mistreat women—through sexual abuse/harassment, violence, sexist jokes, ignoring or minimizing women’s thinking, etc. Many people in the dominant group are not consciously oppressive. They have internalized the negative

messages about other groups and consider their attitudes toward other groups quite normal.

No “reverse racism.” Prejudiced attitudes and behaviors only become *oppressive* when they are backed up by similarly prejudiced institutions. Thus, there can be no reverse racism or sexism. People of color can have *prejudices* against and anger towards white people as a whole, or white people individually. They can even act out those feelings in destructive and hurtful ways towards whites. But in almost every case, acting out will be severely punished. The force of the police and the courts, or at least a gang of whites getting even, will come crashing down on those people of color, as has always been the case throughout history. However, the individual prejudices of people of color are not backed up by the legal system and prevailing white institutions. The oppressed group, unlike the dominant group, does not have the power to enforce its prejudices on a wider scale through legal and other institutions. For example, the racist beating of Rodney King was carried out by the institutional force of the police and upheld by the court system. This would not have happened if King had been white and the officers black. A more recent example is the acquittal of George Zimmerman for the murder of Trayvon Martin. Zimmerman’s ingrained conceptions of the criminality of young black men, as well as the legal treatment of the case afterward (both the initial reluctance to try Zimmerman and his eventual acquittal) highlight the institutional racism surrounding the case. These are institutional biases that a black man who killed a white youth would not have access to.

Internalized

Oppressive ideologies become internalized when the oppressor no longer has to exert overt force to assert dominance because it is so embedded within institutions and interpersonal interactions. Thus, the fourth way oppression works is within the oppressed group. Oppressed people internalize the ideology of inferiority, they see it reflected in the institutions, they experience mistreatment interpersonally from members of the dominant group, and they eventually come to internalize the negative messages about themselves.

Oppression always begins from outside of the oppressed group, but by the time it gets internalized, the external oppression need hardly to be felt for the damage to be done. If people from the oppressed group feel bad about themselves and do not have the power to direct those feelings back toward the dominant group without receiving more blows, then there are only two places to dump those feelings—on oneself and on the people in the same group (called horizontal violence). Thus, people in any target group have to struggle hard to keep from feeling heavy feelings of powerlessness or despair.

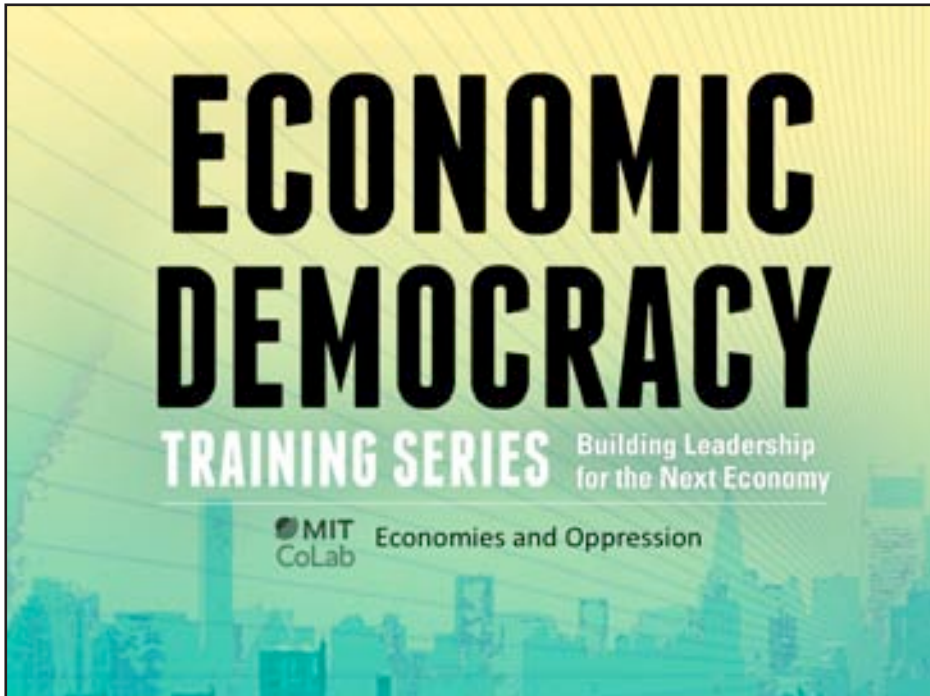
To eliminate institutional oppression, each oppressed group has to undo the internalized beliefs, attitudes, and behaviors that stem from the oppression so that they can build unity and power among people in that group, support its leaders, feel proud of its contributions, and develop strength and organize.

The 4 I's as an Interrelated System

It should be clear that none of these four aspects of oppression can exist separately; each is completely supported by the others. If attempts to dismantle oppression are to truly result in change, challenges should be brought at all four levels.

Additional Resources A handout that describes the four I's of oppression. <<http://www.grassrootsfundraising.org/wp-content/uploads/2012/10/THE-FOUR-IS-OF-OPPRESSION-1.pdf>>.

APPENDIX B VISUAL AID



SESSION GOALS

- To explain how economies have exploited particular identities without our society that are rooted in discriminatory ideologies that have historically disadvantaged them and continue to do so today
- To explain how an economic democracy framework can offer a base for addressing economic oppression within communities
- To give participants a chance to discuss their experiences with oppression within the economic system

2 | Economic Democracy Training Series SESSION GOALS

AGENDA



- Welcome and Introductions (10 min)
- Flawed Theory (20 min)
- The Wheel of Power (40 min)
- Break (10 min)
- Concentric Circles: Structural Barriers to Dreams (20 min)
- Fighting Oppression (20 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

Flawed Theory

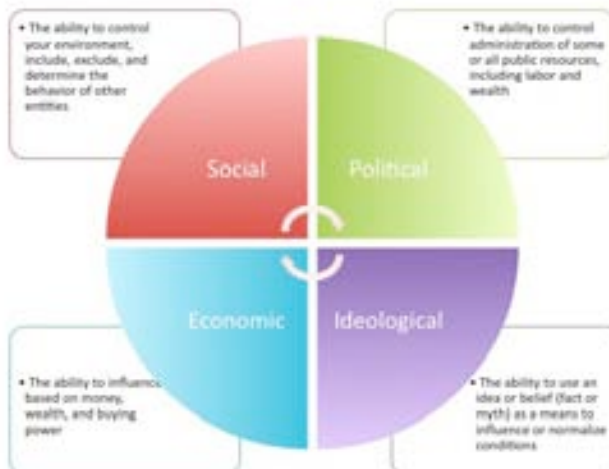
Flawed Theory

Activity

- Draw an image that graphically represents how wages/employment rates are determined in the economy
 - This can take any form: flow chart, supply/demand curve, cartoon, etc.)
- Discuss your image with your partner: what factors guided your images? What forces are you trying to represent?

The Wheel of Power

The Wheel of Power



The Wheel of Power



8 | Economic Democracy Training Series

WHEEL OF POWER

The Wheel of Power

Discussion Questions

- Looking at race/gender/citizenship, which groups have social, political, economic and ideological power in society?
- Which groups lack social, political, economic and ideological power in society?
- What ideologies do people with power have about people who do not have any power?

10 | Economic Democracy Training Series

WHEEL OF POWER

Concentric Circles: Structural Barriers to Dreams

Concentric Circles

- What is the biggest dream you have for yourself?

Concentric Circles

- What is the biggest dream you have for the youngest child in your family?

Concentric Circles

- What is the hope you have for your community?

Concentric Circles

- Thinking about the social, political, economic and ideological powers that some people have, what structural forces exist that prevent you from achieving your dreams?
- Or, are there forces that normally work against people who look/are like you and/or who are in a situation similar to yours?

Fighting Oppression

The Four I's of Oppression



1 IDEOLOGICAL



2 INSTITUTIONAL



3 INTERPERSONAL



4 INTERNALIZED

Credits:
Juan Pablo Bravo, from the Neuen Project (Ideological)
Diego Chavez, from the Neuen Project (Institutional)
Scott Lohr, from the Neuen Project (Interpersonal)
External, from the Neuen Project (Internalized)

FIGHTING OPPRESSION

The Four I's of Oppression

Discussion Question

- How does (or can) economic democracy challenge systems of oppression?

APPENDIX C: HANDOUT NO. 1
FIGHTING OPPRESSION

<p>Interpersonal Oppression <i>Identify a place of privilege you come from and offer what you can do to be a good ally to those facing oppression.</i></p>	<p>Institutional Oppression <i>Identify an institution associated with economic democracy (worker cooperatives, participatory budgeting, land trusts, etc.) and offer how it might remove some of the structural barriers to the dreams you mentioned earlier.</i></p>
<p>Internalized Oppression <i>Identify an ideology that you buy into or believe that is oppressive and offer how you will challenge your thinking around it in the future.</i></p>	<p>Ideological Oppression <i>Identify an ideology or assumption society has about you due to your identity and offer a new ideology that you would want a society based on economic democracy to have about you.</i></p>

APPENDIX D: HANDOUT NO. 2
EVALUATION FORM

ECONOMICS AND OPPRESSION 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	
		A Flawed Theory
		The Wheel of Power
		Sharing dreams; concentric circles
		Structural barriers to dreams
		Fighting oppression
		Other

What parts of the workshop did you dislike?

General Comments	Check all that apply	
		A Flawed Theory
		The Wheel of Power
		Sharing dreams; concentric circles
		Structural barriers to dreams
		Fighting oppression
		Other

What areas of the workshop need improvement?

General Comments	Check all that apply	
		A Flawed Theory
		The Wheel of Power
		Sharing dreams; concentric circles
		Structural barriers to dreams
		Fighting oppression
		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	Check all that apply	
		Convenient location for me
		Inconvenient location for me
		No comment
		Other

Room size and set up (check one)

General Comments	Check all that apply	
		Great size and set up
		Too small
		Too large
		No comment

Food (check one)

General Comments	Check all that apply	
		Satisfied
		Unsatisfied
		Did not eat
		Other

Length (check one)

General Comments	Check all that apply	
		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 E: HANDOUT NO. 3

MAJOR TAKEAWAY POINTS

1. The economy is not an objective entity – it is not guided solely by the invisible hand of the market, but is influenced by political and social factors (such as race, gender, policy and political status). These factors privilege some groups and disadvantage others.
2. The people privileged by political and social forces have power that they operate in social, political, ideological, and economic realms, which serves to reinforce their power and keep others oppressed.
3. The ideological realm determines how power in other realms is expressed. Therefore, we must always keep in mind the ideologies, assumptions, and norms that we are challenging as we push for economic democracy.
4. Fighting for policies and practices that are in line with economic democracy will help us fight and eliminate current policies and practices that serve as structural barriers to achieving our fullest potentials..

FACILITATOR'S GUIDE

Worker Cooperatives and Economic Democracy

TIME: 2 HOURS

Overview: This workshop focuses on worker-owned cooperatives as one strategy for building economic democracy. The workshop opens with a review section that connects the previous workshops to each other and to the topic of worker-owned cooperatives. Playing the board game “Co-opoly” is an integral part of the workshop due its applied learning.



SESSION GOALS:

- Explore the concept and model of worker cooperatives
- Engage participants in multiple ways so they not only hear what a worker cooperative is like, but also feel and experience it
- Examine a few examples of worker cooperatives
- Evaluate the potential of worker cooperatives as an economic development strategy



MATERIALS NEEDED:

- White board or flip chart paper
- Video projection equipment (projector, laptop, and PowerPoint), if available
- Co-opoly board game
- Markers
- Name tags
- Pens and Paper
- Appendix:
 - A. Reference Materials
 - B. Visual Aid
 - C. Handout No. 1: A Brief History of Worker Cooperatives in the U.S.
 - D. The Mondragon Experiment
 - E. Handout No. 2: Evaluation Form
 - F. Handout No. 3: Major Takeaway Points



PREPARATION/PRE-TRAINING:

Facilitators should review the following concepts and organizations/companies using the texts and resources found in **appendices A, B, C**.

- History of Worker Cooperatives
- Definitions of Different Types of Cooperatives
- Mondragon Corporation
- Rochdale Principles



AGENDA:

Times below are suggested. As written, the agenda includes a break. If you choose to include a break, the module will exceed the 2-hour allotted time.

WELCOME AND INTRODUCTIONS	10 MINUTES
REVIEW ECONOMIC DEMOCRACY PRINCIPLES	20 MINUTES
PLAY CO-OPOLY	45 MINUTES
BREAK (OPTIONAL)	(10 MINUTES)
WHAT IS A WORKER COOPERATIVE?	15 MINUTES
HISTORY AND CHALLENGES OF COOPERATIVES	20 MINUTES
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

- Name tags
- Markers
- Flip chart paper
- 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 this 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 visible throughout the workshop **(Slide 2)**.

SAMPLE GOALS

- Explore the concept and model of worker cooperatives
 - Engage participants in multiple ways so they not only hear what a worker cooperative is like, but also feel and experience it
 - Examine a few examples of worker cooperatives
 - Evaluate the potential of worker cooperatives as an economic development strategy
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 to 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. **(Slide 3)**

▶ Time Expectations - 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. They can include their name, reason for attending the workshop, what they hope to get out of the workshop, and any other important identifier if necessary/desired (neighborhood, organization, etc.) and 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 treat each other and 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. **(Slide 4)**

SAMPLE FIRST AGREEMENTS TO CONSIDER

- Be present – don’t look at cell phones, text, or be on 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 haven’t said anything, consider speaking up sharing a question or idea you have.
- Hold comments till 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. REVIEW ECONOMIC DEMOCRACY PRINCIPLES

TIME: 20 MIN

SECTION OBJECTIVES

- Review major concepts in economics and economic democracy introduced in previous workshops
- Connect concepts of economic democracy to the worker cooperative model

MATERIALS NEEDED

- Flip chart paper
- Markers
- Video equipment (projector, laptop, and PowerPoint), if available
- Appendix B: Visual Aid

ECONOMICS

1. Review the definition of “the economy” and the economic survival questions.

POPCORN QUESTION: *How did we define “the economy”? Economics?*

Solicit answers from participants.

Right, the economy is the way human societies meet their needs. When we understand the economy in this way we see it as a socially constructed system that takes into account politics, culture, and a host of other dynamics present in human society—including racial prejudice, gender discrimination, and other types of oppression (Slide 6).

POPCORN QUESTION: *As human societies work to meet their needs, what are the three economic survival questions they must answer? (Slide 6)*

The three economic survival questions are:

1. What to produce?
2. How to produce it?
3. Who gets what is produced?

DISCUSSION QUESTIONS: How do you answer these three questions in your family? Do you produce anything? How do you produce it? Who gets what?

The answers could include discussions of family dynamics, what people in their home do for money, or how they make decisions about spending money.

STRONG AND JUST ECONOMY

2. Connect the economic survival questions to the development of a strong or weak economy. Generate a list of characteristics of a strong economy. Remind participants that a *strong* economy is not enough, but it must also be a *good* economy: just, equitable, and environmentally sustainable.

How we answer these questions produces different types of economies; we can develop strong or weak economies. So let's create a list of characteristics that define our ideal economy.

We also began to wonder if having a strong economy was enough. We admitted that while New York City is one of the strongest economies in the world by traditional measures, the strength of the NYC economy does not benefit everyone. We began to talk about the need for an equitable economy, an economy that stewards our natural resources—like keeping air and water clean—and that cares for people.

DISCUSSION QUESTIONS:

- What are some of the ways we can build a strong and just economy? What are some of the ideas we explored or that you've read about on your own? **(Slide 8)**

WEALTH

3. Review the ways wealth can lead to a strong economy. **(Slide 9-10)**

We spent time talking about building wealth through ownership. We talked about the traditional understanding of wealth – remember the bathtub image: it fills up with income, drains from consumption, and wealth is the water that stays.

But we didn't stop there. We talked about building community wealth.

POPCORN QUESTION: *How did we define community wealth?*

We expanded the idea of wealth to include the eight forms of capital.

POPCORN QUESTIONS: *Can we name some of those forms of wealth? How are these forms of wealth different than just financial wealth alone?*

Through building holistic community wealth we can develop a strong and just economy in the Bronx.

ECONOMIC DEMOCRACY

4. Review the definition and principles of economic democracy (**Slides 11-12**). Discuss the vision for economic democracy and the strategy to get there. Close with the JED Diagram and how economic democracy can be part of answering the economic survival questions (**Slide 13**).

That brings us back to our very first workshop where we discussed the idea of economic democracy.

POPCORN QUESTION: *Does anyone remember how we describe economic democracy? What is it? What are the characteristics of economic democracy?*

Two of the most popular ideas about what defines America are a strong economy and a strong democracy. Through our sessions, we have discovered that our democracy might not be so strong. In fact, large corporations and the super-wealthy are exerting a powerful influence on our democratic system of governance. While many neoliberals claim that we should keep government and the economy separate, we saw that our government actually provides a lot of support to the “private” sector. Economic democracy is an alternative way of arranging our institutions and society. Under economic democracy, we can infuse democracy into existing institutions, we can build new democratic institutions—private, public, and nonprofit—and these institutions can generate a strong, equitable, ethical, and sustainable economy.

So let’s look at a diagram we used before. We said that in the world as it is, we have a bunch of corporate interests acting as ruling institutions. These ruling institutions influence all types of policies, our culture, and more. They exert influence and control over the mediating institutions; mediating institutions are things like government, the military, religious organizations, the media, and others that are supposed to be working towards the common good. Ruling institutions gain power over the mediating institutions and use them to influence the general population—that’s all of us down here. Now, community organizing attempts to assemble enough people down here—among the rest of us—to exert influence over the mediating institutions that will in turn influence the ruling institutions. That is, we work to reverse the arrows of power.

In economic democracy we want to continue building power, continue organizing, but we ultimately want to change the relationships between these actors. We used this diagram to show that in economic democracy it is the people who are participating in the democratic mediating institutions and that these institutions are influencing private enterprise and nonprofits. We want to move from a reactive position to a proactive position. We don’t want to just propose or oppose policy change, we want to reclaim, rebuild, or establish new democratic institutions that can allow us to move into a new economy.

5. Show the JED Diagram (**Slide 13**). Build on participants' understanding of economic democracy by explaining the diagram. This diagram goes through the production cycle—answering the economic survival questions. Each part of the pie represents a different part of the cycle. Within each part, there are different strategies for building economic democracy.
6. Worker cooperatives: *We are going to focus on one strategy featured in this diagram, which is worker-owned cooperatives. You can see that the worker cooperative is featured in different parts of the pie and that there are several types of cooperatives (producer cooperatives, consumer cooperatives, housing cooperatives). Worker cooperatives are part of the production process.*

TAKEAWAY POINTS

- ▶ Economic democracy is about collective ownership. Last time we talked about owning land together, but what if you owned your job?
- ▶ When we constructed the circuit of capital in our second workshop we had people who owned the firm. The owner employed laborers as part of the production process in their firm. In a capitalist system, the owner pays the laborers a wage, but the owner gets to capture the surplus, or the profits.
- ▶ Now, laborers can organize together to form unions that can bargain with the owners to ensure that a fair share of the profits are directed to the workers through wages and benefits. The government can also use taxes to capture some of the surplus to use towards the common good and to redistribute to those who don't have enough.
- ▶ But what if the workers owned the firm? **Note:** You will want to slow down and really let these questions sink in. You could put them on the board or in the powerpoint. These are somewhat rhetorical questions, though, so answers from the audience aren't always necessary.
- ▶ Today we're looking at worker-owned cooperatives. These are companies where those who work for the company also own the company AND participate in the company's decision-making processes.

III. PLAY CO-OPOLY! **TIME:** 45 MIN

SECTION OBJECTIVES

- Introduce the ideas and theories behind worker cooperatives in a fun and engaging way

MATERIALS NEEDED

- Co-opoly: Game of Cooperatives board game
- Video equipment (projector, laptop, and PowerPoint), if available
- Appendix B: Visual Aid

FACILITATION

1. Introduce the game of Co-opoly and why we are about to play it. **(Slide 14)**

The following directions for the game are taken from the Co-opoly website:

<http://store.toolboxford.org/co-opoly-the-game-of-co-operatives/>

Overview: In “Co-opoly: The Game of Cooperatives”, players must collaborate to establish and run a democratic business. In order to survive as individuals and to strive for the success of their coop, players make tough choices regarding big and small challenges while putting their teamwork abilities to the test.

In Co-opoly, you and your teammates establish your own cooperative. You must survive as individuals and as a group in the face of big and small challenges. As with all coops, the players must discuss issues and then democratically make the decisions that will ultimately lead to your coop’s survival or failure.

Just like in the real world, in Co-opoly, the cards might be stacked in your favor or against you, making it easier or harder. That means each time you play Co-opoly, it will be a different experience.

Object: In Co-opoly, everyone wins or loses together. Your goal is to start a successful coop, to survive as individuals, and to develop the “cooperative economy” in your community.

Therefore, you win Co-opoly by starting a second cooperative in your community.

Set-up: To start the game, players determine what their cooperative is going to be and what it will do. This adds a very fun story element to the game, which the Co-opoly game cards draw out and help players build on.

Characters: Each player randomly draws a “Character Card.” Therefore, every person plays as a different “character” that has different income needs (a “Cost of Living”) and a different amount of starting points. In addition, every Character has a different background story. In this way, every player has a different set of needs and interests that they must address throughout the game.

Moving Around the Board: All members of the coop move across the board with the SAME piece. Players take turns rolling the die, moving the token, and picking up cards.

Cards: There are four types of cards players will draw throughout the game if they land on their spaces:

- ▶ World Cards can positively or negatively affect players or the coop. World card topics range from sickness to new business, damage to the coop, having a child, and more. These cards force players to balance the wellbeing of both the individuals and the coop. Some of these will ask players to make democratic decisions about how they will address a situation.
- ▶ Resource Cards are resources your coop can choose to purchase, such as “new equipment” or “health care.” These can be risky purchases, however, and some will pay off while others might end up being a major burden. Therefore, players have to be strategic about what they get. Some resources might benefit some players but not others, so everyone must work together to determine what’s best for both individuals and the coop. For example, an Insurance card costs a lot of money, but will protect players from having to pay major fees and this might especially be important for players with a high cost of living.
- ▶ Challenge Cards present either major hurdles or big opportunities for your coop that players have to decide how to act on. This might be a major storm that has damaged the coop, a crashing economy, a rival corporate chain that has moved into the coop’s community, and more. On the other hand, opportunities include major options to expand the coop’s business—which is always a gigantic risk and could sink the coop if not done properly. These cards can drastically change the dynamic of the game.
- ▶ Work Cards are the main way coops earn points in the game. Depending on the card the team picks up, players will play a mini-game of “charades,” “unspoken,” or “drawings.” If they are completed successfully, the coop earns points. If they are failed, the coop loses points. In addition, some World, Resource, or Challenge cards will significantly increase the tension on these Work cards by making them incredibly valuable—or life threatening for the coop if they are failed consistently. These cards are a lot of fun but also require skill and teamwork.

Point Bank: Points are the currency of Co-opoly. When players pay fees, they go into the Point Bank. When the coop spends, makes, or loses points, they come out of or go into the Point Bank.

Coop's Points: The cooperative's points belong equally to all of the coop members, so everyone has to agree on how they are used.

Pay Day Spaces: When moving around the board, the coop must land on these spaces. On Pay Day spaces, the coop pays players their "salary." This is the main way players earn points. At the start of the game, all players begin with a salary of 12 points – but this can be changed throughout the game.

End of the Year Space: On End of the Year spaces, players must pay their Cost of Living. Throughout the game, all players' Cost of Living increases – so the coop will need to perform well to allow players to survive.

How to Lose: If either the players' cooperative or one player goes bankrupt (meaning they lose more points than they have), everyone loses and the game ends.

How to Win: Players win by helping to start a second cooperative in their community. Some of the "Challenge" Cards in Co-opoly allow players to try to start this second coop. None of the "Starting a New Coop" cards are the same. Some are very expensive but are low-risk, while others are cheap but very risky.

DISCUSSION QUESTIONS

- How did that feel?
- What were factors that led to success?
- What were factors that hindered success?
- How similar is this to how you think actually starting a cooperative might be?
- How might working in a cooperative be different from past/current places of employment? What would be advantages/disadvantages to working in a cooperative?

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

V. WHAT IS A WORKER COOPERATIVE? **TIME: 15 MIN**

SECTION OBJECTIVES

- Understand the principles and practices that guide most cooperative enterprises
- Understand the differences between a worker cooperative and a traditional business

MATERIALS NEEDED

- A computer
- Video equipment (projector, laptop, and PowerPoint), if available
- Appendix B: Visual Aid
- Appendix D: The Mondragon Experiment

FACILITATION

1. Explain to participants what a worker cooperative is:

A worker cooperative is a workplace democratically owned and run by its workers (Slide X).

2. Discuss Mondragon (Slide 17-19)

- The example we're going to talk about now comes from Mondragon, Spain, the Mondragon Corporación Cooperativa. We talked about them during our first workshop.

POPCORN QUESTION: *Does anyone remember anything about those cooperatives?*

- *I'm going to first explain the management structure and then the ownership structure of one of the Mondragon Cooperatives, Caprese. All of the cooperatives in Mondragon use the same management and ownership structures. After, we will watch a video to further illustrate the point. Now I have to warn you, the video is somewhat dated, but it is still illuminating.*
- Management (Slide 21)
 - ▶ *All of the workers in the company are also the owners. These worker-owners meet at least once a year in the general assembly. Each worker has one vote and casts his/her vote to elect other worker-owners to the Board of Directors. In this case, the Board of Directors consists of about 9 people who are elected to 4-year terms. The terms are staggered so that the entire Board isn't newly elected each time.*

- ▶ *The Board of Directors are comprised only of worker-owners. These worker-owners then appoint the General Manager. The general manager serves as the chief executive of the cooperative.*
 - ▶ *The Board of Directors makes many policy decisions about the coop, including the direction it should take and any managerial decisions that need to be made. The General Manager provides insight and advice to these discussions, but does not vote. S/he then carries out the directives of the Board and helps manage the day-to-day operations of the company.*
 - ▶ Play the video, “The Mondragon Experiment,” from 20:12 – 22:09 (**Link to video found in Appendix A**). This provides a helpful visual of the Board of Directors and the diversity of people they represent.
- **Ownership (Slides 18-19)**
 - ▶ *Now lets talk about ownership at Mondragon. Typically, when we think of owning something, we think of buying it. You might want to own a car, so you buy it. When you buy a house, clothes, and other things, you own them. But it can be confusing to think about buying part of a business. Furthermore, it can be hard to imagine getting enough money to buy part of a business.*
 - ▶ *Now let’s turn to Mondragon. At Mondragon, when a person wants to work in a coop, they need to buy into it by making a capital investment. If the worker does not have enough money to make the capital investment, s/he can borrow the money. Each year, the workers’ capital investment increases through the interest that it earns and from profits the coop makes. Each worker receives a regular salary, but the highest paid worker cannot earn more than 6 times as much as the lowest paid worker.*
 - ▶ *Looking more closely into how profits are distributed at Mondragon, we see that 70% goes into workers’ capital accounts, 20 percent is funneled into reserves and is reinvested in the company, and 10 percent goes back into the community.*
 - ▶ Play “The Mondragon Experiment” from 23:15 – 24:33 (**Link to video found in Appendix A**)

TAKEAWAY POINTS

- A worker-owned cooperative, or a worker-coop, is a workplace that is democratically owned and run by its workers. But what does that really mean? To better understand what a worker cooperative is we’ll first look to a traditional firm for comparison. **(Slide 20)**
- In a traditional firm or company there is an owner, maybe a couple of partners, or perhaps a board of directors. These are the folks who own the company, who are legally responsible for the company, who must make decisions about the company, and who get the profits from the company.

- But in a worker-cooperative, the workers themselves are the owners.
- The workers get to make the decisions (each coop member gets one vote) and the workers get to reap the profits as well.
- Unlike a traditional business, capital is subservient to labor. Workers control what is produced, how to produce it, and who gets what is produced. To be sure, the company still has to make a profit: it must still have a product or service that is in demand in the marketplace, and it must have a good business plan and process for execution. However, profits are not the only motive—the drive for meaningful work, for contributing to the community, and other motives are incorporated into the business model.

VI. HISTORY AND CHALLENGES OF WORKER COOPERATIVES TIME: 20 MIN

SECTION OBJECTIVES

- Learn the history of worker cooperatives in the U.S.
- Understand the challenges in establishing and growing worker cooperatives in the U.S.
- Learn why the worker cooperative movement in Mondragon, Spain has been successful

MATERIALS NEEDED

- Video equipment (projector, laptop, and PowerPoint), if available
- Pens and paper
- Appendix B: Visual aid
- Appendix C: Handout No. 1: A Brief History of Worker Cooperatives in the U.S.

FACILITATION

1. Hand out the history of cooperatives to participants (**Appendix C**). Allow participants to read the history in groups of 3-4. Tell them that worker cooperatives in the U.S. have not fared very well. Mondragon, however, has managed to devise ways to overcome many of the challenges that cooperatives in the U.S. face.

As they read, participants should document two things:

- ▶ What is the key challenge cooperatives faced as they tried to establish themselves in the US?
- ▶ How might Mondragon have managed to overcome that challenge?

The group that comes up with solutions closest to what Mondragon actually did wins.

2. Have a representative from each group report back. Then tell them what Mondragon has done.

- ▶ Cooperatives are not doomed to fail. Like any other business that is created, it can be hard to succeed—no doubt about it. Cooperatives do not have an easier time starting than others. However, the difference between worker cooperatives in the United States and in Mondragon is the network of cooperatives that has been created in Spain.
 - » *In Mondragon, Spain, and other regions of the world with high densities of worker cooperatives, the worker coops do well because (1) there is a high density of other worker coops, and (2) these coops are formally networked together. That means that if a coop needs a loan, marketing assistance, or any other service, there are other cooperatives with whom they can work. For instance, within the cooperative network, there is a bank that can provide loans.*
- ▶ So let's look at the Mondragon example to see how they developed a network to overcome the challenges cooperatives face.
 - » *We don't have time to go into the entire history of Mondragon Cooperatives and how they created the network they have today (for history of Mondragon Cooperatives, see **Appendix D**), but we will explore the current network and how it has overcome some of the challenges of individual cooperatives.*
 - » *As I just mentioned, part of the success of Mondragon is the density of cooperatives that exists and the way they are able to spin off new cooperatives. For instance, if there is a cooperative that produces refrigerators, another cooperative that creates its constituent parts might develop. So they are able to buy from another coop in the Mondragon network of cooperatives. Similarly, if the refrigerator cooperative needs marketing, they may develop a cooperative that does the marketing work for them and other coops. By doing this, they grow the density of cooperatives with whom they work.*
 - » *While those connections are important, an even greater tie that holds all the cooperatives together is the bank established by Mondragon, Caja Laboral Popular Cooperativa Credito, or the working people's bank. In*

the beginning, there were 4 cooperatives that were working together. However, they needed more capital to expand and grow. So, in 1959 they started the bank to serve the cooperatives.

- » *As we discussed earlier, each cooperative member has a capital account. That account has the initial amount s/he paid to become a member of the cooperative. The account grows over time; the profits the worker earns are placed into the account, which has a moderate rate of interest, every year until the worker leaves the coop. Using those funds and money from the general fund, the coop is able to capitalize itself and have funds to use for expansion. By having cooperatives deposit their funds in the bank, the coops can ensure that they have funds to expand their own businesses and start new cooperatives. So, now, all the coops in Mondragon are linked together through the bank.*
- » *A cooperative can leave Mondragon at any time, as part of the principle of autonomy. But while they are part of the Mondragon Corporation, they must adhere to certain principles. This provides additional stability to each individual company and to the other cooperatives. For example, many cooperatives got into trouble by taking on too many outside investors. Having a central bank and adhering to the its principles has helped prevent the coops from being adversely impacted by outside forces.*
- » *Finally, in addition to the bank, there are other institutions that are part of the network that provide services to worker-owners and cooperatives. There is a research and development cooperative that keeps the coops on the cutting edge of their fields; a technical training high school; and social coops like day care and cultural schools.*
- » *When we looked at the history of cooperatives in the United States we saw that the recessions had negative impacts on many coops and put a substantial number out of business. However, when there is a network of cooperatives working together, measures can be taken to help prevent recessions from significantly damaging the cooperatives. For instance, in Mondragon, workers are shifted from one cooperative to another as the business cycle ebbs and flows and some companies have less business. In addition, since the businesses are member owned, the workers can decide what measures to take when times are hard and have voted in the past to accept pay cuts instead of laying off fellow worker-owners.*

3. Either ask the groups to decide or decide who has the closest answer and congratulate them.

TAKEAWAY POINTS

- There is a long history of cooperatives in the United States and in the world.
- Oftentimes, stand-alone cooperatives fail because of the ups and downs of the business cycle, outside market forces, and a failure to understand the importance of establishing a cooperative enterprise.
- In order to overcome these challenges, worker cooperatives cannot exist alone; they must be part of dense networks of cooperatives that work with each other to build and expand their individual businesses.

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 thought
- Collect valuable feedback and data from participants
- Close and generate excitement about Economic Democracy and the rest of the training series

MATERIALS NEEDED

- Appendix D: Evaluation Form
- Appendix E: Handout #2 – Major Takeaway Points

FACILITATION

1. Summarize the Main Points and Topics

End this workshop by connecting the idea of worker cooperatives to economic democracy. Remind participants that this is not the only way to build economic democracy. If your organization is currently involved in an economic democracy effort you might mention the effort briefly and direct participants to more information. Or, ask participants if their organizations are part of any efforts (worker cooperatives, or not) and give them time to share.

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 this

new economy based on shared wealth. Ask: *Can you see us building a network in the Bronx like Mondragon? Why or why not?*

3. Discuss any concrete next steps participants can take, upcoming events and the next training
4. Depending on the time left, either hand out the written evaluation for participants to complete, or conclude with 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 the future workshops. **(Appendix G)**
 - ▶ 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 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 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 stretch 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

BOOKS

- Cumbers, A. (2012). *Reclaiming Public Ownership: Making Space for Economic Democracy*. New York: Zed Books.
- DeFilippis, J. (2004). *Unmaking Goliath: Community Control In the Face of Global Capital*. New York: Routledge.
- Kelly, M. (2012). *Owning Our Future: The Emerging Ownership Revolution*. San Francisco: Barrett-Koehler Publishers, Inc.
- Nembhard, J.G. (2014). *Collective Courage: A History of African American Cooperative Economic Thought and Practice*. University Park: The Pennsylvania State University Press.

DOCUMENTS

- Full online curriculum: *Democratic Enterprise: Ethical Business for the 21st Century*. The principal document for this curriculum is the PDF entitled *Democratic Enterprise: Ethical Business for the 21st Century*, and is strongly recommended for facilitators. Supplementary materials for the curriculum as well as this principal document are available at: <http://cets.coop/moodle/course/view.php?id=2>. All materials are free to download.

PAPERS AND ARTICLES

- Corcoran, H., Wilson, D. (2010). *The Worker Co-operative Movements in Italy, Mondragon and France: Context, Success Factors, and Lessons*. Canadian Social Economy Research Partnerships and Canadian Worker Cooperative Federation. Retrieved from http://www.canadianworker.coop/sites/canadianworker.coop/files/CWCF_Research_Paper_International_16-6-2010_fnl%5B1%5D.pdf
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VIDEOS, DOCUMENTARIES, AND TV BROADCASTS

- NEDAP Worker Cooperatives in NYC Parts I, II, & III (<http://youtu.be/N9z-DYaOhP0>; <http://youtu.be/6lScTDckell>; <http://youtu.be/9nRtX14ovoQ>)
- Fixing the Future, PBS Documentary that travels across the US to capture the Solidarity Economy, <http://fixingthefuture.org>;
- Solidarity NYC has short films on different practices in the solidarity economy, including worker cooperatives, credit unions, participatory budgeting, etc. <http://solidaritynyc.org/projects/short-films>
- The Mondragon Experiment, <http://youtu.be/-obHJfTaQvw>
- Rochdale Pioneers, <http://youtu.be/DNVzOsZt6ew>
- Housing Cooperatives in Uruguay, <http://www.housingcoopvivienda.org/english/fucvam.html>

WEBSITES

- The Institute for Economic Democracy. <<http://www.ied.info/>>
- Democracy Collaborative. <<http://democracycollaborative.org/>>
- Democracy at Work Institute: U.S. Federation of Worker Cooperatives. <<http://institute.usworker.coop/>>
- University of Wisconsin-Madison Center for Cooperatives. <<http://www.uwcc.wisc.edu/>>

ROCHDALE PRINCIPLES

The Rochdale Principles were created by the Rochdale Society of Equitable in Rochdale, England, in 1844, to serve as a guide by which cooperatives should operate. Their principles continue to guide how cooperative are governed today:

1ST PRINCIPLE: VOLUNTARY AND OPEN MEMBERSHIP

Cooperatives are voluntary organisations, open to all persons able to use their services and willing to accept responsibilities of membership, without gender, social, racial, political or religious discrimination.

2ND PRINCIPLE: DEMOCRATIC MEMBER CONTROL

Cooperatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary cooperatives members have equal voting rights (one member, one vote), and co-operatives at other levels are also organised in a democratic manner.

3RD PRINCIPLE: MEMBER ECONOMIC PARTICIPATION

Members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital is usually the common property of the cooperative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any of the following purposes: developing their cooperative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership.

4TH PRINCIPLE: AUTONOMY AND INDEPENDENCE

Cooperatives are autonomous, self-help organisations controlled by their members. If they enter into agreements with other organisations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.

5TH PRINCIPLE: EDUCATION, TRAINING AND INFORMATION

Cooperatives provide education and training for their members, elected representatives, managers and employees so they can contribute effectively to the development of their cooperatives. They inform the general public – particularly young people and opinion leaders – about the nature and benefits of cooperation.

6TH PRINCIPLE: COOPERATION AMONG COOPERATIVES

Cooperatives serve their members most effectively and strengthen the Cooperative Movement by working together through local, national, regional and international structures.

7TH PRINCIPLE: CONCERN FOR COMMUNITY

Cooperatives work for the sustainable development of their communities through policies approved by their members.

Source:

“The Rochdale Principles.” Rochdale Pioneers Museum. <<http://www.rochdalepioneersmuseum.coop/about-us/the-rochdale-principles/>>.

DEFINITIONS OF DIFFERENT TYPES OF COOPERATIVES

Worker Cooperative:

A worker cooperative is a business or organization that is collectively owned and democratically controlled by its workers. Each worker-owner has one vote in decision-making processes, and all worker-owners share in the risks and profits from the company or organization.

Housing Cooperative


A housing cooperative is a building that is collectively owned and controlled by the people who live in there.

Consumer Cooperative:

A consumer cooperative is a business that is owned and run by consumer-members. Together, they organize to purchase and distribute goods and services among people in the cooperative. For example, a consumer cooperative can take the form of a grocery store.

APPENDIX B
VISUAL AID



SESSION GOALS 

- To explore the concept and model of worker cooperatives
- To experience what it's like to work in a cooperative
- To examine examples of worker cooperatives
- To evaluate the potential of worker cooperatives as an economic development strategy

2 | Economic Democracy Training Series SESSION GOALS

AGENDA



- Welcome and Introductions (10 min)
- Review: Economic Democracy Principles (20 min)
- Play Co-Opoly (45 min)
- Break (10 min)
- What is a Worker Cooperative? (15 min)
- History and Challenges of Worker Cooperatives (20 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

Review: Economic Democracy Principles

Economies

The **economy** is the way human societies meet their needs.

Economics is concerned with how human societies organize themselves to meet their needs.

Societies must answer the **three economic survival questions** in order to meet their needs:

- 1) What goods and services should our society produce?
- 2) How should we produce these goods and services?
- 3) Who gets what is produced?

The Three Economic Survival Questions

Discussion Questions

How do you answer the three economic survival questions in your family?

- 1) Do you produce anything?
- 2) How do you produce it?
- 3) Who gets what is produced?

Strong and Just Economy

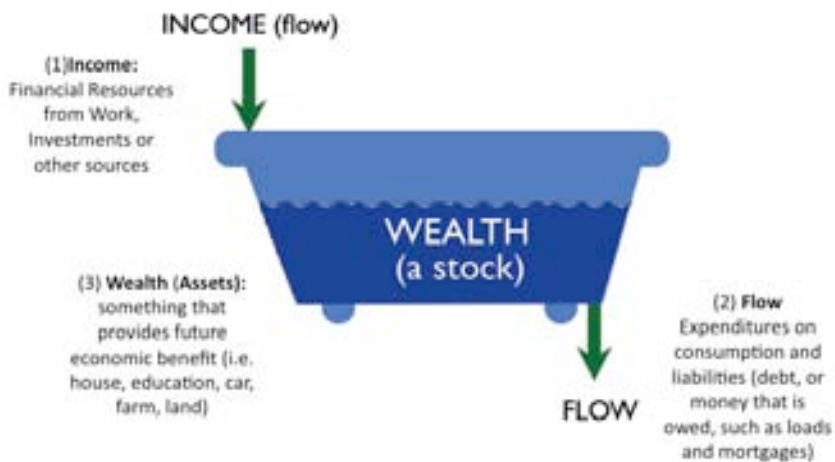
Discussion Questions

- What are some of the ways we can build a strong and just economy?

- What are some of the ideas we explored or that you've read about on your own?

Strong and Just Economy

Defining Wealth



Strong and Just Economy

Community Wealth

Building Community Wealth:

Assets owned or controlled by (or in the interests of) a community, which serve the community, businesses, and individual members.

8 Types of Wealth

1. Natural Capital
2. Social Capital
3. Social (Human) Capital
4. Built Capital
5. Intellectual Capital
6. Political Capital
7. Cultural Capital
8. Financial Capital

Strong and Just Economy

Economic Democracy

Economy + Democracy

Providing for our needs by deciding what to produce, how to produce it, and who gets what is produced

Decision-making and governance process that honors the inherent dignity of all those affected by a decision by cooperating together to reach a decision.

***ECONOMIC DEMOCRACY** is a way of providing for our needs through collectively owned and governed institutions, including businesses, banks, and other factors of production.*

Strong and Just Economy

Principles of Economic Democracy

- Collective ownership
- Democratic governance
- Democratic control of economic institutions instead of economic institutions controlling democratic processes
- Results in a strong, equitable, ethical, and sustainable economy



Play Co-Opoly!

14 Economic Democracy Training Series PLAY CO-OPOLY

What is a Worker Cooperative?

Worker-Owned Cooperatives

A worker-owned cooperative
(or a worker co-op)
is a workplace democratically owned
and run by its workers.



Mondragon Cooperatives

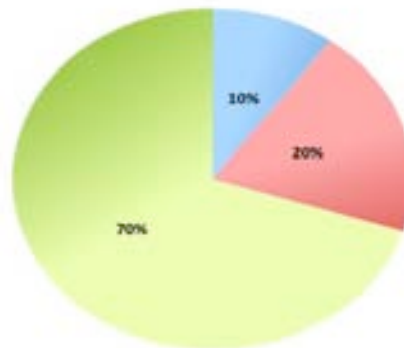
Profits at Mondragon

Profits are distributed in the following proportion: Each worker does not get extra pay in that year, instead the profits that go to each worker are deposited in the workers' capital account.

S/he withdraws the capital account upon leaving the cooperative.

Profit Distribution at Mondragon Cooperative

Community Reserves & Reinvest Worker Capital Accounts



Cooperative vs. Traditional Firm

	Worker Cooperative	Traditional Business
Who Controls the Business?	Business is controlled by Members. Usually one vote per member. Autonomy and Independence	Owners or Managers who control the day-to-day. Shareholders and boards of directors also influence decisions and policy.
Who Owns the Business?	Member Economic Participation. To be a member of a worker co-op doesn't just have to invest your money in the firm, and there must be a limit on the company.	Members, who could be individuals (as in an LLC) or shareholders in the business.
Who Benefits from the Business?	Member Economic Participation. The workers are the owners and therefore, as profits accrue to the worker-owners. Concern for Community is a principle of cooperatives. Worker-owners may share business in the community.	Profits accrue to investors (equity owners, or shareholders).
Capital	Capital is subordinate to Labor	A factor of production (money, food, etc.) that is organized to produce goods/services that, when sold to the marketplace, yield profit.
Labor	Workers are Owners Voluntary & Open Membership Education, Training, and Information for members	Workers are a factor of production whose labor is reaped through wages. Labor is necessary to generate profit.
Values	Concern for Community Cooperative among Cooperatives	Profit. Many businesses have corporate responsibility policies.

History of Worker Cooperatives in the U.S.

- What is the key challenge cooperatives faced as they tried to establish themselves in the U.S?
- How might Mondragon have managed to overcome that challenge?

APPENDIX C: HANDOUT NO. 1

A BRIEF HISTORY OF WORKER COOPERATIVES

Read the brief historical points below and answer the following two questions:

- What has been the key challenge cooperatives have faced as they have tried to establish and grow in the U.S.?
 - How might Mondragon have managed to overcome that challenge?
- ▶ While they aren't that common in the United States, the history of worker cooperatives here and in other parts of the world is quite long. We're going to explore some of this history very briefly. But, if you're interested in learning more, we have plenty of resources available in Appendix A.
 - ▶ Clearly human societies have cooperated in the production and distribution of resources for a long time. But modern cooperatives of all kinds, including worker cooperatives, housing cooperatives, and consumer cooperatives, trace their roots to the Rochdale Society of Equitable Pioneers.
 - ▶ 28 men founded the Rochdale Equitable Pioneer Society in England. These men were skilled textile workers. However, the industrial revolution meant that more and more machines were replacing workers—so skilled craftsmen of all kinds were losing their jobs or facing decreased pay. To add to their oppression, working people were often in debt to shopkeepers who sold low quality goods at high prices. The Rochdale Pioneers wanted to buy “honest food at honest prices.” So, they started a cooperative store that sold food at low prices for its members. Now, these pioneers drew on the ideas developed by people like Robert Owen, William King, the Fenwick Weavers, and others who had experimented with cooperatives but failed.
 - ▶ The innovation of the Pioneers was in its establishment of seven guiding principles by which to operate the cooperative. **(Slide 26)** The cooperative principles they established led to the success of the cooperative, and to the spread of cooperatives throughout England and the rest of the world.
 - » As inspiring and influential as the Rochdale Pioneers are, and as sound as their principles have proven to be, their enterprise eventually succumbed to market forces. As members became interested in generating a profit, prices were raised and the organization fell apart.
 - ▶ Yet, even while this was beginning in 1844, workers in the United States also experimented with cooperative work. In the early 1800s workers often formed cooperatives while on strike and sometimes maintained these cooperatives after the strike. This pattern continued, and from 1840 to the mid-1850s, a wave of worker and consumer cooperatives were established.

Again, these coops were often formed in response to a failed strike or during a strike to keep workers employed. This wave of development ended in the mid 1850's when a recession hit, causing the coops to go out of business.

- ▶ After the American Civil War, unions became primary drivers of the development of cooperatives in the United States. However, this wave was brought down by another recession in 1873.
- ▶ Then, in the 1880s, the Knights of Labor began to urge the creation of cooperatives among locals. So between 1880 and 1888, 334 cooperatives were established in 34 of the 38 states which made up the United States at that point in history. The Knights of Labor urged the establishment of consumer and producer cooperatives. Many labor leaders saw the establishment of cooperatives as the only way to really fight capitalism. Furthermore, they saw the increased mechanization of everything from farm labor to skilled craft work as a threat to their livelihoods. By creating their own cooperatives they could maintain their work and have more control of their lives. However, the decline of the Knights of Labor in the late 1880s weakened the cooperatives and many closed.
 - » At the same time this was happening, there was an increase in agricultural cooperatives in rural areas of the South and Midwest.
- ▶ From 1890 to the 1920's the primary type of cooperative developed was agricultural. In fact, some of the name brands we know today—Sunkist and Sun-Maid—had their roots in cooperatives of orange and grape growers. The major labor organization of the time, the American Federation of Labor (AFL), did not see cooperatives as a primary strategy in the same way earlier unions had.
- ▶ The Great Depression gave way to the passage of the New Deal. The New Deal had several programs that supported the development of cooperatives. They supported self-help groups, producer cooperatives, established electric and fertilizer cooperatives, as well as agricultural banks to serve agricultural cooperatives. While these efforts were extremely important and aided many people in surviving the Depression, they were not part of a labor or political movement. So as the Depression ended, the programs also ended.
- ▶ The 1950s saw the rise of McCarthyism and the Red Scare. This period of time severely damaged the Congress of Industrial Organizations (CIO). The CIO had many far left radicals who wanted to end the exploitation of workers by the capitalist system. The rise of the Soviet Union and fears about the spread of communism led to the persecution of communists within the CIO. This pushed the progressive unions to the center and ended serious conversations in the United States about living in an economic system other than capitalism. The legacy of this event cannot be overlooked.
- ▶ Even as organized labor, which had not been pursuing a coop development

strategy, was diminishing in power, the 1960s and 1970s ushered in a new wave of cooperatives. A variety of social movements matured or were born during these two decades. There were a variety of causes and a variety of goals sought by activists, organizers, and groups. A major thrust for some of these groups were self-help, which led to the development of cooperatively owned businesses, housing, and financial institutions. Some groups, such as African Americans, were not being served by mainstream institutions, so they formed cooperatives or collectives. Other groups wanted to intentionally isolate themselves from the broader capitalist system. Still others were driven by the rise in oil prices in the 1970s that increased the cost of food leading to the development of many food cooperatives. It is during this time that worker cooperatives reached their peak in the US. In 1979, there were 17,000 members of worker cooperatives and about 750-1000 worker cooperatives in existence.

» However, like the cooperatives before them, many were not able to outlast the initial struggle that led to their formation. Either a lack of business acumen, inability to compete with other capitalist enterprises, or ideological differences and clashes led to weak relationships between cooperatives, which, ultimately, caused their decline. Not insignificant to the reason why cooperatives declined, were the policies instituted by President Ronald Reagan. These policies weakened and undermined the position of organized labor, an institution that had been one of the key drivers of worker cooperatives for most of American history.

► That brings us to the present day. Today there are about 300 worker-owned cooperatives in the United States, with fewer worker-owners than in 1979 and far fewer than in Spain and Italy.

APPENDIX D:

THE MONDRAGON EXPERIMENT

Mondragon is located in the Basque region, a semi autonomous zone of Spain on the northern border, adjacent to the Southwest corner of France. The Basque region is made up of three provinces: Guipuzcoa, Vizcaya, and Álava, with the city of Vitoria-Gasteiz serving as the capital. The two large cities in the region are Bilbao and San Sebastian. The Basque people have a strong nationalist orientation that has developed over centuries. One quarter of the Basque (half in the province where Mondragon is located) speak an indigenous language called Euskara. The region is generally mountainous and until the last few decades, Mondragon was relatively isolated, with limited roadways connecting the city to the outside world. In the 1940s, Mondragon had a geographically isolated population of little over 8,000 people, limited industry, lack of an educated populace, and intense class divisions. This small city did not seem a likely candidate for dramatic regional economic development, but, as it turned out, many of those conditions were important ingredients for an experiment in economic democracy that came to be known as the Mondragon experiment.

BACKGROUND

In 1936, a priest named Don Jose Maria Arizmendiarieta (also referred to as Don Jose Moria or Arizmendi) joined the Basque military forces fighting Franco during the Civil War. He was subsequently captured, but due to a technicality, his life was spared. He arrived in Mondragon in 1941 after finishing seminary school but showed little talent for the pulpit. During Don Jose Maria's studies, he displayed a strong interest in social issues and movements. These interests led him to organize social support services, athletic leagues and a medical clinic through defunct organizational bodies of the church. His success in developing these programs created a base of support that allowed him to continue building institutions in the region for the rest of his life.

THE SCHOOL

The first project that led to the Mondragon cooperatives was the founding of a technical school in 1943. The dominant employer in Mondragon, the Union Cerrajera, operated an apprenticeship program but limited participation to children of current employees. In response to the company's refusal to open its ranks, Don Jose Maria organized a parents association and started a fundraising campaign to create a school. The school was organized as a cooperative, with each individual who contributed (approximately 600 people) receiving one vote to elect the members of a general assembly that in turn elected the members of the school

board. Once chartered, the school was officially named the Escuela Politécnica Superior (Professional Polytechnic School). The school initially accepted teenage boys between the ages of 14 and 16, and expanded as students completed each level. The school was critical to the building of the cooperative complex, not only for the technical skills students gained, but also because Don Jose Maria used the school as a means to impart his social vision..

THE FIRST WORKER COOPERATIVE

In 1956, five graduates of the Escuela Politécnica started the first worker cooperative in Mondragon. The new cooperative was named Ulgor, which was composed from the initials of the last names of the founders. A few years earlier, these five graduates approached Arizmendi with their idea for building a firm. Using a technique similar to the one used in the creation of the Polytechnic School, they raised seed money from the local community. The firm, which initially manufactured paraffin stoves, became the model for future Mondragon cooperatives.

THE BANK

The Caja Laboral Popular, established in 1959, served as the first secondary cooperative within the Mondragon network. Although the polytechnic school was organized as a cooperative, the members were parents and other interested community members. The Caja's principal members were three worker cooperatives and a consumer cooperative, forming the first organization to structurally link other cooperatives and begin building a cooperative network. Arizmendi was convinced that relying on private investors or private banks would either constrain or ultimately undermine the cooperative movement he was trying to build in Mondragon. He believed that building a cooperative financial institution and integrating it into the project was critical to building a successful cooperative movement. Structured as a credit union, and established for the principal purpose of creating and expanding worker cooperatives, the bank acquired capital for financing projects by providing both savings deposit accounts for members and social security (paid for with member payroll deductions).

As the bank grew, the role of Caja Laboral expanded beyond finance, later serving as an anchoring and coordinating force to maintain a tightly integrated cooperative network. In order for a cooperative firm to utilize the bank's financial, analytical, and business development services, the firm must enter into a contract of association, which provides the bank significant control over the internal organization of the cooperative. This arrangement dictated requirements over the internal organization of cooperative firms and governance, capital-to-debt ratio requirements, norms, and policies regarding hiring and non-discrimination, and a commitment to expansion of employment opportunities.

COOPERATIVE GROUPS

During the 1960's, the Mondragon complex leaders began exploring new ideas to support firm growth while also stemming the creation of large, bureaucratic, corporate-like structures. They adopted a policy of creating a new spinoff firm whenever a product line in one firm matured to the point of being self-sufficient in terms of marketing and manufacturing. With the expansion of interrelated firms as a result of this policy, the leaders needed a way to maintain some coordination and mutual support among these firms. They developed the idea for a cooperative group that would have a shared governance structure, would pool profits and losses, and would allow for the movement of worker-owners within different firms should one firm need to contract and another have room for expansion. The first cooperative group was named ULARCO and was made up of the first cooperative firm, Ulgor, as well as two other firms, Arrasate and Copreci, which made machine components and tools for Ulgor. Over time, all of the cooperative firms in the Mondragon complex were members of this organizational innovation, known as the cooperative group.

TECHNOLOGY, RESEARCH, AND DEVELOPMENT

Emerging out of an effort to strengthen industrial research in the Escuela Politecnica, Ikerlan was founded in 1977 with the support of several industrial cooperatives and the Caja Laboral, an applied industrial research cooperative. The purpose of Ikerlan was to create internal capacity to maintain a high level of technological advancement within the industrial cooperatives. Arizmendi's rationale for developing this capacity was to remove the dependence on private capital and the need to import advanced technology. As a secondary cooperative, Ikerlan has a managing board that is made up of representatives of the employees, industrial cooperatives and the other participating secondary cooperatives, the Escuela Politécnica and the Caja Laboral.

Source:

1. "Building a Platform for Economic Democracy: A Cooperative Development Strategy for the Bronx." Nicholas Iuviene. <<http://mit.dspace.org/handle/1721.1/59744>>

APPENDIX E: HANDOUT NO. 2

EVALUATION FORM

WORKER COOPERATIVES 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.

	Check all that apply	General Comments
Co-opoly		
Worker Cooperative vs. Traditional Business		
Challenges with Worker Cooperatives		
How Mondragon addressed challenges		
Other		

What parts of the workshop did you dislike?

	Check all that apply	General Comments
Co-opoly		
Worker Cooperative vs. Traditional Business		
Challenges with Worker Cooperatives		
How Mondragon addressed challenges		
Other		

What areas of the workshop need improvement?

	Check all that apply	General Comments
Co-opoly		
Worker Cooperative vs. Traditional Business		
Challenges with Worker Cooperatives		
How Mondragon addressed challenges		
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)

	Check all that apply	General Comments
Convenient location for me		
Inconvenient location for me		
No comment		
Other		

Room size and setup (check one)

	Check all that apply	General Comments
Great size and set up		
Too small		
Too large		
No comment		

Food (check one)

	Check all that apply	General Comments
Satisfied		
Unsatisfied		
Did not eat		
Other		

Length (check one)

	Check all that apply	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!

APPENDIX F: HANDOUT NO.3

MAJOR TAKEAWAY POINTS

There is a long cooperative history in the United States and in the world.

Most notably, the 1960s and 1970s ushered in a new wave of cooperatives in the U.S. A variety of social movements matured or were born during these two decades. A major thrust of some of these groups were self-reliance, which led to the development of cooperatively owned businesses, housing, and financial institutions. Mainstream institutions were not serving some groups, such as African Americans, so they formed cooperatives or collectives. Other groups wanted to intentionally isolate themselves from the broader capitalist system.

Oftentimes, stand-alone cooperatives fail because of the ups and downs of the business cycle, outside market forces, and a lack of understanding of the need to establish a cooperative enterprise to get needed services, such as loans.

In order to overcome these challenges, worker cooperatives cannot exist alone; they must be part of dense networks of cooperatives that work with each other to build and grow their individual businesses.

My thoughts, reactions, notes to self:

FACILITATOR'S GUIDE

Community Asset Mapping

TIME: 2 HOURS

Overview: This workshop aims to introduce an asset-based approach to community development. An asset-based approach identifies a community's assets, rather than its needs, to develop social and economic strategies.



SESSION GOALS:

- Encourage participants to shift from a mindset of community building that asks, "What do we need and how do we get it?" to a mindset that asks, "What do we already have and how can we leverage it?"
- Further connect the ideas of wealth, assets and economic democracy to the Bronx
- Deepen participants' understanding of community wealth



MATERIALS NEEDED:

- White board or flip chart paper
- Video projection equipment (projector, laptop, and PowerPoint), if available
- Markers
- Name tags
- Pens and paper
- Large maps of the Bronx
- Appendix:
 - A. Reference Materials
 - B. Visual Aid
 - C. Handout No. 1: Examples of Leveraging Assets
 - D. Handout No. 2: Inventory of Assets
 - E. Handout No. 3: Evaluation Form
 - F. Handout No. 4: Major Takeaway Points



PREPARATION/PRE-TRAINING:

Facilitators should review the following concepts and cases using the texts and resources found in **appendices A and C**.

- 8 Forms of Capital/Wealth
- Examples of Leveraging Assets
- Asset



AGENDA:

Times below are suggested. As written, the agenda includes a break. If you choose to include a break, the module will exceed the 2-hour allotted time.

I. WELCOME AND INTRODUCTIONS	10 MINUTES
II. BRAINSTORM OF NEEDS	10 MINUTES
III. PORTRAIT OF GIFTS	15 MINUTES
IV. ASSET-BASED COMMUNITY DEVELOPMENT	20 MINUTES
V. BREAK (OPTIONAL)	(10 MINUTES)
VI. INVENTORY OF BRONX ASSETS	30 MINUTES
VII. LEVERAGING ASSETS TO MEET NEEDS	25 MINUTES
VIII. 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

- Name tags
 - Markers
 - White board or flip chart paper
 - Appendix B: Visual aid
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 this workshop. The goals should be tailored to the group or host organization. List the goals on a piece of flipchart paper that can be posted and visible throughout the workshop. **(Slide 2)**

SAMPLE GOALS

- Encourage participants to shift from a mindset of community building that asks, "What do we need and how do we get it?" to a mindset that asks, "What do we already have and how can we leverage it?"
 - Provide the space for participants to explore the types of capital/assets present in the Bronx
 - Deepen participants' understanding of community wealth
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 to 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. **(Slide 3)**
 - ▶ Time Expectations - 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; perhaps including name, reason for attending the workshop and/or what you hope to get out of the workshop; and any other important identifier if necessary/desired (neighborhood, organization, etc.) and 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 treat others and 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 piece of paper that remains visible throughout the workshop. In addition, spend some time talking about the norms to encourage thoughtful adherence. **(Slide 4)**

SAMPLE FIRST AGREEMENTS TO CONSIDER

- Be present – don't look at cell phones, text, or be on 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 participants. 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 haven't said anything, consider speaking up sharing a question or idea you have.
- Hold comments till 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. BRAINSTORM OF NEEDS TIME: 10 MIN

SECTION OBJECTIVES

- Demonstrate how easy it is to get stuck in a mindset that only focuses on what is needed by an individual person or community.

MATERIALS NEEDED

- White board or flip chart
- Markers/pens

FACILITATION

1. Have participants collectively begin naming needs in the Bronx.

We are going to start off by doing something most people find easy to do: naming what we need in this borough.

2. Push participants to get somewhat specific when naming needs. For instance, if someone says “We need better education” ask him/her to clarify by asking “education for whom?” and “what’s wrong with the education currently provided?”

3. As participants name the needs, sort them into one of three categories, but do not reveal what they are until the end: (1) People & Practices, (2) Local Associations & Institutions, and (3) Businesses & Physical Resources.

As you brainstorm the needs in your communities, I am going to sort them into three categories. At the end, all of you will guess what the categories are.

4. Once you have a comprehensive list, see if people can guess the categories of needs. It is okay if people do not get the terms exactly right.

So now that we have a list of the needs in our community, who can guess the three major categories of needs?

5. When you have finished making the list of needs, take the paper and set it aside. It is important that the list of needs is no longer visible to the participants. Consider laying it face down on the ground.

We are going to set this list of needs aside for later.

DISCUSSION QUESTION

- How did it feel to do this activity? Why?

TAKEAWAY POINTS

- When assessing a community, we tend to always look first at what we do not have. Note that it is actually pretty easy to identify what the needs are.

III. PORTRAIT OF GIFTS **TIME: 15 MIN**

SECTION OBJECTIVES

- Help participants begin to value the gifts and talents of “ordinary people” (the people in the room and themselves!)
- Continue exploring the meaning of wealth and its many manifestations
- Contrast the gifts and talents and many manifestations of wealth explored above to the “needs” participants described in the first activity

MATERIALS NEEDED

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

FACILITATION

1. Shift the conversation from needs in the community to the assets of individuals. Tell participants to stay in their groups and hand them a sheet of flip chart paper to record their answers.

In the last exercise, we listed all of the needs in our community. Maybe that was a little saddening. But, now, we're going to create another inventory. However, this time it is an inventory that can be pretty exciting. We are going to make an inventory of our gifts. In the same groups you were just in, make a list of:

- » Gifts of the Hand: What People Can Do
- » Gifts of the Head: What People Know
- » Gifts of the Heart: What People Care About

2. Have each group report back and start a discussion that reflects what they learned from doing the exercise.

DISCUSSION QUESTIONS

- How does having a list showing the collective gifts in the room make you feel?
- How do you think it relates to the list of needs we generated?

TAKEAWAY POINTS

- Oftentimes, we only think about what our communities need. The list of needs prompts us go to others to ask for—or even demand—help. But when we begin thinking of the assets in our community, a different set of actions is prompted.

(Slide 6)

- Make the point that all of these gifts are assets. People have the primary resources that local development initiatives can build upon.

IV. ASSET-BASED COMMUNITY DEVELOPMENT

TIME: 20 MIN

SECTION OBJECTIVES

- Formally introduce the concept/practice of asset-based community development as a framework in which communities look to see what their assets are and how they can be leveraged to advance community development initiatives
- Connect concepts from prior workshops to asset-based community development
- Discuss a few examples of asset-based community development and potential uses in the Bronx

MATERIALS NEEDED

- White board or flip chart paper
- Markers
- Video equipment (projector, laptop, and PowerPoint), if available
- Appendix B: Visual Aid
- Appendix C: Examples of Leveraging Assets

FACILITATION

1. Review the 8 different types of capital previously discussed in the Wealth and Ownership workshop

- ▶ *Natural Capital*
- ▶ *Individual/Human Capital*
- ▶ *Built Capital*
- ▶ *Social Capital*
- ▶ *Cultural Capital*
- ▶ *Political Capital*
- ▶ *Intellectual Capital*
- ▶ *Financial Capital*

Wealth comes from owning assets. In order to build community wealth, the community must own and use its assets. (Slide 8)

2. Put participants into groups of 3-5 to examine one of the six case studies on wealth generation. Hand out the case studies to each group.

We are going to look at examples of ways people have inventoried their communities to identify the types of capital and assets they have. Then, we will look to see how they figured out ways to use those unique assets to generate more wealth for themselves and/or their communities. Three cases are excerpted from Professor Phil Thompson's Democratic Wealth Generation Assignment, and provide an interesting perspective on identifying assets in the community and capitalizing on them. The other three cases are about Market Creek, the DSNi Land Trust, and the Evergreen Cooperatives. Three of the cases should be familiar to the group as they were discussed in the Building Strong Local Economies workshops (Appendix C).

3. Participants should then work together to identify the types of wealth that were used, built upon, and generated by the three different examples.

When reading the cases, make sure you identify the types of assets used in the community to build wealth.

4. Bring the group back together. Have each group report back, case-by-case, the types of assets used and write them down on the flipchart paper.

Say, for example: Let's hear from the groups who looked at the Market Creek case. What types of assets were identified? How did people capitalize on them?

Listen for the types of assets as well as an example. For instance, with the Market Creek case, participants might say that the planners realized that if the community combined their financial capital, they would have enough money to own the plaza themselves.

Continue for all of the case studies. After identifying all assets within each case study, ask participants to think about how this could be done in the Bronx.

DISCUSSION QUESTIONS:

- Do you think the Bronx could pursue any projects like these?
- How about we try to inventory our assets in the Bronx?

V. BREAK (OPTIONAL) TIME: 10 MIN

VI. INVENTORY OF BRONX ASSETS TIME: 30 MIN

SECTION OBJECTIVES

- Generate a comprehensive list of assets, wealth, and capital in the Bronx
- Encourage participants to search for and see assets in their own communities
- Practice thinking creatively, collaboratively, and strategically about assets and wealth generation

MATERIALS NEEDED

- White board or flip chart paper
- Markers/pens
- Appendix D: Inventory of Assets
- Blank maps of the Bronx
- Appendix B: Visual Aid

FACILITATION

1. Relate the eight forms of capital to the more general categories of (1) People & Practices, (2) Local Associations & Institutions, and (3) Businesses & Physical Resources.
 - ▶ **People & Practices:** Individual/Human capital, Political capital

- ▶ **Local Associations & Institutions:** Cultural capital, Social capital, Intellectual capital,
- ▶ **Businesses & Physical Resources:** Financial capital, Built capital, Natural capital

None of these categories are not rigid – for example, you could find examples of intellectual or cultural capital relating to people and practices.

2. Divide the participants into 3 groups. If groups are too big, split them into four groups and have two of the groups explore the same topic. Give them 1) flip chart paper and markers, 2) the instructions handout (Appendix D), and 3) a blank map of the Bronx. Based on the topic they are assigned, they will have different questions to discuss.

Each group needs to generate, to the best of their ability, an inventory of the assets in the category assigned. In addition to generating this inventory, they should keep track of the information that is missing from their inventory. They should record (1) information they want to obtain and (2) sources or ways to find the information **(Slide 8)**.

Group 1 Inventory of Businesses & Physical Resources:

- Identify the natural assets in the area, such as beaches, waterfalls, fertile soils, landforms
- Locate all under-utilized buildings and facilities
- Locate unused land and find out how it can be accessed
- Make a list of all registered businesses that operate in the community
- Record how many people are employed in each business
- Identify what goods and services are provided by these businesses
- Write down where their raw materials originate and where they sell their products
- Identify what technical expertise these businesses possess

Group 2 Inventory of Local Associations & Institutions:

- Make a list of all the non-governmental organizations (NGOs) in your community and note what they focus on
- Identify all the people's organizations (POS) and note who they cater to
- Identify all the other associations that people belong to and the extent of their networks
- Locate all the nearby government institutions such as Departmental offices and services
- Locate all the schools and other educational institutions

- Locate all the health related institutions, such as hospitals and clinics
- Locate all the legal institutions, such as courts and police stations
- Note the geographic spread of institutions across the locality

Group 3 Inventory of People & Practices:

- Find the population size of the Bronx and how it is distributed across the borough
- Identify the distribution of age groups in the population
- Pay particular attention to number and location of post-school aged youth and the elderly
- Identify the skills base of the community. Who has skills? Who has training?

VII. LEVERAGING ASSETS TO MEET NEEDS

TIME: 25 MIN

SECTION OBJECTIVES

- Provide the space and opportunity to think expansively and creatively about how to recognize and use existing resources, assets, and forms of capital to meet needs.

MATERIALS NEEDED

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

FACILITATION

1. Move the group to brainstorm one (or more) ways the assets they have listed could be leveraged to create jobs. In addition, each group should think of who would need to be in the room in order to bring this idea to fruition. **(Slide 12-13)**

Just like the people and communities in the case studies we looked at, we are going to think about how we can use the assets we have identified to create jobs. Brainstorm in your groups and pick your best idea. With that idea, brainstorm who you would need to engage in conversation in order to make that idea a reality.

2. Have each group share their idea for leveraging assets by identifying the one asset they focused on, how the idea would work, and who they would want to engage to make it happen. If there is time, groups can also share their maps, inventory, and the information they would like to gather. Otherwise, post the maps and do a silent gallery walk.

DISCUSSION QUESTIONS:

- How did the activity make you feel?
- What possibilities do you see for leveraging assets? How can these assets be developed?
- What challenges do you see to building an economy on these assets?
- Should we continue to create a more specific inventory? Why or why not?

TAKEAWAY POINTS

- Our communities have many assets that we can build upon to create a strong local economy
- We can and must be engaged in the development of our economy
- The financial crisis presents us with opportunities to change how our economy functions
- We need to own and control things in order for them to be community assets
- We need to get out of a *needs* mindset and get into an *asset-based* mindset. For example, do not just think, “We have so much pollution from trucks.” Instead, think, “We could make electric batteries for these vehicles.”

VIII. 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 thought
- Collect valuable feedback and data from participants
- Close and generate excitement about Economic Democracy and the rest of the training series

MATERIALS NEEDED

- Appendix E: Evaluation Form
- Appendix F: Major Takeaway Points

FACILITATION

1. Summarize the Main Points and Topics.
 - We must take an asset-based approach to community development
 - We have many assets as individuals and as a community and must think about how we can use them creatively, collaboratively, and strategically in order to deploy them to create wealth
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 this new economy based on shared wealth. Ask: *What would happen if you got involved?*
3. Discuss any concrete next steps participants can take, upcoming events and the next training.
4. Depending on the time left, either hand out the written evaluation for participants to complete, or conclude with 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.
(Appendix E) 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 the future workshops.
 - ▶ 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 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 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 stretch 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

ASSET

Assets are economic resources. Anything tangible or intangible that is capable of being owned or controlled to produce value and that is held to have positive economic value is considered an asset.

Source:

1. "Asset." Wikipedia. <<https://en.wikipedia.org/wiki/Asset>>

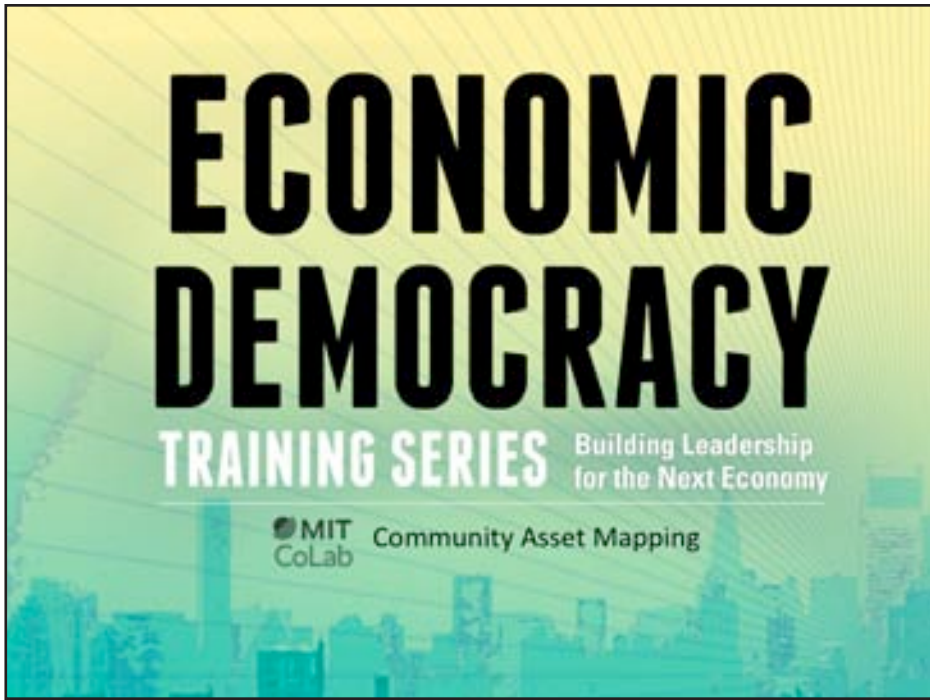
8 FORMS OF CAPITAL/WEALTH

There are 8 forms of capital/wealth. These forms of capital/wealth provide a holistic picture of the assets available to an individual, family, or community:

1. Financial Capital - i.e. cash or stock investments
2. Natural Capital - i.e. clean water, clean air
3. Social Capital - i.e. relationships between neighbors
4. Individual Capital - i.e. mental and physical health of an individual
5. Built Capital - i.e. buildings and roads
6. Intellectual Capital - i.e. labs that innovate new ideas or arts programs that stimulate creativity
7. Political Capital - i.e. relationships with politicians and voters
8. Cultural Capital - i.e. food, dance, or language

A community (city, state, nation) should strive to build wealth in each of these areas, not just financial wealth.

APPENDIX B VISUAL AID



SESSION GOALS

- To change our mindset from what our community **needs** to what our community **has**
- To experience what it's like to work in a cooperative
- To further connect the ideas of wealth, assets, and economic democracy to the Bronx
- To deepen our understanding of community wealth

2 | Economic Democracy Training Series SESSION GOALS

AGENDA



- Welcome and Introductions (10 min)
- Brainstorm of Needs (10 min)
- Portrait of Gifts (15 min)
- Asset-Based Community Development (20 min)
- Break (10 min)
- Inventory of Bronx Assets (30 min)
- Leveraging Assets to Meet Needs (25 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

Portrait of Gifts

Needs → Assets Shift

NEEDS -----> **ASSETS SHIFT**



Asset-Based Community Development

Wealth & Assets

- Wealth comes from owning assets
- By owning assets, an individual or community can become wealthy
- To build community wealth, the community must own assets

Inventory of the Bronx

Inventory of the Bronx

Activity

- Take an inventory of the assets in the Bronx
- Based on your group number, look for capital in the form of:
 - (1) People and Practices
 - (2) Local Associations & Institutions
 - (3) Businesses & Physical Resources
- Use the map to stimulate & record

Leveraging Assets to Meet Needs

Leveraging Assets

Activity

- How would you leverage the assets you identified to create jobs (or address some other issue)?
- Who would you have to get approval from to do so?

Leveraging Assets

Discussion Questions

- What possibilities do you see for leveraging assets? How can these assets be developed?
- What challenges do you see to building an economy on these assets?
- Should we continue to create a more specific inventory? Why or why not?

APPENDIX C: HANDOUT NO. 1

EXAMPLES OF LEVERAGING ASSETS

CASE #1: “BUSINESS VALUATION”

Streamlining

A businessman described his business approach as “vulture capitalist.” In his old firm, he sought out family-owned businesses headed by men or women approaching retirement age. The main reason was because he found that such business heads often kept employees on payroll that had outlived their usefulness. Sometimes, for example, the CEO was also godfather to the children of some of their employees, and simply could not bring themselves to fire a longstanding loyal employee and friend. He would buy such a company and ruthlessly fire every employee he thought deadweight, or he would fire expensive senior employees and hire young workers (at a much lower cost) to do the same job. This would make the finances of the company look much better on paper. He would then resell the company at a profit. He said that his willingness to make heartless decisions is the key to his “turnaround” strategy. He embraced the term “vulture” because he thought that the key to his success (and he was very successful) was his cold-bloodedness.

Flipping

A businessman described the purchase of Burger King. Business analysts found three assets at Burger King. The most trivial was their sale of food. Competition was fierce and margins were low selling hamburgers. What attracted investors were two other assets. One was Burger King’s real estate. Each store represented a plot of real estate, often valuable real estate. Another asset was the workers’ pension funds. The private equity firm that bought Burger King first borrowed a lot of money (leveraged against their own personal assets) in order to buy the fast food chain. They then immediately assessed Burger King’s real estate and used it as collateral to take out a second, even bigger, loan. With the bigger loan, they paid off the first loan, and paid themselves very large bonuses as well. This incurred a huge debt, which the equity firm transferred onto Burger King’s books. Burger King quickly went into bankruptcy, which led the company to raid the workers’ pension funds. Workers had the choice of going along with this or losing their jobs.

Regulatory Play

A businessman described his current business of putting up cell phone towers. He started his business by responding to an RFP from the Department of Defense (DOD) and promising to provide cell phone towers for DOD to use for free. This doesn’t sound logical, but here is the trick. Being the DOD provider meant that he got to use the Federal government’s power of eminent domain to gain access to

the premier sites for locating cell phone towers, voiding the normally expensive and risky process of gaining state and local approvals for locating cell phone towers. Second, he retained the rights to sell spots on the towers underneath of the DOD equipment to cell phone companies such as Verizon. The phone companies were keen on using his towers because of their prime locations. With the profits from the cell phone companies he was able to subsidize the cost of putting up the towers and offering a spot to DOD, all while making a killing.

There are, thankfully, other ways of thinking about business and economic strategy. However there are lessons to be learned from the examples above. In the first case, the investor was looking for *unrealized efficiencies* in businesses. There can be unrealized efficiencies in all kinds of things. For example, an energy retrofitter that I know views places like the South Bronx, with lots of poorly maintained and drafty buildings, as a virtual goldmine. He says that retrofitting these kinds of buildings for energy efficiency often reduces energy bills by 50 percent or more, creating a substantial cash flow. In the Burger King case, the investor recognized that the land under the Burger King stores was a generally unrecognized asset (particularly given rising land values at the time).

This second approach could be called searching for hidden assets, meaning assets that are there but overlooked. There are many such hidden assets in poor communities. For example, workers' pension funds, which with a bit of worker advocacy and business acumen, could be accessed for use in poor communities. The same could be said of church investment funds (over \$2 trillion globally in the case of the Episcopalian Church), or insurance funds. Communities could audit themselves to find out which insurance companies are holding their money. Other kinds of hidden assets include money that flows into communities from government and money that flows out of communities to various utility providers. An example of money flowing into communities is in healthcare. The Jewish Community Relations Council (JCRC) of New York, for example, surveyed an area in Brooklyn home to many Jewish residents to learn about their health insurance providers (largely funded by government through Medicare and Medicaid). They then mounted a campaign in the community requesting permission of insurance holders to allow the JCRC to bargain for better terms on their behalf. After winning approvals in the community, they bargained down rates for community residents and they also got paid themselves for providing this service. An example of money flowing out is cell phones. Many low-income communities are high volume cell phone users. Cell phone companies typically spend at least \$10/year in marketing per customer. Communities could organize themselves into buying clubs and bargain with cell phone companies with the offer of bulk contracts with thousands of customers in exchange for cash (since the phone companies don't have to advertise to them). Similar approaches can be undertaken with other goods and services.

The third example from the businessman I described concerned his use of government *regulatory power* to gain an advantage over his cell tower competitors. Poor communities may lack ready access to cash, but they may be able to influence regulation in their locale. Finding innovative ways to use regulatory power can generate resources and business opportunities. An example from class was the possibility of creating local legislation to require landlords to deposit renters' security deposits in a fund that could be used for local development. A regulation in Bogotá, Colombia, and London requires the city to assess the value of private properties before publicly funding improvements such as a public park or a transit stop. The government then assesses the value of such properties put up for sale after the public amenity is established, and government takes 30-70 percent of the increased value and uses it for the provision of social goods in other areas. There are many ways regulations, or the removal of regulations, can help generate resources.

Three other ways of generating resources made popular by environmentalists include *recycling*, valuing *natural assets*, and *local sourcing*. You are probably familiar with recycling and local sourcing, so I will concentrate on explaining natural assets. Natural assets might include sunlight, wind, or a substantial water current that can be turned into energy. It might include steep slopes that can be used to create natural water cleansing systems. There are many possibilities.

Source:

These cases were adapted from an assignment given in a course taught at the Massachusetts Institute of Technology by Professor J. Phillip Thompson, titled, "Democratic Wealth Generation".

CASE #2: 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 in 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 has given residents the opportunity to share in the risks and rewards of the project they helped to develop. Built on six guiding principles, including community-ownership and economic development, the JCNI undertook the challenge of working with the community to develop an ownership

strategy for residents and stakeholders. Creating ways to generate profits that could then be re-invested in neighborhoods in the surrounding area is the backbone of this unique wealth creation strategy that emerged from the Ownership Design Team. The team's work was modeled after the Native American tribes' theory of thirds: a third for personal benefit, a third for community benefit, and a third for on-going development.

As a result, a self-generating system of wealth creation in the neighborhood was launched. Profits from the Plaza will go back into the neighborhood through a neighborhood-controlled community foundation. This will provide an ongoing source of capital for the community to use towards future projects and/or services. In addition, a portion of Market Creek Plaza's profits will provide resources for ongoing commercial development within the neighborhood.

What is so unique about Market Creek Plaza is that it ties asset building and skill building to a project that rebuilds a neighborhood. It has removed blight, brought a vibrant asset to the neighborhood, stimulated the redevelopment agency and the City to commit greater focus to work in this area, and provided residents a strong voice in holding the public agencies accountable to the community's vibrant vision. The Food 4 Less Grocery Store at Market Creek Plaza has become one of the busiest stores in the area. As other businesses at the Plaza open, their success ripples through the community in the form of new jobs, entrepreneurial opportunities, and an increase in the tax base, all of which ensure that wealth is captured in the community. This economic flow into the area will help transform the community across the board, street-by-street, block-by-block, and neighborhood-by-neighborhood.

Source:

1. Market Creek Plaza (official website). < <http://www.marketcreekplaza.com/>>.

Additional Resources:

1. "Residents Owning and Driving Change: Market Creek Plaza" (video). <<http://www.youtube.com/watch?v=NFvt5wHNdpc>>.

CASE #3: DUDLEY STREET NEIGHBORHOOD INITIATIVE

Dudley Neighbors, Incorporated (DNI) was created by the Dudley Street Neighborhood Initiative (DSNI) to play a critical role in the housing development portion of DSNI's comprehensive master plan that was drafted by residents to guide the revitalization of the neighborhood.

In the fall of 1988, the Boston Redevelopment Authority (BRA) approved DNI's request to become a Massachusetts 121A Corporation. That status allowed DNI to accept the power of eminent domain to acquire privately-owned vacant land in the area designated as the Dudley Triangle. DNI combines vacant lots acquired via

eminent domain with City-owned parcels and leases these to private and nonprofit developers for the purpose of building affordable housing consistent with the community's master plan.

DNI is structured as a Community Land Trust (CLT), and as such plays a crucial role in preserving affordable housing and providing residents with a way to control the development process in the neighborhood. DNI leases land initially to developers during construction, and subsequently to individual homeowners, cooperative housing corporations, and other forms of limited partnerships.

Through its 99-year ground lease, DNI can require that its properties be used for purposes set forth by the community. It can also establish parameters on the price that homes sell for and can be resold for.

DNI's operations are funded through minimal lease fees from leaseholders. Some funding is provided by private individuals and foundation grants.

The DNI Community Land Trust, was created by residents of the Dudley Street Neighborhood area as a vehicle to rebuild their neighborhood and to ensure that the homeownership opportunities created today are available to future generations. To date a total of 225 new homes and two community spaces or micro-centers have been built on DNI land.

Within the next decade, approximately 250 new homes will have been built on DNI land in the area known as the "Dudley Triangle", the section of the Roxbury and North Dorchester neighborhoods bounded by Dudley Street, Blue Hill Avenue, Brookford Street, Hartford Street, Robin Hood Street, Folsom Street, Woodward Park Street, and Howard Avenue. All of these new homes will be part of the DNI Community Land Trust. In addition to the new homes, the rebuilding of the triangle will include the construction of a community greenhouse, parks, gardens, open space, and a revitalized local shopping area.

Source:

1. "Dudley Neighbors, Inc." Dudley Street Neighborhood Initiative. <<http://dsni.org/dudley-neighbors-inc>>.

Additional Resources:

1. "Holding Ground Revisited" (video). Dudley Street Neighborhood Initiative. <<https://www.facebook.com/video/video.php?v=574444766019>>.

CASE #4: THE EVERGREEN COOPERATIVES

Launched in 2008 by a working group of Cleveland-based institutions (including the Cleveland Foundation, the Cleveland Clinic, University Hospitals, Case Western Reserve University, and the municipal government), the Evergreen Cooperative Initiative is working to create living wage jobs in six low-income neighborhoods (43,000 residents with a median household income below \$18,500) in an area known as Greater University Circle (GUC).

The Evergreen Cooperative Initiative has been designed to cause an economic breakthrough in Cleveland. Rather than a trickle down strategy, it focuses on economic inclusion and building a local economy from the ground up; rather than offering public subsidy to induce corporations to bring what are often low-wage jobs into the city, the Evergreen strategy is catalyzing new businesses that are owned by their employees; rather than concentrate on workforce training for employment opportunities that are largely unavailable to low-skill and low-income workers, the Evergreen Initiative first creates the jobs, and then recruits and trains local residents to take them.

Although still in its early stages of implementation, the Evergreen Cooperative Initiative is already drawing substantial support, including multi-million dollar financial investments from the Federal government (particularly HUD) and from major institutional actors in Cleveland. It is also capturing the attention and interest of officials and philanthropy in a number of other cities seeking to replicate the “Cleveland model” (interested cities include Detroit, Atlanta, Newark, Pittsburgh, Washington, DC, and a number of cities across Ohio). Recent positive media coverage of the Initiative has appeared in the Economist, Business Week, the Nation, and Time; on NPR; NBC Nightly News, and the PBS series hosted by journalist David Brancaccio, “Fixing the Future.” There are also important State and Federal policy implications and opportunities related to the effort which are now being pursued with the Administration (in particular with HUD and the White House Office of Urban Affairs), and in Congress (through the office of Senator Sherrod Brown).

Source:

1. “The Evergreen Cooperatives Story.” Evergreen Cooperatives.
<<http://evergreencooperatives.com/about/evergreen-story/>>.

Additional Resources:

1. “Evergreen Cooperatives” (video).
<http://www.youtube.com/watch?v=Gt_ZHUDhKjs>.

**APPENDIX D: HANDOUT NO. 3
EVALUATION FORM**

COMMUNITY ASSET MAPPING 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	
		Brainstorming Needs
		Portrait of Gifts; individual assets
		Community Wealth
		Examples of Leveraging Assets
		Inventory of Assets in the Bronx
		Leveraging Assets in the Bronx
		Other

What parts of the workshop did you dislike?

General Comments	Check all that apply	
		Brainstorming Needs
		Portrait of Gifts; individual assets
		Community Wealth
		Examples of Leveraging Assets
		Inventory of Assets in the Bronx
		Leveraging Assets in the Bronx
		Other

What areas of the workshop need improvement?

General Comments	Check all that apply	
		Brainstorming Needs
		Portrait of Gifts; individual assets
		Community Wealth
		Examples of Leveraging Assets
		Inventory of Assets in the Bronx
		Leveraging Assets in the Bronx
		Other

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

What are you curious to learn more about (Be as specific as possible!)?

Location (check one)

General Comments	Check all that apply	
		Convenient location for me
		Inconvenient location for me
		No comment
		Other

Room size and set up (check one)

General Comments	Check all that apply	
		Great size and set up
		Too small
		Too large
		No comment

Food (check one)

General Comments	Check all that apply	
		Satisfied
		Unsatisfied
		Did not eat
		Other

Length (check one)

General Comments	Check all that apply	
		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!

APPENDIX E: HANDOUT NO. 4

MAJOR TAKEAWAY POINTS

1. Most people find it easier to brainstorm needs than identify assets.
2. When we begin to think of the assets in our community, a different set of actions is prompted. Often, people and the gifts they bring are the primary resources that local development can build on. These assets and gifts can be mobilized for local benefit.
3. Identifying different forms of capital is another way to identify assets. Wealth comes from owning assets. By owning (or leveraging) assets, an individual or community can become wealthy. To build community wealth, the community must own and utilize its assets.
4. There are eight types of capital
 - Natural Capital
 - Individual/Human Capital
 - Built Capital
 - Social Capital
 - Cultural Capital
 - Political Capital
 - Intellectual Capital
 - Financial Capital

They can fit into more general categories of (1) People & Practices, (2) Local Associations & Institutions, and (3) Businesses & Physical Resources.

My thoughts, reactions, notes to self:

FACILITATOR'S GUIDE

Government and Local Economic Development Policy

TIME: 2 HOURS

Overview: This session is intended to provide participants with an overview of how decisions and policies impacting economic development are made at the local-level so they can better understand where they can interject in order to get their voices heard and needs taken care of.

SESSION GOALS:

- Explore the role that governments have played and can play in distributing and allocating resources in society
- Engage participants in the policymaking process by exploring how policies are made and how community level groups can participate in the policymaking process
- Encourage participants to think critically about the underlying goals and strategies of local economic development policy from the government's perspective
- Help participants critique the range of strategies commonly used by policymakers to improve the economic prospects of neighborhoods, cities, and regions.



MATERIALS NEEDED:

- White board or flip chart paper
- Video projection equipment (projector, laptop, and PowerPoint), if available
- Sticky Notes
- Markers
- Name tags
- Pens and paper
- Appendix:
 - A. Reference Materials
 - B. Visual Aid
 - C. Handout No. 1: Evaluation form
 - D. Handout No. 2: Major Takeaway Points



PREPARATION/PRE-TRAINING:

Facilitators should review the following concepts, processes and organizations/ companies using the texts and resources found in **Appendix A**.

- Economic Democracy
- 3 Stream Policy Model
- Amalgamated Housing Cooperative



AGENDA:

Times below are suggested. As written, the agenda includes a break. If you choose to include a break, the module will exceed the 2-hour allotted time.

I. WELCOME AND INTRODUCTIONS	10 MINUTES
II. THE ROLE OF GOVERNMENT	30 MINUTES
III. INTRODUCTION TO POLICYMAKING	10 MINUTES
IV. LOCAL GOVERNMENT POLICYMAKING STRATEGIES	25 MINUTES
V. BREAK (OPTIONAL)	(10 MINUTES)
VI. STRATEGIES FOR IMPLEMENTING ECONOMIC DEMOCRACY	25 MINUTES
VII. LIMITATIONS OF POLICYMAKING	10 MINUTES
VIII. 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

- Name tags
- Markers
- Video 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 this workshop. The goals should be tailored to the group or host organization. List the goals on a piece of flipchart paper that can be posted and visible throughout the workshop **(Slide 2)**.

SAMPLE GOALS

- Explore the role that governments have played and can play in distributing and allocating resources in society
 - Engage participants in the policymaking process by exploring how policies are made and how community level groups can participate in the policymaking process
 - Encourage participants to think critically about the underlying goals and strategies of local economic development policy from the government's perspective
 - Help participants critique the range of strategies commonly used by policymakers to improve the economic prospects of neighborhoods, cities, and regions
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 to 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 **(Slide 3)**.

▶ Time Expectations - 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. Have them include their name, reason for attending the workshop and/or 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 and treat others in this space” **(Slide 4)**.

Whether you use a pre-planned list or have the participants brainstorm the norms, write the norms on 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 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 participants. 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 haven’t said anything, consider speaking up sharing a question or 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. THE ROLE OF GOVERNMENT TIME: 30 MIN

SECTION OBJECTIVES

- Discuss the role that government plays in determining how a society answers the three economic survival questions
- Discuss the ways government currently participates in the economy
- Explore how unequal power relations between the super-wealthy and most Americans has led to the creation of rules and regulations that favor owners and producers

MATERIALS NEEDED

- Video equipment (projector, laptop, and PowerPoint), if available
- Pens and Paper
- Appendix B: Visual Aid

FACILITATION

1. Review the Circuit of Capital(ism) from Workshop 2. **(Slide 6)**
 - ▶ **Labor** – Workers, employees, managers
 - ▶ **Means of Production** - A place to work, factory, machines, materials (i.e. metal, plastic, glass), relationships with producers of raw materials, land (to build the factory on)
 - ▶ **Production Process** – A business plan, knowledge of how to put the parts together, skills
 - ▶ **Output** – Finished products
 - ▶ **Market** – Existing and potential customers
 - ▶ **Accumulation** – Profits to pay for all the parts of the production process (i.e. taxes, salary and wages to employees, salary to owner(s))

- ▶ **Finance** – A loan in order to purchase the means of production and hire employees, ongoing credit to make sure the firm has cash to pay expenses
2. Review the ruling institutions framework with participants. Highlight the power that government has in the Circuit of Capital(ism) as a mediating institution in a market-based, but democratic society. **(Slide 7)**

Corporations (financial institutions, oil companies, pharmaceutical companies, etc.) control a majority of the resources in society (the means of production, the production process, the outputs, etc.).

The United States courts have often inhibited the redistribution of these resources through democratic means. For example, the Supreme Court has often upheld the right of corporations to control resources as “private property”. However, because the United States has a “democratic” government, the ruling institutions cannot do whatever they want with the resources without resistance from civil society. Therefore, the political process has become a battle between ruling institutions and civil society over who can influence mediating institutions to create policies and practices that allow them control over the rest of the circuit, including the market, accumulation of the surplus, finance, and labor.

Mediating institutions, including the government, military, media outlets, some large and powerful civil society groups like labor unions and church judicatories, help manage tensions and provide justifications for the ways in which certain resources are distributed, as well as policies and practices that favor one group over another.

Herein lies the power of government. Ruling institutions derive much of their power from the laws, rules, and regulations they are able to extract and manipulate to their own advantage. At different points in history, ruling institutions have had greater influence over government decision-making than civil society. As we all know, right now the ruling institutions have much of the control over mediating institutions.

In the workshop on wealth, we described the negative impact that shifting government policies under the influence of ruling institutions has had on the ability of working people (civil society) to capture a greater share of the surplus that was generated from their labor.

3. Transition to different activities to highlight the ways government can participate in the circuit of capital and therefore impact what happens to surplus. **(Slide 8)**

Knowing how the government participates in the circuit of capital is crucial to understanding the role government can play in creating a more democratic society. We are going to explore the multiple ways that the government can act and has acted that makes it a mediating institution that both the ruling institutions and civil society want to control.

4. Break participants into pairs or small groups and assign each group one of the following parts of the Circuit of Capital(ism): Labor, Means of Production, Production Process, Output, Market, Accumulation, and Capital.
5. Ask participants to discuss the ways in which the government has impacted their part of the cycle.

1. *How does government intervention impact where the surplus goes? (Slide 9)*

Each participant should share their answers with the rest of the group. Some examples include:

- ▶ **Labor** – The government creates laws that protect workers from harm and establishes minimum wages.
 - ▶ **Means of Production** – The government allows the privatization of natural resources, such as land and water.
 - ▶ **Production Process** – The government allows people or businesses to patent ideas or particular products or processes so they can make money from them.
 - ▶ **Output** – The government creates consumer protection laws that regulate the quality of the goods that can be sold to customers.
 - ▶ **Market** – The government creates laws that dictate what can and cannot be sold on the market. For example, it is illegal to harvest and sell organs, and, in the past, the government has regulated monopolies.
 - ▶ **Accumulation** – The government sets the tax rate for corporate profits and income.
 - ▶ **Finance** – The government creates laws regulating who can borrow and invest, as well as how money can be invested. The government also sets the Fed Rate, which impacts how much credit businesses can access (see the Economies in Crisis workshop).
2. Now we are going to explore three main ways the government intervenes to distribute resources and surplus.
 - ▶ Regulating/Preserving the Commons
 - ▶ Shaping Markets
 - ▶ Regulating Labor

REGULATING/PRESERVING THE COMMONS

3. *Economists look to a concept called “The Tragedy of the Commons” to explain why government regulation/intervention of some sort is necessary in society. To explain the tragedy of the commons, we’re going to watch two short videos. After each video we’ll have a brief discussion. These videos are part of the “Chalk Talk” series produced by the National Science Foundation.*

4. Watch “Chalk Talk: Tragedy of the Commons, Part 1”: <http://youtu.be/KZDjPnzoge0> (1:51).

POPCORN QUESTION: *In this video, the commons was a natural resource, a pasture. What are some other resources that can be similarly abused?*

Prompt participants to offer answers like water, fish, trees, soil, and air. It’s pretty hard to stop anyone from using many of these resources because they are essential to survival. However, when they are overused or abused, they cease to serve as a resource for anyone.

5. Watch “Chalk Talk: Tragedy of the Commons, Part 2”: <http://youtu.be/IVwk6VlxBXg> (1:28).

The three strategies featured in the video that can be used to protect the commons were privatization, cooperation, and regulation. All three of the strategies are implemented by the government. A government has the authority to create regulations, which could take the form of laws, fees, or other rules. Government has the authority to create a system that allows for and maintains private property. Government also has the authority to encourage people to cooperate to help manage or create common resources that support the well-being of all.

POPCORN QUESTION: *How can/should the government protect the commons?*

6. Transition to a discussion on taxation as a form of governmental regulation of the commons. Ask participants to brainstorm effective places in the Circuit of Capital for government taxation.

One of the key ways government helps support cooperation is by raising money, often through taxes, that can be used to support certain activities that are part of the common good.

Levying taxes is one way everyone in a society can contribute to maintaining common goods and services—often called public goods and services. Through taxes, the surplus is collected from individuals and businesses and can be used to maintain the commons. Commons can be thought of as the education system, health, public safety, roads, or other public goods. This can be done by direct government investment in companies (public utility companies) or through redistribution (food stamps).

POPCORN QUESTION: *Where is it effective for government to levy taxes in the Circuit of Capital(ism)?*

7. Provide an example of a tax that the government can and usually does levy.

Let’s use the example of education. So we have a town. The people of that town decide that they want to provide education to their citizens because, through education,

they can learn new skills, invent new processes, and improve the quality of life in the town. So, they create a board of education—a governing body—that collects a tax from every person in the town. That collective tax money is the means by which the townspeople cooperate to pay for a common education system—a public education system. That public education system produces educated people. These educated people then work at private firms, they work for nonprofits, and some go back to working for the governing body as teachers. It is these firms that are working to answer the economic survival questions of what to make, how to make it, and who gets it.

The common resource is the education system that everyone cooperated to create. But what happens when people begin to say, “I’d rather keep my money for myself so that I can buy a new car” or “I don’t use the education system—my kids are grown! I should get to keep that money!” What happens? The common resource of the education system is depleted. It can no longer provide brilliant people to work in the firms, in nonprofits, and government. The town’s survival becomes threatened.

Everyone contributes to the commons because the commons benefits everyone directly or indirectly. In the education example, you may not have a child in school and you may not run a business, but having educated people to work at the businesses that provide for your needs benefits you.

Still, even though everyone may contribute to the commons through taxes, everyone doesn’t have the same income, so they may pay different amounts of money to support the commons.

DISCUSSION QUESTIONS:

Why should people care about or contribute to the commons?
How are most U.S. tax dollars spent? Why?

SHAPING MARKETS

8. Another key role the government plays is in shaping markets. The main objective of this section is to touch briefly on the ways that markets are shaped by rules, regulations, and policies set by government. As we know from our ruling institutions framework, wealthy individuals and corporations use their power and influence to impact government and get them to shape markets in ways that benefit them.

In principle we have a capitalist, free market economy. This means that through private ownership, individuals can accumulate money or financial capital, and the forces of supply and demand (“the market” as we discussed in the second session) determine how much is produced, the types of investments that are made, and the prices of goods (essentially the economic survival questions). The theory behind a free-market economy offers that this is the most efficient way

to distribute resources. So in this theory, resources like land, housing, food, and clothing are both privately held and distributed in the best way possible.

POPCORN QUESTIONS: *What’s the problem here? Are these things distributed efficiently in our society?*

Exactly, no! This is because the “free market” doesn’t exist. The theory of free markets says that in order for it to work there has to be perfect flows of information, no monopolies, and no intervention from the government. However, we know that not everyone has access to the same information, there are large corporations that exist as monopolies, and the government intervenes in the market all the time on behalf of different interest groups – especially corporations.

If you turn on any news media outlet, such as CNN or NPR, chances are you’ll hear a story about the economy and several divergent opinions about what should be done to strengthen the economy. Some people argue that the government should get out of the way and let the free market operate. This view suggests that self-regulating, free markets will produce the best outcomes for the majority of people and is often presented as a natural process. However, markets are social constructions. In fact, the Nobel prize-winning economist Joseph Stiglitz said, “Market forces don’t exist in a vacuum. Market forces are shaped. They are shaped by rules, regulations, by politics.”

DISCUSSION QUESTIONS:

- Can you identify other ways that the government interferes with the “free market”?
 - ▶ Sample answers:
 - » Subsidies to farmers
 - » Tax breaks to corporations
- Would the free market adequately address the economic survival questions if there was no government intervention?
- What conditions would have to exist for a market to serve as a reasonable means of distributing resources?

For these last two questions, you want participants to think critically about the way markets work. It is theorized that the “free market” will regulate the amount supplied and the amount demanded to the point of equilibrium, which is where the price of what is produced by suppliers is equal to the amount that consumers are willing to pay at the quantity that suppliers would be willing to make for that price. However, there are factors other than supply and demand which impact the price of goods. Examples of these factors include taxes, uneven information, and monopolies. Try to get participants to think about how these things impact markets. Make it clear that in most cases, the reality of markets does not match the theory unless there is interference in the form of providing everyone with the same information, breaking down monopolies, and equalizing the starting points of the actors.

REGULATING LABOR

9. The third main way the government intervenes to distribute resources and surplus is through the regulation of labor. The United States Department of Labor administers and enforces more than 180 federal laws that protect workers from unsafe working conditions and exploitation by employers. A full list of the laws and their histories of how they came to be enacted can be found on the United States Department of Labor website (<http://www.dol.gov/opa/aboutdol/lawsprog.htm>), but it is worth noting a couple of the major laws put into place to regulate labor.

The United States Department of Labor administers and enforces more than 180 federal laws that protect workers from unsafe working conditions and exploitation by employers. Many of these laws and regulations were put into place as a result of pressure put on government by organized labor and other civil society groups. Two major laws the United States Department of Labor put into place as a result of this pressure are the:

- ▶ *Fair Labor Standards Act (FLSA): This act established the forty-hour work week and outlines standards for wages, youth employment, and overtime pay for most public and private employers.*
- ▶ *Occupational Safety and Health (OSH) Act: Administered by the Occupational Safety and Health Administration (OSHA), this act regulates safety and health conditions in most private and public industries.*

POPCORN QUESTION: *What are the limitations of these laws?*

10. Point out how these laws have not been strong enough to advance human dignity and economic opportunity.

While these laws have been transformative in many ways that have benefited workers, they have not been successful in ensuring a more equal distribution of resources and surplus. As we've discussed in previous workshops, inequality is at an all time high. We can see how these laws have fallen short in distributing surplus more equally by looking at the minimum wage standards set by the Fair Labor Standards Act, for instance. The current federal minimum wage is \$7.25 per hour, which, in most parts of the United States does not provide enough income for a full-time worker to live on. In other words, it is not a living wage. While a number of cities and states have enacted higher minimum wage standards, they still do not come close to distributing resources more equally between employers and workers.

SECTION WRAP-UP QUESTION

1. How do you think federal regulations should be strengthened to ensure a more equal distribution of resources and surplus?

TAKEAWAY POINTS

- Regulation is a way government can protect the commons and ensure longevity of the resources needed for production and human survival.
- By limiting certain activities (pollution, etc.), incentivizing certain activities (cooperation, sharing, etc.), and outlawing other activities (overgrazing, privatization, etc.) the government is able to ensure the preservation of the environment and the protection of workers.
- However, there is nothing natural or inherently correct about any of these methods. The choices reflect the values of society. Right now, our society relies heavily on the government's protection of private property.
- Laws regulating labor have greatly increased worker's rights and livelihoods, but are not adequate in reducing inequality.

III. INTRODUCTION TO POLICYMAKING **TIME: 15 MIN**

SECTION OBJECTIVES

- Introduce a framework for understanding how policy is made
- Provide a space for participants to think about how community voice is inserted in the policymaking process

MATERIALS NEEDED

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

FACILITATION

1. Now that participants have a broader understanding of government's role in regulating the economy, this section will take a deeper dive into how policies are created.

To understand how policy is made, we will use a framework developed by John Kingdon, Professor Emeritus of Political Science at the University of Michigan, called the three-stream model. Introduce each stream and then have a brief discussion about examples that fit under each stream. At the end, discuss where there is space built in for communities to participate in the policy making process **(Slide 14). Note:** You could also explore these points with participants through discussion with guest speakers from the Urban Justice Center, Working Families Party, and/or someone from Fordham University. They could concretize how these three streams work by providing examples from their own work experiences.

We're going to discuss the three streams that people grapple with over the course of policymaking: the problem stream, the policy stream, and the political stream.

2. Introduce the problem stream

The problem stream focuses on persuading policymakers to pay attention to one problem over another (agenda-setting). For example, certain communities get their issues addressed almost immediately while other communities may find that their issues in areas such as health and education, are put on the back burner.

POPCORN QUESTIONS: *Who normally identifies problems? Whose problems are given attention?*

Where is community voice in this process? How do we get community voice inserted into the process?

Typically, white people, businesses, and rich people are able to raise problems and get them addressed. Elected officials and appointed agency officials also have power to raise and address certain issues about others. For communities, using the problem stream to advance a policy agenda requires careful coordination and an understanding of how organizing can create power and pressure.

3. Introduce the policy stream

Within the policy stream proposals are generated, debated, revised, and put forth for serious discussion. Think tanks, academics, and professional politicians often engage in the policy stream by putting forth ideas and by being asked to evaluate the policy ideas of others.

POPCORN QUESTIONS: *Who typically generates policy? How? Whose opinions matter when creating and revising policies? Who should be generating policy? Why?*

Often, the people who put forth policies and are taken seriously in policymaking spaces do not always understand the broader context, the ways that people and institutions may exploit the context for their own benefit and to the detriment of others, or put in place adequate mechanisms to prevent exploitation. For example, in Washington D.C., the right of first refusal law has been greatly perverted by

lawyers and developers in hopes of advancing their own bottom lines. If a landlord decides to sell their affordable building, tenants have a right of first refusal, or the first opportunity to buy the building at the landlord's asking price. Since most tenants in affordable buildings cannot afford the asking price, developers have decided to partner with tenants to buy the building. However, the tenants do not become owners, they remain renters in exchange for the developer agreeing to keep the unit affordable. But when a tenant moves out, they can increase the rent to be as high as the market can bear. Therefore, in the long-term, the building stops being affordable. For this reason, community members and residents must be at the forefront of any policy debate—both leading and shaping the conversation. Community members and residents should also take the lead in actually creating policies and piloting programs.

4. Introduce the political stream

The political stream of policymaking takes into consideration the political factors that influence agendas. Examples include changes in elected officials, political climate or mood, and the voices of advocacy or opposition groups.

POPCORN QUESTIONS: *Who can give me an example of policymaking that occurred by taking advantage of political factors or a political climate?*

The current attempts to get the Stand Your Ground laws in Florida repealed in light of the acquittal of George Zimmerman from all charges brought against him in the shooting death of Trayvon Martin is an example of policymaking in the political stream. The voices of advocacy and opposition groups (i.e., the NRA, etc.) can drown out the voices of community members. Further, waiting for a changing tide can be frustrating since political will for change is so slow. Finally, dealing with the political maneuvering in the policymaking process is also frustrating because it can seem like a game when people's livelihoods are at stake.

5. Conclude by noting that it is where these streams align that policymaking takes place. There is no place where community voices officially take precedent or are able to be part of the discussion, despite being impacted by these policies.

SECTION WRAP-UP QUESTIONS

- Where are community members intentionally heard in the process?
- Where are community members most often left out of the process?
- If you want to make policy then at what point in the process do you want to interject?

TAKEAWAY POINTS

- The 3-stream model of policymaking is a useful tool for figuring out how policies are made and how community level groups can participate in the policymaking process.
- In examining the model, we can see that there is not a lot of space, intentional or otherwise, for community members and residents to voice their opinions and impact the process.
- Intervening in the policymaking process would require building power and strategic planning to get policies implemented.

IV. LOCAL GOVERNMENT POLICYMAKING STRATEGIES

TIME: 30 MIN

SECTION OBJECTIVES

- Understand the mechanisms by which economic development policy is made on a local level
 - Strategize about how to intervene in a process not meant to include community voice
1. Define *local economic development policy* as special activities undertaken by public and private groups to increase the local economy's capacity to create wealth for local residents.

MATERIALS NEEDED

- Video equipment (projector, laptop, and PowerPoint), if available
- Appendix B: Visual Aid

FACILITATION

As mentioned in earlier sessions, economic development policy is often geared towards increasing productivity (i.e. growth) in order to bring economic benefits to an area.

POPCORN QUESTION: *Is increasing growth the best strategy?*

2. Describe the entities that create local economic development policy and where they derive their power to do so.

There are several agencies, institutions and organizations in New York City that make and implement local economic development policy. The forms and powers of local economic development organizations are generally described in state law, and most public entities are organized to serve a particular municipality or county. A variety of regional organizations also promote economic development, but these are voluntary in nature and lack the specific powers granted to Industrial Development Agencies (IDAs) and other organizations serving a specific municipality or zone.

POPCORN QUESTIONS: *Who knows of some local economic development agencies? (Slide 17)*

- Municipal departments of economic development
- Industrial Development Agencies (IDAs)
- Community development agencies (CDAs)/urban renewal agencies (URAs). Many URAs have become CDAs to take advantage of federal funding.
- Local development corporations (nonprofit)
- Local Empire Zones targeted at economically distressed areas
- Regional planning councils
- Business Improvement Districts (BIDs)

POPCORN QUESTIONS - *What are their major strategies for economic development?*

- The 116 IDAs in New York state attempt to attract, retain, and expand businesses within their jurisdictions by providing incentives to private entities; usually in the form of tax breaks and subsidies, promoting high technology, building sports stadiums and convention centers, and some community development efforts.
- These agencies, people, some communities, and businesses can often impact zoning and universal land use review procedures using the 3 policy streams.

V. STRATEGIES FOR IMPLEMENTING ECONOMIC DEMOCRACY

TIME: 25 MIN

SECTION OBJECTIVES

- Understand the mechanisms by which economic development policy is made at the local level
- Strategize about how to intervene in a process not meant to include community voice

MATERIALS NEEDED

- White board or flip chart
- Pens/markers
- Video equipment (projector, laptop, and PowerPoint), if available
- Appendix B: Visual Aid

FACILITATION

1. Move into an activity where you analyze economic development policies and strategies. The goal is to get participants to think about how the policy could be different under principles of economic democracy and how it could get passed using the 3 policy streams.
2. Divide participants into groups of 3-5 and describe two current economic development policies/strategies.
 - ▶ New York City's Department of Homeless Services instituted a "cluster site program" intended to service the city's homeless population. **(Slide 19)**
 - » The program incentivizes landlords to house homeless people
 - » Unfortunately, this has adversely impacted the housing situation in New York City. Since, in many cases, rent payments given by the government are higher than what low-income residents are currently paying, landlords have pushed out low-income residents from their apartments to make room for homeless people.
 - ▶ The New York City Department of City Planning has a Universal Land Use Review Procedure (ULURP) for the purpose of giving the public the opportunity to weigh in on development decisions affecting the land use (i.e. zoning, housing and urban renewal plans, etc.) of the city. **(Slide 20)**
 - » After an application is filed, copies are sent to the appropriate Borough President, Community Board and City Council.

- » Within 60 days, the Community Board is required to hold a public meeting and provide a recommendation to the City Planning Commission (CPC), the applicant, and the Borough President.
- » After the Borough President receives the recommendation, s/he must provide a written recommendation to the CPC within 30 days
- » The CPC must then hold a public hearing and decide whether to approve or disapprove of the application
- » Depending on the issue at hand, the City Council will review the application and decide whether to approve or disapprove it
- » The Mayor and City Council member for the area have binding votes on the process, and it goes to the entire city council if there is a tie
- » The Borough President and the Community Board (appointed by the borough president) have non-binding votes

A more thorough explanation of the ULURP review process, can be found on the Department of City Planning's website: <http://www.nyc.gov/html/dcp/html/luproc/ulpro.shtml>

3. Instruct participants to discuss four things **(Slide 21)**:
 - ▶ What problem/purpose is the policy supposed to address/solve?
 - ▶ Who benefits from the policy being this way?
 - ▶ How could the policy shift or change to better address the problem or align more with economic democracy's principles of democratic control and collective ownership?
 - ▶ What strategies could you use to get the policy passed?
4. Give participants about 15 minutes to discuss strategies for both policies
5. Ask each group to share their idea for the policy shift or change and how they would try to get the policy passed. As each group presents, allow for questions and comments to clarify the goals and strategies they generated. Participants might start out with pie in the sky visionary policy shift (such as an elected Community Board) and may need support in articulating a first step in the process. Other groups might offer small, incremental shifts that don't seem oriented to the aim of radically shifting power dynamics. These groups might need support in thinking more expansively.
6. 6. As groups report back, attempt to discern whether they identified all of the phases in the policymaking process. After all the groups have shared, use examples from the ideas presented to illustrate the policymaking process.

(Slide 22)

▶ **Problem Identification**

- » What is the problem? What have you done to collect, summarize and present relevant information?

▶ **Policy Formulation**

- » Who are your partners? What have you done to create/secure partnerships? What have you done to develop desired change?

▶ **Advocacy**

- » Who are the stakeholders? What have you done to engage stakeholders and the general public? Who are the policy/decision-makers? How have you educated/informed policy and decision-makers about the agenda setting process? What change was adopted?

▶ **Implementation**

- » Which agencies are implementing the new policy? What have you done to support and evaluate implementation?

▶ **Evaluation**

- » What have you done to evaluate the impact of change?

DISCUSSION QUESTIONS

- Was it easy or challenging to come up with the policy that would align with economic democracy? Why or why not?
- Which step in the policy making process is easiest? Which is the hardest? Why?

VI. LIMITATIONS OF POLICYMAKING **TIME: 30 MIN**

SECTION OBJECTIVES

- Think critically about the limitations of policy in transitioning our society to one that is guided by principles of economic democracy
- Brainstorm what else needs to be in place to achieve economic democracy

MATERIALS NEEDED

- Sticky notes
- Pens
- Video equipment (projector, laptop, and PowerPoint), if available
- Appendix B: Visual Aid

FACILITATION

1. Hand each participant two sticky notes and ask them to write down two things they would be most excited about in a society governed as an economic democracy. Ask participants to put their sticky notes up in front of the room and then work together to group the sticky notes by topic.
2. Ask participants whether policy alone will be sufficient to make the changes they hope to see in society.

DISCUSSION QUESTIONS

- Is policy enough to generate the changes all of you have identified here?
- What else is necessary?

TAKE AWAY POINTS

- While important, there are limitations to what simply changing policies can do to change society.
- Often, we also need things like education, training, changes in culture, healing, and concrete examples of success.
- Policymaking can open doors for more of these other things to happen, but policymaking must be considered part of an overall strategy for social change.

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 thought
- Collect valuable feedback and data from participants
- Close and generate excitement about Economic Democracy and the rest of the training series

MATERIALS NEEDED

- Appendix C: Evaluation Form
- Appendix D: Major Takeaway Points

FACILITATION

1. Summarize the Main Points and Topics
 - ▶ The 3 stream model of policymaking is a helpful tool for understanding the usual mechanisms by which policy is made and passed in government. Understanding the mechanisms helps us to identify where in the process community voice is and isn't heard and where it can be interjected.
 - ▶ Most economic development agencies use policies intended to attract, retain and expand businesses within their jurisdictions by providing incentives to private entities in the form of tax breaks and subsidies. The process for approving development plans is also highly political and does not include community voice or process.
 - ▶ We must think critically about how to push, create, and pilot policies that are more in line with economic democracy in that they promote democratic governance and collective ownership.
 - ▶ Policy, however, is not the only strategy we have or should use to transform society.
2. Closing Discussion Question - The Bronx Cooperative Development Initiative believes that we can build community wealth that is holistic, democratically governed, 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 this 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. Depending on the time left, either hand out the written evaluation for participants to complete, or conclude with 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 the future workshops. **(Appendix G)**
 - ▶ 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 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 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 stretch 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

ECONOMIC DEMOCRACY

Economic democracy is a system in which our needs are met through a process of collective decision-making, collective ownership, and collective management of resources. It is a process that is infused with our values and priorities. Wikipedia 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. Rather, economic democracy is a holistic response to modern property relations that subordinate the general well-being of people and the environment to private profit and deny citizens a democratic voice in economic policy decisions.

Source:

1. "Economic Democracy." Wikipedia. <http://en.wikipedia.org/wiki/Economic_democracy#cite_note-FOOTNOTESmith2005-0>.

3-STREAM POLICY MODEL

The *problem stream* is about persuading policymakers to pay attention to one problem over another (agenda-setting). For example, the issues of certain communities are addressed more quickly than the issues of other communities.

The *policy stream* is the process by which policy proposals are generated, debated, revised, and put forth for serious discussion. Think tanks, academics, and professional politicians often have ideas they put forth and are looked to for evaluation of policy as well.

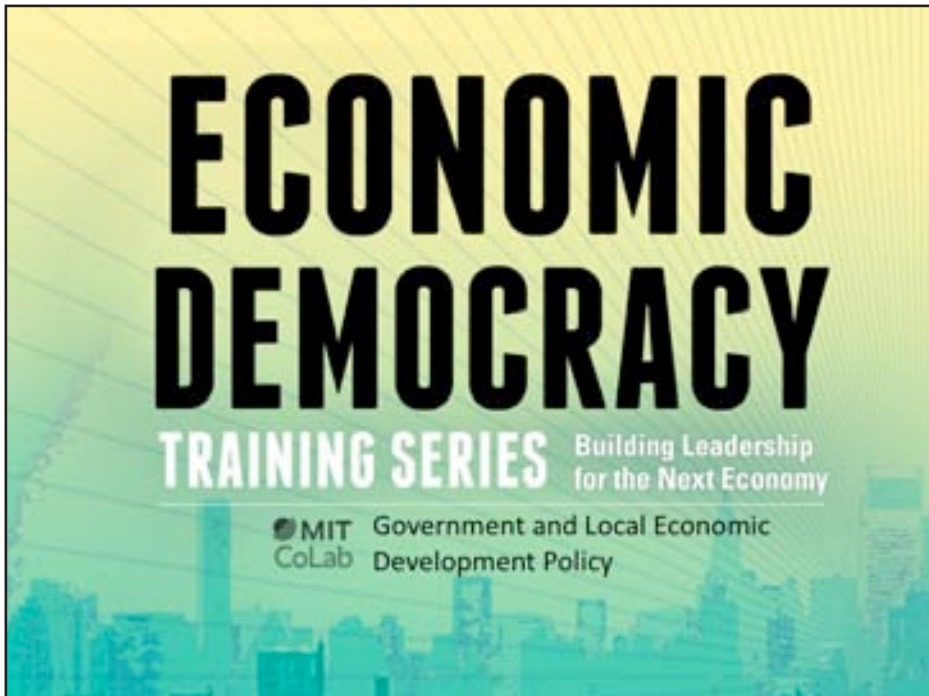
The *political stream* for policy making takes into consideration the political factors that influence agendas, such as changes in elected officials, political climate or mood, and the voices of advocacy or opposition groups.

Source:

In addition to providing a thorough explanation, there is a helpful diagram that explains the model.

1. "Evaluation Based on Theories of the Policy Process." Julia Coffman. <<http://www.hfrp.org/evaluation/the-evaluation-exchange/issue-archive/advocacy-and-policy-change/evaluation-based-on-theories-of-the-policy-process>>.

APPENDIX B
VISUAL AID



SESSION GOALS 

- To explore the role that governments have played and can play in distributing resources
- To explore the policymaking process and how community-level groups can participate in the policymaking process
- To learn how to critique the range of strategies commonly used by policymakers to improve the economic prospects of neighborhoods, cities and regions

2 | Economic Democracy Training Series SESSION GOALS

AGENDA



- Welcome and Introductions (10 min)
- The Role of Government (30 min)
- Introduction to Policymaking (10 min)
- Local Government Policymaking Strategies (25 min)
- Break (10 min)
- Strategies for Implementing Economic Democracy (25 min)
- Limitations of Policymaking (10 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

The Role of Government

Circuit of Capital(ism)

PLACE CIRCUIT OF CAPITALISM

Ruling Institutions Framework

PLACE Ruling Institutions Framework

Circuit of Capital(ism)

Activity

- Break up into pairs or small groups
- Each group should choose one part in the Circuit of Capital(ism)
Labor, Means of Production, Production Process, Output, Market, Accumulation, or Capital
- Discuss: *How does government intervention impact where the surplus goes in each part of the Circuit of Capital(ism)?*
 - For example, for Labor, the government creates laws that protect workers from harm and establishes minimum wages

Government Intervention

- There are three main ways that government intervenes to distribute resources and surplus
 - Regulating/Preserving the Commons
 - Shaping Markets
 - Regulating Labor

Regulating the Commons

Discussion Questions

- Why should people care about or contribute to the commons?
- How are most U.S. tax dollars spent? Why?

Shaping Markets

Discussion Questions

- Can you identify other ways that the government interferes with the "free market"?
- Would the free market adequately address the economic survival questions if there was no government intervention?
- What conditions would have to exist for a market to serve as a reasonable means of distributing resources?

Regulating Labor

Discussion Question

- How do you think federal regulations should be strengthened to ensure a more equal distribution of resources and surplus?

Introduction to Policymaking

Three-Stream Model for Policymaking

- The **PROBLEM STREAM** is about persuading policymakers to pay attention to one problem over another: *"This is a problem!"*
- The **POLICY STREAM** is the process by which policy proposals are generated, debated, revised, and put forth for serious discussion: *"I know how to fix this!"*
- The **POLITICAL STREAM** for policymaking takes into consideration the political factors that influence agendas, such as changes in elected officials, political climate or mood, and the voices of advocacy or opposition groups: *"We should do this now. This is important now!"*

Policymaking

Discussion Questions

- Where are community members intentionally heard in the process?
- Where are community members most often left out of the process?
- If you want to make policy then at what point in the process do you want to interject?

NYC Local Economic Development Agencies

- Municipal departments of economic development
- Industrial Development Agencies (IDAs)
- Community development agencies (CDAs)/urban renewal agencies (URAs) → many URAs have become CDAs to take advantage of federal funding
- Local development corporations (not-for-profit)
- Local Empire Zones → targeted at economically distressed areas
- Regional planning councils
- Business Improvement Districts (BIDs)

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- Local Empire Zones → targeted at economically distressed areas
- Regional planning councils
- Business Improvement Districts (BIDs)

Strategies for Implementing Economic Democracy

Evaluating Economic Development Policies and Strategies

New York City Department of Homeless Services' "Cluster Site" Program

- The cluster site program incentivizes landlords to house people who are homeless
- The program has negatively impacted the housing situation in NYC
- Rent payments given by the government are higher than what low-income residents are currently paying, so landlords have pushed out their low-income tenants to make room for people who are homeless

Evaluating Economic Development Policies and Strategies

New York City Department of City Planning ULURP

- The Universal Land Use Review Procedure (ULURP) gives the public an opportunity to weigh in on development decisions affecting the land use of the city
 - After an application is filed, copies sent to relevant Borough President (BP), Community Board (CB) and City Council members
 - Within 60 days, the CB is required to hold a public meeting and provide recommendation to the City Planning Commission (CPC), the applicant and BP
 - After BP receives the recommendation, s/he must provide recommendation to CPC within 30 days
 - The CPC holds public meeting to decide to approve or disapprove application
 - Depending on the issue, City Council may review the application and decide
 - The Mayor and City Council member for the area have binding votes on the process, and it goes to entire City Council if there is a tie
 - The BP and CB have non-binding votes

Evaluating Economic Development Policies and Strategies

Questions to Answer

- What problem/purpose is the policy supposed to address/solve?
- Who benefits from the policy being this way?
- How could the policy shift or change to better address the problem or align more with economic democracy's principles of democratic control and collective ownership?
- What strategies could you use to get the policy passed?

Phases of the Policymaking Process

- **Problem Identification**
 - What is the problem? What have you done to collect, summarize, and present relevant information?
- **Policy Formulation**
 - Who are your partners? What have you done to create/secure partnerships? What have you done to develop desired change?
- **Advocacy**
 - Who are the stakeholders? What have you done to engage stakeholders and the general public? Who are the policy/decision-makers? How have you educated/informed policy and decision-makers about the agenda setting process? What change was adopted?
- **Implementation**
 - Which agencies are implementing the new policy? What have you done to support and evaluate implementation?
- **Evaluation**
 - What have you done to evaluate the impact of change?

Limitations of Policymaking

Discussion Questions

- Is policy enough to generate the changes all of you have identified here?
- What else is necessary?

APPENDIX C: HANDOUT NO.1

EVALUATION FORM

GOVERNMENT AND LOCAL ECONOMIC DEVELOPMENT POLICY 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.

	Check all that apply	General Comments
The Role of Government		
Introduction to Policy Making		
Local Economic Development Strategies		
Strategies for Implementing Economic Democracy		
Limitations of Policy		

What parts of the workshop did you dislike?

	Check all that apply	General Comments
The Role of Government		
Introduction to Policy Making		
Local Economic Development Strategies		
Strategies for Implementing Economic Democracy		
Limitations of Policy		

What areas of the workshop need improvement?

	Check all that apply	General Comments
The Role of Government		
Introduction to Policy Making		
Local Economic Development Strategies		
Strategies for Implementing Economic Democracy		
Limitations of Policy		

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)

	Check all that apply	General Comments
Convenient location for me		
Inconvenient location for me		
No comment		
Other		

Room size and set up (check one)

	Check all that apply	General Comments
Great size and set up		
Too small		
Too large		
No comment		

Food (check one)

	Check all that apply	General Comments
Satisfied		
Unsatisfied		
Did not eat		
Other		

Length (check one)

	Check all that apply	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 D: HANDOUT NO. 2

MAJOR TAKEAWAY POINTS

1. The 3 stream model of policymaking is helpful for understanding the usual mechanisms by which policy is made and passed in government. Understanding the mechanisms helps us know where in the process community voice is and isn't heard, and where it can be injected.
2. Most economic development agencies use policies aimed to attract, retain, and expand businesses within their jurisdictions by providing incentives to private entities in the form of tax breaks and subsidies. The process for approving development plans is also highly political and does not meaningfully include community voice.
3. We must think critically about how to push, create, and pilot policies that promote democratic governance and collective ownership, the principles of economic democracy.
4. Policy, however, is not the only strategy we have or should use to transform society.

FACILITATOR'S GUIDE

Labor Unions

TIME: 2 HOURS

Overview: The purpose of this workshop is to explore the role that labor unions have played to reduce economic inequality and how they can transform their operations to create a society built on the principles of economic democracy.



SESSION GOALS:

- Examine the role labor unions have played in redistributing surplus and protecting workers from exploitation
- Consider the ways labor unions can be leveraged to facilitate a transition from a capitalist economic system to an economic democracy



MATERIALS NEEDED

- White board or flip chart paper
- Video projection equipment (projector, laptop, and PowerPoint), if available
- Markers
- Name tags
- Pens and paper
- Paper money
- Envelopes (10)
- Appendix:
 - A. Reference Materials
 - B. Visual Aid
 - C. Handout No. 1: Domestic Workers United
 - D. Labor Jeopardy
 - E. Contract
 - F. Handout No. 2: Evaluation form
 - G. Handout No. 3: Major Takeaway Points



PREPARATION/PRE-TRAINING:

Facilitators should review the following concepts using the texts and resources found in **Appendix A**.

- History of Labor Movement
- Tragedy of the Commons
- Labor Unions and Economic Democracy
- Capitalism
- Taxation
- Washington Consensus
- Government Regulation
- Treaty of Detroit
- Wealth



AGENDA:

Times below are suggested. As written, the agenda includes a break. If you choose to include a break, the module will exceed the 2-hour allotted time.

I. WELCOME AND INTRODUCTIONS	10 MIN
II. WAGE EXPLOITATION ACTIVITY & DISCUSSION	30 MIN
III. THE RISE AND DECLINE OF THE LABOR MOVEMENT IN THE U.S.	50 MIN
IV. BREAK (OPTIONAL)	(10 MIN)
V. LABOR UNIONS AND ECONOMIC DEMOCRACY	20 MIN
VI. CONCLUSION AND EVALUATION	10 MIN

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

- Name tags
- Markers
- White board or flip chart paper
- 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 this workshop. The goals should be tailored to the group or host organization. List the goals on a piece of flipchart paper that can be posted and visible throughout the workshop. **(Slide 2)**

SAMPLE GOALS

- Examine the role organized labor unions have historically played in redistributing surplus and protecting workers from exploitation
 - Consider the ways organized labor unions can be leveraged to facilitate a transition a capitalist economic system to an economic democracy
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 to 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. **(Slide 3)**
 - ▶ Time Expectations - 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; perhaps including name, reason for attending the workshop and/or what you hope to get out of the workshop; and any other important identifier if necessary/desired (neighborhood, organization, etc.) 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 treat others and 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 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 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 participants. 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 haven't said anything, consider speaking up sharing a question or idea you have.
- Hold comments till 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. WAGE EXPLOITATION ACTIVITY AND DISCUSSION **TIME: 30 MIN**

SECTION OBJECTIVES

- Understand how wage exploitation is fundamental in sustaining capitalist systems
- Discuss how and why workers have historically come together to fight wage exploitation

MATERIALS NEEDED

- Envelopes (10)
- Appendix E: Contract
- Play Money
- Pens and paper
- Markers
- Video equipment (projector, laptop, and PowerPoint), if available
- Appendix B: Visual Aid

FACILITATION

1. Introduce the Wage Exploitation activity derived from SOUL's curriculum
We are now going to do an activity that explains the role of labor organizing in capitalist systems. An organization called the School of Unity and Liberation (SOUL) designed an activity that we're going to borrow from to explain this.
2. Choose 10 participants, and have them line up at the front of the room. Hand each volunteer an envelope with:
 - 1) A contract
 - 2) \$64 of play money (32 \$2 bills)
 - 3) A sign that says "worker"
3. Tell the other participants who are not at the front of the room that they should play starving, jobless workers who are eager to replace one of the contracted workers at the front of the room if they were to quit or be fired.
4. Ask for one worker to read and sign the contract. Make sure to emphasize:
If any of the workers do not want to sign the contract, they will not get the job and they will not be able to survive. Assure them that there are many others

who are willing to take the job.

5. Once the workers sign the contract, instruct them to put on the “worker” sign.
6. Put on the sign that says “owner” and introduce yourself as the CEO of Capitalist Corporation of America Inc.
7. Put up “The Workers’ Pay Chart,” and have a participant read it to the group:
 - ▶ Each worker works for \$8/hour
 - ▶ Each worker works 8 hours/day
 - ▶ So, each worker takes home \$64/day
 - ▶ Each worker produces 50 hamburgers/hour
 - ▶ So, each worker produces 400 hamburgers in one day of work
 - ▶ Each hamburger is sold on the market for \$2 each
8. Make sure that the group understands these numbers. This is very important. The rest of the activity is based on understanding these numbers.
9. Move on to the production phase

If each worker produces 400 hamburgers per day, each of which sells for \$2.00, that equals \$800. I want each worker to count out \$800.

You as individual workers produce \$800 of value in one day of work. This is what you’re holding in your hands—the money that your work produces in one day.

However, the money does not go straight into your pockets.

10. Move around and collect the money each worker is holding in his or her hands. At each person, the facilitator should thank him or her for their work, smile, and move on.

Remember workers that your daily wages are \$64 (\$8 per hour for 8 hours each day).

11. Move around the room again and hand each worker \$64 – their wages for the day.

Now I spend about \$2,400 per month in rent, supplies, and other expenses. That equals about \$80 per day.

12. Take \$80 of the owners’ stack of money and set it aside. Make sure it’s clear to the participants that you (as the owner) are keeping whatever is left over.

DISCUSSION QUESTIONS

- Workers, what are your lives like? What is it like to live on a wage of \$64 per day?

Possible answers include anxiety-filled, living paycheck to paycheck, not being able to pay the rent, going without basic necessities, etc.

- How do you think I'm living with my stack of money as the owner?

Remember this is how much money I, the owner, am going home with after just one day with only ten employees. Imagine how much money the owner would take home if I had hundreds or thousands of workers (like many do).

13. Explain to participants that what they all just demonstrated is called wage exploitation – the owner exploits the labor of the worker.

The owner makes money by paying the worker much less than the amount they charge customers for the items that the worker produces. The owner takes home this money as profit. This is the way that capitalism works – it is a system based on the exploitation of labor.

POPCORN QUESTIONS: Is this fair? Why or why not?

14. Ask participants what role organized labor has traditionally played in scenarios like this.

Workers throughout history have fought against wage exploitation and poor working conditions. These struggles are very important and can really change people's quality of life.

15. Together, read how Domestic Workers United has fought to advance the rights of Caribbean, Latina and African nannies, housekeepers, and elderly caregivers in New York (**Appendix C**).

TAKEAWAY POINTS

- With the support of government, people can and have traditionally organized to demand a greater share of the profits gained from their labor.
- Labor unions have also traditionally been extremely racist and sexist in who they protect and who they allow into their unions.
- Regardless, we can see that labor unions have played a critical role in reducing economic inequality and ensuring workers lead dignified lives.

II. THE RISE AND DECLINE OF THE LABOR MOVEMENT IN THE U.S. **TIME: 50 MIN**

SECTION OBJECTIVES

- Understand the historical and contemporary challenges that have confronted labor unions
- In a fun and interactive way, review major labor battles and help participants gain an understanding of the potential for labor unions to reduce income inequality

MATERIALS NEEDED

- Video equipment (projector, laptop, and PowerPoint), if available
- Appendix B: Visual Aid
- Appendix D: Labor Jeopardy

FACILITATION: LABOR HISTORY

POPCORN QUESTION – *Throughout history, the relationship between labor and capital has been tense. Who thinks they know the time period when the first major labor battles in the U.S. began?*

Colonial times/Slavery! *This is often forgotten, but slave revolts were essentially the violent struggle of unpaid labor attempting to fight against an oppressive system that devalued their labor (and humanity) and profited from their work. The revolts, which were at first joint efforts between white indentured servants and slaves, scared the ruling class so much that they created a divide between poor white people and people of color that exists to this day. Poor whites were granted some benefits over people of color – namely, whiteness, or the right not to be a slave.*

So some people mentioned the Industrial Revolution. That's right, many traditional unions formed in response to working conditions during the mid-19th century Industrial Revolution (1830s-1910s).

Since the Industrial Revolution, labor unions have played a significant historical role in helping people who do not own the means of production capture a greater share of the surplus that result from their labor during the production process. Through collective bargaining, and establishing wage minimums, paid vacations, benefits, and other measures, organized labor has fought to direct a greater share of the surplus to workers and improve their working conditions.

However, organized labor has not always been well-received in workplaces in the

United States. Many industries have been hostile to organized labor, and have stoked union-busting and government policies that have undermined the progress they have made. As a result, union membership has declined. Over the last sixty plus years, the percent of wage and salary workers represented by a union declined nationwide from a high of almost 35 percent in 1954 to a little over 11 percent today. Despite the decline in union membership rates nationwide, New York State continues to have the highest union membership rate, comprising approximately 24 percent of wage and salary workers, and, therefore, a lot of political power. Later in this section, we will explore historical contexts and precedents that have led to the decline in union membership rates nationwide.

16. The Treaty of Detroit: The period after the Great Depression is sometimes called “The Treaty of Detroit.” During this time, the post-Great Depression New Deal legislation established institutions, policies, and norms that promoted rising incomes with rising productivity so workers would be able to capture surplus from their work.

- ▶ For example, during the Treaty of Detroit period, President Truman convened a conference between business, labor, and public relations offices to discuss labor relations and avoid strikes.
- ▶ During the Treaty of Detroit era, the tax rate on the highest earners was as high as 94 percent.

17. The Washington Consensus: During the 1970s relationships between government, business, and labor changed. The federal government enacted economic policies (deregulation of businesses, low minimum wage, low taxes, dismantling collective bargaining) that led to more inequality. This period is known as the Washington Consensus.

- ▶ For example, during the Washington Consensus Era, when the air traffic controllers went on strike, President Reagan simply fired them all! Government no longer acted as the middleman in reaching peace between labor and business. Government was instead unambiguously hostile to labor, making it difficult for workers to organize to capture surplus. As labor power declined and the power of capitalists increased, the capitalists were able to use their power to influence government in their favor **(Slide 13)**.
- ▶ The shift is also exemplified in different tax policies. For much of recent American history, the tax rate on the top income bracket has been fairly high. Compared to the 94 percent tax rate from before, it sunk to a low of 28 percent under Ronald Reagan. **(Slide 14)**

LABOR JEOPARDY!

Major labor battles have resulted in federal labor laws that have advanced the rights, wages, and salaries of workers in the U.S. We are going to identify these major battles and how the labor movement got to where it is today by playing Labor Jeopardy!

Divide the participants into two teams and explain the rules of Labor Jeopardy! Jeopardy is a popular game show where answers to questions are given and the teams must guess the question that would have prompted the answers **(Appendix D)**.

Alright, so now that we have our teams, let's go over the rules of Labor Jeopardy. When it is your turn, you are going to pick a point value. The points indicate how hard the prompt will be. I am going to read off the card – it will be the answer to a question. You have 30 seconds to guess the question that might have prompted the answer I gave. Get it? Okay, let's do an example. Answer: This borough is located in the northwest part of New York City. Wait for responses. Question: What is the Bronx? Exactly! You must give your answer as a question. Let's try another example. Answer: This concept emphasizes collective ownership and democratic governance of money and resources. [Wait for responses] Question: What is economic democracy? Okay, great, let's start

In the next section, we are going to further explore labor's role in capturing surplus in society.

TAKEAWAY POINTS

- The first major labor in the United States battles began during Colonial times/ Slavery.
- Many of the traditional labor unions we see today were formed in response to working conditions during the mid-19th century Industrial Revolution.
- While organized labor has won many battles on behalf of workers, unions are not always well-received in workplaces in the United States. As a result, union membership has declined over the last 60 plus years.
- After the Great Depression, New Deal legislation established institutions, policies, and norms that promoted rising incomes with rising productivity so workers would be able to capture surplus from their work.
- During the 1970s, the federal government enacted economic policies that led to greater economic inequality.
- We continue to fight to change the economic policies enacted in the 1970s.

V. LABOR UNIONS AND ECONOMIC DEMOCRACY **TIME: 20 MIN**

SECTION OBJECTIVES

- Introduce the possibility of using existing institutions to facilitate the creation of new institutions that are in line with principles of economic democracy
- Provide a space to vision new possibilities, roles, and potentials for labor unions

MATERIALS NEEDED

- Pens and paper
- Video equipment (projector, laptop, and PowerPoint), if available
- Appendix B: Visual Aid

FACILITATION

1. Shift the conversation to how labor unions can operate under principles of economic democracy. Unions could do more to reorient the relationship between institutions that control resources and the people they represent.

Even with the hard work of labor unions, the relationship between the owner and the worker has not changed. The owner still goes home with a large percentage of the profit. It has gotten a little more tolerable, maybe, but it has not fundamentally changed the relationship between the worker and capital because the owner still exploits the work of the workers for the purpose of accumulating wealth. This is at the foundation of capitalism – a small group of people become rich and continue to grow their wealth through the work of the majority of people.

This is possible because the owner has access to the initial capital that businesses usually need to get up and running. Because they are putting in a large investment and taking on a lot of risk, owners feel justified in keeping a large percentage of the profits.

2. Revisit the economic democracy framework and review the principles of economic democracy, which emphasize worker ownership and democratic control.

Economic democracy seeks to reorient the relationships in the ruling institutions framework. Under economic democracy, 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.

Collective ownership is not only a nice idea, it is a necessity for people who do not have access to large amounts of capital. One person may not have enough capital to own a business themselves, but if they combine their resources with others, they might be able to.

3. Divide participants into groups of five or six. Ask them to rewrite the script of the wage exploitation activity with organized labor responding to the actions of the owner. Ask them to brainstorm and show what labor could do to respond to the exploitation of workers by utilizing principles of economic democracy (worker ownership and control).

So, where might a labor union intervene in the activity we just did? That's right – after seeing how little they are paid, the workers could come together, form a union, and rewrite the contract to demand a greater share of the surplus – this would be negotiated between the workers and owners. However, this is simply workers capturing more surplus – not changing the relationship between the workers and the owners.

DISCUSSION QUESTIONS

- Why are both worker ownership and worker control necessary? What would one look like without the other?
- What are strategies unions could utilize to fundamentally change the relationship between the workers and the owner? How could they build worker-ownership and community-controlled institutions? Why might labor unions be uniquely positioned to facilitate the creation of worker-owned and controlled institutions?

TAKEAWAY POINTS

- Despite the advances labor unions have made on behalf of workers, the relationship between the owner and the worker has not changed.
- Economic democracy seeks to reorient the relationship between the owner and the worker so that workers collectively own and control institutions.
- Labor unions can help facilitate the transition of our society from a capitalist system to one based on the principles of economic democracy.

VI. 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 thought
- Collect valuable feedback and data from participants
- Close and generate excitement about Economic Democracy and the rest of the training series

MATERIALS NEEDED

- Appendix F: Evaluation Form
- Appendix G: Takeaway Points

FACILITATION

1. Summarize the Main Points and Topics
2. Closing Discussion Question - BCDI believes that we can build community wealth that is holistic, democratically governed, and collectively owned, in order 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 this new economy based on shared wealth.
What would happen if you got involved?
3. Discuss any concrete next steps participants can take, upcoming events and the next training
4. Depending on the time left, either hand out the written evaluation for participants to complete, or conclude with 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 the future workshops. **(Appendix G)**
 - ▶ 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 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 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 stretch 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

REFERENCES

TRAGEDY OF THE COMMONS

The tragedy of the commons is a concept that explains the depletion of a shared resource by individuals, acting independently and rationally according to each one's self-interest, despite their understanding that depleting the common resource is contrary to the group's long-term best interests.

Additional Resources:

1. "Tragedy of the Commons." Garrett Hardin. <<http://eesc.columbia.edu/courses/v1003/lectures/population/Tragedy%20of%20the%20Commons.pdf>>

GOVERNMENT REGULATION

Regulations are rules put in place by legal authorities (like the state) in order to achieve certain goals. Regulations can protect consumers by making certain activities, such as insider trading, illegal. They can also protect the environment by prohibiting reckless waste disposal. Adequate regulations create "rules of the game" that can allow private sector actors, citizens, and government to act in ways that help further the common good.

Additional Resources:

Provides an overview of cycles of regulation, de-regulation and government in 20th century U.S. capitalism:

1. "20th Century Capitalism and Regulation in the United States" (video). Khan Academy. <<http://www.khanacademy.org/humanities/history/v/20th-century-capitalism-and-regulation-in-the-united-states>>.

TAXATION

Taxes are a way for democratic peoples to invest in and fund various programs and activities in order to create shared benefits that uphold the values and priorities of those peoples. For example, taxes can be used to create schools that educate the young people of a city, state, or nation. This investment in education produces citizens who can contribute back to the society.

Tax policies at the local, state, and federal levels are influenced by widely accepted economic and social arguments made, accepted, and codified into tax law. Under neoliberal theory, and traditional capitalist economics, taxes create barriers to efficient market functioning and "deadweight loss," which is foregone producer

surplus (profit) and consumer surplus (utility). While many neoliberals do not support complete eradication of government, they do believe taxes should be exceedingly low and should only go to support government functions that allow the market to function (law, infrastructure, etc.). Citizens, meanwhile, should pay for those costs (in the form of taxes) because they benefit from the market. Continued tax cuts will impede our ability to invest in the needs within our communities.

Technically, to tax is to impose a financial charge or other levy upon a taxpayer (an individual or legal entity) by a state or other authority such that failure to pay is punishable by law. A tax “is not a voluntary payment or donation, but an enforced contribution, exacted pursuant to legislative authority” and is “any contribution imposed by government [...] whether under the name of toll, tribute, tallage, gabel, impost, duty, custom, excise, subsidy, aid, supply, or other name.”

Additional Resource:

1. Tax Fairness Organizing Collaborative, a project of United for a Fair Economy: <<http://faireconomy.org/project/state-tax-fairness>>

CAPITALISM

An economic system based on a “free market,” open competition, profit motive, and private ownership of the means of production. Capitalism encourages private investment and business to drive the economy rather than having government influence the economy. Investors in these private companies (i.e. shareholders) also own the firms and are known as capitalists. In such a system, individuals and firms have the right to own and use wealth to earn income and to sell and purchase labor for wages with little or no government control. The function of regulating the economy is then achieved mainly through the operation of market forces where prices and profit dictate where and how resources are used and allocated. The United States has a mixed economy driven by capitalist principles.

Unchecked capitalism can lead to the dominance of profit as a motive and disregard values, priorities, and other types of non-monetized wealth. For example, deregulation of banking paved the way for major banks to make incredibly risky investments in subprime mortgages because they wanted to maximize their short-term profits. This led to the financial crisis of 2007 and 2008, the impacts of which are felt today in the form of the Great Recession. Furthermore, these same banks that gambled away the financial wealth of the nation relied on public subsidy—government intervention—to stay solvent.

Additional Resources:

1. "The Crisis of Capitalism." David Harvey. <http://youtu.be/qOP2V_np2c0>.
2. "The Story of Stuff." The Story of Stuff Project. <<http://www.storyofstuff.org/movies-all/story-of-stuff/>>.
3. "When Capitalism is Great and Not-So-Great." Khan Academy. <<http://www.khanacademy.org/humanities/history/v/when-capitalism-is-great-and-not-so-great>>.
4. "Capitalism." Investopedia. < <http://www.investopedia.com/terms/c/capitalism.asp#ixzz20RWuk9sE>>.

TREATY OF DETROIT (1940S-1960S)

During the time around "The Treaty of Detroit," the post Great Depression New Deal legislation established institutions, policies, and norms that encouraged incomes to rise with rising productivity so workers were able to capture the surplus capital from their work.

- For example, during the Treaty of Detroit period President Truman convened a conference between business, labor, and public relations offices to discuss labor relations and avoid strikes.
- During the Treaty of Detroit era the tax rate on the highest earners was as high as 94 percent.
- Inequality persisted but was blunted somewhat by these policies.

WASHINGTON CONSENSUS (1970S-PRESENT)

During the 1970s relationships between government, business, and labor changed. The federal government enacted economic policies (deregulation of businesses, low minimum wage, low taxes, dismantling collective bargaining) that led to more inequality. This period is known as the Washington Consensus.

- For example, during the Washington Consensus Era, when the air traffic controllers went on strike, President Reagan simply fired them all! Government no longer acted as the middleman in reaching peace between labor and business. Government was instead unambiguously hostile to labor, making it difficult for workers to organize to capture surplus. As labor power declined and the power of capitalists increased, the capitalists were able to use their power to influence government in their favor.
- The shift is also exemplified in different tax policies. For much of recent American history, the tax rate on the top income bracket has been fairly high. However, the high tax rate of 94 percent during the Treaty of Detroit era declined to 28 percent under President Ronald Reagan.

WEALTH

Wealth, as defined by Pender, et al in *Rural Wealth Creation: Concepts, Strategies, and Measures* is the “stock of all assets, minus liabilities, that can contribute to the general well-being of an individual or group.” Pender et al offer 8 forms of capital: financial, physical, natural, human, intellectual, cultural, social, and political. Different forms of capital can be a measure of wealth; they are durable goods that can be accumulated and contribute to wellbeing. Measures of production such as income or value of homes, though often used to measure the wellbeing of a community, paint incomplete pictures of the assets of a community. Taken together these forms of capital provide a holistic picture of the assets available to an individual, family, or community; and therefore its wealth.

Additional Resource:

1. “Keeping Wealth Local: Shared Ownership and Wealth Control for Communities” (report). Majorie Kelly and Shanna Ratner. <<http://community-wealth.org/content/keeping-wealth-local-shared-ownership-and-wealth-control-rural-communities>>.

LABOR UNIONS AND ECONOMIC DEMOCRACY

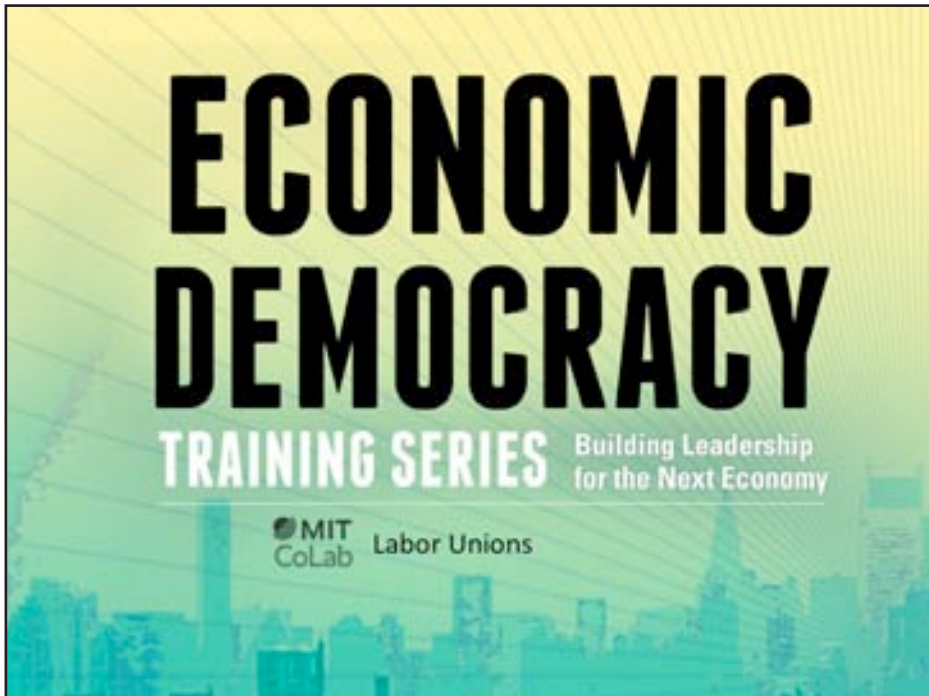
A handful of labor unions in the U.S. have started to take action on how they can move beyond collective bargaining and broaden the movement around economic justice. Some have started to experiment with how they could take part in the cooperative movement in the U.S., most notably the United Steelworkers Union through a partnership with Mondragon Cooperatives and the Ohio Employee-Ownership Center. While there are still many challenges in making these partnerships successful, they are necessary to push through in order to reorient the relationships between workers and owners.

Additional Resources:

1. “Sustainable Jobs, Sustainable Communities: The Union Co-op Model.” Rob Witherell, Chris Cooper and Michael Peck. <<http://www.usw.org/union/allies/The-Union-Co-op-Model-March-26-2012.pdf>>
 - ▶ A ‘template’ developed by the United Steelworkers Union, Mondragon Cooperatives, and the Ohio Employee-Ownership Center that unions and coops can draw from to develop a union coop. NOTE: There may be significant drawbacks and challenges to this model that need to be addressed, such as if it reinforces the divide between workers and management and if it utilizes unions effectively.

2. "Improving the Quality of Home Health Aide Jobs: A Collaboration Between Organized Labor and a Worker Cooperative." Daphne Berry and Stu Schneider. <<https://www.ssc.wisc.edu/~wright/929-utopias-2013/Real%20Utopia%20Readings/Berry%20and%20Schneider%20Home%20Health%20Aide%20Cooperatives.pdf>>.
 - ▶ Documents the relationship between the Cooperative Home Care Associates (CHCA), a New York-based home care cooperative, and 1199SEIU, a health care union.
3. "Can Union Co-ops Help Save Democracy?" (article). John Clay. <<http://www.truth-out.org/news/item/17381-can-union-co-ops-help-save-democracy#>>.
4. "Can Unions and Coops Join Forces? An Interview with United Steeworkers President Leo Gerard." Truth-Out. <<http://www.truth-out.org/news/item/16418-can-unions-and-cooperatives-join-forces-an-interview-with-united-steelworkers-president-leo-gerard>>.

APPENDIX B VISUAL AID



SESSION GOALS

- To examine the role labor unions have played in redistributing surplus and protecting workers from exploitation
- To consider the ways labor unions can be leveraged to facilitate a transition from a capitalist economic system to an economic democracy

2 | Economic Democracy Training Series SESSION GOALS

AGENDA



- Welcome and Introductions (10 min)
- Wage Exploitation Activity & Discussion (30 min)
- The Rise and Decline of the Labor Movement in the U.S. (50 min)
- Break (10 min)
- Labor Unions and Economic Democracy (20 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

Wage Exploitation Activity & Discussion

Wage Exploitation

Activity & Discussion

Discussion Questions

- Workers, what are your lives like? What is it like to live on a wage of \$64 per day?
- As the owner, how do you think I am living with my stack of money?
- Is a system based on the exploitation of labor a fair system? Why or why not?
- What role has organized labor played in scenarios like this?

The Rise and Decline of the Labor Movement in the U.S.

7 | Economic Democracy Training Series

LABOR MOVEMENT

The Rise and Decline of the Labor Movement

Popcorn Question

Throughout history, the relationship between labor and capital has been tense. Who thinks they know the time period when the first major labor battler in the U.S. began?

8 | Economic Democracy Training Series

LABOR MOVEMENT

The Rise and Decline of the Labor Movement

Labor History

The Treaty of Detroit: The period after the Great Depression is sometimes called "The Treaty of Detroit." During this time, post-Great Depression New Deal legislation established new institutions, policies and norms that promoted rising incomes with rising productivity, so workers could capture the surplus from their work.

The Washington Consensus: In the 1970s, relationships between government, business and labor changed. The Federal government enacted economic policies that led to more inequality. This period is known as "The Washington Consensus."

Labor Jeopardy

Activity

Objective:

- Identify the major labor battles and historical events that have shaped the labor movement

How to Play:

- Participants are divided into two teams
- A team is randomly chosen to go first, and begins the game by selecting a category and monetary value (e.g. "Collective Bargaining for \$100"). The host reads the clue, after which any player on any team can answer.
- Participants must give the response in the form of a question (e.g. "Who is A. Phillip Randolph?")
- Teams are allowed to discuss responses before selecting someone to respond.
- The correct response earns the dollar value of the clue, and gives the answering team the right to select the next clue.

Labor Unions and Economic Democracy

Despite the hard work of labor unions, the relationship between the owner and the worker has not changed.

How can labor unions operate under principles of economic democracy?

Labor Unions and Economic Democracy



Labor Unions and Economic Democracy

Discussion Questions

How can labor respond to the exploitation of workers by employing principles of economic democracy?

- Divide participants into groups of 5 or 6
- Participants should rewrite the script of the wage exploitation activity using principles of economic democracy

Labor Unions and Economic Democracy

Discussion Questions

- Why are worker ownership and worker control both necessary in safeguarding people from exploitation? What would one look like without the other?
- What are strategies unions could utilize to fundamentally change the relationship between the workers and the owner? How could they build worker ownership and community-controlled institutions?
- Why might labor unions be uniquely positioned to facilitate the creation of worker-owned and controlled institutions?

APPENDIX C: HANDOUT NO. 1

DOMESTIC WORKERS UNITED

Domestic Workers United (DWU) “is an organization of Caribbean, Latina and African nannies, housekeepers, and elderly caregivers in New York, organizing for power, respect, fair labor standards and to help build a movement to end exploitation and oppression for all.” Domestic Workers United (DWU) formed in 2000. Two smaller organizations, Women Workers Project of Coordinated Action Against Violence (CAAV), and Andolans Organizing South Asian Workers, merged together to form DWU. Though both organizations initially served Filipina women and South Asian women, CAAV had begun reaching out to Caribbean and Latin American women in 1999. In 2007, DWU became the founding member of the National Domestic Workers Alliance. In 2010, DWU was a founding member of the International Domestic Workers Network.

In 2002, DWU and the Domestic Workers Justice Coalition launched a Domestic Worker Bill of Rights Campaign. The campaign lasted six and a half years. On August 31, 2010 Governor David Patterson signed a bill into law that provided:

- Time and a half for hours for work that exceeded 40 hours and 44 hours for live in nannies
- 1 day off (24 hours) every 7 days
- Workers Compensation
- Workers are covered by anti-discrimination law
- Workers are part of the state unemployment insurance pool
- Protection under New York State Human Rights Law
- Three paid days of rest a year for those who have worked for the same employer for a year
- A special cause of action for domestic workers who suffer sexual or racial harassment

APPENDIX D

LABOR JEOPARDY

Labor Jeopardy		
Collective Bargaining	Working and workplace conditions	Organizations and Labor Unions
100	100	100
200	200	200
300	300	300

Labor Jeopardy (answers)		
Collective Bargaining	Civil Liberties and workplace conditions	Organizations and Labor Unions
This concept is a quick way to describe the right of people to organize in the workplace.	This prevents employers from using child labor.	This organization, founded in 1886, merged with the Conference of Industrial Organizations (the CIO) in 1955 after a long history of organizing hundreds of thousands of craft workers across the U.S?
This day is internationally recognized as a day for workers, possibly prompted by the call by the International Workingmen’s Association’s call for international demonstrations on this day.	This right was codified in 1938 in the Fair Labor Standards Act after numerous strikes and wins by individual unions – it prompted the first general strike in North America in 1835 and the famous Haymarket Riots in 1886.	This union has a membership of over 300,000 healthcare workers and led efforts in the 1930s against racial discrimination in hiring and other practices in New York.
The National Industrial Relations Act was passed during this time period and it greatly strengthened the power of unions to organize.	Title VII of this act prohibits discrimination based on race, color, religion, sex or national origin (also gender identity or transgender status)	This organization came out of the 2010 U.S. Social Forum in Detroit and has the goal of expanding the right to organize to all workers in every sector*

* (including guest workers, domestic workers, day laborers, tipped-minimum wage workers, Black workers in “right to work for less” states in the South, farm workers, taxi drivers, workfare workers, and formerly incarcerated workers)

Labor Jeopardy (questions)		
Collective Bargaining	Civil Rights and Liberties	Organizations and Labor Unions
What is collective bargaining?	What is the Fair Labor Standards Act of 1938?	What is the American Federation of Labor?
What is May Day?	What is the 8-hour workday (44-hr, 7-days)?	What is Local 1199SEIU?
What is the Great Depression?	What is the Civil Rights Act of 1964?	What is the United Worker Congress?

This organization, founded in 1886, merged with the Conference of Industrial Organizations (the CIO) in 1955 after a long history of organizing hundreds of thousands of craft workers across the U.S.

APPENDIX E
CONTRACT

I agree to work full time for I Love Capitalism, Inc., for a wage of \$8 per hour.

Signature: _____

I agree to work full time for I Love Capitalism, Inc., for a wage of \$8 per hour.

Signature: _____

I agree to work full time for I Love Capitalism, Inc., for a wage of \$8 per hour.

Signature: _____

I agree to work full time for I Love Capitalism, Inc., for a wage of \$8 per hour.

Signature: _____

APPENDIX F: HANDOUT NO. 2 EVALUATION FORM

LABOR UNIONS 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.

	Check all that apply	General Comments
Labor Jeopardy!		
Wage Exploitation activity		
Labor Unions and economic democracy		
Other		

What parts of the workshop did you dislike and why?

	Check all that apply	General Comments
Labor Jeopardy!		
Wage Exploitation activity		
Labor Unions and economic democracy		
Other		

What areas of the workshop need improvement?

	Check all that apply	General Comments
Labor Jeopardy!		
Wage Exploitation activity		
Labor Unions and economic democracy		
Other		

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

What are you curious to learn more about (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)

	Check all that apply	General Comments
Great size and set up		
Too small		
Too large		
No comment		
Other		

Food (check one)

	Check all that apply	General Comments
Satisfied		
Unsatisfied		
Did not eat		
Other		

Length (check one)

	Check all that apply	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!

APPENDIX G: HANDOUT NO. 3

MAJOR TAKEAWAY POINTS

WAGE EXPLOITATION

- With the support of government, people can and have traditionally organized to demand a greater share of the profits gained from their labor.
- Labor unions have played a critical role in reducing economic inequality and ensuring workers lead dignified lives.

THE RISE AND DECLINE OF THE LABOR MOVEMENT IN THE U.S.

- The first major labor battles began during Colonial times/ Slavery, but many of the traditional labor unions we see today were formed in response to working conditions during the mid-19th century Industrial Revolution.
- While organized labor has won many battles on behalf of workers, unions are not always well-received in the workplace and, as a result, membership has declined over the last 60 plus years.
- Economic inequality has sharply risen since the 1970s, with the enactment of anti-labor policies that has made it difficult for workers to capture a greater share of the surplus from their work.

LABOR UNIONS & ECONOMIC DEMOCRACY

- Despite the advances labor unions have made on behalf of workers, the relationship between the owner and the worker has not changed.
- Economic democracy seeks to reorient the relationship between the owner and the worker so that workers collectively own and control institutions.
- Labor unions can help facilitate the transition of our society from a capitalist system to one based on the principles of economic democracy.

My thoughts, reactions,
notes to self:



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