

# Economic Democracy Summit: Report and Road Map

PARADIGM SHIFT  
JUSTICE  
GREEN DEVELOPMENT ZONES  
GREEN DEVELOPMENT ZONE  
CAPITALISM  
REDEVELOPMENT  
ACTIVIST  
COMMUNITY ORGANIZING  
ECONOMIC DEMOCRACY  
MOVEMENT  
COOPERATIVES  
LOVE  
ALLIANCE  
BASE-BUILDING  
HUMANITY  
STRUCTURAL CRISES  
ANCHOR INSTITUTIONS  
LABOR  
CAPITAL

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# Economic Democracy Summit: Report and Road Map

On December 5, 2012, PUSH Buffalo and the MIT CoLab brought together thirty-six veteran leaders of grassroots movements from across the country to an Economic Democracy Summit on the MIT campus in Cambridge, Massachusetts. The Summit was made possible by a generous grant from the Surdna Foundation.

The goal of the Summit was to explore answers to three interlocking questions that lie at the outer frontier of movements for economic democracy:

- How should organizing groups from various traditions modify their base building strategies to gain community ownership of productive assets linked to democratic decision making processes?
- How can we scale up community organizing and ownership, and how should we coordinate our efforts across scales?
- How do we forge a relationship between organized labor and community powerful enough to develop new modes of production and exchange?

After a meet-and-great event on the previous evening, we organized the main work of the Summit in four sessions: general contexts and frameworks; some inspiring cases of movement successes; implications of these cases; and strategies for moving forward. The summit closed with a discussion of next steps for the group.

This report summarizes the discussions at the Summit by returning to three themes or tasks that the summit organizers highlighted in their grant proposal, and which summit participants addressed to varying degrees at all four sessions. These themes, which are reflected in the three sections of this report, are:

- I. Defining a unified analytic framework, vision, values, and culture to advance the economic democracy movement.
- II. Defining the institutional shape of the movement: what needs to change with respect to both community organizing and community controlled economic development roles so that they can serve as cornerstones of a new democratic political economy.
- III. Determining which sectors make sense for cooperative development or other structures that would advance the emerging economic democracy and developing new financial mechanisms to support emerging economic democracy models.

One of the breakout groups re-imagined these themes as an equation:

**Theory + Paradigm Shift + New Movement = New Economic Pie**

Sidebar in each of the report's sections will highlight the different terms of this equation in the words of conference presenters themselves.

# I. Analysis, vision, and values

There was widespread belief at the summit, though participants articulated this belief in many ways, that the dominant capitalist political economy has grown increasingly authoritarian and centralized, especially as it has become dominated by the global financial industry. While this economy is increasingly prone to crisis, most crises have thus far been resolved to the detriment of the majority population and ended up reinforcing economic authoritarianism, centralization, and financialization. Thus, as PUSH Buffalo Executive Director Aaron Bartley articulated in his opening remarks, varying degrees of structural crisis threaten the systems most people depend upon for jobs, housing, health care, finance, energy, and a sustainable relationship to the natural environment. While we feel this authoritarianism and these crises acutely in the United States, the structures that perpetuate them operate on the largest possible geographic scales, encompassing the whole globe.

## Economic Crisis Presents New Opportunities for Economic Democracy

Authoritarianism and crisis in the global economy present the economic democracy movement with enormous challenges and perils, but also at least some opportunities. Many large-scale democratically structured value-producing institutions continue to exist and even to expand. These include worker-, farmer-, and consumer-owned cooperatives, Community Development Corporations, and municipally-owned enterprises. Even if these institutions as a group are far smaller than the reigning global financial industry and other corporate sectors, their potential to provide resources for a broader economic democracy movement is both immense and nearly entirely untapped. Also, many innovations in the economy, such as knowledge-based products, require little financial capital to develop. Finally, it is possible that decentralized, network-based organizations can achieve great effectiveness and power in the midst of an overall trend toward authoritarian centralization. Some discussion at the summit focused on the unthinkable perilous possibility that a massive crisis—2008 cubed, say—brought on by the economic and environmental unsustainability of global capital, could provide opportunities for economic democracy, even if the ramifications of such a crisis might be, in the short or even medium term, utterly devastating to the world’s most vulnerable people.

## Defining Economic Democracy

Summit participants unanimously affirmed the vision embodied by the phrase “economic democracy,” though there was some

## Theory: Critique, Practice, and Emotion

### Phil Thompson



“ There is a real danger here to not developing a critique of the state—to not having any theory. To think just getting people involved and participating will solve all problems. ... I believe in the idea of theory, but I don’t believe in any particular theory. I’m not wedded to the thoughts, I just like the idea of people thinking. I’ve never been in a perfect organization. So the key is more the spirit rather than the formula this time or that time. It’s the spirit of theorizing that we need to be committed to.”

### Jose Oliva



“ I agree that we need to have more centralized theory in our groups. At worker centers we do have an economic theory. ... You have to have a theory of change that begins with where people are. I come from Guatemala and we had a long term struggle for control of the state. I came here and everyone was organizing, but for what? Better housing complexes here or there. What are we organizing towards?”

## Juan Leyton



“ Then there is this thing about praxis. It’s really the integration of thinking and doing. People are not afraid to speculate. We do things and make mistakes but we keep making the same mistakes because we haven’t reflected. Reflection builds the theory.”

## Eric Walker



“ I think it has to do with the way that we are having this conversation. If we do it in the context of Popular Education these conversations are about making things visceral. It’s not: how do we input our analysis? It’s more about: how we have these visceral conversations.”

movements would need to focus on advanced research on the organizational structures of such large “pots of money” with the goal of developing strategies to freeing those resources for use in promoting economic democracy.

While these differing priorities could draw movements in divergent directions, participants at the summit pointed out numerous ways such visions complement each other in the business of inventing new institutions. Since corporate and financial capital themselves, after all, employ all these strategies simultaneously, democratically-organized responses will ultimately have to be just as multifaceted. In fact, one of the benefits of up-scaling and networking movements for economic democracy is to allow them the capacity to launch and coordinate a much wider range of activities.

discussion about whether this phrase meant the creation of alternative democratic institutions alongside the current system, demands for an ever growing piece of the current pie, or the creation of a completely “new pie” to replace the current authoritarian system. Underlying such discussions, however, was a realization that ideological and strategic flexibility will be essential for the expansion of economic democracy; that activists will of necessity have to articulate differing visions to differing constituencies as they widen their power base; and that movement organizations will of necessity also have to adopt shorter-term goals toward more ambitious ends. One possible follow-up question would be: is “economic democracy” compelling enough and pliable enough of a slogan to build such evolving, bigger-tent movement efforts?

Participants also suggested a healthy range of guiding visions and values for the movements and institutions that will be necessary to promote that goal.

### **Cultivating the Spiritual and Rights-Based Foundations for Economic Democracy**

Some veteran activists emphasized the need to prioritize faith, belonging, love, the family, community, the arts, and cultural resources such as song, festivals, and worship. Others argued that rights based claims should be kept at the center of organizational demands. For example, Aaron Tanaka of the Boston Workers Alliance made the case that the creation of a new economy depends entirely on the creation a truly participatory democracy in the United States, a process that could involve constitutional reform over an 80-year time frame.

### **Leveraging Existing Capital in the Democratic Domain**

On what we might call the more materialist side of the spectrum of opinion, a large group of participants was more drawn to the priority of educating the movement about the enormous financial resources commanded by publically accountable institutions, unions, and cooperative businesses of many types. Here,

**Joyce Johnson,  
Beloved Community Center**



“ I do hope ... you assembled here have in your hearts and minds and feet an appreciation and commitment to a greater humanity. People are fearful of raising questions about love and humanity. But that is what really moves people. So that’s what I’m leaving with. Do your part. It’s not just about theory and practice. It’s theory, practice and emotion.”

**Theory and Praxis of Economic Democracy**

In his opening address, MIT Professor, J. Philip Thompson urged economic democracy activists to embrace theoretical discussions. Only then can we avoid the negative consequences of such well-intentioned actions as the union organization of the coal fields that created stronger constituencies for global warming. Respondents to Thompson’s remarks also reminded fellow participants that theory and praxis can operate dialectically—experiments can bolster theory just as theory can bolster vitally needed experiments. Others pointed to the need for popular education curricula to avoid situations where grassroots movement activists cannot participate in discussions such as the ones that took place at the summit. Thompson echoed these points during the final discussions by noting that the spirit of commitment and the commitment to constant rethinking—not any set ideology—is the most important element of a promising movement.

## II. Movement Institutions

**Limitations of Existing Institutional Forms**

Several participants at the summit felt strongly that the institutional structures in which economic democracy activists currently work have presented a major stumbling block to greater coordination and growth. For these critics, institutional reinvention is a key both to the fusing of community organizing and democratic economic development and to the up-scaling that will be needed for that development to make a stronger impact.

The summit began with a critique of two classic vehicles of community organizing, the 501(c) 3 tax-exempt non-profit organization and the Alinsky-style coalition. The 501 (c) 3, according to Randy Keesler of the Catholic Campaign for Human Development, has balkanized the movement into separate competing efforts that, as a force, have had “far less success than the sum of their parts.” Also, the 501 (c) (3) structure blunts activists’ political advocacy and focuses their fundraising on private foundations rather than on organizing work and on capturing and controlling larger pools of capital. Alinsky-style coalition building, based on the mantra “no permanent friends and no permanent enemies,” has resulted in fragile coalitions between organizing groups that give too little attention to longer term agendas and to permanent larger-scale network and institution building.

### Paradigm Shift: New Institutional Frameworks

**Aaron Tanaka**



“ We are trying to position ourselves to move a real institutional framework. We’re putting a flag in the ground that this is a new concept, a broader value statement, trying to frame a multi-decade movement. Community self-determination. This is the premise underneath it all. Can we not only talk about democracy but democracy as the logical driver to revolutionize everything else?”

## Challenge of Scale and Coordination

Participants also took the pulse of the cooperative sector and the labor movement in American society. Randy Keesler and others were concerned about the inability of the American cooperative movement to launch large-scale, Mondragon-style enterprises from the bottom up—though he saw some hope in the expansion of the cooperative movement among people of color, particularly in the Bronx. But, as Phil Thompson pointed out, the diffuseness of economic democracy in the U.S. is also mirrored in our labor unions which end up regressing into scattered bureaucracies devoted to enforcing the contracts they negotiate rather than movement organizations. Even municipal governments, which could also serve as the base for democratically controlled enterprises, are radically dispersed in the United States.

## Four Inspiring Examples of Economic Democracy at Work

What kind of institutions can avoid such pitfalls? During the second session, presenters pointed to the experience of four innovative institutions that combine base-building, alliance-building, and economic development projects.

Nick Luviene described the “community enterprise network” that MIT Community Innovators Lab (CoLab) and the Bronx Cooperative Development Initiative (BCDI) are helping to create. The network involves traditional base-building non-profits, labor, local anchor institutions, and even mainstream financial organizations. While inspired by Mondragon, the network is engaged in deep research about local economic sectors to determine which are most ripe to build successful community-owned and -run enterprises. Member organizations are also involved in popular education to build the strategic leadership capacity of local residents and community leaders to guide the development of the network over time.

Burt Lauderdale, of Kentuckians for the Commonwealth (KFTC), described state-wide alliances KFTC has brokered around the expansion of an alternative energy structure in an otherwise conservative coal-producing state. Some of this has involved opposition to new coal-fired plants, but it has also meant deep research into the organizational structure of the state’s energy coops, with the goal of returning these to democratic control. All of this is connected to a campaign to reform the state’s disfranchisement of felons.

Jose Oliva described the Restaurant Opportunity Center (ROC United), which organizes low-paid workers in one of the largest private sectors in the American economy. ROC United’s work defies the traditional definition of a labor union, however, for it not only

## Eric Walker

“ I think of these things in terms of my family. We talk of cooperatives? My grandmother would say that’s the collective work we need to do to hold things together. My grandmother would say, “Even when we move the furniture to fight we hug afterwards.”

## J. Phillip Thompson



“ I don’t think it’s linkages as much as ethics, at the core. Labor cut a deal with Pataki, the governor, some years ago. They got a raise increase on the backs of teachers. They have since signed a pact saying they are not going to do that anymore. They don’t want to undercut one another. The pressure for that came from the members who said, “our kids go to those schools.” The kids in the school also use these healthcare facilities. I’m hoping we can get community on board. Some affordable housing advocates say we don’t want wage standards because it makes the work too expensive. But who are we doing this for? It’s an ethical issue. We don’t have ethical conversations in our movements. If the teachers don’t go after the healthcare workers and the advocates, then where are you going to get the money to do these things. The ethical question is going to push these movements to work together.”

## New Movement

### Burt Lauderdale, Kentuckians for the Commonwealth



“We don’t have movements we have oppositional campaigns sometimes labeled as movements. They will not succeed at the ultimate goal because they are not oriented toward a new outcome. I hear this in environmental circles, that we have to raise up the fossil fuel industry because we need a Bull Connor. And I said I don’t think the Civil Rights movement was really about Bull Connor, or the Voting Rights Act. So it’s not to say there can’t be policy gains and demonstrations for new institutions or something like that but we really need to keep in mind a new pie--and orient ourselves to contributing to the creation of the new energy economy pie.”

### Rev. Nelson Johnson



“In the Civil Rights movement, they had to launch it. They started it. But then others who had their civil rights saw it. It touched their humanity. If you can help people see that, then there is a movement that pulls. Now we’re made up of streams that flow in different directions. If you get these streams flowing in a similar direction they make a river. The river does not have to beg for direction toward the sea. All kinds of things that are hanging around the river get pulled in because of the power and the atmosphere.”

organizes sympathetic employers as well as workers, but it is founding its own cooperative restaurants. Training and popular education are key to the organization’s success, for ROC United seeks to recruit its own members to take on organizing roles. Its cultural production includes a game called power soccer, as well as a projected book and even a Hollywood film.

Sandra Yu from Detroiters for Environmental justice spoke about her organization’s transformation from a movement opposed to a waste incinerator to an institution involved in green development and worker training in the energy efficiency, abatement and home deconstruction sectors.

### Commonalities of Emerging Forms

What did all of these examples suggest about an institutional vision for an economic democracy movement? First, all began with traditional platforms such as non-profits, unions, and cooperatives, but then very creatively redeployed the strengths of these organizations into new realms of activity. Second, all seemed to reflect a sense of the meeting that longer-term alliances were possible and necessary—as one participant put it, that we can have permanent friends and that perhaps even our enemies shouldn’t be permanent either. The family metaphor, first articulated by PUSH’s Eric Walker in the opening session of the summit, gained considerable currency at the summit: family members can fight, Walker pointed out, but they can also recognize their interdependence and even love as they struggle forward.

### Building a Movement

Does all this innovation make a “movement”? Some thought that this term had been overused, but that historical movements such as the civil rights movement should still remain a lodestar for the institutions we seek to build. As Nelson Johnson of Beloved Community Center in North Carolina put it, a true movement “touches people’s humanity.... if you get the smaller streams flowing in the right direction, they make a river. The river doesn’t have to beg for direction toward the sea. All kinds of things that are hanging around the river get pulled in because of its power.”

### III. Promising sectors and financial mechanisms

Rousing as these words were, some of the most hopeful parts of the discussion at the summit pointed toward more material and even technical issues. In what sectors of the economy can economic democracy best prosper? Where can community controlled businesses compete effectively and where can they best embody their broader missions of social, economic, and environmental justice and democracy? And how will this scaled-up activity find financing?

Summit participants could point to successes in community-controlled investment in a wide range of economic sectors: neighborhood redevelopment, agriculture, hospitality, sustainability and resource management, storm-water management, health, and energy, and also suggested procurement and light industry as possibilities.

#### Green Development Zones

As the examples of PUSH Buffalo, the Kansas City's Green Impact Zone, the Bronx Cooperative Development Initiative, and Detroiters for Environmental Justice suggest, the business of green urban redevelopment offers a promising gateway for community-owned businesses to thrive in several promising sectors of the economy. PUSH, for example, has mobilized grassroots pressure to shake loose government and private funds for state-of-the art housing redevelopment, weatherization, land reclamation, urban agriculture, water management, and even geothermal energy production on Buffalo's neglected West Side. The organization has started three community-owned enterprises in these sectors, and organized both a network of high-road contractors and a chapter of a laborer's union to create promising employment opportunities for local residents. Housing and land redevelopment projects have created new community controlled assets that benefit lower-income residents of the neighborhood. PUSH has financed this work through an eclectic mixture of foundation, government, and corporate funds. Other examples included ROC United's investment in restaurants; KFTC's work toward state-wide energy coops, and the agricultural enterprises of Growing Power in Milwaukee and the Massachusetts Avenue Project in Buffalo.

#### Regulation as Leverage for Economic Democracy

Several summit participants emphasized that there are many more and much larger pipelines of financing available to economic democracy groups willing to master those pipelines' structures and strong enough to make claims on their resources. These resources include: pensions funds, Community Reinvestment Act (CRA) capital, regulatory and procurement streams, and capital funds created by collective bargaining. The Affordable Care Act contains provisions that require not for profit hospitals to invest in community benefits to promote health in their surrounding communities. This money received much attention from summit participants as an opportunity for the expansion of community-owned health enterprises. As an example of the success these

#### J. Phillip Thompson

“ The Affordable Care Act has a provision that requires nonprofit hospitals to put what could well be between 3-5% of their annual revenues to community benefits. This is because they don't pay taxes and advocates have said they are making money and getting a subsidy so they should give something back. IRS has preliminary regulations on what a community benefit is. Advocates are pushing the IRS to include efforts that make a community greener, healthier, and reduce unemployment. ... So, those are broad criteria. Hospitals need to spend this money or they could lose their status. There are 3000 hospitals in the US. We're talking about tens of billions of dollars... for community benefits. The law also requires a needs assessment, evaluations, and community participation.”

## New Economic Pie:

### Rev. Nelson Johnson

“The importance of our critique is showing that the current pie is rotten, to demonstrate the need for a new pie. We don’t want a piece of the current pie.”

### Aaron Tanaka

“Economic Democracy. Are we really aligned around the same idea? Are we talking about just a cooperative, or an alternative to capitalism? Even if cooperatives were big, they would still be under the pressures of the capitalist system. ... We need to move beyond capitalism, not create something friendly around the edges.”

types of campaigns can have, PUSH Buffalo used militant tactics against a local energy utility company which in turn pressured the company’s regulatory agency to create an expanded stream of capital for weatherization work.

### Leveraging Anchor Institutions

Several speakers brought up the importance of leveraging the power and wealth of anchor institutions. Universities and hospitals, the most important of these, cannot move very easily and are often located in or near communities that are otherwise neglected by the corporate economy. However, they need to be held accountable to their communities for high-road employment of local residents and equitable real estate development plans. Success stories in this kind of organizing include efforts by Cleveland’s Democracy Collaborative to create a partnership with leading anchor institutions that resulted in the Evergreen Cooperatives, which provide local hospitals with laundry services and local healthy produce. The Northwest Bronx Community and Clergy Coalition negotiated a state-of-the-art Community Benefits Agreement with its local anchor institution, the Knightsbridge

Armory, which commits its directors to paying a living wage policy to all its employees, and local hiring for at least 50 percent of the workforce. The Los Angeles Alliance for a New Economy (LAANE) negotiated similar agreements focused on major development projects in their city.

### Aggregation of local demand

Aaron Bartley also highlighted the strategy PUSH Buffalo adopted in creating its innovative Social Enterprise, PUSH Green. Leveraging PUSH’s role in the passage of New York State’s path-breaking Green Jobs Green New York program, which provides financing to homeowners for green retrofits, PUSH Green aggregates individual residential projects as a way of further lowering costs of the projects to homeowners and then uses the large scale of demand to ensure that the contractors who perform the work agree to high-road practices and local hiring agreements. In Washington, D.C., the community-based organization Groundswell has successfully aggregated demand in the electricity market to advance consumer interests.

## IV. Next Steps

Summit participants were unanimous in their desire to see this type of forum repeated, extended, and expanded. As this Report suggests, future discussion could focus on the viability of “Economic Democracy” as a unifying vision for the work; on deepening the conversation and making the possibilities and strategies more concrete; on exploring shared research and policy development; more detailed analysis of institution building that takes into account the need to build new structures upon the basis of flawed existing institutions; and which perhaps makes plans for a national alliance-building summit aimed to bring a scaled-up organizing plan perhaps focused on leveraging the ACA funds.

A clear message did come through from the day’s work that will be necessary to remember for future summits: ideological, institutional, and financial flexibility and eclecticism will be absolutely essential attributes of the economic democracy movement to come.

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Derrick Johnson	Amy Morris
Chuck Wynder	Shawn Escoffery
Jameelah	Randy Keesler
Muhammad	Jeremy Shenk
Jessica Bartolini	Gerry Hudson
Nik Belanger	Britney McClain
Jeff Ordwoer	Amanda Ballantyne
Wendy Fleischer	Stacy Cordeiro
Sandra Yu	Tim Hall
Aaron Tanaka	

**Represented Organizations**

Long Island Progressive Coalition  
Advancement Project  
Beloved Community Center  
Boston Workers Alliance  
Catholic Campaign for Human Development  
Center for Sustainable Energy -  
Bronx Community College  
Chhaya CDC  
MIT CoLab  
Detroitters Working for Environmental Justice  
Kansas City Green Impact Zone  
Kentuckians for the Commonwealth  
Mass Community Labor United  
Mississippi NAACP  
Missourians Organizing for Reform and  
Empowerment  
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