

Economic Democracy

The central idea of economic democracy involves extending principles of popular sovereignty, most frequently applied to the realm of governance and politics, to the realm of economics. Robert Dahl in his 1985 book *A Preface to Economic Democracy* defined economic democracy as an alternative economic structure that would “help to strengthen political equality and democracy by reducing inequalities originating in the ownership and control of firms in a system like that we now possess ... corporate capitalism” (Dahl 1985; see also Carlos 2012).

The concept of a link between economic self-sufficiency and political democracy has a long history. For example, in the early United States, economic independence was often seen as the sine qua non of a truly democratic polity. J. Michael Martinez notes that Thomas Jefferson, in particular, idealized “yeomen farmers who lived in small, decentralized villages where they participated in self-government”; by contrast, an urban worker “must sell his labor in order to survive, and that Faustian bargain was anathema to Jefferson” (Martinez 2005, 525).

The term *economic democracy*, however, was not explicitly used until much later. Although nineteenth-century antecedents can be found in the cooperative movement (notably, in the ideas and writings of William King, Robert Owen, and the Rochdale Pioneers), which arose in England; in some of the writings of the German philosopher Karl Marx (1818–1883) and other socialists; and in the anarchist movement (including such leading anarchist thinkers as William Godwin in England, Pierre-Joseph Proudhon in France, and Mikhail Bakunin and Peter Kropotkin in Russia), it is only since the late twentieth century that the term has begun to emerge as a political label and a political project in its own right (Malleon 2013).

In large measure, the reason for the growing prominence of economic democracy is the failings of state socialism on one hand, and growing disillusionment with the dominant global economic regime of corporate capitalism on the other. Economic democracy differs from state socialism in that it favors democratic (and often decentralized) planning over former communist-style central planning and makes considerable use of market mechanisms. Economic democracy differs from corporate capitalism in that it favors public or community forms of ownership as opposed to stock ownership, and favors worker self-management over top-down corporate management.

Two pioneers of economic democracy principles in the early twentieth century were the British guild socialist G. D. H. Cole (1889–1959) and the Scottish engineer C. H. Douglas (1879–1952). Cole argued that the principles of democracy should apply “not only or mainly to some special sphere of social action known as ‘politics,’ but to any and every form of social action, and, in especial, to industrial and economic fully as much as to political offices” (1920, 12). Writing at the same time but with a more libertarian bent, Douglas published a book titled *Economic Democracy* (1920) in which he advocated for a dividend income for all citizens. Douglas’s work helped launch the Social Credit movement (Dobbs 1974), whose influence can be seen in some contemporary public policy, including the Alaska Dividend Permanent Fund.

Two leading contemporary economic democracy theorists are David Schweickart and David Ellerman. Schweickart, a philosopher at Loyola University in Chicago, argues that economic democracy can be defined in terms of three basic features: worker self-management, social control of investment, and market allocation of goods and services (Schweickart 1992). Ellerman, formerly a World Bank economic adviser, has stated that “in the world today, the main form of enterprise is based on renting human beings (privately or publicly). Our task is to construct the alternative” (1990, 47). For Ellerman, economic democracy requires the abolition of the employment relation, not the abolition of private property.

Robley E. George, author of the 2002 book *Socioeconomic Democracy: An Advanced Socioeconomic System*, presents a related “socioeconomic democracy” model. George’s model, echoing Douglas, advocates a “Universal Guaranteed Personal Income (UGI)” as well as a ceiling of a “Maximum Allowable Personal Wealth (MAW),” with both the lower limit on personal material poverty and the upper limit on personal material wealth set and adjusted democratically by all society. In 1969 George formed the Center for the Study of Democratic Societies; in 1972 he published the first book-length description of socioeconomic democracy. His work emphasizes the ecological benefits of economic democracy; for instance, he contends that a guaranteed income is necessary to give people the freedom to refuse ecologically damaging work (George 2002).

Other prominent theorists in the field of economic democracy include Robin Hahnel and Michael Albert,

ECONOMIC DEMOCRACY AT WORK, MONDRAGÓN COOPERATIVE CORPORATION

A leading example of economic democracy principles is provided by the Mondragón cooperatives. In 1943 a Spanish priest, Father José María Arizmendiarieta (1915–1976), founded a technical school in the small city of Mondragón, in the Basque region of Spain. In 1956 five graduates of that school helped found a worker cooperative, Ulgor, that employed twenty-four people and produced kerosene stoves (Dubb 2009). In 1959 a cooperative bank, Caja Laboral, was founded, which proved to be a critical vehicle for financing ongoing expansion. United today by a worker-controlled holding company, the Mondragón Cooperative Corporation (MCC) has grown to consist of 257 businesses, including the Eroski retail chain with over 200 supermarkets, supermarkets, and convenience stores, and Mondragón University, which offers training in management and business skills. With a workforce of more than 80,000, Mondragón, according to its website, had revenues in 2012 exceeding 14 billion euros (Mondragón 2013).

Mondragón cooperatives are guided by ten principles: (1) open admission (nondiscrimination), (2) democratic organization (one worker, one vote, implemented through a general assembly structure), (3) sovereignty of labor, (4) instrumental and subordinate nature of capital,

(5) participatory management, (6) wage solidarity (limited spread between managers' and workers' wages), (7) cooperation among cooperatives, (8) social transformation (support for community projects), (9) universality (solidarity with others who work for economic democracy), and (10) commitment to education (Davidson 2011).

The individual Mondragón co-ops put money back into the cooperative sector, investing in new products, new co-ops, and the reserve fund for the cooperative university. The Mondragón co-ops also support each other in hard times, with each of the industrial cooperative groups pooling a portion of their profits to cover potential losses in member co-ops within the group. Co-op members pay a membership fee that helps capitalize the co-op; they then receive interest on that capital once the co-op becomes profitable. Employment security at Mondragón is extraordinarily high: since its founding, a co-op member has never been laid off. Laborers in the Mondragón co-ops earn 10 percent more than they would outside the cooperative sector, supervisors earn the same, and managers earn 40 percent less. Not surprisingly, 98 percent of managers are promoted from inside the co-ops (Ohio Employee Ownership Center 2009).

who advocate for a participatory, nonmarket form of decentralized planning in lieu of the market mechanism favored by Schweikart and Ellerman (Albert 2003); Richard Wolff (2012), who advocates for worker self-managed enterprises; Robin Blackburn (2006), who advocates for democratic control of pension funds; Takis Fotopoulos (1997), who advocates in favor of an “inclusive democracy” system based on a combination of democratic planning citizen councils and vouchers; and Erik Olin Wright (2010), whose “Real Utopias” project over decades has helped document practical experiments in economic democracy both in the United States and abroad. Important books on related topics include E. F. Schumacher’s classic work on economics and scale (Schumacher 1973); David Hess’s academic study of localism (Hess 2009); Michael Shuman’s 2012 book on localism and the economy; John Restakis’s 2010 *Humanizing the Economy*, which focuses on co-ops in Italy; Philippe Van Parijs’s 2004 work on basic guaranteed income; and Marjorie Kelly’s 2012 book on “generative” forms of ownership.

Economic Democracy in Practice

Although the term *economic democracy* is mainly used in an academic or theoretical context, the principles of

economic democracy are increasingly applied within a range of popular frameworks. Three of these frameworks are community wealth building, the social economy, and the solidarity economy.

Community wealth building emphasizes the importance of placing control of wealth in the hands of locally rooted forms of business enterprise, with ownership vested in community stakeholders, through a range of forms including cooperative, employee, public, or nonprofit ownership. Community ownership makes it possible to reinvest profits locally and thus reduces the leakage of dollars out of communities. Economically, it allows local publics to exert democratic control over local government; policywise, it allows them to achieve sustainability and equitable development goals (Dubb, McKinley, and Howard 2013).

In Canada and much of Europe the term *social economy* is more common. It describes economic activity that, according to Marguerite Mendell, “follows certain principles: 1) the purpose of an initiative must be of service to members or to the community; 2) management must be autonomous; 3) the decision-making process must be democratic; 4) the redistribution of revenue and surplus must prioritize people and work; and, 5) individuals and



People work on an assembly line at the Mondragón group's Fagor electrical appliances' plant in the northern Spanish Basque town of Arrasate-Mondragón. In this quiet valley nestles a secret weapon against recession: a unique cooperative employing more than 80,000 people in the Basque country and beyond. (RAFA RIVAS/AFP/Getty Images.)

the community must participate and take on responsibility” (2003, 4; see also Mendell and Neamtan 2010).

The concept of a *solidarity economy* draws heavily on the rise of community-based economic activism in Latin America and uses a broader conception of “economics” to include nonmarket exchange and barter as well as economic activity. Craig Burowiak of Haverford College puts it, “The term ‘solidarity economy’ refers to a wide set of initiatives around the world that seek alternatives to mainstream capitalism by organizing economic activity around principles of social solidarity, cooperation, and community-based development. Examples include the fair trade movement, ecovillages, consumer and producer cooperatives, and participatory budgeting, among other related initiatives” (Burowiak 2010, 1).

Regardless of labels, as the historian and political economist Gar Alperovitz has pointed out, grassroots activity in the United States to shape a more equitable and democratic economy is on the rise, with countless “institution-changing, wealth-democratizing efforts ...

quietly developing throughout the nation” (Alperovitz 2011, xii). Among these new institutional actors are community development corporations (CDCs) and community development financial institutions (CDFIs), employee stock ownership plan companies (ESOPs), community land trusts (CLTs), and social enterprise. In addition, there are new forms—and often new vitality—among more established actors for democratic economics, such as municipal corporations and cooperatives.

CDCs

Community development corporations are nonprofit, community-based organizations that anchor capital locally through the development of affordable housing as well as commercial enterprises such as shopping centers or businesses. CDCs are typically neighborhood-based, 501(c)3 nonprofit corporations, with at least one-third of their boards composed of community residents, that promote the improvement of the physical and social infrastructures in neighborhoods with populations significantly below the area median income. First formed in the

1960s in the wake of the civil rights movement and supported by President Lyndon B. Johnson's initiative known as the war on poverty, they have since expanded rapidly in size and numbers. An industry survey published in 2010 found that between 2005 and 2007 the nation's 4,600 CDCs participated in the development of 96,000 units of affordable housing and 21.2 million square feet of commercial and industrial space a year (NACEDA 2010).

CDFIs

Another challenge of implementing ideals of economic democracy is enabling low-income communities to obtain the capital they need. Community development financial institutions provide a rapidly growing mechanism for meeting this need. CDFIs include a variety of nonprofit and for-profit financial institutions—including community development banks, credit unions, loan funds, venture capital funds, and micro-enterprise loan funds—that provide credit, technical assistance, and other financing services that help low-income individuals, CDCs, and other community-based entities to pursue and implement effective asset-building strategies. Assets under CDFI management have compounded regularly, from US\$2 billion in 1994 to US\$61.4 billion as of 2012 (US Social Investment Forum Foundation 2012).

CLTs

Access to assets is another barrier to democratizing wealth in communities. A community land trust is a community-based, nonprofit organization that buys land on behalf of the community and holds it in trust. By taking the land out of the market and capturing the equity gain for the community, the land trust builds community wealth. Most CLTs lease homes out to residents using a model that enables residents to gain a minority share of the equity gain, but keeping most of the gain in the trust, thereby ensuring affordability for the future members. Land trusts also serve to shield the community from both land speculators and the dislocating effects of gentrification. With a community land trust, the buyer receives a ninety-nine-year lease with a restricted deed, which requires that the buyer give the trust the option to buy the house back at a price set by a predetermined formula. The formula varies, but typically the seller gets the value of the principal payments and down payment plus a minority share of the accumulated equity, while the trust retains the remaining accumulated equity. As a result, the land trust can resell the property at a below-market price, keeping the housing affordable and stretching affordable housing dollars further. For the same reason, a CLT serves both as an effective barrier to gentrification, as well as an important mechanism to build wealth in low-income communities.

CLTs have also proven to be a bulwark against foreclosure, with residents of CLT housing experiencing foreclosure rates far below conventional mortgage holders.

Cooperatives

Cooperatives are perhaps the most established mechanism for promoting economic democracy and can be found throughout the economy, including in banking (credit unions), agriculture, electricity, telecommunications, housing, and child care. Fundamentally, a cooperative is any business that is governed on the principle of one member, one vote. In other words, unlike a stock corporation, everyone makes an equal investment in purchasing shares and therefore has an equal say. Although antecedents exist—including a mutual fire insurance company established by Benjamin Franklin in 1752 that continues to operate in Philadelphia to this day—the first modern cooperative was a retail co-op founded by twenty-eight people in Rochdale, England, in 1844. Today, in the United States alone there are over 29,000 cooperatives, with over 130 million member-owners, US\$500 billion in annual revenues, and US\$3 trillion in assets (Deller et al. 2009).

ESOPs

Employee stock-ownership plan companies tend to be much less participatory in nature than cooperatives and often run according to the norms, albeit generally more participatory, of traditional corporate management, rather than economic development. Yet ESOPs have a democratizing effect in that they provide a (very commonly utilized) way for employees to own the businesses for which they work. ESOPs are created through a pension plan with two unusual features: (1) most of the employee pension money is invested in the company where the workers are employed, and (2) they may borrow against future corporate earnings to purchase company stock. Money or stock the company contributes to fund the plan—either directly or to repay a loan—is tax deductible. The National Center for Employee Ownership (2012) estimates that there are approximately 10,900 ESOPs with some 10.3 million members.

The Commons

Another vector of economic democracy involves reclaiming public space—or, as Peter Barnes (2006) has called it, the “commons.” With its origins in the physical commons, or the central and communal grazing land of medieval European towns, the concept is in fact much broader than that. Indeed, the United States is full of everyday commons management systems including public libraries, the Internet, blood banks, and parks. In

ECONOMIC DEMOCRACY IN COMMUNITY DEVELOPMENT, MARKET CREEK PLAZA

A prominent US community development project that has implemented some economic democracy principles is the Market Creek Plaza project, located in the Diamond neighborhood of southeastern San Diego, California. The project was conceived, planned, and developed by teams of community members working with the Jacobs Foundation. Jacobs and resident working teams together assembled a diverse package of public and private funding for the US\$23 million Phase I project.

At the center of the project is a mixed-use commercial and cultural complex, anchored by a shopping center. Neighborhood residents have become direct individual owners (and are personally accumulating assets) by purchasing shares in the shopping center through an unusual limited initial public offering legally restricted to community members. A total of 423 investors representing 600 residents and other nonprofit and for-profit organizations purchased shares at the outset, raising US\$500,000 in the process, and collectively establishing ownership of 20 percent of the equity in the project (PolicyLink 2006).

A new neighborhood foundation owns 20 percent of the shopping center, thereby also providing a funding stream for future community wealth-building efforts. The Jacobs Foundation, which launched the effort and currently retains 60 percent ownership, intends to exit by 2018, with ownership thereafter evenly split among community residents and the neighborhood foundation it created (Sherwin 2006).

Market Creek Plaza also reflects principles of sustainability. Located near a trolley line stop, Market Creek Plaza is a transit-oriented development. Additionally, the project is converting contaminated property back into productive reuse. The plaza sits on the site of a former abandoned aerospace facility in an area once known as the “Four Corners of Death.” The project restored 1,400 linear feet of wetlands. In October 2010 Market Creek Plaza was awarded an additional US\$175,000 in support in the form of a new “brownfield” grant from the US Environmental Protection Agency to support additional infill development (US EPA 2008; Hirsch 2010).

addition, over 150 million acres are held in trust by states; much of this is leased for timber, grazing, or oil production, with revenues going to public schools.

On global warming, those arguing for a commons approach contend that stopping climate change requires ending the practice of giving away common resources such as “the sky” (atmosphere) to private polluters (Barnes 2006). Instead, these advocates urge that those who pollute should pay fees; these fees, in turn, could support a fund to distribute dividends to individuals to offset the higher cost of energy that the pollution fees would create. This dividend feature is modeled after the Alaska Permanent Fund. Since 1976 the fund has distributed oil royalties received by the state government on a per capita basis, with annual payments typically between US\$1,000 and US\$2,000 for every man, woman, and child in the state. (For a family of four, this means between US\$4,000 and US\$8,000, a significant boost to the welfare of families of limited means [Alperovitz 2011]).

To date, efforts to develop a “sky trust,” though stymied at the federal level, have made progress at the state level. In the Northeast, nine states—Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New York, Rhode Island, and Vermont—have joined to form a regional cap-and-trade program covering carbon dioxide emissions from power plants in the region. In 2006 the Vermont legislature passed House Resolution 860, endorsing the Sky Trust principle of

distributing income raised from permits as dividends to state citizens.

A second area of commons activism focuses on protecting intellectual and creative freedom, particularly in the arena of information technology. Efforts such as Wikipedia, a collectively written online encyclopedia, the Linux operating system, and publicly available “open source” software are three notable products of this activism. In addition, there has been much discussion of nonmarket mechanisms to encourage the freer flow of information, such as the Creative Commons license, a mechanism that allows sharing of information for noncommercial purposes while still restricting commercial reproduction.

The Public Dimension and Nonprofits

Public enterprises at the municipal, county, or regional authority level are an often-overlooked part of the economic democracy movement. Privatization and government downsizing are widely seen—by proponents and opponents—as a growing trend in American society (Gilroy and Kenny 2013; Buchelt 2013). Yet, oddly, the reality is often the opposite. Particular growth areas of municipal ownership include expansion of the scope of operations of public power companies to provide not only power but also cable and broadband service; development of environmental businesses, such as

methane-recovery companies, that both provide electricity and promote environmental goals; leveraging real estate ownership to generate lease revenue to finance city services, particularly in connection with transit system development to both generate revenues and increase ridership; and even the development of city-owned convention center hotels to promote tourism and increased convention center usage.

At the state level, similar initiatives exist, including a national movement to create state-owned public banks. The Bank of North Dakota, which has been in operation since 1919 and is regularly profitable, provides one model. Additionally, a number of states, including Alabama, New York, and California, use “economically targeted investments” to employ public pension dollars to support local economic democratic capacity. For example, Retirement Systems of Alabama has invested in ESOP companies, while CalPERS in California has invested in community development financial institutions such as Pacific Community Ventures.

Although definitions vary widely, social enterprise typically refers to nonprofits that operate businesses both to raise revenue and to further the social missions of their organizations. Nonprofit organizations have increasingly found it beneficial to build their capacity to generate internal revenues to improve long-term financial sustainability. This promotes economic democracy in two ways. First, the mere act of creating a nonprofit business increases assets under local community control. Second, if the social enterprise is effective in empowering clients to become active enterprise participants, it can help break down nonprofit paternalism by bringing staff and service recipients into more mutually supporting relationships that include a meaningful measure of democratic economic control.

Related to the above, universities and hospitals, the two largest areas of nonprofit business ownership in the United States, are rarely seen as part of a movement for economic democracy. Nonetheless, their size (more than US\$1 trillion in assets, or 6 percent of the US economy) and their structure—as (mostly) public-serving nonprofits or state-owned institutions—provides potential opportunities for the public to assert more democratic economic control. A growing movement to adopt an “anchor institution mission” is trying to achieve precisely that. Movement goals include getting anchor institutions to serve such public goals as directing a greater percentage of their purchasing power toward local vendors based in the community; hiring a greater percentage of their workforce locally; providing workforce training for people needing assistance in the community; incubating the development of new

businesses, including social enterprise among nonprofits; leveraging real estate development to promote local retail, employer-assisted housing, and community land trusts; and using pension and endowment funds to invest in local job creation strategies and to provide community venture capital for nonprofits, entrepreneurs, and employee-owned firms (Hodges and Dubb 2012). In Cleveland, Ohio, a network of employee-owned businesses that meet the procurement needs of area hospitals and universities, known as the Evergreen Cooperatives, have emerged—a model that has gotten widespread attention and has begun to spawn imitators in other cities across the United States.

Regional food hubs are another emerging area of economic democracy principles. Food hubs aggregate the production of small producers, provide them the distribution and processing infrastructure of appropriate scale, and offer a combination of production, distribution, and marketing services to facilitate market access. The Fifth Season Cooperative in La Crosse, Wisconsin, illustrates the potential of the approach. Fifth Season is pioneering a multi-stakeholder food hub co-op with six member classes—producers, producer groups, food processors, distributors, buyers, and cooperative workers. Fifth Season, like the co-ops in Cleveland, builds off the purchasing power of local anchor institutions, including Gundersen Lutheran Health System, University of Wisconsin–La Crosse, and three public school systems (Chapeta 2013).

The drive for sustainability provides potential openings for economic democracy activities to expand its impact and get to scale. Potential growth areas include renewable energy co-ops, employee-owned green businesses, “urban agriculture” businesses that sell locally grown organic produce, energy-efficient housing, community-owned enterprises, nonprofit social enterprise “deconstruction” businesses that salvage materials from existing businesses, and joint community-employee companies that can manufacture mass transit and rail vehicles (Warren and Dubb 2010; Alperovitz, Williamson, and Dubb 2012).

Trends in Business and Currencies

Many for-profit businesses seeking to promote sustainability in their business practices are turning to a new corporate form known as the benefit corporation, in which corporation organizers agree to abide by social standards other than maximizing profit (such as promoting sustainability or reducing economic inequality). Maryland was the first state in the nation to pass a benefit corporation law in 2010. As of July 2013, a total of nineteen states and the District of Columbia had

passed legislation authorizing this new legal form (B Corps 2013).

The sustainability movement has also fueled growing interest in localism and has made the word *locavore* a common part of the vocabulary. In North America two groups, the Business Alliance for Local Living Economies (BALLE) and the American Independent Business Alliance (AMIBA), both support “buy local” coalitions, which promote the local circulation of money through the support of small, locally based businesses as a means of fostering democratic economic control. Founded in 2001, BALLE now has over eighty community networks representing 22,000 independent business members across thirty US states and Canadian provinces (Gallivan 2012). AMIBA, founded in 1998, has also grown to have roughly eighty organizational chapters (AMIBA 2013).

The use of locally generated complementary currency is also on the rise (Hallsmith and Lietaer 2011) and operates on similar principles as “buy local” efforts. A local currency, in its common usage, is a currency not backed by a national government (and not necessarily legal tender), and intended to trade only in a small area. Because local currencies are accepted only within the community, their usage encourages the purchase of locally produced and available goods and services. Thus for any given level of economic activity, more of the benefit accrues to the local community and less drains out to other parts of the country or the world.

A variant on local currencies are TimeBanks. TimeBanks were designed in 1980 by TimeBanking founder Edgar Cahn to reward “decency, caring, and a passion for justice.” With TimeBanking, an hour of help earns one credit hour, which can be used for any service that requires an hour’s labor within the TimeBanking community. Unlike standard money, there is no price placed on different kinds of service. Regardless of the type of help given, an hour is an hour. The purpose of TimeBanking is to reweave communities by valuing the contributions of all, joining unused resources to unmet needs. Some TimeBanks are focused on addressing a specific need, like helping frail elderly people remain in their homes, or overcoming a racial divide, or reducing social isolation within a community. Others aim to build a sense of community within a geographic area. Still others are “hybrids” pursuing different goals that combine into the larger mission of rebuilding community and improving quality of life (TimeBanks USA 2013).

Long-Term Prospects

Economic democracy offers powerful possibilities for longer-term change. Through building unusual local

political alliances, which frequently gain the support of small businesses and religious leaders, economic democracy provides a viable response to economic dislocation. For economic democracy to become a viable systemic alternative to corporate capitalism, Tom Malleon argues that four components must be combined: “worker cooperatives, democratic financial institutions (perhaps in the form of publicly funded credit unions or decentralized public banks), participatory investment structures, and a regulated market system” (2013, 107). Alperovitz also highlights the need to “manage trade in accord with both internally coherent planning and community economic stability” (2013, 155).

The rapidly growing degree of interest in environmental sustainability offers promise for the economic democracy movement. With contemporary corporate capitalism showing few signs of altering either fundamental trends of resource exhaustion or increased carbon emissions, economic democracy offers an alternative path to create accountability mechanisms that might permit sustainability planning (Alperovitz, Williamson, and Dubb 2012). It may well be the case that implementing principles of economic democracy is not merely desirable, but an ecological necessity.

See also Cooperatives; Economics for Sustainability; Local Economy; Power; Privatization; Social Justice; Work.

Resources

- Albert, Michael. 2003. *Parecon: Life after Capitalism*. London: Verso.
- Alperovitz, Gar. 2011. *America beyond Capitalism: Reclaiming Our Wealth, Our Liberty, and Our Democracy*. Takoma Park, MD: Democracy Collaborative Press.
- Alperovitz, Gar. 2013. *What Then Must We Do? Straight Talk about the Next American Revolution*. White River Junction, VT: Chelsea Green.
- Alperovitz, Gar; Thad Williamson; and Steve Dubb. 2012. “Anchoring Wealth to Sustain Communities and Population Growth.” *Solutions* 4 (3): 50–57.
- American Independent Business Alliance (AMIBA). 2013. Available from <http://www.amiba.net/>
- B Corporation. 2013. “Legislation.” Accessed August 30, 2013. Available from <http://www.bcorporation.net/what-are-b-corps/legislation>
- Barnes, Peter. 2006. *Capitalism 3.0: A Guide to Reclaiming the Commons*. San Francisco: Berrett-Koehler.
- Blackburn, Robin. 2006. “The Global Pension Crisis: From Gray Capitalism to Responsible Accumulation.” *Politics and Society* 34 (2): 135–186.
- Buchelt, Paul. 2013. “8 Ways Privatization Has Brought Pain and Misery to American Life,” *Alternet*, August 4. Available from <http://www.alternet.org/hard-times-usa/>

- 8-ways-privatization-has-brought-pain-and-misery-american-life?paging=off
- Burowiak, Craig. 2010. *POLSH365: Solidarity Economy Movements* course syllabus. Lower Merion, PA: Haverford College.
- Carlos, Alfredo. 2012. "The Future of the American Economy: Economic Democracy or Bust!" *Publicación Oficial. Eventos Sociedad Cubana de Investigaciones Filosóficas (SCIF)*. Havana, Cuba. November 16.
- Chapeta, Diane. 2013. Interview by David Zuckerman, May 29. Takoma Park, MD: Democracy Collaborative.
- Cheney, George. 2002. *Values at Work: Employee Participation Meets Market Pressure at Mondragón*. Updated ed. Ithaca, NY: ILR Press/Cornell University Press.
- Cole, George D. H. 1920. *Guild Socialism Re-stated*. London: Leonard Parsons.
- Dahl, Robert A. 1985. *A Preface to Economic Democracy*. Berkeley: University of California Press.
- Davidson, Carl. 2011. "Mondragón as a Bridge to a New Socialism." *SolidarityEconomy.net*. Accessed September 5, 2013. Available from <http://www.solidarityeconomy.net/2011/03/16/mondragon-as-a-bridge-to-a-new-socialism/trackback/>
- Deller, Steven; Ann Hoyt; Brent Hueth; and Reka Sundaram-Stukel. 2009. "Research on the Economic Impact of Cooperatives." Madison: University of Wisconsin Center for Cooperatives. Available from <http://community-wealth.org/sites/clone.community-wealth.org/files/downloads/report-deller-et-al.pdf>
- Dobbs, Geoffrey. 1974. "Introduction to Clifford Hugh Douglas's *Economic Democracy*." Accessed August 30, 2013. Available from <http://www.bankwatch.info/Library/Introduction%20to%20Economic%20Democracy.htm>
- Douglas, Clifford Hughes. 1920. *Economic Democracy*. New York: Harcourt Brace and Howe, and London: Palmer.
- Dubb, Steve. 2009. "Mondragón Co-op Model Gains U.S. Adherents." *Democracy Collaborative*. Accessed September 5, 2013. Available from <http://community-wealth.org/content/mondragon-co-op-model-gains-us-adherents>
- Dubb, Steve; Sarah McKinley; and Ted Howard. 2013. *Achieving the Anchor Promise: Improving Outcomes for Low-Income Children, Families and Communities*. Takoma Park, MD: Democracy Collaborative.
- Ellerman, David P. 1990. *The Democratic Worker-Owned Firm: A New Model for the East and West*. Boston: Unwin Hyman.
- Fotopoulos, Takis. 1997. *Towards an Inclusive Democracy: The Crisis of the Growth Economy and the Need for a New Liberatory Project*. London and New York: Cassell.
- Gallivan, Seamus. 2012. "Buffalo First Lands 2013 BALLE Business Conference." Available from <http://www.thegoodneighborhood.com/2012/06/27/buffalo-first-lands-2013-balle-business-conference/>
- George, Robley E. 2002. *Socioeconomic Democracy: An Advanced Socioeconomic System*. Westport, CT: Praeger.
- Gilroy, Leonard, and Harris Kenny. 2013. *Annual Privatization Report 2013*. Los Angeles, CA: Reason Foundation, April 1. Accessed September 10, 2013. Available from <http://reason.org/news/show/annual-privatization-report-2013>
- Hallsmith, Gwendolyn, and Bernard Lietaer. 2011. *Creating Wealth: Growing Local Economies with Local Currencies*. Gabriola Island, BC, Canada: New Society.
- Hess, David. 2009. *Localist Movements in a Global Economy: Sustainability, Justice, and Urban Development in the United States*. Cambridge, MA: MIT Press.
- Hirsch, Lou. 2010. "EPA Grant Will Help Jacobs Center Clean Up Mixed-Use Project Area." *San Diego Business Journal*, October 25.
- Hodges, Rita Axelroth, and Steve Dubb. 2012. *The Road Half Traveled: University Engagement at a Crossroads*. East Lansing: Michigan State University Press.
- Kelly, Marjorie. 2012. *Owning Our Future: The Emerging Ownership Revolution*. San Francisco: Berrett-Koehler.
- Malleson, Tom. 2013. "Economic Democracy: The Left's Big Idea for the Twenty-First Century?" *New Political Science* 35 (1): 84–108.
- Mendell, Marguerite. 2003. "The Social Economy in Quebec: Towards a New Political Economy." October 28–31, Panamá: *VIII Congreso Interaccional del Clad Sobre la Reforma del Estado y de la Administración Pública*.
- Mendell, Marguerite, and Nancy Neamtan. 2010. "The Social Economy in Quebec: Towards a New Political Economy." In *Why the Social Economy Matters*, edited by L. Mook, J. Quarter, and S. Ryan, 32–58. Toronto: University of Toronto Press.
- Mondragón Cooperative Corporation. *Corporate Profile 2013: Mondragón, Spain: MCC*. Accessed September 10, 2013. Available from http://www.mondragon-corporation.com/mcc_dotnetnuke/portals/0/documentos/eng/corporative-profile/corporative-profile.html
- National Alliance of Community Economic Development Associations (NACEDA). 2010. "Rising Above: Community Economic Development in a Changing Landscape." Available from <http://community-wealth.org/sites/clone.community-wealth.org/files/downloads/report-naceda.pdf>
- National Center on Employee Ownership (NCEO). 2012. "A Statistical Profile of Employee Ownership." Accessed August 30, 2013. Available from <http://www.nceo.org/articles/statistical-profile-employee-ownership>
- Ohio Employee Ownership Center. 2009. "Cleveland Goes to Mondragon." *Owners at Work* (Winter 2008–2009): 10–12. Available from <http://www.oockent.org/download/cooperatives/clevelandgoesmondragonwinter0809oaw.pdf>
- Policy Link. 2006. "Community Development IPO Makes History in San Diego." *Equitable Development Update* 18

- (November 16). Accessed August 30, 2013. Available from <http://policylink.info/EDupdates/Issue18.htm>
- Restakis, John. 2010. *Humanizing the Economy: Co-operatives in the Age of Capital*. Gabriola Island, BC, Canada: New Society.
- Schor, Juliet B. 2010. *Plenitude: The New Economics of True Wealth*. New York: Penguin.
- Schumacher, E. F. 1973. *Small Is Beautiful: Economics as if People Mattered*. New York: Harper and Row.
- Schweickart, David. 1992. "Economic Democracy: A Worthy Socialism That Would Really Work." *Science & Society* 56 (1): 9–38.
- Schweickart, David. 2011. *After Capitalism*. 2nd ed. Lanham, MD: Rowman and Littlefield.
- Sherwin, Doug. 2006. "Community Members Purchase Shares of Market Creek IPO." *San Diego Daily Transcript*, November 13. Accessed August 30, 2013. Available from <http://marketcreekplaza.com/news/news-11-13-06.html>
- Shuman, Michael. 2012. *Local Dollars, Local Sense: How to Shift Your Money from Wall Street to Main Street and Achieve Real Prosperity*. White River Junction, VT: Chelsea Green.
- US Environmental Protection Agency. 2008. "Building Vibrant Communities: Community Benefits of Land Revitalization." Available from <http://www.epa.gov/brownfields/policy/comben.pdf>
- US Social Investment Forum Foundation. 2012. *Report on Socially Responsible Investing Trends in the United States*. Washington, DC: Forum for Sustainable and Responsible Investment.
- Van Parijs, Philippe. 2004. "Basic Income: A Simple and Powerful Idea for the Twenty-First Century." *Politics and Society* 32 (1): 7–39.
- Warren, Deborah B., and Steve Dubb. 2010. *Growing a Green Economy for All: From Green Jobs to Green Ownership*. College Park, MD: Democracy Collaborative.
- Whyte, William F., and Kathleen King Whyte. 1991. *Making Mondragon: The Growth and Dynamics of the Worker Cooperative Complex*. 2nd rev. ed. Ithaca, NY: ILR Press.
- Wolff, Richard. 2012. *Democracy at Work: A Cure for Capitalism*. Chicago: Haymarket Books.
- Wright, Erik Olin. 2010. *Envisioning Real Utopias*. London and New York: Verso.

Ted Howard
Executive Director
The Democracy Collaborative, Washington, DC

Steve Dubb
Research Director
The Democracy Collaborative, Washington, DC

Sarah McKinley
Research Associate
The Democracy Collaborative, Washington, DC

Economics for Sustainability

Over the course of human history, societies have come up with a multitude of answers to the basic economic question, How can we meet our needs for food, shelter, clothing, companionship, and spiritual fulfillment? Some societies relied on systems of reciprocity and mutual aid; others built rigid hierarchies on the foundation of slavery or sharecropping, whereby landowners use the labor of others to meet their own needs. During the nineteenth and twentieth centuries, market economics came to be the dominant system, and in the twenty-first century we can claim to live in a globalized market economy. Tensions between this economic model and the necessary transition to a sustainable society have become the subject of much debate.

As a brief review of economic history shows, there have been different schools of economic thought as to how to deal with the economics of the environment and how

to theorize our relationship with the natural world (see Figure 1). The first economists to ask this question, known as physiocrats, were based in France in the eighteenth century. Their name was derived from the fact that they considered the land to be the source of all wealth (*physiocracy* is from the Greek for "rule of nature"), but this was largely because the class they represented owned most of the land and they wished to advance their interests politically. Thus it would be entirely wrong to see them as some kind of proto-environmentalists. The physiocrats were opposed to a school of economists known as mercantilists, who grew in number as the volume of trade between countries expanded. Mercantilists argued that politicians should facilitate this expansion in trade by using tariffs and subsidies to protect their domestic producers. This, they argued, would lead to an increase