Thank you for your interest in our Economic Democracy Training Curriculum. This curriculum is still in its development stages and has yet to be vetted by BCDI partners. Although many agendas are near completion, many sections are still underdeveloped and incomplete.

Additionally, this curriculum is currently going through a design process to optimize its design for public consumption. In its current form it does not reflect how we’d like agenda’s, materials, etc to be arranged within our curriculum. In this draft, agenda’s and visual aids are not integrated. These are instead located at the bottom of this document.

We hope to complete this process within the coming months and look forward to your continued interest in our curriculum.

If you have any questions or comments feel free to email our Director of Community Engagement, Yorman Nunez at Yorman.Nunez@gmail.com.

Thank you
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Facilitator’s Guide Workshop #1
Economics 101: Introduction to Economic Democracy

Time: 2 hours

Overview: The first session is intended to provide an introduction to the concepts of Economic Democracy and generate excitement about challenging the current paradigms in society.

Workshop Goals:
- To provide a basic overview of the economic history of the U.S. after the Industrial Revolution
- To provide some examples of projects that represent aspects of Economic Democracy
- To highlight some of the race, class, and gender dynamics within our economy
- To inspire participants to be leaders in developing their local economy
- To develop interest amongst participants to explore economic concepts

Materials needed:
- White Board or Flip Chart Paper (to write on)
- Video projection equipment (projector, laptop, PowerPoint)
- Box of Legos (700 pcs)
- Markers
- Name tags
- Pens & Paper
- Recorder

Appendix:
A. Reference Materials
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C. Handout #1 - Your Ideal Community Instructions
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Preparation/Pre-training: Facilitators should review the following concepts using the texts and resources found in the reference materials.

Diverse Economies Framework  Scarcity  Cooperative Home Care Associates
Economic Democracy  Powell Memorandum  Mondragon Corporation
The Great Depression  Neoliberalism  Keynes

Agenda:
Times below are suggested. As written, the agenda includes a break; the inclusion of a break exceeds the 2-hour allotted time. If you choose to include a break you must adjust the time available for other activities accordingly.

I. Welcome and Introductions  10 Minutes
II. Defining “the Economy”  10 Minutes
III. Activity: 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
Talking Points – Scripted portions, that is, sentences a facilitator could actually say, are italicized

I. Welcome and Introductions (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

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 flipchart paper that can be posted and visible throughout the workshop.

Sample Goals:
- To provide a basic overview of the economic history of the U.S. after the Industrial Revolution
- To provide some examples of projects that represent aspects of Economic Democracy
- To highlight some of the race, class, and gender dynamics within our economy
- To inspire participants to be leaders in developing their local economy
- To develop interest amongst participants to explore economic concepts

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.

4. Establish expectations around time. Let participants know how much time the workshop should take and secure their commitment to the time limits.
   - 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.”

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 – Here are some first agreements to consider. This list is a small sample of possibilities.
- 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. Defining “the Economy” (10 min)

Section objectives
• Explore the differences between the way people understand the economy
• Begin to expand participants’ definition of economic activity

1. The Yesterday Survey – This short activity can bring the idea of the economy to the level of our everyday lives.

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

If people are having difficulty coming up with responses, you can also ask:
• From when you woke up to when you went to sleep, what activities from waking to sleeping did you do?
• Was it paid, unpaid, hard and physical, emotionally taxing, fun, easy, involving cash or reciprocity or a gift?
• Was the activity performed with another and/or for another person?

3. 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 people’s 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 in traditional approaches to local economic development?

4. Close by offering a definition of “the economy” to the group and discussing. (See slide 6)
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.”

Discussion 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?
**Alternate Activity**

1. **Iceberg Activity** – This short activity can bring the idea of the economy to the level of our everyday lives. The goal is to support participants to recreate the Diverse Economies Framework Iceberg image (see appendix).

2. On a flip chart, draw a large iceberg with a water line. Put the flip chart up.

3. Hand out two sticky notes per person and ask participants to write two things on separate sticky notes:
   - One thing they cannot live without
   - One thing they don’t want to live without

4. 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 flip chart, on the part of the iceberg that is below the water line. Depending on the time, 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 being talked about?*

7. As they brainstorm, write their answer on the tip of the iceberg. *Typical answers include: money, jobs, the stock market, corporations, etc.*

8. Discuss the iceberg that has been created. The goal is to see if participants can come to a true definition of “the economy”

**Discussion Questions**

- If we said that the activities on the bottom on the iceberg are also economic activity, then how would you define “the economy”?
- What is the relationship between the activities and things on the bottom of the iceberg and the activities at the tip of the iceberg?
- What is the purpose of the activities on the tip of the iceberg?

**Takeaway points from both activities:**

The traditional notions of the economy are very limited. Most people think the economy is something distant that you only participate in if you have a job, whereas the economy is actually very expansive; it is not just about money. The economy is about the way human beings survive in a world of unevenly distributed resources. Even activities such as child rearing or making food for another are part of the economy even if they are unpaid because these activities are necessary for survival.

Emphasize that the economy is (1) socially constructed, that is, made by society and (2) it is how societies produce the things we need to live. As a social construction, we can shape the economy and therefore it should reflect our values.

Furthermore, we already participate in the economy everyday. We do life-sustaining activities that make it possible for us to go out and do the wage earning activities typically considered. The fact that we are all already economic actors, should give us confidence in our ability to change “the economy.”

**III. Activity: Build Your Ideal Community (40 min)**

**Section objectives**

- Explore the ideas of scarcity and resource distribution using the building of micro-communities
• Uncover the tensions and barriers to people taking power and control over developing their environments

1. Lego Activity – This group activity will help participants explore the concept of scarcity in the context of community development.

2. Divide participants into a minimum of 3 groups with a minimum of 4 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).

3. Give each group a bag of Lego building blocks (approximately 45 blocks or more) plus a Lego baseplate. Read the printed instructions to clearly deliver directions (Appendix C).  
   • Each group will have an opportunity to design and build their ideal community.
   • The Facilitator will play the role of the Supplier. Each group should assign at least one person to each role listed below:
     o Banker: You manage and hold the Lego’s. You can get more Lego’s if your consumer gives the right answers to the Supplier’s questions
     o Builder: You are the only one who can build. Only you can use the Lego’s. If you want more, ask the Banker.
     o Consumer: Your job is to comment on everything that’s happening and answer the questions the Suppliers ask you in order to get your group more Lego’s
     o Designer: You have the artistic vision to design the best community possible. Design!
   • Explain the rules to the participants
     o The facilitators can stop the exercise at any moment.
     o The facilitators can make final judgments.
     o The facilitators have the power to take or give Lego’s as they please.
   • Tell participants that the winner of the activity will be the group that can build a community that best resembles their design. They will be judged on 2 things: aesthetics and accuracy.

4. The game is intentionally open-ended. 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’s, and interact with the Facilitator/Supplier, and why, is interesting for the discussion. A second facilitator should be taking notes from observations they make during the game.
   • 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 communities. It should be challenging because it is challenging to do development in real life. Try to come up with hurdles that they may encounter and use them as you see fit – for example:
     o Give some groups harder questions than you give other groups when they ask for more Lego’s
     o Don’t acknowledging certain group’s requests for more Lego’s
     o Actually assist certain groups
     o Insist that the game is fair even while doing unfair things

5. Each team has 20 minutes to work together. At the end of 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.

6. Debrief the activity. Listen carefully as each team explains their community. Ask the participants to reflect on their roles and how each role felt.
   • 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 Designers: What did it feel like to play the role of designer? Who else had input in the design?
• 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?

Discussion questions:
• Is our ideal community much different than the community we already live in? Why or why not?
• What would be some more radical ideas?
• How is the way the activity worked similar or different from the way society works?

Takeaway points from the activity
• Our economy is based on a scarcity framework; our view is that it should be based on an abundance framework. Scarcity is fear-based. It suggests that there just 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 they basic needs.
• There were 700 pieces of Lego’s in the box - maybe not enough for everyone to have everything they designed, but enough for everyone to have what they need and most of what they designed. A different mode of distribution would be required make sure that happens.
• Obviously, we couldn’t use more Lego’s than we have. Similarly, the Earth has a finite amount of, but enough, resources for us to thrive. Getting there would require a different mode of distribution than we currently have.
• 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.
• Other items will arise and the facilitator should take advantage of those openings.

IV. Economic Cycles in U.S. History (20 min)

Section Objectives
• Explain the unsustainable cycle that the U.S. economy has gone through in the past 100 years
• Explore major economic events and where they fit in the unsustainable cycle of the U.S. economy
• Introduce major debates as to why the U.S. economy fails
• Develop consensus with the group around where we are now in the cycle and build a sense of opportunity to break the cycle

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 might 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 the past 20/30 years of boom/bust cycles in the U.S. in The Enigma of Capital and the Crises of Capitalism.

First, there are New Economic Theories and Ideas. These lead to New Economic Policies and Practices, often based on unsustainable growth. Inevitably, these policies lead to a crisis, which then allows for different economic theories to arise based on these same principles, and the cycle to continue.

Throughout U.S. history, new economic theories have become widely accepted, but these theories have mostly been based on the assumption that the economy must grow. 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 shall see, limits to what the “market” can bear.
These economic theories based on a paradigm of growth lead to economic systems being put in place that promote practices and policies that foster unsustainable wealth concentration.

Unsustainable wealth concentration leads to an economic crisis. The people who are hurt the most are poor people and people of color. 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 the cycle. Engage participants in the construction of the 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 the historical details. What is most important is that participants understand the cycle. Feel free to use other facilitation techniques to go over the information and help participants understand the cycle.

Pre-Great Depression

Popcorn question - What was initially fueled the economy of the U.S.?

Until the 1860’s, the exploitation of slave labor fueled the U.S. economy. In the South, slave labor was used directly in the agricultural industry. The free labor that slavery provided enabled rapid industrialization in the U.S. with the introduction of machine technology for production. This led to rapid growth and wealth accumulation, which eventually resulted in the Great Depression. Even with the "end" of slavery, the economy remained exploitive to black people and people of color, women, and other marginalized groups.

First cycle (1930s–1950s) 9
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 are many causes of the Great Depression, and there isn’t across the board agreement on one thing—or even a set of things. One key factor was the stock market crash of 1929, brought on by unregulated speculation, in addition to the collapse of banks across the country and loss of savings.

What we do know are the effects of the Great Depression. There was widespread unemployment, famine, and homelessness. The unemployment rate during the Great Depression was staggering. Not only was the unemployment rate of 25 percent high, but also it was widespread across all types of occupations from doctors and lawyers to farmers and factory workers. This immense unemployment was puzzling to 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, new theories. Enter economist John Maynard Keynes. He was a British economist who argued that the government must step in to jumpstart 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 jumpstart production and the economy would grow again.

Under this theory many social welfare programs were developed. The U.S. 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 we (the government) must be meaningful actors of our economy.
Even with this program recovery was slow, and the economy did not fully recover until World War II when Keynesianism went into full force with the government spending to support the war. However, Keynesianism and the policies it fostered was based on an assumption of unlimited growth, and eventually another crisis occurred.

Note: The post-war era was a period of unprecedented prosperity—a prosperity widely shared across American society. During the 1950s and 1960s, however, not all Americans experienced the relief that government spending and the New Deal brought about. Under Jim Crow laws and other forms of discrimination, African-American people, Natives peoples, immigrants, and women were consistently denied access to jobs, social programs, and the wealth-generating, growth-inducing solutions that Keynesianism was supposed to provide.

Second cycle (1970s-2000s)  
Crisis: Stagflation  
Economic Theory: Neoclassical economic theory  
Policies and Practices: Neoliberalism  

Popcorn questions - Has anyone ever heard of “stagflation” or “neoliberalism”? What is free-market capitalism?  

The prosperity driven by the prior economic ideas came to a halt as another problem appeared: stagflation. Stagflation is when there is a rise in inflation at the same time as a rise in 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. With stagflation, many people are unemployed, but the prices of goods are still going up. Now just like the high unemployment during the Great Depression confounded economic thinkers, so too did stagflation. It was thought to be impossible to have a situation in which prices were rising even as unemployment was rising.

One major cause of stagflation was the oil crisis where 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 U.S. 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 30s, supporters of “neoliberal” policies used the crisis of stagflation in the 70s. These are epitomized in the policies of U.S. 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, the government should not infringe on personal freedoms, let people keep their money, and protect private property. Thus, the neoliberal policy agenda was to: cut taxes, attack social welfare programs, privatization, deregulation, free trade, and anti-worker/anti-union measures.

The consolidation of the neoliberal agenda during this time is perhaps best captured in a memo from Lewis Powell to members of the wealthy, elite, 1% of Americans. Lewis Powell was Justice of the Supreme Court. 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 will 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 is now known as the Powell Memorandum.

Note: It is important to emphasis the planning and intention behind the neoliberal agenda – the current institutional arrangements is not natural or inevitable; the choice was made to prioritize wealth accumulation using “neutral” markets to allocate resources, while cutting social programs, but we know that markets are not neutral.
We are still in this paradigm!

**Third cycle (2008 - now)**

*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? What have been the impacts on our communities of neoliberal policies?**

Neo-liberalism has just created another major crisis, which we have been experiencing as the financial crisis since 2008. The lack of regulation encouraged by neoliberalism 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 continuation of the neoliberal policy agenda, the backlash from people in communities and globally has been immense. However, we must come together to push forward the new economic theory that will take us out of this cycle.

We have a unique opportunity and a 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: Other recessions and serious downturn happened during this period time. The 2008 crisis, however, was massively widespread and felt by a more diverse cross-section of people.

**Discussion Questions**
- Why do you think this cycle continues?
- Do you see opportunities here for new economic policies and practices? What are they?

**Takeaway points from this section**
- Cycles of boom and bust create opportunities for new ideas to take root
- The cycle of crisis continues because the policies and theories implemented do not account for the limitations of growth - non-regulation of the stock market led to the Great Depression, endless government spending led to stagflation, and further non-regulation of credit/credit bundling led to the Foreclosure crises (and the Great Recession).
- The Great Depression led to the development and adoption of Keynesian economic policies. Stagflation of the 1970’s led to the emergence of neoliberal economic policies. Finally, our current crisis, the Great Recession, is giving us the opportunity to develop new economic theories, policies, and practices
- The Cycle of Crisis continues because most theories assume there is endless growth potential – from government to keep spending to personal credit – and therefore policy is created that allows for extreme wealth concentration under the pretense that we just need more
- It is important to emphasis the planning and intention behind the neoliberal agenda—the current institutional arrangement is not “natural” or inevitable; the choice was made to prioritize wealth accumulation using “neutral” markets to allocate resources while cutting social programs, but we know that markets are not neutral.

V. Optional Break (10 min)

VI. Economic Democracy (30 min)
Section objectives

- Develop consensus with the group about where we are now in the cycle 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.

1. Begin by using the “ruling institutions” diagram to explain the way things currently are. 12

**Popcorn Question – Particularly in the last two economic cycles in U.S. history, who makes most of the decisions about how resources are distributed in society?**

A: Corporations (oil companies, media moguls, pharmaceutical companies, etc.) Essentially we see that people with money make a lot of decisions about how the world—and the U.S.—is run. We call these ruling institutions.

Write the names of institutions given at the top.

Note: If people start with Congress/The President, etc., push them until they get to people with money and businesses that have lobbying power and influence.

**Popcorn Question – How do the ruling institutions exert their influence?**

A: There are mediating institutions, which include government, military, media, some large and powerful civil society groups like labor unions, some non-profits and church judicatories.

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 now constructed diagram as a framework to explain the way society works now (Appendix E). Use the historical examples highlighted in the previous section to provide more examples of the constant struggle of powerful “ruling” institutions using the mediating institutions to exert control on the rest of us.

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

**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. 13

*Economic democracy seeks to reorient the relationships in the ruling institutions framework. Under economic democracy, the people, families, and civil society aren’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.*

*There are two fundamental aspects of economic democracy*14. *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 makes the decisions as well. 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, credit unions, and use participatory budgeting. These are all examples of controlling resources (i.e., worker-owners, credit unions), and creating political institutions that support democratic decision-making and collective ownership (e.g., participatory budgeting).

Although society does not exist like this now and it might take a long time to get there, for now, we can build institutions, principles, 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.

Discussion 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?

3. Explore some examples of economic democracy. Present Mondragon as an example of the potential of economic democracy on a larger scale (Appendix D), as well as any of the Bronx specific examples included in Appendix F. Depending on the times 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 whereby 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.

- Mondragon Cooperatives
  - The Mondragon Corporation is the largest network of worker-owned cooperatives in the world. The network of about 100 cooperatives collectively employs over 80,000 worker-owners. They all collectively own over 40 billion dollars. They were created by a catholic priest along with a group of young people through a popular education process.

- Cooperative Home Care Associates
  - Founded in 1985, there are now 2,000 members. You can become a member for $1,000 investment.

- Amalgamated Housing Cooperative
  - You can buy into a share of the cooperative for $40,000 equity plus monthly carrying charges of about $1,000 a month.

- Bethex Credit Union
  - A person becomes a member by opening a savings account. In addition, each member pays a $15 annual membership fee.
  - Each member can vote in the elections of the Board of Directors; each member has one vote regardless of how large or small a deposit the member maintains in their savings account.

VII. Conclusion & Evaluation (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

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 human kind copes with the problem of provisioning itself.”
• The economy is not just about money
• The U.S. Economy is stuck in an unsustainable “Cycle of Crisis”
• The Great Depression led to the development and adoption of Keynesian economic policies. Stagflation of the 1970’s led to the emergence of neoliberal economic policies. Finally, our current crisis, the Great Recession, is giving us the opportunity to develop new economic theories, policies, and practices.
• Economic democracy seeks to reorient the relationships in the ruling institutions framework. Under economic democracy, the people, families, and civil society aren’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.
• We talked about economic democracy and discussed examples of economic democracy right here in NYC. These examples 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 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).
     o 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.
     o 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 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

Most of the economic concepts described below can be understood at a basic level from their Wikipedia entries; however, the justice perspective, and their relationship to economic democracy can be difficult to glean from an Internet search. Participation in a train-the-trainer workshop is highly recommended. If that is not possible, individuals should seek consultation with a BCDI 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.

Diverse Economies Framework:
http://www.communitypartnering.info/what60.html

The mainstream view is that an economy run 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 impersonal laws of supply and demand, growth and competition and survival involves bowing to these laws.

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

Seeing the Diverse Economy as an Iceberg

![Image of an iceberg diagram showing diverse economies in various sectors.](from Community Economies Collective (2001))
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 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
http://reclaimdemocracy.org/powell_memo_lewis/

A confidential memorandum written in 1971 for the U.S. Chamber of Commerce that described a road map to defend and further their concept of free-enterprise capitalism.

**Economic Development/Wealth Generation**
http://community-wealth.org/

**History: The Great Depression, Keynes, & Neo-liberalism**

Great Depression: An economic recession that began on October 29, 1929, following the crash of the U.S. stock market. The Great Depression originated in the United States, but 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 trend continued and the following Tuesday, Black Tuesday, the Dow Jones Industrial Average dropped 12%, marking the start of the great depression. International trade declined, along with personal income, tax revenues and product prices. Many economists believed the Great Depression was evidence that capitalism, when left unchecked, is a dangerous ideology.


Keynesianism: An economic theory stating that active government involvement in the marketplace and monetary policy is the best method of ensuring economic growth and stability. 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. It is named for 20th century economist John Maynard Keynes. Contemporary Keynesian economists include Nobel Prize winner Paul Krugman and Robert Reich.
Neoliberalism is an ideology that incorporates the meaning of liberal as “free”. The ideology and its advocates believe that complete freedom of market and individuals is the ideal that public policies should achieve. Neoliberalism postulates that when markets are free they operate efficiently. 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, deregulation of markets, and 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. More information: [World Health Organization](http://www.who.int/trade/glossary/story067/en/)

**Scarcity**
A theory in classical economics that says there are 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 the basic needs of all citizens of the planet can 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 to see the manifestation of abundance policies codified into law, public policy, cultural, and economic practice. More information: [http://en.wikipedia.org/wiki/Scarcity](http://en.wikipedia.org/wiki/Scarcity); [http://www.investopedia.com/terms/s/scarcity.asp](http://www.investopedia.com/terms/s/scarcity.asp); [http://www.thesimpledollar.com/scarcity-and-abundance-escaping-the-scarcity-mentality/](http://www.thesimpledollar.com/scarcity-and-abundance-escaping-the-scarcity-mentality/)

**Mondragon Corporation**
[http://www.youtube.com/watch?v=7efaDeFmurQ](http://www.youtube.com/watch?v=7efaDeFmurQ)

Today the Mondragon Cooperative Complex is made up of roughly 85,000 workers owners in more than 100 worker cooperatives. Mondragon is directly responsible for 65% of the employment in the area.

**Cooperative Home Care Associates (CHCA)**
[http://www.geo.coop/node/433](http://www.geo.coop/node/433)
[http://american.coop/content/brief-history-cooperative-home-care-associates](http://american.coop/content/brief-history-cooperative-home-care-associates)

Cooperative Home Care Associates is a South Bronx home care agency; it is the largest worker cooperative in the country with 2,000 employees (1,000 of which are worker owners). CHCA is also an example of how worker cooperatives and unions can be partners.

**Evergreen Cooperatives – Introduction to Community Wealth Building**
[http://evergreencooperatives.com](http://evergreencooperatives.com)
[Navigate to the Evergreen Toolkit tab for information on Community Wealth Building](http://evergreencooperatives.com)

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, by increasing the level of “common” assets within a community that are locally owned, and by leveraging the use of funds from institutions that are based in the community for community-benefiting purposes.

Other useful websites/resources
Appendix B: Visual Aid

Appendix C: Handout #1 - Your Ideal Community Instructions (Lego’s 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 2 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’s as they please.

ROLES:
Supplier: the facilitators

In your group, choose at least one person for each of the roles listed below:

Banker: You manage and hold the Lego’s. You can get more Lego’s if your consumer gives the right answers to the Supplier’s questions.

Builder: You are the only one who can build. Only you can use the Lego’s. If you want more, ask the Banker.

Consumer: Your job is to comment on everything that’s happening and answer the questions the Suppliers ask you in order to get your group more Lego’s.
Designer: You have the artistic vision to design the best community possible. Design!
Appendix D: Handout #2 – The Cycle of Crisis

**New Economic Theories And Ideas**

Ideas and practices are usually born from a growth paradigm.

**Crisis**

Crisis’ provide an opportunity for new theories to be adopted and widely accepted.

**New Economic Policy And Practices / System**

Growth models in the U.S. have always led to unsustainable wealth concentration that breeds crises.”
Appendix E: Handout #3 – Ruling Institutions vs. Economic Democracy Framework

Ruling Institutions:

**Ruling Institutions**

*Money* Corporations, oil companies, media moguls, philanthropy, banks

---

Mediating Institutions

Government, the press, court, military/police, labor union, church

---

Civil Society & the Rest of Us

Families & individuals, small business, block clubs, nonprofits, Occupy Wall St.,

---

Economic Democracy:

Civil Society & the Rest of Us

Families & individuals, small business, block clubs, nonprofits, Occupy Wall St.,

---

Mediating Institutions

Government, the press, court, military/police, labor union, church

---

Worker Cooperatives; Employee-Owned Company; Consumer Cooperative; Fair Trade

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Housing Cooperatives; Community Land Trust; Mutual Housing Association

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Credit Unions

---

Participatory Budgeting

---

Work!

---

Home & Land!

---

Financial Institution!

---

Governmen't!
Appendix F: Handout #3 – Mondragon Cooperative Complex: Economic Democracy in Action

Mondragon Cooperative Complex

Mondragon is a city in the Basque region of Spain that is today one of the leading examples in the world of the potential of economic democracy. Begun in 1956 by a priest named Don Jose Maria Arizmendiarrrieta (Arizmendi) and five graduates of a technical high school, today the Mondragon Cooperative Complex is made up of roughly 85,000 worker owners in more than 100 worker cooperatives, making it the largest network of worker owned cooperatives in the world. Mondragon is directly responsible for 65% of the employment of the region. Over the last fifty-six years, they have created 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.

Started in the aftermath of the destruction of the region during the Spanish Civil war, Mondragon truly rose from the ashes, with little industrial expertise or wealth in the region where it began, to become the 7th 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, and an overriding commitment to the pursuit of human development. For their entire history, only a handful of workers have been permanently laid off, which was due to theft. In order to maintain employment and weather downturns in the economy, the Mondragon network of companies has developed a system of moving workers and excess cash from one business to another to help struggling businesses to weather a downturn. This system has meant that only three cooperatives have ever gone out of business.

For further reading/viewing:
http://www.youtube.com/watch?v=7efaDeFmurQ
http://www.mondragon-corporation.com/eng/co-operative-experience/our-principles/
Appendix G: Examples of Economic Democracy in the Bronx

Case #1: Cooperative Home Care Associates (CHCA)

Cooperative Home Care Associates is a South Bronx home care agency; it is the largest worker cooperative in the country. 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, employing over 1,600 workers, and serving over 4,000 clients, CHCA is 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.

The cooperative generates $40 million in revenue a year and is expected to more than double in employment over the next few years. Members of CHCA receive a host of benefits that they typically would not at a traditional home care agency, including: fulltime 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 political influence.

For further reading:
http://www.geo.coop/node/433
http://american.coop/content/brief-history-cooperative-home-care-associates

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 co-op occupies several buildings near 98 Van Cortland Park South, Bronx, NY. 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, that 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 burden.

Abraham E. Kazan, the founder and president for 40 years, 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 and 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 and collateral of the down payments and the credit of the union, Kazan took out a mortgage to construct five buildings (since expanded to 12)

Today, Amalgamated Co-op 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 co-op 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 a month. Some apartments have carrying
charges as low as $700 a month. The co-op is designed for persons of low and moderate income, so income restrictions apply to who can or cannot live in the co-op. Those who make above certain income amounts must pay an additional charge at the end of the year in accordance with their income.

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 co-operative can maintain the low “carrying charge” (or rent) in order to keep the housing affordable for future residents.

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, has existed since the founding of the co-op. The JCAC plans social, cultural, and educational activities for cooperative members at Amalgamated Housing Cooperative, A. H. Consumers Society, and Park Reservoir Corporation. The JCAC sponsors several groups including Amalgamated Nursery School, Circle Pines Day Camp, and the International Committee.

The equity and carrying charges are used to keep the buildings in good condition, maintain the beautiful grounds of the co-op, put on programming, and carry on other functions of the building. Residents also earn a limited amount of interest on their equity investment.

For further reading:
http://www.lesonline.org/cv/AmalgamatedHousing.pdf
http://www.amalgamated-bronx.coop/

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 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” (DeFilipis 122). 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 how large or small a deposit the member maintains in their savings account. The 8 Directors serve without compensation.

Bethex also accepts non-member deposits. These might be deposits from 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, as non-members these depositors are not allowed to vote in the elections. 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% to shareholders with a minimum of $100 in their bank accounts. In 2010 the dividend was .25%.
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 and moves over $47 million of food annually.

All members are required to contribute 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 saving are passed on to members as low prices on high quality food, and the prices are very low.

There are approximately 16,000 members, making Park Slope the largest member-owned and -operated cooperative in the U.S. To become a member, an individual must pay a joining fee of $25 and a $100 equity investment; these costs are significantly reduced for welfare and WIC recipients. Park Slope practices “extreme” democracy. They have town-hall style meetings and 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.

Case 5: Participatory Budgeting - http://pbnyc.org/
“Participatory Budgeting (PB) is a democratic process in which community members directly decide how to spend a public budget. PB gives ordinary people real decision-making power over real money.” In New York City participatory budgeting has been or soon will be implemented in 8 city council districts. District residents get to participate in deciding how to spend discretionary capital funds that are appointed to each city council member. “The City Council, its Members, the Speaker, and the Borough Presidents all get to spend a certain amount of money at their discretion. Usually each Council Member can allocate $2 – 9 million in discretionary funds each year. Capital funds pay for infrastructure projects and equipment. Discretionary Capital Funds are traditionally allocated by elected officials for capital projects involving schools, parks, and other city-owned infrastructure.”

Decision-Making Process
The diagram to the right and the text below describe the participatory budgeting process. The process is about one year long to make sure citizens have the resources and time to make wise decisions.

- **“First Round of Neighborhood Assemblies: September - November 2012**
  At public meetings in each district, community members learn about PB and discuss their community’s needs. They then brainstorm project ideas and select budget delegates.

- **Delegate Orientations: November 2012**
  Delegates selected at the assemblies learn about the budget process, project development, and key spending areas, then form committees.

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1 Taken from “PBNYC City Budget 101 Guide” found at http://pbnyc.org/content/about-new-york-city-process#principles
- **Delegate Meetings: November 2012 - February 2013**
  Delegates meet in committees to transform the community’s initial project ideas into full proposals, with support from Council Member staff and other experts.

- **Project Expos: February 2013**
  Delegates present draft project proposals to the community and get feedback, with which they revise the projects.

- **Community Vote: March 2013**
  Delegates present the final project proposals and residents vote on which projects to fund.

- **Implementation & Monitoring: April 2013 onwards**
  The Council Members submit their spending priorities to the City Council, including the winning PB projects. Community members evaluate the process, and oversee the implementation of projects.\(^2\)

\(^2\) Taken from: http://pbnyc.org/content/about-new-york-city-process
Appendix H: Evaluation Form

Workshop 1: Economics 101 - Introduction to Economic Democracy

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.

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<th>General Comments</th>
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<td>Yesterday Survey &amp; Defining &quot;the Economy&quot;</td>
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<td>Lego Exercise</td>
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<td>Cycle of Crisis in U.S. Economy</td>
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<td>Ruling Institutions and Economic Democracy framework</td>
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<td>Economic Democracy &amp; Examples of Economic Democracy</td>
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<td>Discussing what we can do to create a new economy</td>
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<td>Other</td>
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What parts of the workshop did you dislike?

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<td>Other</td>
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What areas of the workshop need improvement?

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<td>Discussing what we can do to create a new economy</td>
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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)**

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**Room size and set up (check one)**

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**Food (check one)**

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<td>Did not eat</td>
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**Length (check one)**

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<td>Perfect amount of time</td>
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<td>Too long</td>
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</table>
Thank you for participating in the workshop and filling out this survey. Your feedback is important to us!
Appendix H: Major Takeaway Points

The economy is actually very expansive; it is not just about money. The economy is about the way human beings survive in a world of uneven resources. So, even activities such as child rearing or making food for one another are part of the economy even if they are unpaid because these activities are necessary for survival.

The economy is (1) socially constructed, that is, made by society and (2) it is how societies produce the things we need to live. As a social construction, we can make the economy and therefore it should reflect our values.

The neoliberal agenda didn’t just happen; the choice was made to prioritize wealth accumulation using “neutral” markets to allocate resources, while cutting social programs, but we know that markets are not neutral.

There is a constant struggle of powerful “ruling” institutions – corporations, oil companies, banks – which control most of the resources in society, using mediating institutions – media, government, police, labor, etc. to exert control on the rest of us.

Economic democracy seeks to reorient the relationships in the ruling institutions framework. Under economic democracy, the people, families, and civil society aren’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.
Facilitator’s Guide Workshop #2  
Economics 102: Markets and Economic Actors

**Time:** 2 hours

**Overview:** This workshop introduces the concepts of markets, different actors in the economy, and the behavior of those 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:**
- To provide a clear, easy to explain way to understand “the market”
- To give participants space to explore their roles as economic actors in the market
- To think about how we can shape and influence the market
- To link the economy and market actors to the movement for economic democracy in the Bronx

**Materials needed:**
- White board or flip-chart paper (to write on)
- Video projection equipment (projector, laptop, PowerPoint)
- Excel (or another graph producing software)
- Markers
- Name tags
- Un-popped popcorn
- 4 (glass/see-through) cups
- Pen & paper
- M&Ms
- Index cards
- Recorder

**Appendix:**
A. Reference Materials  
B. Visual Aid  
C. Handout #1: Cases in Economic Democracy  
D. Evaluation Form  
E. Handout #2: Major Take Away Points & Notes to Self

**Preparation/Pre-training:** Facilitators should review the following concepts using the texts and resources found on the reference list

<table>
<thead>
<tr>
<th>Economic Survival Questions</th>
<th>Supply and Demand</th>
<th>Class</th>
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<tbody>
<tr>
<td>Traditional, Command, &amp; Market Economies</td>
<td>Equilibrium</td>
<td>Circuit of Capital(ism)</td>
</tr>
<tr>
<td>Profit Maximization</td>
<td>Surplus</td>
<td></td>
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</tbody>
</table>

**Agenda:**
Times below are suggested. As written, the agenda includes a break; the inclusion of a break exceeds the 2-hour allotted time. If you choose to include a break you must adjust the time available for other activities accordingly.

I. Opening and Introductions 10 Minutes  
II. A Simple Corn Economy 20 Minutes  
III. Owners, Laborers, and Finance 20 Minutes  
IV. Producers and Consumers 20 minutes  
V. Break (optional) (10 minutes)  
VI. Cases in Economic Democracy 30 Minutes
VII. Evaluation and Conclusion 10 Minutes

Talking Points – Scripted portions, that is, sentences a facilitator could actually say, are italicized

I. Welcome and Introductions (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

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.2

Sample Goals:

- To provide a clear, easy to explain way to understand “the market”
- To give participants space to explore their roles as economic actors in the market
- To think about how we can shape and influence the market
- To 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.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

  - 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.”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 - Here are some first agreements to consider. This list is a small sample of possibilities. See slide

- 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. A Simple Corn Economy (20 min)

Section objectives
• Use 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 three critical questions. These questions are:
  o (1) What goods and services should our society produce,
  o (2) How should we produce these goods and services, and
  o (3) Who gets what is produced?
  o Throughout the workshop series these are referred to as the “economic survival questions.”
• Demonstrate that social and political relationships, not naturally occurring or mathematical laws shape the answers to the economic survival questions.

Section overview
Set up a simple corn economy → Discuss surplus and what to do with it → Discuss ways to answer the 3 economic survival questions → Discuss what is missing from the market

1. A Simple Corn Economy – this activity uses simple visual aids to express the concepts of surplus, to express “the economy” as answering the three economic survival questions, and the question of how to divide surplus as central to the ways societies have been organized.

For this activity you will need un-popped popcorn kernels and four clear cups. One glass should have no label, the others should be labeled “Consume Today,” “Save for Next Year,” and “Surplus.”

2. Set the stage. 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 bi-products. Here [indicate un-labeled cup of corn kernels] is our corn. Be sure to stress these elements of the scenario:
• In the simple corn society, 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:
If this is the only corn we have, how can our society use this corn to ensure that we survive next year? 6-7

- Participants should arrive at the answers:
  - (1) They must consume some corn today, and
  - (2) Save some corn to be planted next year

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

How much do we save and how much do we use? 8-9

- 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 the 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, but you can imagine participant offering different decision-making structures ranging from consensus, majority-rule democracy, monarchy, etc. In addition, participants might mention using information, needs, etc. to make the decision.
  - Do not let this discussion go on for too long.

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

How do we decide who gets the corn and corn products? 10-11

- 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, voting, religion, family ties, elders, royalty, etc. The point is that there are many ways of distribution that are social/political decisions.

Takeaway points from this section

- This discussion reveals that these are political and social questions; there is no natural laws dictating that we must decide to save and consume certain amounts. Rather, as a community we will decide what to do with our resources so we can survive.

3. Build on the Simple Corn Economy in order to explain the concept of Surplus

*The Simple Corn Economy then becomes more complex.* A new technology has been introduced that allows us to generate a surplus of corn; with the same amount of work we can produce more corn than before—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 be in a different container).

*There is now a surplus. The society must decide what to do with the surplus and how to decide what to do with the surplus.*

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.11 Remind participants that 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 we still have corn left over—our surplus.

- Take a few minutes to hear a few ideas from each group.
- Some things their list could include, and should be suggested by the facilitator if no group brings them up include:
  - Public Goods & Services – Example: 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 their time to teach.
  - Division of Labor - Example: We improve technology and everyone doesn’t have to spend their time with corn, we can diversify to other goods and services.
5. In the same small groups, ask participants to use another 3 minutes to brainstorm all of the ways the society could decide what to do with 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.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.¹⁴

Through the Corn Economy, we can see the economy is primarily about 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.”¹⁴

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

- **Traditional economies** exist when tradition, custom, and belief dictated who plays which role in the economy; for instance, your father was a farmer, so you’ll 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.
  - Also, 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 it.
• **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 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 social economy helps focus the direction of this workshop (specifically looking at market activities) while 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 Economics 101. **As we saw in the Yesterday Survey from Economics 101, we don’t meet all of our needs through markets.**

9. Show the Iceberg Diagram from the Diverse Economies Framework. **In this diagram, we can see that typically the economy is talked about as production of goods or services that are exchanged for a price; individuals are paid wages for their labor to produce these goods and services. However, if we expand our definition of economy we can see there are many activities occurring all the time that help us survive that 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 a bulk of economic activities that occur are below the surface. These activities make the market activities possible; and vice versa.**

**Popcorn Questions – What are some things we need, want, exchange (give or receive) that don’t usually happen 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; these tend to be market-based activities in the private economy or expenditure by government in the public sector (the tip of the iceberg). The economy is about a society surviving and 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. This is often called the “social economy,” the “love economy,” or the “gift economy.” Activities in the social 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 of new generations there can be no survival of a society.

*This is particular important when considering the role of economics in the oppression of women. Because activities that women have traditionally contributed to the economy – such as child bearing and rearing – are not monetized, and therefore not counted when measuring economic activity, it reinforces the notion that “women’s work” is not “real work” and that women do not contribute substantially to society*

11. **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 social economy.**
As the facilitator, you can design entire activities around these images. The alternative activity in the first session for “Defining the Economy” 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. Similarly, you can use an activity and the layer cake to explore the

III. Owners, Labor, and Finance (20 min)

Section Objectives
- Discuss the roles and self-interest of owners, laborers, and financiers.
- Explain and critique supply and demand.

Section Overview

Circuit of Capital(ism) → Roles and Self-interest → Who gets the surplus?

1. Circuit of Capital(ism) - Use activities to engage participants in constructing the circuit of capital. The circuit of capital is the way capital is used to acquire the factors of production, produce goods and services, sell those goods and services in the marketplace, earn profit, and then 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 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. You can see pictures of the machines here. 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 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 2 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.

- Labor – 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 it, 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 to pay for all the parts of the production process (bills), taxes, pay to employees, pay 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.

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. 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). Often times, the owner will borrow money from a financier, which could be a bank, uncle, best friend, or other source, promising 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 then goes to pay all the bills and expenses, including the wage and salaries to workers, taxes, interest on the loan, reinvest in the firm, and the remainder goes to the owners. This is a central point: the surplus = profit.

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

There are three actors who are central to this circuit 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 market place 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 they want 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, 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 can report back and you can record some of the ideas on flip chart paper, you can have each group scribe on a piece of 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, which can be costly when training and skills are necessary for new employees; in that case, the capitalist may pay a higher wage in order to retain employees. In fact, they may compete with each other to pay higher wages than competitors.

Additional discussion question

- Has anyone seen firms take any of these cost-cutting measures? 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 depicted as only wanting profit, is that always true? What happens when profit is the only motive? What are the other consequences of cost as 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. Enter into a discussion of class. Discuss the most basic understanding of class and the debate around who gets to keep the surplus from the production process. In our corn society, surplus was more corn, but in real life the surplus is (generally) profit (or money). The debate over what to do with the surplus is both an historic and contemporary debate. 21

Popcorn Question: What is class? If someone says that someone is “low class,” “high class,” or “middle class,” what are we talking about?

Likely answers, you can record on flip chart:
• Income, wages, wealth
• Behavior
• Education
• Type of jobs

Often, when we talk about class in the U.S., we are referring to culture and to 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 those people who own the means of production, and the other group is those people who do not own the means of production. In this dichotomy we can see two classes emerging. One class is known as the bourgeoisie [be sure to write on board], these are those who own the means of production; that means they own land, the factory, a patent on the product. The other class is the proletariat, those who do not own the means of production and must sell their labor to the bourgeoisie, or the owners.

Discussion question:
• How does this definition differ from class as money and culture? Does this resonate with you or not?

9. Present the classical capitalist understanding of why the 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 over 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. Get popcorn answers.

Popcorn Question – Why should owners get the surplus? 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 cause 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 of our federal and state laws support business structures in which profits go to the owners, instead of other structures such as worker co-ops, or they have anti-labor laws.
• They invested their funds – Owners took risk and put their own money into the business, 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)?**

Some possible answers:

• Laborers also work hard – The workers also work hard and should reap some of the profit from their hard work.
• Historical and continuing discrimination creates gaps in who owns, 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, regions, genders, or orientations from getting ahead. Finally, everyone is born to a different family; birth alone should not determine your chances in life.
• Workers also take risk when deciding to do a job – By choosing to do one job workers cannot choose to do another job (opportunity cost). They are taking a risk that 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, but rather labor is a fundamental actor in the production process. It is because of their work that profits are possible and they should reap those profits.

11. Encourage discussion and debate of these ideas.

**Discussion 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 from this section**

What has typically determined who gets the surplus are laws and government policies. Like 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 (20 min)**

**Section objectives**

• Explain the basic function of supply and demand; key market forces
• Supply and demand are opposing forces
• Stimulate debate about the role of market forces in answering the three “economic questions of survival.”

**Section overview**

*Supply & Demand → Producers & Consumers → Benefits & Limits of Supply & Demand → Holistic Actors*

1. Supply & Demand – Supply and Demand links the producers/owners with consumers through the market place. This topic creates a smooth transition from owner/worker discussion to the producer/consumer discussion. The main point here is to describe that “market forces,” such as supply and demand, give signals to owners of firms that they should make something (there is a demand for a product), and that producing that product then selling it in the market for a given price will yield a profit. The presence of a market that will produce profit encourages entrepreneurs/owners to produce.
2. Transition from the discussion of the 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, some type of authority makes decisions. In a market economy, owners decide what to produce based on “the market.” Particularly important in the market are the forces of supply and demand. In our example, one of the basic ideas is that there are people in our society who want to buy our machines; in this case 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 can 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 market place—which is part of our Circuit of Capital.

3. Set up an activity whereby 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 & demand they are comfortable with. An activity from econport.org is provided.

4. Start with Demand. You are going to auction off up to three M&M packets to the highest bidders. Students can only purchase one packet each. The auction begins with all participants standing (if able). Gradually increase the price per packet from $0 (in 5 cent increments to speed up the process) and ask participants to sit down when the price reaches a level above what they are willing pay. By sitting down, a participant is announcing that they are dropping out of the bidding and will not reenter. Instruct participants at beginning of the auction (and remind them during the auction) to write down on their index cards the price called immediately before the price that caused them to sit down (i.e., 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 students 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. Collects all index cards and enters 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 on the flip chart the starting price for the auction, 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 students 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 rising, and write it
down on their index cards.

[optional note]: 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 can do no 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 from $3 in 5 cent increments to speed up the process (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 reenter. Instruct participants at beginning of the auction (and remind them during the auction) to write down on their other index card 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 another auction that is similar to the previous one we ran with the exception that instead of selling M&M packets through the auction, I will be buying M&M packets. 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 students in the classroom. You can sell a maximum of one packet each. 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. You 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 these 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 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 you got from the participants (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 connect the top prices to the bottom prices. There should be an upward sloping demand line, and a downward sloping supply line.

6. Debrief the activity by discussing demand, supply, and then 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. 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 all were consumers demanding M&Ms. As the price of the M&Ms got higher, less 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 buy our machine. If the price of our machine is really low, more people will buy our machine. That is the basic idea of demand: when a price is low, the quantity demanded will increase. When the price is high quantity demanded will decrease.

- Discuss supply. Introduce owners as producers (a dual role). 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 be using 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 reaps 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; you all each had a good (M&Ms) you were willing to sell for at least $3. As the price got lower, less 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 point 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.

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 subsequently 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 surplus 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?
  o One 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. Again, 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 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?

Takeaway points from the section
• 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 be in equilibrium at the same time that people are starving (because they cannot afford to pay the high equilibrium price).
• Distributing resources based on markets, as is currently done, has left many communities without resources such as housing, food, health, and education due to lack of investment or 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, Nobel Prize in Economics

Holistic Actors
7. Transition to a discussion about the ways and the reasons producers and consumers act. Individuals can fill several roles at different times, and no role exists in a vacuum. Rather, these roles are played out in a social and political context within a larger natural environment.

We’ve discussed a variety of concepts today, the ways different actors relate to each other, and touched on a number of debates about how we want to live together. While I have refrained from taking strong positions one way or another, 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 (See Slide 20). Each actor is separate.

However, I think our discussions today have revealed that the world is not that simple. A producer consumes, a consumer works, a worker may also own, and an owner 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 (see slide 20).
Take away point:
- Consumers and producers have other roles, interests, and desires that stem from other social roles they play. So profit and utility may not be all they desire.

V. Cases in Economic Democracy (30 min)

Section Objectives
- Expose participants to economic democracy practices that change the relationships between the economic actors discussed in the workshop
- Close workshop with participants thinking about alternatives to the typical economic relationships

Section Overview
Economic Democracy overview → Cases in Economic Democracy → Report Back → Discussion

1. The end of the prior discussion can be very negative and leave participants feeling disempowered; economic democracy is a way to frame solutions and future efforts to combat the current economy by redefining the traditional definitions of roles, access to capital, and self-interest of actors in the economy.

In the first workshop we discussed the idea that the large corporations represented ruling institutions. These institutions use their influence to shape the society—including markets—to their benefit. By exerting influence on mediating institutions they are able to have influence on “the rest of us.” 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.

2. Divide the room into small groups of at least 3 and no more than 5. Distribute a packet describing a number of cases where economic democracy is being practiced (Appendix C). The proposals include worker cooperatives, credit unions, consumer cooperatives, participatory budgeting, and community land trusts.

3. Instruct the groups to read the brief description of their economic democracy case/tool, discuss questions provided, and then report back briefly to the entire group. 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.

VI. Conclusion & Evaluation (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

1. Summarize the Main Points and Topics
• Economic Survival Questions – Human beings have been working with each other to answer the three economic survival questions throughout the 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? 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.

• 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 silo’ed off one from another but connects and overlaps.

• We discussed the way the circuit of capital functions in a market economy.

• We talked about economic democracy and discussed examples of economic democracy right here in NYC. These examples illustrate how different types of institutions can alter the 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 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: 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 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.
  o Introduce that you are doing a 4 part evaluation in ___ minutes (10, 5); lay out the parts (perhaps writing them on the board).
  o 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.
  o 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).
  o 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.
  o 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

Participation in a train-the-trainer workshop is highly recommended. If that is not possible, individuals should seek consultation with a BCDI staff member or trained facilitator. This ensures quality workshop delivery.

For a basic understanding of the microeconomic principles covered in this training, please read:
Text Understanding Microeconomics by Robert L. Heilbroner and Lester C. Thurow, Chapter 1

MIT OpenCourseWare – Microeconomics: http://ocw.mit.edu/courses/economics/14-01sc-principles-of-microeconomics-fall-2011/unit-1-supply-and-demand/introduction-to-microeconomics/ (the opening lecture is particularly helpful)


Field Guide to the U.S. Economy: A Compact and Irreverent Guide to Economic Life in America by Jonathan Teller-elsberg, Nancy Folbre and James Heintz - An elegantly simple and witty guide to various aspects of the U.S. economy. The book is divided into several sections, including Owners, Workers, Women, Macroeconomics, the Environment, People of Color and more. Each section contains a variety of topics; each topic is covered in one brief page. It is a great way to get oriented to many topics and perhaps find an interest to explore more. http://www.amazon.com/Field-Guide-U-S-Economy-Irreverent/dp/1595580484


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 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 reaps 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 high and wants to sell a lot. These opposing forces eventually reach an equilibrium point.
Activities: http://www.econport.org/content/teaching/modules/DemandSupply or http://www.unc.edu/depts/econ/byrns_web/GreatIdeas/01-Cornerstones/GI-03.htm#_Toc13958792
Market Equilibrium: The “market equilibrium” is a concept in market economics that tells us how much will be produced and at what price. This equilibrium arises from the opposing forces of supply and demand, which comes from the opposing interests of consumers and producers.

America Beyond Capitalism: Reclaiming Our Wealth, Our Liberty, and Our Democracy by Gar Alperovitz- This book has many examples of economic democracy. A quick, easy, and inspiring read!  
http://www.garalperovitz.com/abc/
Appendix B: Visual Aid

Appendix C: 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 Home Care Associates (CHCA)
Cooperative Home Care Associates (CHCA) is a South Bronx home care agency and is the largest worker cooperative in the United States. 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, 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 & Compensation
CHCA allocates 80 percent of their total revenue to the wage and fringe benefits costs of our 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; and
- 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 our annual profits (that have averaged $250);
- An employer-contribution to their 401(k) account in profitable years; and
- 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. We also encourage workers to create savings and checking accounts, instead of relying on expensive check cashing services.

Surplus
All worker owners have a vote in ratifying CHCA’s allocation of net profit into four key areas:
- Retained earnings – 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; and
- 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 our Board of Directors and its Finance Committee. CHCA’s worker owners then vote to ratify the allocations approved by a majority of members on our 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, which also reduced the total amount of money paid as dividends only to worker-owners.

Management & 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 our home care workers understand key decisions made by our 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 in improving key facets of our 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, Bronx, NY. 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, that 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 burden.

Abraham E. Kazan, the founder and president for 40 years, 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 and particularly the children.

Ownership & Compensation
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, 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 (since expanded to 12).

Today, Amalgamated Coop 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 a month. Some apartments have carrying charges as low as $700 a month. The coop is designed for persons of low and moderate income, so income restrictions apply. Those who make above certain income amounts must pay an additional charge at the end of the year in accordance with their income.

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

**Management & 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, has existed since the founding of the coop. The JCAC plans social, cultural, and educational activities for cooperative members at Amalgamated Housing Cooperative, A. H. Consumers Society, and Park Reservoir Corporation. The JCAC sponsors several groups including Amalgamated Nursery School, Circle Pines Day Camp, 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 & Compensation**
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 how large or small a deposit the member maintains in their savings account. The 8 Directors serve without compensation.

Bethex also accepts non-member deposits. These might be deposits from 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, as non-members these depositors 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% to shareholders with a minimum of $100 in their bank accounts. In 2010 the dividend was .25%.

**Management and Decision Making**
Appendix D: Evaluation form

Workshop 2: Economics 102 – Markets and Economic Actors

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.

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What parts of the workshop did you dislike and why?

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What areas of the workshop need improvement?

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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)**

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Thank you for participating in the workshop and filling out this survey. Your feedback is important to us!
Appendix E: 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; everything that directly and indirectly answers the three economic survival questions is not part of a monetized exchange. This is often called the “social economy”, the “love economy”, or the “gift economy.” For example, without the birth of new generations there can be no survival of a society.

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 silo’ed; 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 as 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 that 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.
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 and, using the economic democracy framework, and asks participants to brainstorm proposals for economic development.

Workshop Goals:
- To explain a popular local economic development theory and inspire participants to take a more expansive, radical view of economic development
- To identify the characteristics of a strong economy and the goals they believe economic development should achieve
- To help participants understand that there are a variety of economic development strategies that can build strong and just economies
- To define Economic Democracy and provide some examples of projects that represent aspects of Economic Democracy

Materials needed:
- White Board or Flip Chart Paper (to write on)
- Video projection equipment (projector, laptop, PowerPoint)
- Markers
- Name tags
- Pens & Paper

Appendix:
A. Reference Materials
B. Visual Aid
C. Endogenous growth model – Economic Gardening
D. Handout #1 – Bronx profile
E. Handout #2 – Local Economic Development Strategies
F. Evaluation Form
G. Handout #2 – Takeaway Points and Notes to Self

Preparation/Pre-training: Facilitators should review the following concepts using the texts and resources found in the reference materials

Competitive Advantage  Economic Development  Import Replacement
Economic Base Theory  Multiplier Effect  Economic Growth

Agenda:
Times below are suggested. As written, the agenda includes a break; the inclusion of a break exceeds the 2-hour allotted time. If you choose to include a break you must adjust the time available for other activities accordingly.

VIII. Opening and Introductions  10 Minutes
IX. Story of Development as Usual  10 Minutes
X. Economic Base Theory  45 Minutes
XI. Break (optional)  10 minutes
XII. Economic Development Proposals for the Bronx  45-55 Minutes
XIII. Evaluation and Conclusion  10 Minutes

Talking Points – Scripted portions, that is, sentences a facilitator could actually say, are italicized
Workshop #3
I. Welcome and Introductions (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

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.

   Sample Goals:
   - To explain a popular local economic development theory and inspire participants to take a more expansive, radical view of economic development
   - To identify the characteristics of a strong economy and the goals they believe economic development should achieve
   - To help participants understand that there are a variety of economic development strategies that can build strong and just economies
   - To define Economic Democracy and provide some 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.

4. Establish expectations around time. Let participants know how much time the workshop should take and secure their commitment to the time limits.

   - 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”.

   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 – Here are some first agreements to consider. This list is a small sample of possibilities.

   - 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.
• 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 (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 to highlight “development as usual.” Development as usual refers to the many incentives, tax breaks, or public subsidies given to businesses that do not benefit the local economy. Development as usual is also development that is synonymous with gentrification.

Section overview
Yankee Stadium → Costs and Public Subsidies → Who Benefits? Who Pays → Typical Results of Economic Development

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, but there is not enough time. The point is not to argue for or against the new Yankee Stadium, the point is to present a project that is emblematic of exploitative development that does not build broad wealth/income or wellbeing but enriches the elite.

We often hear stories of local or state government using subsidies in order to attract private corporations to the area or to keep the corporation in the area—this is called smokestack chasing. In fact, for decades the main task for economic development staff was to travel around the nation cutting deals to attract companies 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. 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, the point is to present a project that is emblematic of exploitative development that does not build broad wealth/income or wellbeing but enriches the elite.

There may be Yankee fans in the audience or other people who supported the stadium 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; all over the country economic development 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  
- June 15, 2005 an agreement is reached to generate the public funds needed to build a new stadium for the NY Yankees
- June 23, 2005 – Legislation in both houses of the NY State Assembly pass
- April 5, 2006 – The City Council approved the plan & 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, who succeeded his father George Steinbrenner. Read reports by Good Jobs New York (“Loot, Loot, Loot for the Home Team” or “Insider Baseball”) for more information.

- 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 to for use of the stadium. Now, the Industrial Development 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.

Some of the other subsidies include:
- $138 million that the City paid to demolish the old stadium
- Use of public park land for private stadium
- $900 million plus in tax exempt bonds for the Yankees to build the new stadium
- No mortgage or property taxes paid by the Yankees to the City
- $70 million of public funds for the construction of parking garages
- The land was also acquired by the city in 1971 using eminent domain

Discussion Questions
- Who benefits from this stadium? Who pays?

Capture the ideas from participants on 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 all over the world that leads to this type of “economic development.” The projects promise jobs, they promise to stimulate the economy, they promise to move elsewhere without subsidy, they promise.
- Public money in, but private use out – The public invests its tax dollars, while the private entity does not have to pay taxes. Furthermore, the result is a factory, building, or stadium that is restricted to private use.
- Profits Increase – The owners of Yankee stadium get to charge more for tickets and make more money.
- Money Generated in One Area Flows Elsewhere – Tickets sales and other revenue goes from all the ticketholders and restaurant patrons and flows to the Yankee players, the owners, the staff and they certainly don’t reside in the Bronx.
- Overreliance 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 great economic development for the Bronx instead of looking within the borough for economic development opportunities.
- While this may be “development as usual”, development does not have to be this way. Today we want to think about economic development, understand it, and re-frame economic development.

III. How Local Economies Develop – Economic Base Theory (45 min)
Section objectives
- Show the breadth and ambiguity of economic development—it is a broad field with many differing perspectives, definitions, and ideas
- Illustrate 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

Section overview
Strong and Weak Economies → Defining “Good” Economies → Economic Base Theory → Endogenous Growth Models

Strong and Weak Economies
1. Ask participants to brainstorm the characteristics of weak and strong economies in a full group or in small groups.9-10

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 with, I want you to work with your neighbor to generate a list of what you have heard or know are characteristics of strong economies and weak economies. You can use words, examples, or any other ways to describe a strong or a bad economy.

Give each group a piece of flip chart paper, tell them to make two columns (Strong vs. Weak) and record their answers there. Give them 5 minutes to work, and then generate one 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.

2. Review the definition of economics and the three economic survival questions from the last sessions.11

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.

Discussion Questions – Who can remember how we described economics, the economy, or three survival questions of economics?
- 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 itself. In other words, how our society can feed itself today and in future generations.
- There are three primary questions that must be answered, the economic survival questions:
  - What goods and services should our society produce?
  - How should we produce these goods and services?
  - Who gets what is produced?

Now it may not be apparent, but 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. Pose the economic survival questions to the group. Quickly discuss what goods and services they need to survive. How do they think society should answer the question? Who should get what is produced? (Leave off the question of how society produces the good and services for now).
4. Link answers to the iceberg from the diverse economies framework. 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 things on the rest of the iceberg below the waterline. Many of the invisible activities (family and neighborhood relations, self-provisioning, childrearing, etc.) are actually the things we need to survive. However, as mentioned in the first workshop, the activities below the water line, 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 as an economic development project—use the three economic survival questions to see what type of economy Yankee Stadium is developing.

Discussion questions—
- The first survival question asks what should we produce. What does Yankee Stadium produce?
- Who benefits from what is produced?
- How does Yankee Stadium produce it?
- So what type of economy is Yankee Stadium producing?
  - The answer to this is debatable. It is helping some people (players, restaurant and shop owners, etc.) and harming others (not enough jobs for neighborhood residents, citizens who could benefit from lost tax revenue).

We can see that the strategies communities use to answer these three questions can contribute to strong or to weak economies. That is the connection between what we learned last time and economic development.

6. Discuss the strength or weakness 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.

Now so far today we’ve talked about strong economies and weak economies. So let’s look at New York City. Is the New York City economy strong? Be ready to challenge and play devil’s advocate to whatever response participants give. Or to ask “Who thinks the NYC economy is strong? Why?” followed by “Who thinks the NYC economy is weak? Why?” You can refer back to the indicators that participants have named as defining strong and weak economies and ask if NYC meets their criteria of strong and weak.

What about 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 has incredibly weak parts (such as the Bronx).

Takeaway points from this section
- We could continue this discussion for a long time, but by most accounts NYC has one of the strongest economies in the world, a considerable amount of wealth is generated here. But, the Bronx—a part of that larger city—has one of the weakest economies.
- The Bronx is a borough of high poverty and for many low qualities of life. What we can learn from this is that a “strong” economy is not enough. An economy also has to be “good.” We are also interested in equity, in fairness, access, and the distribution of wealth. Those are questions of power relationships between and among people as well as the strategies that public and private agencies pursue.
- We can have economic strategies like the development of 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 that yield various results.
Economic Base Theory

7. Explain Economic Base Theory through graphic representation and an example. The point is not to defend base theory as the way economies develop, but rather to use base theory as a jumping off point for explanation, critique, and introducing import substitution, resilient communities, and thinking about ways to answer the economic survival questions.

Start with the basic building blocks of economy development theory. 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. Numbers below correspond to different parts of the image on Slide 15

1. 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 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; this community can produce something better than other communities.

**Popcorn questions** – This town’s competitive advantage is in oil. What might be some competitive advantages of the Bronx? What are some of the competitive advantages of NYC? The State?

2. So, back in Oiltown, we have firms that are drilling oil, processing oil; selling, shipping, and they are rooted in the oil industry. The businesses that work in this industry are called basic firms. Oil is the base of our economy, so the firms that work with oil are the basic firms. The basic firms export their good to the rest of the world. They also provide jobs for households; the people of Oiltown work in the oil businesses.

**Popcorn questions** – What are some of the basic firms in NYC? In the Bronx? In NY 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?”

3. They will need clothes, houses, and food. The households and firms will also want schools, and roads, maybe office supplies, other things. So another group of firms arises; these firms produce goods and services for local consumption; they are not exporting their goods and services. These are called non-basic firms. Much of what they sell might be imported, or perhaps its made locally but not based on Oiltown’s known competitive advantage.

**Popcorn Questions** – What are some non-basic firms in NYC? In the Bronx?

4. Now you may notice that the non-basic sector is very much bigger than the basic sector (there are more jobs in the non-basic sector). Economists have studied different communities and one pattern they saw was that as the size of the basic sector increased, the size of the non-basic sector increased at a greater magnitude. For instance if there were one additional job in the oil business there would be 3 more jobs in the non-basic sector. That is what economic base theory calls the multiplier effect.
5. Now that we can see how households, basic, non-basic firms, and the rest of the world interact in theory, let's explore the challenges with economic base theory.

Discussion Questions
What are the problems if a community’s economy depends on exporting for growth?
- The town can be at the mercy of the rest of the world.
- If they only have one export (cars) and there is an external decrease in demand (no one wants American cars) then the whole economy is in trouble because it all depends on that export.
- The community is also at the mercy of the CEOs, who may decide to pick up and move to a new location when it seems like that place has 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 have to be stuck with the higher prices.
- Under base theory, a town with lots of imports would have a smaller basic sector.

What are the problems if a community grows its economy through exports?

Takeaway points from this section
An economy that develops according to Economic Base Theory might run into many problems that we have seen in U.S. History and in our own communities
- Dependency – This can lead to being a company town, a town that is built completely on one type of export (or only a few). Dependent on external demand for products. Example: Detroit/Michigan’s dependency on the auto industry
- Mercy of the World – this can lead to being at the mercy of the world market; forces that are beyond the control of the community/locale.
- Need for constant growth in basic sector for the local economy to develop. 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.
- Diversity of firms is needed in the basic sector in order to prevent dependency on one industry.

Endogenous Growth Models
6. Begin to introduce the idea of economic growth as distinct from economic development. One of the reasons why local economic development so often looks like the Yankee Stadium is because these activities often contribute to economic growth as we currently measure it through Gross Domestic Product (which is linked to a strong economy).

Often times economists will add up the total value of all the government spending, all the investment and production by businesses, and all the money households spend in order to measure the size of the economy. This is called the Gross Domestic Product (GDP). Write on the board/display on PowerPoint. Economic growth is thus defined as the literal increase in the size of the economy or the value of economic activity when using GDP.

When economic development is focused on the tip of the iceberg – it is usually because it is focused on growth in money circulation – economic growth. This is why building a stadium might seem like an effective economic development strategy. How we measure the economy affects where we direct our economic development efforts.

Emphasis that “economic development” can, and should, be thought of more broadly. Economic development must not necessarily be only about economic growth or contraction. Economic development is concerned with the process, structure, change and the institutions and actors in an economy; and the process of through which the structures, institutions, actors, and outcomes change. In this way we could understand that an economy could develop without growing. That is, the economy could change with out growing or shrinking in size or amount of money. As an example, Sweden and Iran have roughly the same GDP; however, their economies function very differently and the distribution of wealth across all citizens is quite different.

Discussion Question –
Base theory suggests that the only way a local economy can grow is by increasing the output of basic firms; that is, increasing exports. That means there are more basic firms or basic firms are growing in size—or some combination. **But are there other ways an economy could grow?**

8. Link the discussion to the idea of Endogenous growth. *Endogenous growth models suggest that another way to think about how economies 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, new ideas will come into being, etc. 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 business to locate in our town or borough, what we need to do is invest in the people of our borough and 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:
Import Replacement - What if instead of importing materials, goods, and services from 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 this example:
- 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.
- 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 the households.

Provide another example of an endogenous growth model by describing how Littleton, Colorado moved from traditional economic development strategies to “economic gardening.” 18 The brief write up in Appendix A is a way to briefly describe economic gardening. Simply reading (or summarizing) this brief may be sufficient to communicate the story. You can also make copies available to participants.

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

**Discussion questions**

What are the limits to the things we can make?
- In most locations, there isn’t the infrastructure for manufacturing and food production right now and there are often large start-up costs for creating businesses.

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 bring more into local, democratic control.

**Takeaway Points from this section**

These examples help us to see two primary ways to approach economic development.
- One way to approach economic development is to 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.
- Another way to approach economic development is by fostering growth and development from the existing resources in a community. But we should not take this to mean that one is better than the other—both are important. 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, as used as well.
• Either way if the economic development does not focus on answering the 3 economic survival questions and distribution of wealth—as we saw in the case of the Yankee stadium and NYC in general, the economy might be strong but not good.

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.

IV. Optional Break

V. Economic Development Proposals for the Bronx (45 min)

Section Objectives
• Review a few cases of economic development that focused on development from the ground up or endogenous growth & import replacement.
• Engage participants in proposing an economic development strategy for the Bronx.
• Expose participants to some of the parameters of the Bronx, a profile of the borough.

1. First present three cases of economic development in different cities. 19 (15 min)

In our remaining time, we are going to look at some examples of local economic development and then create some ideas for what might work in the Bronx. The three cases we are going to present have challenged the Economic Base Theory and used Endogenous Growth assumptions to develop their local economy.

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

o Market Creek – commercial real estate (5:33): http://www.youtube.com/watch?v=nFvt5wHNdpC
• Briefly introduce DSNI: 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.

o DSNI – housing (4.26 of 9.06):
  ▪ If you have enough time, show the whole video
• Briefly introduce Evergreen: 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.

o Evergreen – worker cooperatives (6:38):
  http://www.youtube.com/watch?v=Gt_ZHUDhKJs

Discussion Question – Ask participant to give brief responses to how the different cases challenged traditional economic development strategies.

2. Announce the overall task: To practice thinking about how to challenge convention economic development we’re going to think about economic development in the Bronx. 20 (20 min)

Let’s pretend that Mayor Bloomberg 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, the endogenous growth strategies we covered earlier, and the real-life examples in the case studies, 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. 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.
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 time, allow for questions. Announce the overall task: Mayor Bloomberg has asked each group to present one project they think will help develop the economy in the Bronx. So, each group must propose a strategy to develop the Bronx economy. At [a given time] each group must present their proposal. Their proposal 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
- Who needs to be involved in the project
- Targeted population (if any)
- Expected impact of the project

Explain that the next 20–30 minutes will be time for information gathering, case study, and then brainstorming.

Ask participants to quietly review the information and to, at their leisure, look at the map to gather information.

Let participants know when they should begin brainstorming their ideas and drafting their proposal. 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 to help others understand their ideas.

VII. Conclusion & Evaluation (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

1. Summarize the Main Points and Topics

- Development as usual – We started out talking about the Yankee Stadium as “development as usual.” “Development as usual” implies public money put into projects that don’t benefit the community as a whole. The profits for people who own what is being developed usually increases. Money generated in the area does not stay in the areas, and the projects rely on money and resources coming from outside of the region.
- Economic Base Theory – one of the theories of economic development that can lead to “development as usual” is Economic Base Theory. 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 – Thinking about endogenous growth is in more in line with economic democracy because it encourages local control and ownership. Strategies such as import replacement and economic gardening are encouraged to use the resources within the area to provide the goods and services that people need.
- This is in line with the 3 economic survival questions and the more robust definition of the economy and economics. Human beings have been working with each other to answer the three economic survival questions throughout the existence of modern man. 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

- 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 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. \textbf{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: Reference Material

Participation in a train-the-trainer workshop is highly recommended. If that is not possible, individuals should seek consultation with a BCDI staff member or trained facilitator. This ensures quality workshop delivery.

Economic Base Theory:
http://mailer.fsu.edu/~tchapin/garnet-tchapin/urp5261/topics/econbase.htm

From the website:
“Economic Base Theory assumes that all local economic activities can be identified as basic or non-basic. Firms that sell to both local and an export market must, therefore, be assigned to one of these sectors or some means of apportioning their employment to each sector must be employed. Why is the basic/non-basic distinction important? Economic Base Theory asserts that the means of strengthening and growing the local economy is to develop and enhance the basic sector. The basic sector is therefore identified as the “engine” of the local economy. Economic Base Theory also posits that the local economy is strongest when it develops those 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 insulate itself from 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.”

Gross Domestic Product (GDP):
http://www.otherworldsarepossible.org/france-count-happiness-their-gdp

From the website:
“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.”

Economic Growth:
Limits to the Growth Paradigm by Robert U. Ayres (paper):
http://www.insead.edu/facultyresearch/research/details_papers.cfm?id=11395

“This paper is a synthesis of several current controversies. It makes four broad claims: i) that economic growth (as conventionally measured) is not, and never has been, the most important contributor to increasing human welfare; ii) that technological progress has always been the primary source of both growth and welfare (considered separately); iii) that trade was at best a minor contributor to growth in the past and is probably now contributing negatively to both national wealth and equity, hence to welfare, in Western Europe and North America and iv) that both growth (of GDP) and trade are increasingly incompatible with environmental protection. In fact, while the increasing prosperity breeds environmental sensitivity, many of the processes by which it is achieved are environmentally destructive. This paper assembles and presents some of the key arguments and evidence (Ayres).”

This American Life – How to Create a Job (radio/podcast) http://www.thisamericanlife.org/radio-archives/episode/435/transcript; http://www.thisamericanlife.org/radio-archives/episode/435/how-to-create-a-
Import Replacement:
New Economics Institute – *The Grace of Import Replacement* by Susan Witt (essay):

*From the essay:*
“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.””

Local Economic Development Strategies
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

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.

The Evergreen Cooperatives in Cleveland is a network of worker cooperative 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=GtZHbKjs

Competitive Advantage
http://www.investopedia.com/terms/c/competitive_advantage.asp
*From the website:*
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.

Multiplier Effect
http://mailer.fsu.edu/~tchapin/garnet-tchapin/urp5261/topics/econbase.htm
*From the website:*
The employment multiplier that estimates local basic sector employment impacts and allows analysts to project non-basic sector job creation given an increase in basic sector employment. That is, for every one job produced in the basic sector, three are produced in the non-basic sector.

Reports by Good Jobs New York

Appendix B: Visual Aid

Appendix C: Example of endogenous economic development - Gardening in Littleton, Colorado

Economic Gardening in Littleton CO
http://www.littletongov.org/bia/economicgardening/
http://growinglocaleconomies.com/economic_gardening

From the website:
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 nor 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.
Appendix D: Bronx profile

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)

![Pie chart showing race demographics in the Bronx](image)

**Mean Prices of all housing units (2009):** $386,329
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 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-Main Campus
• College of Mount Saint Vincent
• School of Professional Horticulture at the New York Botanical Garden

Employment

Unemployment rate (2007-2011 estimates): 7.7%
Most common industries (%)

- Health care (25%)
- Educational services (13%)
- Social assistance (7%)
- Finance and insurance (6%)
- Public administration (5%)
- Professional, scientific, and technical services (5%)
- Accommodation and food services (4%)

- Building and grounds cleaning and maintenance occupations (7%)
- Material recording, scheduling, dispatching, and distributing workers (5%)
- Electrical equipment mechanics and other installation, maintenance, and repair occupations including supervisors (4%)
- Other protective service workers including supervisors (4%)
- Drivers/sales workers and truck drivers (4%)
- Other office and administrative support workers including supervisors (4%)
- Other sales and related workers including supervisors (3%)
Hospitals/medical centers in Bronx

- Bronx VA Medical Center
- Bronx-Lebanon Hospital Center
- Jacobi Medical Center
- Lincoln Medical & 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
• NY 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
2010 Census
American Community Survey 2007-2011 estimates
Appendix E: Local Economic Development Strategies

Market Creek Plaza

http://www.youtube.com/watch?v=Nfvt5wHNdpc

Since 1998, the Jacobs Center for Neighborhood Innovation 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 us 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 develop. Built upon six guiding principles, which include: community-ownership and economic development, JCNI 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 neighborhoods 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 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.

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 jobs, entrepreneurial opportunities, and increase in the tax base - all of which capture wealth in the community. This economic flow into the area transforms the community across the board, street-by-street, block-by-block, and neighborhood-by-neighborhood.

Project Overview

Project Location
- 10-acre site at the corner of Market Street & Euclid Avenue
- Easily accessible to Highways 805, 94 & 15
- 5 minutes from downtown
- Next to Trolley & Bus Transfer Station
- State Enterprise Zone, Federal Enterprise Community

Financial Overview
- Total project cost $23.5 million
- Total Jacobs Center investment to-date $28 million
- Land doubled in appraised value in the first two years

Project Innovations
- Development of an innovative network of community teams coming together to build a community vision
• Broad community involvement in design and development of a commercial project
• Creation of innovative program-related investment tools for social-purpose investors
• Design of an owner-builder, mentor-protégé construction program which is comprehensive in scope and is providing a vehicle for more than half the project to be built by the neighborhood

Economic Impact
• More than 1,700 new jobs in the neighborhood
• 360 construction jobs with training for emerging contractors, supported by contractor working lines of credit
• Nine working teams, involving thousands of residents and businesses, build skills in every aspect of project
• Community ownership strategy; hundreds of committed community residents investing their own capital in the project, building wealth by rebuilding their neighborhood

Social and Cultural Impact
• Chollas Creek restored (part of City’s plan), natural vegetation, walking paths
• 500-seat outdoor amphitheater
• Unique architectural character created by multicultural team
• Multi-cultural values expressed in MCP through community art estimated at $ 1.4 million
• Safe place for intergenerational and multi-ethnic interactions

From the website: http://www.marketcreekplaza.com/

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 foundations grants.

DNI, the Community Land Trust, was created by residents of the Dudley Street Neighborhood area as a vehicle to rebuild our neighborhood and to ensure that the home-ownership opportunities that we are creating 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 a community green house parks gardens open space and a revitalized local shopping area.

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

*From the website: http://dsni.org/dudley-neighbors-inc*

**The Evergreen Cooperatives**

http://www.youtube.com/watch?v=Gt_ZHUDhKJs

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).

*From the website: http://evergreencooperatives.com/about/evergreen-story/*
Appendix F: Evaluation form

Workshop 3: Building Strong Local Economies I - Introduction to Economic Development

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.

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<th>Check all that apply</th>
<th>General Comments</th>
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<td>Economic Base Theory</td>
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<td>Endogenous Growth</td>
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<td>Import Replacement</td>
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<td>Discussing what we can do for economic development in the Bronx</td>
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<td>Other</td>
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What parts of the workshop did you dislike?

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<th>General Comments</th>
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<td>Other</td>
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What areas of the workshop need improvement?

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<th>General Comments</th>
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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!)?

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Thank you for participating in the workshop and filling out this survey. Your feedback is important to us!
Appendix G: Major Takeaway Points

“Economic Development as usual” typically yields:
- Public money in, but private use out.
- Profits Increase for owners
- Money generated in the area flows out of the area
- Relies on money from outside

A “strong” economy is not enough. An economy also has to be “good.” We are also interested in equity, in fairness, access, and the distribution of wealth.

Problems in Economic Base Theory
- Dependency on external demand for their products. Example: Detroit/Michigan’s dependency on the auto industry
- Being at the mercy of the world market; forces that are beyond the control of the community/locale.
- Need for constant growth in basic sector for the local economy to develop. 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.

Diversity of firms is needed in the basic sector in order to prevent dependency on one industry.

Endogenous growth models suggest that another way to think about how economies grow and develop is from within. These theories indicate that we don’t have to run around trying to get business to locate in our town or borough, what we need to do is invest in the people of our borough and the businesses will follow

My thoughts, reactions, notes to self:
Facilitator’s Guide Workshop #4
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 economic development, capital, and ultimately wealth.

Workshop Goals:
- To introduce the concept of wealth and explore drivers of wealth inequality
- To explore building wealth through ownership as an economic development strategy
- To emphasize the need for community wealth and ownership as an economic development strategy

Materials needed:
- White Board or Flip Chart Paper (to write on)
- Video projection equipment (projector, laptop, PowerPoint)
- 10 armless chairs
- Markers
- Name tags
- Pens & Paper

Appendix:
A. Reference Materials
B. Visual Aid
C. Handout #1 – 8 forms of Capital
D. Handout #2 – Asset Building/Wealth Generation examples
E. Evaluation Form
F. Handout #3 – Major Takeaway Points

Preparation/Pre-training: Facilitators should review the following concepts using the texts and resources found in the reference materials

Wealth  Income  Ownership
Asset  8 forms of capital  Community wealth
Stock vs. Flow

Agenda:
Times below are suggested. As written, the agenda includes a break; the inclusion of a break exceeds the 2-hour allotted time. If you choose to include a break you must adjust the time available for other activities accordingly.

XIV. Opening and Introductions  10 Minutes
XV. What is Wealth?  20 Minutes
XVI. Wealth Inequality  30 Minutes
XVII. Break (optional)  (10 minutes)
XVIII. Types of Wealth  20 Minutes
XIX. Case Studies and Wealth Matrix  30 Minutes
XX. Evaluation and Conclusion  10 Minutes

Talking Points – Scripted portions, that is, sentences a facilitator could actually say, are italicized
I. Welcome and Introductions (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

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.²

Sample Goals:
- To introduce the concept of wealth and explore drivers of wealth inequality
- To explore building wealth 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 that is visible during the entire workshop. The agenda should be timed to encourage group accountability to sticking to the stated time limits.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
   - 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”.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 - Here are some first agreements to consider. This list is a small sample of possibilities. See slide
- 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?

Section Objectives
• Familiarize participants with terms: asset, wealth, income, stock, and flow
• Connect ownership and wealth; the benefits of wealth accrue to its owners
• Prepare participants to understand the importance of ownership strategies

Section Overview
Connect Wealth to Ownership → Define Wealth → Make it Personal

1. Connect Wealth to Ownership
The purpose of this section is to connect the ideas of economic democracy, the role of different actors, and various economic development strategies to the ideas of ownership and wealth. This introduction and review uses the Green Bay Packers as a contrasting example to the New York Yankees. Through comparing the ownership of the two franchises, participants can begin to see how economic democracy principles can tangibly impact things as mainstream as sports teams.

2. First, discuss the lessons of New Yankee Stadium as they relate to ownership. Review the story of Yankee Stadium. 
   See if the participants can recall the story and fill in what is missing and correct inaccuracies.
   *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 own get to make many of the rules; they get to decide how much to pay in wages, they get to take the profits, and they get the public subsidy.
   *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? (See slide 6) The answer is that the growth goes primarily to the owners. Those who own make the profit. As we learned in the last session, owners get 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 business get the benefit of increased sales.*

3. Then pose the rhetorical questions of what if the “tables were turned” and workers became owners, customers became owners, and tenants became landlords?
   *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*
ownership in building wealth and the role of collective ownership in building community wealth.

4. Introduce the case of the Green Bay Packers. The Green Bay Packers team serves as an example of collective ownership of a wealth-producing asset. This is also a great foil to the story of the Yankees from the previous session. The article “Home Field Advantage” by Sue Halpern details the major aspects that make the Packers different than the Yankees. One key point to highlight is that because ownership is spread out amongst 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 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 the wealth of the team (not just in actual dollars, but in other community benefits as well) does not accrue just 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 be one family or several multimillionaires, 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.

This is an example of the wealth going to the owners; those 110,901 shareholders—many of who 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 because there is not democratic governance and there are no direct financial benefits to owners. However, it does present an example of a successful sports franchise that is not organized around profit and with one owner.

In a paper called “Who Benefits from the Presence of Professional Sports Teams?” the authors David Swindell and Mark S. Rosentraub have interesting ideas about how to get the people who usually accrue all of the benefit from sports arenas to pay for them, such as using special taxing districts. These could be another possible solution to the problem of public subsidies for private uses, however they might be politically infeasible. Further, solutions like this and community benefits agreements can only ever be reactionary (capturing/reallocating/fighting for surplus), whereas we seek proactive solutions where the community inherently owns the surplus and therefore the wealth.

Defining Wealth

1. Draw (or project) a “bathtub” as best you can. Important elements are the faucet with water entering the tub (income), the water collected in the bottom (wealth/stock), and water flowing out (flow/consumption). Then explain the different parts of the diagram.

So we have just discussed that owning things is important to building wealth. And we have talked in our last few sessions about the inequality in 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, 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 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? (Home, 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 part of consumption. These can be discussion questions as well.
• 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 can be an asset because you can use your education to get a job. That job can then bring in money through the income of the job. It is something that you can own; once you have your education it cannot be taken away. It is an example of an intangible asset; you cannot physically own education.
• Cash can be an asset because it can be held today, maybe in a savings account, and spent tomorrow.

3. Explain assets further:
• First, the benefits of assets only accrue to their owners. For instance, the Yankees; most of the benefit of the Yankees 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, putting on a new roof or fixing the plumbing, if it is still going to be an asset.

4. Establish the connection between debt and assets.
• There is a connection between our assets and our debts. There is a saying “it takes money to make money”, that highlights the connection between debt and assets.
• Popcorn question - Can anyone give an example of this?
For instance, 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.

Similarly, in order 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.

- Connect it to the bathtub – having debt regulates the money leaving the tub down to a slow drip

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 things that a household owes—that is all the debt—and all of the things that a household owns—that is all of the assets—then subtract the debt from the assets you have the household wealth. That is to say assets minus debt equals household wealth (write that “equation”).

   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; they are what 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, naming assets and asking them if they know what category of asset, debt, stock or flow it falls in to.

Making it Personal
1. Facilitate a stand up/sit down activity to help drive home to concepts explained so the 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

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

Takeaways from this section
Most likely, this activity will demonstrate that the net wealth of most participants is pretty low (depending on
Like audience). This will prepare participants to see a big contrast between themselves and the top 1% of wealth holders that will be feature in the next section. This may cause feelings of resentment, outrage, or other feeling totally overpowered by those with money. That energy should be fueled towards encouraging participants to work to change that, not just by increasing individual wealth, but also by increasing community wealth.

III. Wealth Inequality in the U.S.

Section Objectives

- Explore the magnitude, causes, and consequences of wealth inequality in the United States.
- Make the connection between laws, policies, practices, and norms in government and business and inequality
- Emphasize the need for collective, democratic ownership as a way to build wealth and reorient the laws, policies, and practices in government and business

1. The next section will place the participants’ low net wealth in context by showing graphs and charts of the wealth of American households to demonstrate that low net wealth is not the isolated problem of a few, but a problem that affects many Americans.  
   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 US 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 and Liberation’s (SOUL) Building Power, Shaping Minds! Curriculum. Throughout, you will be telling the story of how laws and policy change throughout the years has shifted the way income and wealth are distributed in the U.S., so that the magnitude of inequality has grown 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% of the wealth in the U.S. Each person represents 10% of the U.S. population. So when the 10 people are evenly spread out among the ten chairs, this means the wealth is evenly distributed.

   Take the time to make sure everyone understands the numbers and connects each person to the 10% of the population and each chair to 10% of U.S. wealth.

4. Ask for 2 volunteers in two chairs to represent the wealthiest 20% of the population – use their names (i.e., Janine and George) to continue the story.  
   In the 1950s, Janine and George owned about 40% 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 that during this time – sometimes called “The Treaty of Detroit” the post Great Depression New Deal legislation established institutions, policies, and norms that promote incomes rising with the rising productivity so workers were 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%.
   - All of this led to inequality, but not extreme inequality – make a reference to how some of the people in the bottom 80% 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%. In 1976, Janine owned 50% 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 that, 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. 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 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. As you can see in this comic, for much of recent American history the tax rate on the top income bracket has been fairly high. Compared to the 94% tax rate from before, it sunk to a low of 28% under Ronald Reagan.

7. Explain that it doesn’t end there. Today, Janine is even richer. She has 7 chairs – 70% 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 people in the people representing the bottom 90% how they feel squished in the 3 chairs? What are their lives like? Ask Janine the same question to contrast.*

8. Ask Janine to hold up her arm to represent the top 1%. In 1976, Janine’s arm had 2 chairs all to itself and in 1998; it – the wealthiest 1% of the U.S. population – had 3 chairs to itself. *This means that 1% of the population owns 30% of the wealth. In 2009, the top 1 percent of U.S. households 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 15. This slide shows the distribution of private wealth in the US. *Look at the bottom 80%--the bottom 80% of the entire country—own just 12% of the private wealth in this nation!* 15-16

If we look at wealth inequality by race, we see that the median network of households for Hispanics and Blacks 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% of their net worth and Black families lost 53% 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. This graph shows the increase in productivity of American workers in a greenish line. You can see American workers are becoming more productive since 1979—so we know the 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%, 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 19 and 120 show change in real family income by quintile and top 5% from 1947 – 1979 and from 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 72.7 percent, according to Census data. Over the same period, the lowest-income fifth 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.

**Discussion 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 US? Why has the inequality increased over time?
- What could we do to reduce the inequality?

**Takeaway Points from this section 21-24**
- Policies and institutions established during the New Deal (as a result of the economic crisis of the 1930s, the Great Depression) promoted income rising with productivity gains. The broad gains of all income groups were rooted not in economic processes, but the institutions, norms, and relationships established/maintained by government, labor, and business. In contrast, post-1970s institutions supported economic policies and norms that lead to rising inequality.
- The inequality the U.S. developed was not inevitable: Europe does not have the same inequality yet has faced similar economic challenges of technology and globalization. In either time period—the Treaty of Detroit or the Washington Consensus—adoption of these policies was not inevitable. Certainly circumstances influenced decisions made by various actors, but they were not dictated by nature. Instead, institutional changes and changes in norms led to adoption of policies that have led to growing inequality.
- The concentration of wealth leads to the concentration of power. The system allows the top 1% 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 academics Levy and Temin who have written and researched extensively on this topic, “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.”
- This inequality also has racial disparities that have persisted since the beginning.
- Inequality isn’t just a problem because the people at the bottom are struggling. Inequality is a problem because wealth brings power that is consolidated and concentrated in the hands of a few. The top 1% use this power to influence government to create laws, policies, and norms that benefit them. Thus, inequality causes social problems, economic problems, and threatens American democracy.
- The last item is a way to talk about economic democracy. Explain that 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. 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. Types of Wealth**

**Section Objectives**
- Contextualize the fight for economic democracy using income and wealth inequality and the concept of community wealth
- Define and explain different types of capital and assets
- Introduce examples of wealth creation & asset building strategies, their results, and critiques
- Inspire participants to see wealth creation & asset building as viable strategies in the Bronx, NY

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 truly build wealth we need to redefine it, to 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. One way to think about
the goals and potential of a community wealth building strategy, is that through ownership communities (whether
they be boroughs, neighborhoods, cities, or towns) can regain some control over how wealth grows and to whom
wealth flows. This can allow that 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, nor is it 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 causes of inequality to some of the roots. 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 “includes assets owned or controlled by (or in the interests of) a community, which serve the
community, businesses and individual members.”

Discussion Questions:
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 “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 wealth and
more.

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 important. Similarly, a clean
sidewalk may not be easily quantifiable but can provide other types of value.

2. Hand out a handout (Appendix C) with the different forms of capital and definitions on it. Facilitate a collective
brainstorm of examples of each for of capital. Read the definition and, with the participants, think of different
examples of that type of capital, ways to invest in that type of capital and earnings that can come from that type of
capital.

Case Study and Wealth Matrix –

1. Share the story of the Market Creek shopping plaza with participants as an example of wealth creation & asset
building strategies, their results, and critiques.
I’m going to share a story with you, an example of a community that worked together to create more wealth and

1-9
we’re going to identify how this 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 six guiding principles, which include: community-ownership and economic development, a 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 neighborhoods 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 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.

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.

Discussion Questions
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 (See Appendix D). The examples should be familiar to the group if they have been to other workshop sessions. You can also develop more relevant examples to 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 following questions (below) and present back to the rest of the group. Only give each group one case study to read and assess.

- The ways this method/case built other forms of wealth (capital)
- The challenges with this method (who owned it, what limitations, how much revenue/income did it provide, is it sustainable)
- How this might look in the Bronx/does this exist in the Bronx?
- How does this help individuals? Families? Neighborhood/Communities?

VII. Conclusion & Evaluation (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

1. Summarize the Main Points and Topics
- Ownership can be a foundation for wealth
- Inequality in the U.S. has been growing since the 1970s due to policies and practices that accrue 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, and ensure local economic stability, environmental and social well-being, and capacity for resilience.

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. 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. (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).
     o 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.
     o 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).
     o 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.
     o 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

Participation in a train-the-trainer workshop is highly recommended. If that is not possible, individuals should seek consultation with a BCDI staff member or trained facilitator. This ensures quality workshop delivery.

Policies and practices during the Treaty of Detroit (1940s-1960s) era versus the Washington Consensus era (1970s-present)

“Inequality and Institutions in 20th Century America” by Frank Levy and Peter Temin is part of the MIT Department of Economics Working Paper Series (http://ssrn.com/abstract=98433). This paper 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 policies and institutions established during the New Deal slowly be dismantled and replaced by policies that helped the already wealth accrue more wealth. The solution is not individual policies, but rather a reorientation of government policy that can lead to a restoration of the prosperity of the post-war boom and can create a more equitable distribution of productivity gains. This argument places institutions, policies, and norms—decision makers and society at large—at the center of the shift, not economic phenomena or markets.

Government Hostile to Labor – During the Treaty of Detroit, government established several federal bodies and laws to handle labor disputes (the National Labor Relations Act); Truman convened a tripartite body 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; President Reagan appointed an anti-union person to the National Labor Relations Board.

Tax Rates – During the Treaty of Detroit (which was also during 2 traumatic national crises: The Great Depression followed by 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 dropped, and taxes on unearned income (typically stocks or other investment income) also dropped.

Minimum Wages – The first federal minimum wage was established during the New Deal. However, President Reagan allowed the minimum wage to languish. So 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 – Unionization rates declined. As the Washington Consensus really came to the fore, “the fraction of all private sector wage and salary workers in unions fell from 33 percent in 1979 to 16 percent in 1985. The unionization rate among male high school graduates fell from 44 percent to 32 percent (page 35).” The reason participation in organized labor declined is complex. In 1948 unions made concession 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/union and to non-unionized firms. During the stagflation of the 1970s the low value of the dollar led to demand for US exports, the high inflation led to labor capturing a large share of income, and a “Rural Renaissance” that demanded more labor in energy and agriculture masked the declining power of labor. However, when President Carter’s appointee Paul Volcker instituted tight money policies, which President Reagan continued, inflation stopped, which meant wages weren’t increasing, and the dollar gained value so demand for US goods decreased, which hurt US manufacturing.

Productivity Gains Not Going to Labor – The graph on slide 18 of the visual aid demonstrates that wages overall have been stagnant, but 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 to his/her wages. However, the top 1% is experiencing a huge increase in wages; the top 1% is capturing the productivity gains—not labor. As discussed in the above examples, the declining power of labor, the advancing power of business, and government refusing to act as a mediating institution between business and labor makes this productivity capture possible.
Financialization of the Economy – The US economy has not always been so dependent on finance nor have those in the finance industry earned such huge salaries and bonuses. In the late ‘70s 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 increasing power of traditional capitalist (manufacturers) but also financiers. The story of Howie Rubin (page 36) and graphs on page 37 emphasize the point. Unlike the previous period where US Steel was public castigated by President John Kennedy for raising prices after labor made wage concessions in the early 60’s, those in the finance (and other industries) felt no shame—and would face no public shame—for drastically increasing their salaries and compensation.

- **Community Wealth**

- **Wealth Inequality**

The paper is part of the MIT Department of Economics Working Paper Series. It 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 policies and institutions established during the New Deal slowly be dismantled and replaced by policies that helped the already wealth accrue more wealth. The solution is not individual policies, but rather a reorientation of government policy that can lead to a restoration of the prosperity of the post-war boom and can create a more equitable distribution of productivity gains. This argument places institutions, policies, and norms—decision makers and society at large—at the center of the shift, not economic phenomena or markets. See Appendix A below for comparisons between the two periods.

**Asset**


*From the website:*

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.

**Stock vs. Flow**

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


**Income**


*From the website:*

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.

*Home Field Advantage*, by Sue Halpern  
Appendix B: Visual Aid
Appendix C: 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.

<table>
<thead>
<tr>
<th>Type of Capital</th>
<th>Examples</th>
<th>Examples from Case Study</th>
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<tbody>
<tr>
<td><strong>Financial Capital</strong></td>
<td>(such as cash or stock investments)</td>
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<tr>
<td><strong>Natural Capital</strong></td>
<td>(such a clean water, clean air)</td>
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<tr>
<td><strong>Social Capital</strong></td>
<td>(such as relationships between neighbors)</td>
<td></td>
</tr>
<tr>
<td><strong>Individual Capital</strong></td>
<td>(such as mental and physical health of an individual)</td>
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<tr>
<td><strong>Built Capital</strong></td>
<td>(such as buildings and roads)</td>
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<tr>
<td><strong>Intellectual Capital</strong></td>
<td>(such as labs that innovate new ideas or arts programs that stimulate creativity)</td>
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<tr>
<td><strong>Political Capital</strong></td>
<td>(such as relationships with politicians and voters)</td>
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<tr>
<td><strong>Cultural Capital</strong></td>
<td>(such as food, dance, or language)</td>
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A community (city, state, nation) should strive to build wealth in each of these areas, not just financial wealth.

Appendix D: Asset Building and Wealth Generating examples

Market Creek Plaza

http://www.youtube.com/watch?v=NFvt5wHNdpc

Since 1998, the Jacobs Center for Neighborhood Innovation 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 us 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 develop. Built upon six guiding principles, which include: community-ownership and economic development, JCNI 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 neighborhoods 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 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.

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 jobs, entrepreneurial opportunities, and increase in the tax base - all of which capture wealth in the community. This economic flow into the area transforms the community across the board, street-by-street, block-by-block, and neighborhood-by-neighborhood.

Project Overview

Project Location
- 10-acre site at the corner of Market Street & Euclid Avenue
- Easily accessible to Highways 805, 94 & 15
- 5 minutes from downtown
- Next to Trolley & Bus Transfer Station
- State Enterprise Zone, Federal Enterprise Community

Financial Overview
- Total project cost $23.5 million
- Total Jacobs Center investment to-date $28 million
- Land doubled in appraised value in the first two years

Project Innovations
- Development of an innovative network of community teams coming together to build a community vision
• Broad community involvement in design and development of a commercial project
• Creation of innovative program-related investment tools for social-purpose investors
• Design of an owner-builder, mentor-protégé construction program which is comprehensive in scope and is providing a vehicle for more than half the project to be built by the neighborhood

Economic Impact
• More than 1,700 new jobs in the neighborhood
• 360 construction jobs with training for emerging contractors, supported by contractor working lines of credit
• Nine working teams, involving thousands of residents and businesses, build skills in every aspect of project
• Community ownership strategy; hundreds of committed community residents investing their own capital in the project, building wealth by rebuilding their neighborhood

Social and Cultural Impact
• Chollas Creek restored (part of City’s plan), natural vegetation, walking paths
• 500-seat outdoor amphitheater
• Unique architectural character created by multicultural team
• Multi-cultural values expressed in MCP through community art estimated at $ 1.4 million
• Safe place for intergenerational and multi-ethnic interactions

From the website: http://www.marketcreekplaza.com/

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 foundations grants.

DNI, the Community Land Trust, was created by residents of the Dudley Street Neighborhood area as a vehicle to rebuild our neighborhood and to ensure that the home-ownership opportunities that we are creating 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 a community green house parks gardens open space and a revitalized local shopping area.

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

*From the website: http://dsni.org/dudley-neighbors-inc*

**The Evergreen Cooperatives**

http://www.youtube.com/watch?v=Gt_ZHUDhKJs

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).

*From the website: http://evergreencooperatives.com/about/evergreen-story/*
Appendix E: Evaluation Form

**Workshop 4: Building Strong Local Economies II – Wealth and Ownership**

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.

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<th>General Comments</th>
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<td><strong>“Making it Personal” Stand up/sit down</strong></td>
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<td><strong>Case studies and Wealth Matrix</strong></td>
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<td><strong>Other</strong></td>
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What parts of the workshop did you dislike? Check all that apply.

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What areas of the workshop need improvement? Check all that apply.

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<td><strong>Other</strong></td>
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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)?

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Thank you for participating in the workshop and filling out this survey. Your feedback is important to us!
The inequality the U.S. has developed was not inevitable. In either time period, The Treaty of Detroit and the Washington Consensus, adoption of the different policies that impacted where surplus flowed was not inevitable. Certainly circumstances influenced decisions made by various actors, but they were not dictated by nature. Instead, institutional changes and changes in norms led to adoption of policies that have led to growing inequality.

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. 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.

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 Workshop #5
Economies in Crisis: The Great Recession

Time: 2 hours

Overview: This workshop teaches participants about the financial system through the Great Recession in the United States. It aims to introduce complex financial concepts, processes and institutions, such as the stock market and the Federal Reserve, in the form of simple stories and activities. This material is particularly technical and challenging, but it is important that participants leave with an intuitive sense of the causes of financial crises.

Session Goals:
- To help participants understand how the banking system works in the United States and why financial crises happen
- To explain the role of the Federal Reserve in the banking system
- To help participants understand the difference between and roles of an investment bank and a regular commercial bank in the banking system
- To demystify the stock market
- To explore the bailout as a policy response to the financial crisis and its effect on the economy

Materials needed:
- White Board or Flip Chart Paper (to write on)
- Video projection equipment (projector, laptop, PowerPoint)
- Markers
- Name tags
- Pens & Paper

Appendix:
A. Reference Materials
B. Visual Aid
C. Handout #1 – Roles in the Economy
D. Handout #2 - Cycle of Crisis
E. Evaluation Form
F. Handout #5 – Major Takeaway Points

Preparation/Pre-training: Facilitators should review the following concepts using the texts and resources found in the reference materials

<table>
<thead>
<tr>
<th>Commercial Banks</th>
<th>Interest rates</th>
<th>Bailout</th>
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<td>Investment Banks</td>
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Agenda:
Times below are suggested. As written, the agenda includes a break; the inclusion of a break exceeds the 2-hour allotted time. If you choose to include a break you must adjust the time available for other activities accordingly.

XXI. Welcome and Introductions 10 Minutes
XXII. How the Banking System Works 15 Minutes
XXIII. What Led to the Great Recession 20 Minutes
XXIV. Break (optional) (10 Minutes)
XXV. Government Response to Economic Crises 30 Minutes
XXVI. The Machine 30 Minutes
XXVII. Conclusion and Evaluation 10 Minutes
Talking Points – Scripted portions, that is, sentences a facilitator could actually say, are italicized

I. Welcome and Introductions (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

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. 

Sample Goals:
- Understand how the banking system works in the United States
- Understand what a bank run is and why/how it happens
- Understand the role of the Federal Reserve in the banking system
- Understand how the Fed sets interest rates
- Understand the bailout as a policy response to the financial crisis and its effect on the 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 to sticking to the stated time limits.

4. Establish expectations around time. Let participants know how much time the workshop should take and secure their commitment to the time limits.
   - 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”.

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 - Here are some first agreements to consider. This list is a small sample of possibilities.
- 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. Understanding the Banking System (15 min)

Section Objectives
• Give participants a basic understanding of the financial system so they can critique the model
• Explain the interrelated and complex roles that familiar and unfamiliar institutions play in making decisions that impact us

1. In a simulation in three rounds, demonstrate the options, major questions, and choices different economic actors play out in the banking system.

2. Put participants into 5 groups and assign them a role in the economy.
   • the “Community”
   • Commercial bank
   • Investment bank
   • Investor
   • Federal Reserve

You as the facilitator should play the role as of the regulator.

3. Begin Round 1. In this round, the community needs $1 million. 
   There is a community with some families and small businesses. This community of families and small businesses together has about $500,000 in assets. That’s from wages, social security, sales, any form of income they have to buy what they need. They have put this money in a bank. However, the families want to buy houses and the businesses want to expand. All of the small businesses need about $300,000 to grow to serve the community, and the families need $700,000 to buy houses. The community needs about $1,000,000 more to meet all of their needs. They go to the bank for the money.

4. Depending on the number of people in their group, as the “Community” to figure out who among them wants to be a family/private citizen, and who wants to represent a small business. Ask them to then decide how much they are each going to ask the bank for. The families can ask for $700,000 total, and the businesses can ask for $300,000 total.

5. Instruct participants to go to the bank and request the money they need. The round is over when the bank runs out of money.

Popcorn Question: What happened?
If the community needs more money than the bank has to lend out then, 1) the bank will run out of money and will be unable to provide money to the community for food, clothes and other goods and services and 2) there won’t be enough for the development they want and need.

6. Start Round 2. Tell participants that they are going to do another round, this time with an institution that enables banks to lend more money than they have. 

Again, there is a community with some families and small businesses. This community of families and small businesses has put their money in a bank. The community needs about $1,000,000 more to meet all of their needs and to grow and buy houses. They want to go to their bank for the money.

The logic of banks very much depends on the psychology of humans. If you think your money is safe in a bank, it technically is, even though the money might not be there. As soon as people start to distrust the banks and think their money is not there anymore, the system fails.

Community wants to buy a number of houses (5)
They have some money
They need $1,000,000 more

They go to their commercial bank
Get 1 million in small bills and
Start paying back interest

Investment bank sees they can make money by buying the loan from the commercial bank
Borrow money from the Fed ($4,000,000)
Fed: set the interest rate for the loan.

Who made key decisions? How?
-Fed: how much interest to charge on the loan determines how money investment bank can get
-Investment bank: set the prices for investors

Why do we need investments bank at all?
-Eventually commercial banks run out of money

Why doesn’t the Fed lend directly to the commercial banks?
-They can’t get the money back fast enough based on the community’s interest payments. Investment banks can sell the loans immediately to investors and pay back the loan. Simpler to lend a large amount to investment banks

Round 3 –
Investment bank wants to make more profit
Push commercial banks to make riskier loans
Investment banks sell bundles of loans – investors not sure what they are buying
Community goes broke paying interest on loans

Why did the community take on loans they couldn’t pay back?
Why did the banks lend such high-risk loans out? It wasn’t their problem after they sold it to investors
Why bail out the banks? Take the investors back

1. Put participants into 6 groups and assign each group a role in the economy

- Family
- Small business
2. Give each group an overview of the roles in the economy and ask them to read over it together, paying particular attention to the role they were assigned. Participants might still be confused after reading it over together, but the activity will demonstrate the ways the different institutions interact. Have people make themselves signs and hang them up.

3.

4. Move to the commercial banks. The bank lends them $1 million, but then it doesn’t have any more money to lend to other communities! If people want to borrow more money, where will commercial banks find the money to lend?

5. Explain that this is where investment banks come in. Investment banks borrow money from the Federal Reserve and buy the loans from the commercial banks. If the investment bank borrows $4 million to buy the $1 million worth of loans from our community as well as loans from other communities, they could make a lot more money than if they just lent the money they might have had before they borrowed $5 million from the Federal Reserve.

6. Investment banks sell the loans to investors. These are people/institutions with money who could provide the extra $1,000,000 to the banks. The interest rate on the loan is determined by how risky a loan is considered to be. And the interest rate determines how much money the investors get back. So, even though the community only needs about $1,000,000, over time, and with the interest rate, they might collectively end up spending up to or over $2,000,000!

7. Using the information provided, ask participants to brainstorm in their roles – if they wanted to make money – who would they go to, what would they do, and why? Or, if they wanted to get money – who would they go to, what would they do, and why?

8. Ask participants to share back their answers and rationales.
   - Family – to make money would put their money into a bank’s savings account, where it will collect interest; to get money would ask for a loan from a commercial bank
   - Small business – to get money would go to a commercial bank for a loan
   - Commercial bank – to make would collect interest on loans; to get money would ask for an investment from an investment bank
   - Investment bank – to make money would buy loans from commercial banks, and sell back to investors; to get money – needs Federal Reserve to have a low interest rate

9. Lead a discussion on the stock market. Ask: what is the stock market? See if participants can define it together. Major points to highlight include:
   - 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, if the company goes bankrupt you can only lose as much as you invested in the company). Therefore securities are highly liquid and can be easily traded on a stock market. The invention of securities enabled the success of the financial market. Stocks and bonds are both ‘securities’.
   - The stock market is not a physical place; it is a place where securities are bought, sold, and traded so that people can make money, finance business ventures, or finance purchases like a house
   - The stock market is a way for businesses to make money by selling parts of their company (called shares) to investors.
• Investors are people who buy shares and expect to make a return on their investment when the company makes money.
• When mortgages become ‘securitized’ they act like stocks and bonds and are traded in the Mortgage Backed Securities Market
• The primary exchanges in the U.S. are the New York Stock Exchange (NYSE) and NASDAQ, which is an electronic stock exchange

III. What led to the Great Recession? (20 min)

Section Objectives
• Foster understanding of the major factors that led to the Great Recession [Good place to insert http://www.youtube.com/watch?v=qqUGoVez8xg]
• Bolster confidence in participants’ abilities to think through and make sound decisions despite not having a deep understanding of complex financial concepts

1. Use the groups to construct a timeline of fiscal and monetary policy involved in the Great Recession. Ask questions and then wait for each group to respond with their role in it.

The Great Recession is a complex phenomenon involving many variables and actors. Therefore, today we will review only three variables that were particularly instrumental in the crisis: excessive debt; housing bubble; and securitization.  

1. Excessive Debt: The Federal Reserve is the money holder and money supplier for the commercial banking system in the U.S. The Federal Reserve serves essentially the same function as a central bank, however at the time of its inception, politicians didn’t like the term ‘Central Bank’ due to its populist connotation. The Fed is an independent entity but its activities are monitored by Congress (in other words, the Fed does not need approval by Congress or the President to make decisions). The Fed’s main functions are (1) to supervise banking institutions and (2) to manage money and interest rates in the economy. Its main mission is to keep the purchasing power of the dollar stable; that is, to prevent inflation and to make sure that we don’t have economic crises (like the Great Depression) by keeping the inflation rate low.

Aside from regulating bank activity, one of the primary roles of the Fed is to keep the dollar stable (and by extension, keep the economy stable)
• The Fed keeps the dollar stable by controlling interest rates
• The Fed sets the Federal Funds Rate, which is the rate that banks charge if they borrow money from one another (like a meta-interest rate)
  • For example, if Citibank lends to Bank of America they will charge a Federal Funds Rate

The Fed sets the interest rate by regulating the amount of money entering the market. If they increase the supply of money into the market they drive down the interest rate, if they withdraw money from the market that makes money tighter and the interest rate goes up. The Fed injects money into the system by buying and selling treasury bills (if they buy treasury bills that provides more money into the system ... if they want to decrease interest rates they will sell treasury bills)

The big question, however, is what the interest rate should be. There are many conflicting theories about whether interest rates should be high or low.

Historically low interest rates set by the Fed in the 2000s (to stimulate spending after the 2000/2002 stock market crash and 9/11) created an environment in which it was cheap and easy to borrow money, so investors were making more risky investments and consumers were increasing their credit. [Developing more visuals and activities here]
Discussion question - What is the benefit of low interest rates? High interest rates?

- High interest rates encourage savings while low interest rates encourage spending; in each scenario, who wins and who loses?
- Was lowering interest rates after 9/11 the right thing to do?

2. Housing bubble: As housing prices soared in many areas of the country, mortgage providers offered a variety of creative products designed to help buyers to afford more expensive homes. At the same time, lenders relaxed underwriting standards, allowing more buyers than ever before to receive mortgages. Banks also began deliberately targeting people with low financial literacy (called predatory lending) and in some cases gave risky mortgages to homeowners who could have qualified for a mortgage with better terms. Riskier loans meant the possibility of a higher return on investment. The combination of low interest rates and easy access to credit prompted a dramatic increase in the value of homes. Consumers have historically believed that home prices would never decline, and that buying a home is one of the best investments they can make. The soaring housing market reinforced these beliefs and prompted a rush among consumers to buy a house as quickly as possible before prices rose even further.

Discussion question – what happens to price when demand goes up? Whose responsibility should it have been to make sure this did not happen?

3. Securitization of Subprime Mortgages: Securitization describes the process of pooling financial assets and turning them into tradable securities. The first products to be securitized were home mortgages, and these were followed by commercial mortgages, credit card receivables, auto loans, student loans and many other financial assets.

Basically, you can take a high-risk loan, bundle it with some other loans and sell it as a security to an investor who will then profit from the high interest rate from the loan purchased. The securitization of high-risk mortgages puts less impetus on lending institutions to ensure that borrowers can repay their debt. Securitization also distributes risk among a wider variety of investors, which can lead to more widespread losses during times of crisis and provoke a banking panic.

Discussion question – Many argue that the unregulated financial market – which created evermore exotic and innovative financial products (such as bundled high-risk mortgages) was to blame for the financial crisis. Do you think the finance industry should be allowed to create complex instruments like mortgage backed securities in order to make money? Why or why not? In what contexts?

4. The three conditions described above (among others) created what is know as a Bank Run. As we discussed above, banks make money by lending money and charging interest for loans. What happens, though, when all the banks’ clients want to withdraw their cash? The bank makes money by lending money for a fee (interest), so it does not actually hold all the money its various clients have deposited. It lends it out to other clients. A bank is required to have a minimum level of deposits at all times (called a reserve requirement) but this is quite low (around 10%). This means that if all clients wanted to withdraw their savings (this usually happens only if they are afraid that the bank will become insolvent) the bank would not be able to give everyone their money. If a bank run happens at numerous banks at the same time, a banking panic ensues. Policy measures and regulatory institutions (such as the Fed) work to prevent banking panics.

In order to prevent a banking panic, when investment banks were declaring bankruptcy in 2008, many financial institutions needed to be “bailed out” by the government. The bailout (which will be discussed in more depth in part 2) kept a basic level of confidence in the banking system (insofar that people whose savings were in banks were not afraid that their savings would disappear) and this helped to prevent a large-scale financial collapse.

5.
Discussion questions - You can define a recession as a period in which GDP falls for 2 consecutive quarters; it is characterized by high levels of unemployment due to the lack of economic growth. A depression is like an extreme recession and happens when GDP declines by more than 10%. A recession/depression is over when an economy starts to experience growth again. **If the banks were bailed out, why was there still a recession?**

IV. Government Responses to Economic Crisis: Bailout, Stimulus and Austerity (30 minutes)

Section Objectives

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

1. Set up a debate about government responses to crises. Help participants recall the “Cycle of Crisis” discussed in the Economics 101 session. Reliance on the growth paradigm has left governments’ response to economic crises in two extremes. Governments can choose to respond to 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 and these consequences are often at the heart of debates surrounding policy responses to economic crisis.

   - **The Bailout (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 trouble 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 (Obama)** – In 2009, The American Recovery and Reinvestment Act (also know as the Stimulus Bill). The 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, new infrastructure projects, healthcare, 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 (=debt financing). They 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 U.S. government has not implemented a full-fledged austerity program in response to the Great Recession (as has been implemented in Greece), austerity measures have been proposed and implemented in the wake of the crisis, such as tax increases, social-service cutbacks, and cuts to foreign aid.

     - **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 come to an agreement on a deal before the end of 2012.

2. **Divide participants up into two groups:** austerity lobbyists and stimulus lobbyists. Tell participants that they are an advisory group to the president 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 be lobbying for austerity programs, while the other group should be lobbying for stimulus programs. 

The activity will be more effective if there are a variety of perspectives expressed – encourage people to adopt political views that are different from their own. To achieve this, you might want to further divide the lobby groups into Democrats and Republicans.
As the moderator, you can act as the President to keep the discussion going.

Discussion questions
- If we lived in an economic democracy, what would be our response to crisis? Would it be different? Why?
- What are the implications for the local level of decisions that get made that might be good policy, but have poor execution under our current system of government?

Takeaway points
- The activity and discussion reveals that with the way banking systems work, it is extremely important that people have faith in them and don’t panic in order for them to function well.
- Because we live under the “ruling institutions” framework, however, bailing out the banks did not provide relief to the people who were losing their homes and their money.
- Ultimately, the problem is not the bailout—that might have been necessary and what would have happened even if we lived in an economic democracy—it was the terms of the bailout.

V. The Machine (30 min)

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

1. Start by explaining the machine as an activity that comes from Theater of the Oppressed practices which a Brazilian theater practitioner, educator, and organizer Augusto Boal designed. Boal used theater as means of organizing people and as a way of 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 historical. This encourages participants to imagine new possibilities not from an intellectual space but from an intuitive, physical space.

2. Work with participants to define a “machine.”
   - Some that has repetitive motions that produces an outcome
   - Something that captures a process
   - Etc.

3. Tell participants that we are going to be creating machines with our bodies. Practice first! Divide the participants into groups of 3-5 people. 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, the machine should be represented and easily to determine what it is.

Note any particularly interesting machines, or the different types of processes groups decided to show. For example, highlight if 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.”

3. Make the connection to the economic system being a machine (that’s why it’s called a system). It has repetitive motions (lending and borrowing, etc.) that produce an outcome (massive profits for some, poverty for others, financial crisis, etc.).

4. 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.

Ask participants to choose a role in the economic system—any role that was discussed earlier or something else they thought of. Tell them to come up with a sound a motion that represents that aspect of the system (they can work with one other person if absolutely necessary). 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 out 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 they chose to do and why? What they observed?
- Why does this system exist? What are the problems that it solves? (Write the answers to these questions up)
- What are different ways we could answer these questions?
- How would we want this system to act?

4. Have the participants do another machine, this time answering the question, what would a financial/economic system that produced sustainable outcomes look like? 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.

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

Takeaway points from this section
- Done responsibly, investment can be a great tool for pooling capital to collectively finance projects.
  [Developing more takeaway points to include system functions, etc]

VII. Conclusion & Evaluation (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

1. Summarize the Main Points and Topics
- 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.
- Governments can choose to respond to crisis by putting more money into the economy and hoping to encourage growth (stimulus), or they can cut spending in an attempt to recuperate loses 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 Question - This discussion serves as a platform not just for 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, with interest. What is the impact on the community of having for-profit financing institutions? 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 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, the 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 you buy stock, you are assuming risk (i.e. you are assuming 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 is affected by multiple factors:
  - **Performance**: The performance of a company (i.e. earnings and value) will have a decisive impact on its stock’s value. 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 how the company is actually performing). When investing, the dream is always to buy low and sell high (and make the most profit possible) therefore people are constantly speculating about how the market will perform—this has a major impact on the price of stocks.
  - **Other Investors’ Behavior**: Stock prices can be manipulated by trends, competition, and also 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 shared in the company and 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. The interest rate for a bond is fixed for life; however interest rates in general fluctuate.
  - The **Dow Jones Industrial Average**, or 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 that are commonly referred to, 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 a general 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, if the company goes bankrupt you can only lose as much as you invested in the company) Therefore securities are 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 being 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 over a loan (so you receive the interest)
  - Treasury bonds (govt. 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 how much it costs to borrow it and how much can be earned by lending it. It is the percentage reward a lender receives for deferring the consumption of resources (i.e. money) until a future date. Correspondingly, it measures 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). The interest rate set by the Fed determines the rates set by the commercial banks. High interest rates make it more costly to borrow money and therefore discourage borrowing, and therefore 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 the lack of economic growth. A depression is like an extreme recession and happens when GDP declines by more than 10%. A recession/depression is over when an economy starts to experience growth again.
The Emergency Economic Stabilization Act of 2008 (the bailout)

The American Recovery and Reinvestment Act of 2009 (the stimulus)

Fiscal Cliff 2012

Appendix B: Visual Aid
Appendix C: Handout #1 - Roles in the Economy

- **Defining Banks** – you can define banks as depository institutions that hold and lend money. Banks issue loans to customers to buy goods such as houses, cars, and to start businesses. Basically a bank ‘borrows’ money from its customers (who hold money in a savings account) at a rate of interest, will lend that money to other customers for a higher interest rate, and pocket the difference. For the most part, banks are highly leveraged (i.e. debt: assets ratio) with $20 in debt to $1 in equity. Banks work because the lending and depositing is cyclic; however if everyone wanted to withdraw their money at the same time, there would be a problem (i.e. a bank run).

- **Commercial Banks v. Investment Banks** – Commercial banks (e.g. Bank of America, TD Bank, Capital One, Citibank etc.) are different from investment banks. Investment banks (e.g. J.P. Morgan, Goldman Sachs, Morgan Stanley) are intermediary actors who perform a primarily advisory role. They usually serve as the middleman between an issuer of securities (government, company, etc.) and the investing public. The collapse of major investment banks in 2008 led many to declare the “destruction of Wall Street.” [BoA is also an investment bank... (BoA Merrill Lynch) Actually, these pretty much all have investment bank counterparts (TD Securities, Citigroup). We are developing examples to gain clarity here.]

- **The Federal Reserve** – is an independent entity. Though its activities are monitored by congress, the Fed does not need approval by congress or the president to make decisions. The Fed’s main functions are (1) to supervise banking institutions and (2) to manage money and interest rates in the economy. Its main mission is to keep the purchasing power of the dollar stable; that is, to prevent inflation and to make sure that we don’t have economic crises (like the Great Depression) by controlling inflation.
  - **The Role of the Fed** – What does the Fed do? Why does it exist?
    - Aside from regulating bank activity, one of the primary roles of the Fed is to keep the dollar stable (and by extension, keep the economy stable)
    - The Fed keeps the dollar stable by controlling interest rates
    - The Fed sets the Federal Funds Rate, which is the rate that banks charge if they borrow money from one another (like a meta-interest rate)
      - For example, if Citibank lends to Bank of America they will charge a Federal Funds Rate
    - **How the Fed sets interest rates** – The Fed sets the interest rate by regulating the amount of money entering the market. If they increase the supply of money into the market they drive down the interest rate, if they withdraw money from the market that makes money tighter and the interest rate goes up. The Fed injects money into the system by buying and selling treasury bills (if they buy treasury bills that provides more money into the system ... if they want to decrease interest rates they will sell treasury bills)

- **Investors** – People or institutions (e.g. pension funds) that have money they want to invest in something are investors. Often, these people or institutions rely on investment banks to determine where their money their investment will receive the highest or surest return.
- **Small business** – The US Small Business Administration defines a small business as a commercial enterprise with fewer than 500 employees. These businesses often need small to medium-sized loans in order to grow.

- **Families** – want to take care of their needs and the needs of their children
Appendix D: Handout #2 - The Cycle of Crisis

New Economic Theories And Ideas

Ideas and practices are usually born from a growth paradigm.

Crisis' provide an opportunity for new theories to be adopted and widely accepted.

New Economic Policy And Practices / System

Crises

Growth models in the U.S. have always led to unsustainable wealth concentration that breeds crises'.
Appendix E: Evaluation Form

Workshop 5: Economies in Crisis – The Great Recession

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.

<table>
<thead>
<tr>
<th>Topics</th>
<th>Check all that apply</th>
<th>General Comments</th>
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<tbody>
<tr>
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<td>What led to the Great Recession</td>
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<td>Government Responses to Crises</td>
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<tr>
<td>Other</td>
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What parts of the workshop did you dislike? Why?

<table>
<thead>
<tr>
<th>Parts</th>
<th>Check all that apply</th>
<th>General Comments</th>
</tr>
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<tbody>
<tr>
<td>Understanding the Banking System</td>
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<td>Other</td>
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What areas of the workshop need improvement? How could they be improved?

<table>
<thead>
<tr>
<th>Areas</th>
<th>Check all that apply</th>
<th>General Comments</th>
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</table>

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

Room size and set up (check one)  
| Great size and set up | General Comments |
| Too small |  |
| Too large |  |
| No comment |  |

Food (check one)  
| Satisfied | General Comments |
| Unsatisfied |  |
| Did not eat |  |
| Other |  |

Length (check one)  
| Perfect amount of time | General Comments |
| 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: 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 crisis 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).

When thinking about Economic Democracy, we must not vilify policy decisions that happen now. 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. Political and financial institutions can take many forms. Under an Economic Democracy framework, these institutions would be governed by civil society
Facilitator’s Guide Workshop 6
Economics and Oppression

Time: 2 hours

Overview: This workshop aims to provide a general space where participants can explore how economics and the economy interacts with different forms of oppression and has served to oppress and marginalize people.

Session Goals:
- To explain how economies exploit particular identities (race, gender, immigration status, etc.) within the population based on discriminatory ideologies (racism, sexism, xenophobia) that have historically disadvantaged them and continue to do so today
- To explain how Economic Democracy (though a discussion of the capability approach) can offer a base for addressing economic oppression within communities
- Overall, to give participants a chance to discuss their experiences with oppression within the economic system and to provide them with the conceptual vocabulary to link experiences of oppression with systemic inequalities

Materials needed:
- White Board or Flip Chart Paper (to write on)
- Video projection equipment (projector, laptop, PowerPoint)
- Markers
- Name tags
- Pens & Paper

Appendix:
A. Reference Materials
B. Visual Aid
C. Handout #1 – Fighting Oppression
D. Evaluation Form
E. Handout #2 – Major Takeaway Points

Preparation/Pre-training: Facilitators should review the following concepts using the texts and resources found in the reference materials
- Oppression
- Heterosexism
- Invisible Hand
- Racism
- 4 I’s of Oppression
- Sexism
- Ideology

Agenda:
Times below are suggested. As written, the agenda includes a break; the inclusion of a break exceeds the 2-hour allotted time. If you choose to include a break you must adjust the time available for other activities accordingly.

XXVIII. Opening and Introductions 10 Minutes
XXIX. Flawed Theory 20 minutes
XXX. The Wheel of Power 40 minutes
XXXI. (Optional Break) (10 minutes)
XXXII. Concentric Circles: Structural Barriers to Dreams 20 minutes
XXXIII. Fighting Oppression 20 minutes
XXXIV. Conclusion & Evaluation 10 minutes
Talking Points – Scripted portions, that is, sentences a facilitator could actually say, are italicized
I. Welcome and Introductions (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

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.

Sample Goals:
- To explain how economies exploit particular groups (race, gender, immigration) within the population based on discriminatory ideologies (racism, sexism, xenophobia) that have historically disadvantaged them and continue to do so today
- To explain how Economic Democracy (though a discussion of the capability approach) can offer a base for addressing economic oppression within communities
- Overall, to give participants a chance to discuss their experiences with oppression within the economic system and to 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.

4. Establish expectations around time. Let participants know how much time the workshop should take and secure their commitment to the time limits.
   - **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.”

   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 - Here are some first agreements to consider. This list is a small sample of possibilities. See slide
   - 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. Flawed theory (20 min)

Section Objectives
• Use creativity and storytelling to launch into a deeper discussion about structural oppression in the economy
• Reveal the incongruence between what people know happens and how economic theory predicts the world will work

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 would figure into 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; values/norms

Takeaway points from this section
• Remind participants of the point in the cycle of crisis we are in. 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.
• Not race, not class, not gender, but market forces of supply and demand are supposed to set how much labor is in supply and how much money is made.
• But we all know that 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) and 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 the social and political forces that impact economic decision back into the forefront. 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 (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

So we know that the economy is not neutral, that 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 being able to fight for change.

Wheel of Power

1. Show the first version of the wheel of power. Define the different types of power:
   - Political power: the ability to control administration of some or all of public and private resources, including labor, and wealth.
   - Social power: the ability to control your environment, include, exclude, and determine the inclusivity/exclusivity of other entities
   - Economic power: the ability to influence political, behavior, decisions, etc. based on money, wealth, or buying ability
   - Ideological power: the ability to use an idea or belief (fact or myth) as a means to influence or normalize conditions

2. Read out scenarios and ask participants to name which type of power is being demonstrated by the actors in the scenario. Ask them to justify why they think it demonstrates that 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)
   - People being afraid that undocumented immigrants will take away their jobs (ideological)
   - About a young man who was arrested for selling drugs: “He should have stayed in school” (ideological)
   - 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

As the parentheses indicate, the scenarios show multiple kinds of power all at once. Ask people to respond to the comments of their fellow participants to see if you can get at the idea that all of these types of power are linked and reinforce each other. If you have political power, you probably have economic power and social power, etc.

Part of the fight for Economic Democracy, therefore, is gaining economic power so that people can have more political power and so on.

4. Reveal the second version of the wheel of power that has social, political, and economic power embedded within ideological power. Ask participants: Why might I argue that power works more in this way? The way people think, what they believe, what is ingrained as normal, often plays a major role in how they exercise the power they have in other arenas. 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 the particular marginalized identity you want to explore in the workshop—race, gender, sexuality, ability, age, etc.
Looking at race/gender/citizenship, which groups have the 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 are the ideologies that people with power might have about people without it?
A: Stealing jobs, lazy, weak, deserving of their situation, there’s no alternative, not following the American Dream, resources are scarce, etc.

Note that many of these ideologies are very related to each other AND are things that we – despite not being in power – believe as well.

Popcorn question – Why do we believe it?

IV. Concentric Circles: Structural Barriers to Dreams (20 min)

Section Objectives
- Allow space and time for storytelling and sharing
- Connect people’s experiences to an exploitive system that does not distribute resources properly or fairly

1. The American Dream is a classic idea that justifies cutting social welfare policies and programs. It is also something that most of us (at some point) believe or believed. So let’s talk about our dreams.

1. Count participants off by twos so there are two groups. Instruct the “1s” to form a circle facing outward. Instruct the “2s” 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).

2. Play music and as you play ask the inner circle to move around clockwise and the outer circle to move around counterclockwise. Stop the music and participants should be facing a new partner. Each time you stop the music, ask one of the questions below and give participants about 1.5 minutes each to answer. Make sure you remind them to switch!

Ask participants to share with their partner:
- What is your biggest dream for yourself? 6
- What is your biggest dream for the youngest child in your family? 7
- What is your hope for your community? 8
- Thinking about the social, political, economic, and ideological power that some people in society have, what the structural forces preventing you to achieving your dreams? 9
- Alternatively, to focus on a particular oppression, you can ask: Are there forces that normally work against people who look/are like you, who are your situation, etc.? 9

3. Ask for people to share answers they heard that were impactful or resonated with them.

Takeaway points for this section:
- The economic systems that we participate in have particular structures that enable exploitation – learning how to disaggregate the systems and understand how they work will make the concepts more applicable to everyday life

V. Moving forward (20 min)

Section Objectives
Provide space and time to reflect on how we can challenge oppression in our everyday lives as well as through Economic Democracy

1. Ask participants to partner up with the last person they spoke to in the concentric circles again. Handout 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 are facing. You can offer examples to people if they need it.

- In the institutional box, participants should identify an institution associated with Economic Democracy (worker cooperatives, participatory budget, land trusts, etc.) and offer how it might remove some of the structural barriers to the dream they mentioned earlier.
  - For example, I am a domestic worker who works long hours and takes care of other people’s kids. I need childcare for my son, but I don’t have enough money to send him to a nurturing environment. I could get together with other people who might need childcare services and see if we can pool our resources to start a cooperative daycare 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 due to 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 it should be there will always be a community you are accountable to and it is accountable to you.

- 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.

2. Ask participants to report back.

Discussion Question – how does (or can) Economic Democracy challenge systems of oppression?

VI. Conclusion & Evaluation (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

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 the 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 holistic, 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 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

Invisible Hand
The Invisible Hand is a metaphor conceived of by Adam Smith in his work *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.”


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 media, and poor school systems, among other ills. The ideological and the institutional power in society allows 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’s no such thing as “reverse racism” or why a woman can’t be 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 ifs OF Oppression*

I 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 these ideologies or dominant narratives. 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 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 that dominant culture also controls the language itself 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 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—the sexual abuse/harassment, the violence directed at women, the sexist jokes, ignoring or minimizing of 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 towards 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, this 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 recently 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.

A simple definition of oppression is: oppression is prejudice plus power. For example, racism is racial prejudice (which anyone may have) + power (which only white people hold in society). This can be applied to any ~ism: sexism, heterosexism, adulthood, etc.

Internalized
Oppressive ideologies become internalized when the oppressor no longer has to exert overt force to assert his dominance because it is so embedded in institutions and interpersonal interactions. Thus, the fourth way oppression works is within the oppressed group. Oppressed people internalize the ideology of inferiority, the 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 the outside of the oppressed group, but by the time it gets internalized, the external oppression need hardly be felt for the damage to be done. If people from the oppressed group feel bad about themselves, and because of the nature of the system, 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.

On the way to eliminating 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. It should be clear that any attempt to dismantle oppression should include an element of challenge at all four levels to truly result in change.

Appendix B: Visual Aid

Appendix C: Handout #1 – Fighting Oppression

<table>
<thead>
<tr>
<th>Institutional Oppression</th>
<th>Interpersonal Oppression</th>
</tr>
</thead>
<tbody>
<tr>
<td>Identify an institution associated with Economic Democracy (worker cooperatives, participatory budget, land trusts, etc.) and offer how it might remove some of the structural barriers to the dreams you mentioned earlier</td>
<td>Identify a place of privilege you come from and offer what you can do to be a good ally to those facing oppression</td>
</tr>
<tr>
<td><strong>Ideological Oppression</strong></td>
<td><strong>Internalized Oppression</strong></td>
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<tr>
<td>---------------------------</td>
<td>---------------------------</td>
</tr>
<tr>
<td><em>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</em></td>
<td><em>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</em></td>
</tr>
</tbody>
</table>
Appendix D: Evaluation form

**Workshop 6: Economics and Oppression**

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.

<table>
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<tr>
<th>Topics/Topics</th>
<th>Check all that apply</th>
<th>General Comments</th>
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<tr>
<td>The Wheel of Power</td>
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<tr>
<td>Sharing dreams; concentric circles</td>
<td></td>
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<tr>
<td>Structural barriers to dreams</td>
<td></td>
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<tr>
<td>Fighting oppression</td>
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<tr>
<td>Other</td>
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What parts of the workshop did you dislike?

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</tr>
</thead>
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<tr>
<td>The Wheel of Power</td>
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<td>Sharing dreams; concentric circles</td>
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<td>Structural barriers to dreams</td>
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<td>Fighting oppression</td>
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<tr>
<td>Other</td>
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What areas of the workshop need improvement?

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</tr>
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<tr>
<td>The Wheel of Power</td>
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<td>Sharing dreams; concentric circles</td>
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<td>Structural barriers to dreams</td>
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<td>Fighting oppression</td>
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<tr>
<td>Other</td>
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</tbody>
</table>

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!)?

<table>
<thead>
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<tr>
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<table>
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<table>
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<tr>
<td>Too short</td>
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</tr>
<tr>
<td>No comment</td>
<td></td>
</tr>
</tbody>
</table>

Thank you for participating in the workshop and filling out this survey. Your feedback is important to us!
Appendix E: Major Takeaway Points
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) and these forces privilege some groups and disadvantage others.

The people privileged by the 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.

The ideological realm determines how power in the 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.

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.

My thoughts, reactions, notes to self:
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 Co-opoly is an integral part of the workshop due its applied learning.

Session Goals:
- To provide inspirational information about worker-owned cooperatives
- To provide detailed information about worker cooperatives, how they are structured, how they function, so participants get a sense of what it would be like to “own their own job”
- To engage participants in multiple ways so they not only hear what a worker cooperative is like, but feel and experience it!

Materials needed:
- White Board or Flip Chart Paper (to write on)
- Video projection equipment (projector, laptop, PowerPoint)
- Co-opoly
- Markers
- Name tags
- Pens & Paper

Appendix:
A. Reference Materials
B. Visual Aid
C. Handout #1 – A Brief History of Worker Cooperatives in the U.S.
D. Evaluation Form
E. Handout #2 – Major Takeaway Points

Preparation/Pre-training: Facilitators should review the following concepts using the texts and resources found in the reference materials
- Worker Cooperatives
- Mondragon Corporation
- Rochdale Principles

Agenda:
Times below are suggested. As written, the agenda includes a break; the inclusion of a break exceeds the 2-hour allotted time. If you choose to include a break you must adjust the time available for other activities accordingly.

XXXV. Opening and Introductions 10 Minutes
XXXVI. Review Economic Democracy concepts 20 Minutes
XXXVII. Play Co-opoly 45 Minutes
XXXVIII. Break (10 Minutes)
XXXIX. What is a Worker Cooperative? 15 Minutes
XL. Discuss History of Cooperatives 20 Minutes
XLI. Conclusion & Evaluation 10 Minutes

Talking Points – Scripted portions, that is, sentences a facilitator could actually say, are italicized
I. Welcome and Introductions (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

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. ²

Sample Goals:
- To provide inspirational information about worker-owned cooperatives
- To provide detailed information about worker cooperatives, how they are structured, how they function, so participants get a sense of what it would be like to “own their own job”
- To engage participants in multiple ways so they not only hear what a worker cooperative is like, but feel and experience it!

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. 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
   - 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”. 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. ⁴

Sample First Agreements to Consider - Here are some first agreements to consider. This list is a small sample of possibilities.
- 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.

² This is an example of a workshop goal. You can modify this to suit your specific goals.
³ Guidelines for establishing time limits are provided.
⁴ First agreements provide a framework for how the group wants to interact.
II. Economic Democracy review

Section Objectives
- Connect the previous workshops to worker cooperatives
- Answer any lingering questions participants may have about previous sessions
- Reinforce the economic democracy framework

The main goal of this section is to review the main ideas presented in the previous workshops.

1. Economics: Review the definition of “the economy” and the economic survival questions.
   
   How did we define “the economy”? Economics? 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 take into account politics, culture, and a host of other dynamics present in human society—including racial prejudice, gender discrimination, and other types of oppression.  

   So as human societies work to meet their needs, what are the three economic survival questions they must answer? (What to produce? How to produce it? Who gets what 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 the home do for money, or how they make decisions about spending money.

2. Strong & Just Economy: Connect the economic survival questions to the development of a strong or weak economy. Generate a list of the characteristics of a strong economy. Remind participants that a strong economy is not enough, but an economy must also be a good economy: just, equitable, and environmentally sustainable.

   Then we talked about the fact that how we answer these questions produces different types of economies; we can develop strong or weak economies. So let’s re-create our list of characteristics of our ideal economy. You can also use the list they already created, display that list and use it as a starting point to make a new list.

   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 were 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?

3. Wealth: Review the ways wealth can lead to a strong economy, but only if we think about wealth in a long-term,
holistic way. 8 Review the eight kinds of wealth.

We spent time talking about building wealth through ownership. We talked about the traditional understanding of wealth—remember we have this bathtub image filling up with income, draining from consumption, and wealth is the water that stays.

But we didn’t stop there. We talked about building community wealth. 9

**Popcorn question:** How did we define community wealth?

Then, we expanded the idea of wealth to include eight forms of wealth.

**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.

4. Economic Democracy: Review the definition and principles of economic democracy. 10-11 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. 12

That brings us back to our very first workshop where we discussed the idea of economic democracy. 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 alternate 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—amongst 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 live into a new economy.

5. Show the JED Diagram. Build on participants’ understanding of economic democracy by explaining the diagram. This diagram goes through the production cycle—answering those economic survival questions. Each part of the pie represents a different part of the cycle. And in each part there are different strategies for building economic democracy there.

- Creation
- Production
- Exchange/Transfer
III. 1. Section

6. We are going to focus on one strategy featured in this diagram, which is worker-owned cooperatives. You can see the word cooperative featured in several parts and several types of cooperatives (producer cooperatives, consumer cooperatives, housing cooperatives). Worker cooperatives are part of the production process.

- So economic democracy is all about collective ownership. And we talked last time about owning land together, financial institutions, but what if you owned your job?
- When we constructed the circuit of capital in our second workshop we had owner/capitalists who owned the firm. And the owner employed laborers as part of the production process in his firm. And we talked about how in the capitalist system the owner pays the laborers a wage, but the owner gets to capture the surplus—the profits.
- Now, laborers can organize together to form unions that the unions can bargain with the owners to get more of the profits directed to the workers through wages and benefits. The government can also use taxes to capture some of the surplus and put that money towards the common good and redistribution to those who don’t have enough.
- But what if the workers own the firm? What if instead of workers vs. owners the workers are the owners? 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 necessary.
- That’s what we’re looking at today—worker-owned cooperatives. These are companies in which those who work for the company, also own the company and participate in making company decisions.

III. Play Co-opoly!

Section Objectives

- Introduce the ideas and theories behind worker cooperatives in a fun and engaging way

1. Introduce the game of Co-opoly and why we are about to play it  

(From the website)
Overview: In Co-opoly: The Game of Cooperatives, players must collaborate to found and run a democratic business. In order to survive as individuals and to strive for the success of their co-op, players make tough choices regarding big and small challenges while putting their teamwork abilities to the test.

In Co-opoly, you and your teammates found your own cooperative. You must survive as individuals and as a group in the face of big and small challenges. As with all co-ops, the players must discuss issues and then democratically make decisions on challenges that will ultimately lead to your co-op’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 co-op, 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 Co-opoly’s 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 “healthcare.” 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 co-op 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.

Co-op’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 co-op will need to be performing 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?
Workshop #7 | Worker Cooperatives | Bronx Cooperative Development Initiative | Economic Democracy Training

Series

- 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. What is a Worker Cooperative?**

**Section Objectives**

- Understanding the principles and practices that guide most cooperatives and what distinguishes a worker cooperative from a traditional business.

1. **Discuss Mondragon 14-24**

- 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?**

- So I’m going to explain the management and then the ownership structures of one of the Mondragon Cooperatives, Caprese, which is the same structure for all the other coops in Mondragon. Then we are going to watch a video to further illustrate the point. Now I have to warn you, the video is somewhat dated, but it is also illuminating.

- **Management**
  - All of the workers are the owners of the company. 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. The board of directors, in this case about 9 people, is elected to 4-year terms. The terms are staggered so that the entire board isn’t newly elected each time.
  - The board of directors is all worker-owners. These worker-owners then appoint the General Manager. The general manager serves as the chief executive for the cooperative.
  - The board of directors makes many policy decisions about the coop, the direction it should take and other managerial decisions. The General Manager provides insight and advice to the discussion, but doesn’t vote. S/he then carries out the directives of the board and helps manage the day-to-day operations of the company.
  - Play video from 20:12 – 22:09. This will review what you just said, but with the addition of showing the board of directors, the diversity they represent, and a nice visual.

- **Ownership**
  - Now let’s talk about ownership at Mondragon. Typically, when we think of owning something we think of buying it. You might buy a car then you own it. You buy a house, clothes, and other things and thus 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.
  - At Mondragon, each worker b [insert how the ownership is structured]

From a paper I wrote last semester…. [note that this ownership structure is slightly different from the one in the visual aid. We may have to verify…]

the Mondragon Cooperative Corporation today is a highly complex network comprising over 30,000 employees across four major areas: an industrial group, which produces durable and consumer goods; a distribution group, responsible for the transportation and retail of those goods; a financial group, which capitalizes the other coops; and a corporate services group, responsible for research, education, and capital investments.³ All four groups are governed by

³ IBID
a Congress (350 delegates who represent all members), a Permanent Commission, and a President.4

Mondragon has been so successful due to its flexibility and adaptability to changing economic conditions. Their model has four main distinguishing features, which have facilitated its development:

- **Capitalization**: Caja Laboral, a so-called “second-degree” cooperative (a cooperative whose members are cooperatives), provides operating funds for the other cooperatives.

- **Compensation**: The pay ratio between top-level management and entry-level workers cannot exceed 1:9. This was recently expanded from its previous limit of 6:1 in order to make pay more competitive with conventional firms; however, it is still relatively small compared to other pay structures, particularly in the US.

- **Worker relocation**: Industries experiencing hard demand must be prepared to hire workers from industries experiencing soft demand. Mondragon provides extensive training in general, and in particular to help workers transition from one industry to another within the network.

- **Profit pooling**: Mondragon pools profits both at the regional/sectoral level and maintains a general fund to help bolster cooperatives that are struggling.

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Takeaway Points from this section

- A worker–owned cooperative, or a worker-coop, is a workplace 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. 25
- In a traditional firm or company there is an owner, maybe a couple of partners, or 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 worker are the owners. Buying in, vested
- So they get to make the decisions. Each co-op member gets one vote. While co-ops differ in size and complexity of structure, many use that vote
- They get to reap the profits as well
- Unlike a traditional business, capital is subservient to labor. That is, the workers are in control of deciding what to produce, 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 execution. However, profits are not the only motive—the drive for meaningful work, for contributing to the community, and other motives can be incorporated into the business.

V. History and Challenges of Worker Cooperatives

Section Objectives

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 US have not fared too well. Mondragon, however, has managed to devise ways to mitigate the challenges cooperatives have faced here.

As they read, participants should document two things:
- What is the key challenge cooperatives faced as they tried to exist 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. Bring the groups back to attention and go around and hear their report backs. Then tell them what Mondragon has done.
- No, cooperatives are not doomed to fail. Like any other business that starts up, it can be hard to succeed—no doubt about it. Cooperatives do not have an easier time starting than others—nor is it necessarily harder for a worker cooperative to start. However, the difference between the United States worker cooperative and the Mondragon worker cooperatives is the network.
  - In Mondragon, Spain, and other regions of the world with high densities of worker cooperatives, the worker co-ops do well because (1) there is a high density of other worker co-ops, and (2) these co-ops are formally networked together. That means that as the co-ops need loans, need to work in marketing, or need other services there are other cooperatives with whom they can work, the banks are familiar with cooperatives, or that other private firms are familiar with cooperatives because they are likely to have conducted business with another cooperative.
- 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 all of the history of Mondragon Cooperatives and how they evolved into the network they have today. But we will explore the current network and how this network has overcome some of the challenges of individual cooperatives.
  - So part of the network of Mondragon is the density of cooperatives that exists and the way they spin off new cooperatives. For instance, if there is a cooperative that produces refrigerators, another cooperative might develop that creates the constituent parts. So
they are able to buy from another co-op in the Mondragon network of cooperatives. Similarly, the cooperatives need marketing. So a marketing cooperative may develop that does the marketing work for the refrigerator co-op as well as other co-ops. 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 a bank established by Mondragon, La Caja Popular Laboral, 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 talked about earlier, each cooperative member has a capital account. That account has the initial amount s/he pays to become a member of the cooperative. Then, the account grows over time as the profits the worker earns and a moderate rate of interest accrue to the account every year until the worker leaves the co-op. Using those funds the co-op can capitalize itself, having funds to use for expansion. By depositing their funds in a cooperative bank, the co-ops can ensure that they have greater control over the funds, have funds to expand their own businesses, and funds to start new cooperatives. So now, all the co-ops in Mondragon are linked together through the bank. Any cooperative can leave Mondragon at any time, which is the principle of autonomy. But while they are part of the Mondragon Corporation they must adhere to certain principles. This provides further stability to each individual company and to the other cooperatives. Many cooperatives, including the Rochdale Pioneers, got into trouble by taking on too many outside investors. Working through the bank and under certain principles helps prevent the co-ops from succumbing to 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 to cooperatives. There is a research and development cooperative that keeps the co-ops on the cutting edge of their fields; there is a technical training high school; there are even social co-ops like day care and a cultural school.

- When we looked at American cooperative history, we could see that the recessions had negative impacts on the co-ops, often putting a substantial number of cooperatives 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 can be shifted from one cooperative to another as the business cycle ebbs and flows and some companies have less business. They can take other measures to support each other during hard times. In addition, because they are member owned, they workers can decide what to do when times are hard; in the past Mondragon worker-owners have voted for pay cuts instead of laying off fellow workers-owners.

3. Either ask the groups to decide or decide who has the closest answer and congratulate them.

**Takeaway Points for this section**

- First, there is a long cooperative history in the United States and in the world.
- Often times, stand-alone cooperatives fail because of the ups and downs of the business cycle, because of the outside market forces, and lack of understanding of cooperative enterprise that makes it difficult to get needed service such as loans and other services.
- 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 their individual businesses and grow cooperatives.

**VII. Conclusion & Evaluation (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

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 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: 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):
  o 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.
  o 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).
  o 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.
  o 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

Participation in a train-the-trainer workshop is highly recommended. If that is not possible, individuals should seek consultation with a BCDI staff member or trained facilitator. This ensures quality workshop delivery.

- **Books** get books from dem wealth class.
- **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.
  - North Country Fund
- **Articles**
- **Radio, Podcasts**
- **Videos, Documentaries, TV Broadcasts**
  - Fixing the Future, PBS Documentary that travels across the US capturing the Solidarity Economy, http://fixingthefuture.org; Trailer: http://www.youtube.com/watch?v=5w85Sc9DBYk&feature=player_embedded
  - 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 Experience, http://youtu.be/-obHjT9Qv
- **Websites**
  - The Institute for Economic Democracy http://www.ied.info/; FREE downloadable books and articles on such topics as “An Honest Capitalist Economy in 170 Words”, and “Economic Democracy”
Appendix C: A Brief History of Worker Cooperatives

Read the brief historical points below and answer two questions:

- What is the key challenge cooperatives faced as they tried to exist 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 in the United States and in the world is quite long. We’re going to explore some of this history very briefly. But, if you’re interested in knowing more we have plenty of resources available.

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, consumer cooperatives, trace their roots to the Rochdale Equitable Pioneer Society.

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 establishing 7 guidelines by which to operate the cooperative. The cooperative principles they established led to the success of the cooperative, and to the spread of cooperatives throughout England, and to the rest of the world.

As inspiring and influential as the Rochdale Pioneers are, and as solid as their principles have proven, 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 1800’s workers often formed cooperatives while on strike and sometimes maintained these cooperatives after the strike. This pattern continued and in the 1840’s to the mid 1850’s 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 and the established co-ops went under.

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, finally in the 1880’s, the Knights of Labor began to urge the creation of cooperatives among locals. So between 1880-1888, 334 cooperatives were established in 34 of 38 states. 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 threatening 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 1880’s 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 1890-1920’s the primary cooperative development was in the development of agricultural cooperatives. In fact, some of the name brands we know today—Sunkist and Sunmaid—came from 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.
Then the Great Depression gave way to 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.

Then, the 1950s and the postwar period saw the rise of McCarthyism and the Red Scare. This period of time severely damaged the Congress of Industrial Organizations. 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 the fears over the spread of communism led to persecution of communists within the CIO. This pushed the progressive unions to the center and ended serious conversations in the US about living in an economic system other than capitalism. The legacy of this event cannot be overlooked.

Even as organized labor, which had already not been pursuing a co-op 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 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 '70s 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 lack of business acumen, inability to compete with other capitalist enterprises, or ideological difference and clashes that led to weak relationships between cooperatives, and other factors led to the decline in cooperatives. Not to mention, the 1980's ushered in President Ronald Reagan who continued policies that weakened the position of organized labor—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 people than in 1979. And far fewer than Spain and Italy.

Discussion Questions

What's the problem? Why have there been so many fits and starts in the development of cooperatives the United States? Are cooperatives just doomed to fail?
Appendix D: Evaluation Form

**Workshop 7:**

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.

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What parts of the workshop did you dislike?

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What areas of the workshop need improvement?

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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!)?

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Thank you for participating in the workshop and filling out this survey. Your feedback is important to us!
Appendix E: 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. A variety of social movements matured or were born during these two decades. A major thrust of some 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.

Often times, stand alone cooperatives fail because of the ups and downs of the business cycle, because of the outside market forces, and lack of understanding of cooperative enterprise that makes it difficult to get needed service such as loans and other services.

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 their individual businesses and to grow cooperatives.
Facilitator’s Guide Workshop #8
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. The strategies to develop the community socially and economically then flow from a community’s assets rather than from a community’s needs.

Session Goals:
• To 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?
• To provide the space for participants to explore the types of capital/assets present in the Bronx
• To enable participants to generate viable ideas about economic development proposals that leverages assets in the Bronx

Materials needed:
• White Board or Flip Chart Paper (to write on)
• Video projection equipment (projector, laptop, PowerPoint)
• Markers
• Name tags
• Pens & Paper
• Large Bronx Maps (1 per group)

Appendix:
A. Reference Materials
B. Visual Aid
C. Handout #1 –Examples of Leveraging Assets
D. Handout #2 – Inventory of Assets
E. Evaluation Form
F. Handout #4 – Major Takeaway Points

Preparation/Pre-training: Facilitators should review the following concepts using the texts and resources found in the reference materials

Wealth 8 forms of capital
Asset
Agenda:
Times below are suggested. As written, the agenda includes a break; the inclusion of a break exceeds the 2-hour allotted time. If you choose to include a break you must adjust the time available for other activities accordingly.

XLII. Opening and Introductions 10 Minutes
XLIII. Brainstorm Needs 10 minutes
XLIV. Portrait of Gifts 15 minutes
XLV. Asset-Based Community Development 20 minutes
XLVI. Inventory of Assets 30 minutes
XLVII. Leveraging Assets to Meet Needs 25 minutes
XLVIII. Conclusion & Evaluation 10 minutes

Talking Points – Scripted portions, that is, sentences a facilitator could actually say, are italicized
I. Welcome and Introductions (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

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.

Sample Goals:
- To 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?
- To provide the space for participants to explore the types of capital/assets present in the Bronx
- To enable participants to generate viable ideas about economic development proposals that leverages assets 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.

4. Establish expectations around time. Let participants know how much time the workshop should take and secure their commitment to the time limits.
- 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.”

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 - Here are some first agreements to consider. This list is a small sample of possibilities. See slide
- 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
II. Brainstorming needs (10 minutes)

Section Objectives

- Demonstrate how easy it is to get stuck in a hole of focusing only on what is needed by an individual person or community

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 community.*

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 (1) people and practices, (2) Local Associations & Institutions, and (3) Businesses & Physical Resources.

*As you all brainstorm the needs in the community, I am going to sort them into three categories, and at the end you all can 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. So 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 from this section

*Note that most people actually find it pretty easy to list the needs in their community.*

III. Portrait of Gifts (15 minutes)

Section Objectives

- To 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 the many manifestations of wealth.
To contrast the “needs” they described in the first activity

1. Shift the conversation from needs in the community to assets of individuals. Tell participants to stay in their groups and hand them a sheet of flip chart paper to record their answers on.

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, but 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. You can have each group report back; simply have a discussion to have participants reflect on what they learned from doing the exercise, or both (report back then have a reflective discussion).

Discussion Questions
- How does having this list of the collective gifts in the room make you feel?
- How do you think it relates to the list of needs we generated?

Takeaway points from this section
- Often times we think of what our communities needs. The list of needs prompts us go to others asking for—or even demanding—help. But when we begin thinking of the assets in our community, a different set of actions is prompted.  
- Make the point that all these gifts are the assets of people. People are the primary resources that local development can build on. These assets and gifts can be mobilized for local benefit.

IV. Asset-Based Community Development (20 minutes)

Section Objectives
- Formally introduce the concept/practice of asset-based community development
- Connect the concepts from prior workshops to asset-based community development
- Discuss a few examples of asset-based community development and potential uses in the Bronx

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.

2. Put participants into groups of 3 to 5 to examine one of the 6 case studies in wealth generation. Hand out the case studies to each group

We are going to look at examples of ways people have inventoried their communities and identified the types of capital and assets they have. Then, they figured out ways to use those unique assets to generate more wealth for themselves and/or their communities. 3 cases are excerpted from Prof. Phil Thompson’s Democratic Wealth Generation Assignment. The other 3 cases are Market Creek, DSNI Land Trust, and The Evergreen Cooperative.
Three of the cases should be familiar to the group as they were discussed in the Building Strong Local Economies. The cases from Prof. Thompson’s assignment might be unfamiliar but they provide an interesting perspective on identifying assets in the community and capitalizing on them. (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.

4. Bring the group back together and have groups report back case-by-case starting with a list of assets from each group, and adding until it is complete. Compile of list of assets that community members and communities were able to capitalize upon in these examples

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 type of asset as well as an example – for instance, for the Market Creek example; participants might say the planners realized that if they combined their financial capital, they would have enough money to own the plaza themselves.

Continue on for all of the case studies and then transition to participants thinking about how this could be done in the Bronx.

Discussion Questions
- So, do you all think the Bronx could do any projects like these?
- How about we try inventorying assets in the Bronx?

V. Inventory of Assets (20 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 community
- Practice thinking creatively, collaboratively, and strategically about assets and wealth generation

1. Relate the eight forms of capital to the more general categories of (1) People and Practices, (2) Local Associations & Institutions, and (3) Businesses & Physical Resources.

People and Practices: Individual/Human capital, Political capital
Local Associations & Institutions: Cultural capital, Social capital Intellectual capital,
Businesses & Physical Resources: Financial capital, Built capital, Natural capital

These are not exclusive – 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 two groups exploring the same topic.

Give them 1) flip chart paper and markers, 2) the instructions handout (Appendix D), 3) a blank Bronx map. 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 that category. 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.

Group 1 Inventory of physical resources & businesses
- 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
• Note down where their raw materials are supplied from and where they sell their products
• Identify what technical expertise these businesses possess

Group 2 Inventory of Associations & Institutions
• Make a list of all the non-government 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
• Find out what the population is of the local area and how it is spread
• 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 have skills, who have training

VI. Leveraging Assets to Meet Needs

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

1. Move group into brainstorming 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. 9

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 whom the people you would need to engage in conversation are in order to make that happen.

2. Have each group share their idea for leveraging assets by identifying the 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, their 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 are the possibilities you see? What can be developed in these assets?
• 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 from this section
• We can and must be engaged in the economy
• The financial crisis presents us with opportunities
• We need to own and control things in order for them to be community assets
• 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.”

VII. Conclusion & Evaluation (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

1. Summarize the Main Points and Topics
• We must take an asset-based approach to community development
• We have many assets individually and as a community that we must think creatively, collaboratively, and strategically about in order to deploy them to create wealth

2. Closing Discussion Question - BCDI 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: 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).
     o 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.
     o 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).
     o 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

Participation in a train-the-trainer workshop is highly recommended. If that is not possible, individuals should seek consultation with a BCDI staff member or trained facilitator. This ensures quality workshop delivery.

- **Building Communities from the Inside Out** by John Kretzmann and John McKnight  
  *From amazon:* This guide summarizes lessons learned by studying successful community-building initiatives in hundreds of neighborhoods across the U.S. It outlines what local communities can do to start their own journeys down the path of asset-based development.

- Community Partnering for Local Development, “Assets Mapping” Tab  
  [http://www.communitypartnering.info/assets11.html](http://www.communitypartnering.info/assets11.html)  
  *From the website:* Any kind of development process begins with a basic analysis of the place and context. Assets mapping is distinctive because it starts with an analysis of the strengths that can be built on in any situation.

  People find it hard to see the assets and possibilities that are in front of them, they find it easy to see the needs and problems all around them. Assets mapping helps to shift the focus:

  - From what is needed before development can take place
  - To what is at hand to help people-centered development get going

- **Wealth Inequality**  
  *From website:* Wealth inequality can be described as the unequal distribution of assets within a population. The United States exhibits wider disparities of wealth between rich and poor than any other major developed nation.

**Asset**  
*From the website:* 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.

**Wealth:** There are 8 forms of wealth. Though named “capital” (such as social capital), taken together these forms of wealth provide a holistic picture of the assets available to an individual, family, or community. These are **Financial Capital** (such as cash or stock investments), **Natural Capital** (such a clean water, clean air), **Social Capital** (such as relationships between neighbors), **Individual Capital** (such as mental and physical health of an individual), **Built Capital** (such as buildings and roads), **Intellectual Capital** (such as labs that innovate new ideas or arts programs that stimulate creativity), **Political Capital** (such as relationships with politicians and voters), and **Cultural Capital** (such as 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
Appendix C: Examples of Leveraging Assets

Excerpts from Professor J. Phillip Thompson's *Democratic Wealth Generation Assignment* given 03/06/2012

Case #1: “Streamlining,”
I want to convey to you a few stories showing how a businessman friend of the family has approached business valuation and tactics.

This businessman described his approach as “vulture capitalist.” He said that 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.

Case #2: “Flipping”
I want to convey to you a few stories showing how a businessman friend of the family has approached business valuation and tactics.

This businessman described his approach as “vulture capitalist.” The same 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) and to buy Burger King. 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.

Case #3: “Regulatory play”
I want to convey to you a few stories showing how a businessman friend of the family has approached business valuation and tactics.

This businessman described his approach as “vulture capitalist.” The businessman described his current business of putting up cell phone towers. He started his business by responding to an RFP from the Defense Department by promising to provide cell phone towers for DOD 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 normal 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, and still make 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 poor maintained and drafty buildings, as a virtual goldmine. He
Workshop #7 | Worker Cooperatives | Bronx Cooperative Development Initiative | Economic Democracy Training Series

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. In class I mentioned 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 in Brooklyn, for example, surveyed a heavily Jewish part of Brooklyn to find out who residents’ health insurance providers (largely funded by government: Medicare and Medicaid) were. 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 costumer. Communities could organize themselves into buying clubs and bargain with cell phone companies with the offer of bulk contracts with thousands of costumers in exchange for cash (since the phone companies don’t have to advertise to them). Similar approaches can be undertaken with other things.

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 funded 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% 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.

Case #4: Market Creek Plaza

http://www.youtube.com/watch?v=NFvt5wHNdpc

Since 1998, the Jacobs Center for Neighborhood Innovation 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 provides a way for residents to share in the risks and rewards of the project they are helping 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 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 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.

What is so unique about Market Creek Plaza is that it ties asset building and skill building to a project that physically 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 on this area, and provided residents a strong voice in holding the public agencies accountable to the community's 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 jobs, entrepreneurial opportunities, and increase in the tax base—all of which capture wealth in the community. This economic flow into the area transforms the community across the board, street-by-street, block-by-block, and neighborhood-by-neighborhood.

Project Overview

Project Location
- 10-acre site at the corner of Market Street & Euclid Avenue
- Easily accessible to Highways 805, 94 & 15
- 5 minutes from downtown
- Next to Trolley & Bus Transfer Station
- State Enterprise Zone, Federal Enterprise Community

Financial Overview
- Total project cost $23.5 million
- Total Jacobs Center investment to-date $28 million
- Land doubled in appraised value in the first two years

Project Innovations
- Development of an innovative network of community teams coming together to build a community vision
- Broad community involvement in design and development of a commercial project
- Creation of innovative program-related investment tools for social-purpose investors
- Design of an owner-builder, mentor-protégé construction program which is comprehensive in scope and is providing a vehicle for more than half the project to be built by the neighborhood

Economic Impact
- More than 1,700 new jobs in the neighborhood
- 360 construction jobs with training for emerging contractors, supported by contractor working lines of credit
- Nine working teams, involving thousands of residents and businesses, build skills in every aspect of project
- Community ownership strategy; hundreds of committed community residents investing their own capital in the project, building wealth by rebuilding their neighborhood

Social and Cultural Impact
- Chollas Creek restored (part of City's plan), natural vegetation, walking paths
- 500-seat outdoor amphitheater
- Unique architectural character created by multicultural team
- Multi-cultural values expressed in MCP through community art estimated at $ 1.4 million
Safe place for intergenerational and multi-ethnic interactions

From the website: http://www.marketcreekplaza.com/

Case #5: 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 comes from private individuals and foundation grants.

DNI and the Community Land Trust were created by residents of the Dudley Street Neighborhood area as a vehicle to rebuild the neighborhood and to ensure that homeownership opportunities 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 be 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 green house parks gardens open space and a revitalized local shopping area.

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

From the website: http://dsnib.org/dudley-neighbors-inc

Case #6: The Evergreen Cooperatives
http://www.youtube.com/watch?v=Gt_ZHUDhKjs
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 is 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).

Optional additional/replacement case study:

**Case #7: Economic Gardening in Littleton, CO**  
http://www.littletongov.org/bia/economicgardening/  
http://growinglocaleconomies.com/economic_gardening

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 nor 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.
Appendix D: Inventory of Assets

Group 1 Inventory of physical resources & businesses
- 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
- Note down where their raw materials are supplied from and where they sell their products
- Identify what technical expertise these businesses possess

Group 2 Inventory of Associations & Institutions
- Make a list of all the non-government 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
- Find out what the population is of the local area and how it is spread
- 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
Appendix E: Evaluation form

## Workshop 8: Community Asset Mapping

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.

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<td>Leveraging Assets in the Bronx</td>
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What parts of the workshop did you dislike?

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What areas of the workshop need improvement?

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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)

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Room size and set up (check one)

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Food (check one)

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Thank you for participating in the workshop and filling out this survey. Your feedback is important to us!
Appendix F: Major Takeaway Points

Most people find it easier to brainstorm needs rather than identify assets.

When we begin thinking 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.

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.

There are eight types of capital
- Natural Capital
- Individual/Human Capital
- Built Capital
- Social Capital
- Cultural Capital
- Political capital
- Intellectual Capital
- Financial Capital

These can fit into more general categories of (1) People and Practices, (2) Local Associations & Institutions, and (3) Businesses & Physical Resources.
Overview: This session is intended to provide participants with an overview of local decision-making and policy-making processes so they can better understand where they can interject in order to get their voices and needs heard.

Session Goals:
- To engage participants in the policymaking process – how are policies made and how can community level groups participate in the policymaking process
- To encourage participants to think critically about the underlying goals and strategies of local economic development policy from the government’s perspective
- To help participants critique the range of commonly used strategies by policymakers to improve the economic prospects of neighborhoods, cities, and regions, including tax breaks for corporations, promoting high technology, building sports stadiums and convention centers, and community development efforts

Materials needed:
- White Board or Flip Chart Paper (to write on)
- Video projection equipment (projector, laptop, PowerPoint)
- Sticky Notes
- Markers
- Name tags
- Pens & Paper

Preparation/Pre-training:
NYC Agency Map
Economic Democracy
Local Decision making
3 Stream policy model
Powell Memorandum
Neo-liberalism
Cooperative Home Care Associates
Mondragon Corporation
Keynes

Agenda:
Times below are suggested. As written, the agenda includes a break; the inclusion of a break exceeds the 2-hour allotted time. If you choose to include a break you must adjust the time available for other activities accordingly.

I. Welcome and Introductions 10 Minutes
II. Introduction to Policymaking 15 Minutes
III. Local Government Policymaking Strategies 30 Minutes
IV. Strategies for Implementing Economic Democracy 30 Minutes
V. Limitations of Policymaking 25 Minutes
VI. Evaluation and Close 10 Minutes

Talking Points – Scripted portions, that is, sentences a facilitator could actually say, are italicized
I. Welcome and Introductions (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

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.

Sample Goals:
- To engage participants in the policymaking process – how are policies made and how can community level groups participate in the policymaking process
- To encourage participants to think critically about the underlying goals and strategies of local economic development policy from the government’s perspective
- To help participants critique the range of commonly used strategies by policymakers to improve the economic prospects of neighborhoods, cities, and regions, including tax breaks for corporations, promoting high technology, building sports stadiums and convention centers, and community development efforts

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.

4. Establish expectations around time. Let participants know how much time the workshop should take and secure their commitment to the time limits.
   - 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”. 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 – Here are some first agreements to consider. This list is a small sample of possibilities. See slide
   - 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. Introduction to Policymaking (15 min)

Section Objectives
• Introduce a framework for understanding how policy gets made
• Provide space for participants to think about community voice in policymaking process

1. This section is intended to be a brief discussion about how policy gets made using a framework developed by John Kingdon: 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 any built in space for communities in policy making.

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.

You could also get these points across by having guest speakers such as the Urban Justice Center, Working Families Party, and/or someone from Fordham. They could probably break down these 3 streams with great examples.

2. Introduce the problem stream
The problem stream is about persuading policymakers to pay attention to one problem over another (agenda-setting). For example, certain communities get their services issues addressed almost immediately while other issues, like health and education are put on the back burner.

Popcorn questions:
• Who normally identifies problems, whose problems get paid attention to?
• Where is community voice in this process? How do we get into the process?

Typically, white people, businesses, 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 would requires careful coordination and an understanding of how organizing can create power and pressure.

3. Introduce the policy stream
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.

Popcorn questions
• Who typically generates policy, how?
• Whose opinions matter when creating and revising policies?
• Who should be generating policy, why?
Often, people who put forth policies and are taken seriously in policymaking spaces do not understand the broader context and/or anticipate the people who will exploit such a context (e.g. payday lending policy, housing policy). Instead, community members and residents should 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 policy and piloting programs.

4. Introduce the political stream:
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.

Popcorn questions
- Who can give me an example of policy making 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 of all charges 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 policy making 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. Also there is no place where community voices officially take precedent and have a discussion about how people in communities impacted by policies, but often not included in any of the 3-streams, get their voices heard.

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?

Takeaway points
- The 3-stream model of policy-making is a useful tool for figuring out how policies are made and how community level groups can participate in the policymaking process
- 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 process would require building power, and strategic maneuvers to get policies implemented

III. Local government policymaking strategies (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 promote/increase the local economy’s capacity to create wealth for local residents. 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 what entities make local economic development policy and where they get their powers. There are several agencies, institutions and organizations in NYC 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?  
- Municipal departments of economic development  
- Industrial Development Agencies (IDAs)  
- Community development agencies / urban renewal agencies → many URAs have become CDAs to take advantage of federal funding  
- Local development corporations (nonprofit)  
- Local Empire Zones → targeted at economic 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 business can often impact zoning and universal land use review procedures using the 3 streams

### IV. Strategies for Implementing Economic Democracy (25 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. Move into an activity where you analyze economic development policies and strategy. The goal is to get participants to think about how the policy could be different under principles of economic democracy. Then, to think through how to get the policy passed using the 3 streams.

2. Divide participants in groups of 3-5 people 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  
  - The program incentivizes landlords to house homeless people  
  - This has unfortunately resulted in landlords pushing low-income residents out of their apartments to make room for homeless people  
- NYC Department of City Planning has a Universal Land Use Review Procedure (ULURP) –  
  - The mayor and city councilor for the area have binding votes on the process; it goes to the entire city council if there’s a tie  
  - The borough president and the community board (appointed by the borough president) have non-binding votes

3. Instruct participants to discuss four things:  
- 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 20 minutes to discuss strategies for both policies
5. Ask each group to report back 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-sky visionary policy shift (like, an elected Community Board) and need some support articulating a first step in the process. Other groups might only offer small, incremental shifts that don't even orient towards radically shifting power dynamics, and might need support thinking more expansively.

6. As groups report back, attempt to discern whether they identified all of the phases in the policymaking process. After the groups are done, go over the steps using the examples the groups gave to illustrate the 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 stakeholders? What have you done to engage stakeholders and general public? Who are 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 new policy? What have you done to support/evaluate implementation?
   - Evaluation
     - What have you done to evaluate the impact of change?

Discussion questions
- Was it easy/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?

V. Limitations of policymaking (30 min)

Section objectives
- To think critically about the limitations of policy in transitioning our society to an economic democracy
- To brainstorm what else is needed for achieving economic democracy

1. Remind participants about the economic democracy framework. 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 generally by topic.

2. Ask participants whether policy alone will be able to make the changes they hope to see in society.

Discussion question
- Is policy enough to generate the changes you all have identified here?
- What else is needed/necessary?

Take away points
- While important, there are limitations to what changing policies can do for changing society
- Often, we also need things like education, training, changes in culture, healing, and concrete examples of success.
• Working on policy can be good for opening up doors for more of those other things to happen, but policymaking must be considered part of an overall strategy for social change.

VI. Conclusion & Evaluation (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

1. Summarize the Main Points and Topics
• The 3 Stream model of policy making is helpful for understanding the usual mechanisms by which policy is made and passed in government. Understanding the mechanisms helps us be clear about where in the process community voice is and isn’t heard and where it can be interjected.
• 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 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 - BCDI 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):
  o 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.
  o 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

NYC Agency Map
Click on the link above to see the organizational chart for the New York City Housing Authority as an example of an agency’s structure.

Economic Democracy
Economic democracy is meeting our needs through a process of collective decision-making, collective ownership and 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, 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. For further reading: 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, certain communities get their services issues addressed almost immediately while other issues, like health and education are put on the back burner.

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.

Powell Memorandum
http://reclaimdemocracy.org/powell_memo_lewis/
A confidential memorandum written in 1971 for the US Chamber of Commerce that described a road map to defend and further their concept of free-enterprise capitalism (Wikipedia).

Neoliberalism and Keynes

Neoliberalism
Neoliberalism is an ideology that incorporates the meaning of liberal as meaning free. The ideology and its advocates believe that complete freedom of market and individuals is the ideal that public policies should achieve. Neoliberalism postulates that when markets are free they operate efficiently. 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, deregulation of markets, and 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.

Many neoliberal policies have been incorporated into mainstream economics and politics. Free trade agreements, such as the North American Free Trade Agreement (NAFTA) and the Central American Free Trade Agreement (CAFTA), tax decreases, and privatization of prisons, schools, and other services represent neoliberal policies. De-industrialization, the long and continuing process of manufacturing leaving the United States and relocating to other nations, has been facilitated by neoliberal policies.
Keynesianism
An economic theory stating that active government involvement in the marketplace and monetary policy is the best method of ensuring economic growth and stability. 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. It is named for 20th century economist John Maynard Keynes. Contemporary Keynesian economists include Nobel Prize winner Paul Krugman and Robert Reich.


Cooperative Home Care Associates
Cooperative Home Care Associates is a South Bronx home care agency; it is the largest worker cooperative in the country. 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, employing over 1,600 workers, and serving over 4,000 clients, CHCA is 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.

The cooperative generates $40 million in revenue a year and is expected to more than double in employment over the next few years. Members of CHCA receive a host of benefits that they typically would not at a traditional home care agency, including: fulltime 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 political influence.

For further reading:
http://www.geo.coop/node/433
http://american.coop/content/brief-history-cooperative-home-care-associates

Mondragón Corporation
Mondragón is a city in the Basque region of Spain that is today one of the leading examples in the world of economic democracy. Begun in 1956 by a priest named Don José María Arizmendiarieta (Arizmendi) and five graduates of a technical high school, today the Mondragón Cooperative Complex is made up of roughly 85,000 worker owners in more than 100 worker cooperatives, making it the largest network of worker owned cooperatives in the world. Mondragón is directly responsible for 65% of the employment of the region. Over the last fifty-six years, they have created 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.

Started in the aftermath of the destruction of the region during the Spanish Civil war, Mondragón truly rose from the ashes, with little industrial expertise or wealth in the region where it began, to become the 7th 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, and an overriding commitment to the pursuit of human development. For their entire history, only a handful of workers have been permanently laid off, which was due to theft. In order to maintain employment and weather downturns in the economy, the Mondragón network of companies has developed a system of moving workers and excess cash from one business to another to help struggling businesses to weather a downturn. This system has meant that only three cooperatives have ever gone out of business.

For further reading/viewing:
http://www.youtube.com/watch?v=7efaDeFmurQ
http://en.wikipedia.org/wiki/Mondragon_Corporation
Appendix B: Visual Aid
Appendix C: Evaluation form

**Workshop 9: Policy I – Local Economic Development Policy**

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.

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<th>General Comments</th>
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<td>Limitations of Policy</td>
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What parts of the workshop did you dislike?

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What areas of the workshop need improvement?

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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 D: Major Takeaways
The 3 Stream model of policy making is helpful for understanding the usual mechanisms by which policy is made and passed in government. Understanding the mechanisms helps us be clear about where in the process community voice is and isn’t heard and where it can be interjected.

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 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.
Facilitator's Guide Workshop # 10
Labor Unions and Government

Time: 2 hours

Overview: The purpose of this workshop is to explore the role of government as a mediating institution in society. Further, the workshop seeks to explore the role unions can play in transitioning society to an economic democracy.

Workshop Goals:
- To explore the role that governments have placed and can play in distributing and allocating resources in society
- To examine the role organized labor unions have historically played in redistributing surplus and protecting workers from exploitation
- To consider the ways organized labor unions can be leveraged in transitioning from a capitalist system of wage labor to economic democracy

Materials Needed
- White Board or Flip Chart Paper (to write on)
- Video projection equipment (projector, laptop, PowerPoint)
- Markers
- Name tags
- Pen & Paper
- Cutouts for Activity
- Recorder

Appendix:
A. Reference Materials
B. Visual Aid
C. Domestic
C. Labor Jeopardy
D. Evaluation form
E. Major takeaways and notes to self

Preparation/Pre-training:
History of Labor Movement  Taxation  Washington Consensus
Tragedy of the Commons  Capitalism  Treaty of Detroit
Government regulation  Wage exploitation  Wealth

Agenda:
I. Welcome & Introductions  10 min
II. Role of Government  20 min
III. Labor Jeopardy!  30 min
IV. Wage Exploitation Activity  30 min
V. Labor Unions & Economic Democracy  20 min
VI. Evaluation & Conclusion  10 min

Talking Points – Scripted portions, that is, sentences a facilitator could actually say, are italicized
Workshop #10 | Labor Unions and Government | Bronx Cooperative Development Initiative | Economic Democracy Training Series

I. Welcome and Introductions (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

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.²

Sample Goals:

- To explore the role that governments have placed and can play in distributing and allocating resources in society
- To examine the role organized labor unions have historically played in redistributing surplus and protecting workers from exploitation
- To consider the ways organized labor unions can be leveraged in transitioning from a capitalist system of wage labor to 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.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

- 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”.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 – Here are some first agreements to consider. This list is a small sample of possibilities. See slide

- 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. Role of Government (20 min)

Section Objective

- Discuss the role of government in a society deciding how to answer the three economic questions.
- Discuss ways government can participate in the economy
- Explore how unequal power relations between the super-wealthy and most Americans leads to rules and regulations that favor owners and producers.

1. Review the ruling institutions framework with participants and highlight the power that government has as a mediating institution in a market based, democratic society. Corporations (oil companies, media moguls, pharmaceutical companies, etc.) control a majority of the resources in society. Essentially we see that people with money make a lot of decisions about how the world—and the U.S.—is run.

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.

Because, at least in the U.S. there is a “democratic” government, the ruling institutions cannot do absolutely whatever they want without resistance from civil society. Control of resources, therefore, then becomes a battle between ruling institutions and the rest of civil society for control of mediating institutions.

These institutions, including the government, military, media, some large and powerful civil society groups like labor unions and church judicatories, help manage tensions and provide justifications for certain distributions of resources. As we all know, right now the ruling institutions have much of the control of mediating institutions.

Herein lies the power of government. Ruling institutions derive much of their power from the laws, rules, and regulations they are able to extract from the government. At different points in history, government has been more or less influenced by ruling institutions versus civil society.

In the workshop on wealth, we described the negative impact that shifting government policies under the influence of ruling institutions had on the ability of working people (civil society) to capture a greater share of the surplus that was generated from their labor.

2. Transition to different activities to highlight the ways government can participate in the circuit of capital and therefore impact what happens to surplus.

The understanding of how the government can and does participate in the Circuit of Capital is crucial to understanding the role of government in society. In the next sections, 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.
3. Ask participants to reconstruct the Circuit of Capital. Make sure the following parts of the process are mentioned:
   - Labor – 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 it, 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 to pay for all the parts of the production process (bills), taxes, pay to employees, pay 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.

4. Assign participants to the roles of laborers, owners, and consumers.

5. Start with Regulating/Preserving the Commons

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.

6. Present Chalk Talk: Tragedy of the Commons, Part I: [http://youtu.be/KZDIpnz0ge0](http://youtu.be/KZDIpnz0ge0) and then recap the video with participants. Connect the video to the circuit of capital. For example, this could be about the production of cheese. You will want to draw out these points:
   - There is a common resource not owned by any one farmer (the pasture). The grass that the pasture provides is the food for the cow. The cow provides milk, which is how the farmers earn money. So we see the common pasture is the basis for the individual wealth.
   - Each farmer wants to earn more, so each adds more cows to the pasture. However, overuse of the pasture leads to destruction of the pasture. The common resource is depleted.
   - Even though the farmers know that adding more cows depletes the resource, they add more cows because “if I don’t add a cow, someone else will (and they will reap all the benefit of the milk that extra cow will provide).”

   The pasture is depleted beyond use. Now no farmer can earn any income from milk because the cows have nothing to eat.

7. Ask participants to generate more examples of the commons.
   - In this video the commons was a natural resource, a pasture. What are some other resources that can be similarly abused?

   Prompt participants to get answers like water, fish, trees, soil, and air - these are resources that can be used by a number of people - in fact it’s pretty hard to stop someone from using many of them. However, by overusing them, they no longer serve as a resource for anyone. People may also offer public goods like education.

   Discussion Question: How can they protect the commons?


   The three strategies featured in the video that can be used to protect the commons were privatization, cooperation, and regulation. All three are strategies that are implemented by 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 wellbeing of all.

Takeaway points:
- Regulation is a way that government can protect the commons and ensure longevity of resources needed for production and human survival.
- By limiting certain activities (pollution, etc.), incentivizing certain activities (cooperation, sharing, etc.), and outlawing activities (overgrazing, privatization, etc.) the government is able to protect the commons from depletion.
- There is nothing, however, 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 – privatization.

9. Transition to discussing Taxation and 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, or other public goods. This can be done by direct government investment in companies (public utility companies) or through redistribution (food stamps).

Everyone contributes to the commons because the commons benefits everyone directly or sometimes 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.

10. 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 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 how 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, 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.

11. Because we live in a (nominally) capitalist, free-market society, it is important for participants to understand the government’s role in Shaping Markets. In principle we have a capitalist, free market economy. This means that through private ownership, individuals can accumulate money, or financial capital (capitalism), and the forces of supply and demand (as we discussed in the second session) determine how much is produced, what is invested in, 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 and housing, food, clothes, etc., are both privately held and distributed the best way possible.

**Discussion question** – what’s the problem here? Are these things distributed efficiently in 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.

If you turn on CNN or listen to 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 argue that the government should get out of the way and let the free market operate. This view that self-regulating, free markets will produce the best outcomes for the majority of people is often presented as a natural process. However, markets are social constructions. In fact, a Nobel prize-winning economist, Dr. Joseph Stiglitz said, “Market forces don’t exist in a vacuum. Market forces are shaped. They are shaped by rules, regulations, by politics.”

The main point of this section is to touch briefly on the ways that markets are shaped by rules, regulations, and politics set by government, and 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.

**Discussion Questions:**

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- **What are more/other ways that the government interferes with the “free market”?**
  - Subsidies to farmers; tax breaks to corporations
  - Internationally: trade embargos, tariffs, etc.

Would the free market work as a way of answering the economic survival questions if there was no government intervention?

What conditions would have to exist for a market to be a reasonable way to distribute resources?

---

Here you want participants to think critically about the way they understand markets to work. The larger concept of “the free market” that is said to regulate the production and consumption of goods in our society is similar to the narrower concept of “a market” for a specific product or good. In both cases, it is theorized that the amount supplied and the amount demanded will eventually come to an equilibrium point 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 are willing to make for that price. There are factors, other than supply and demand, which impact the price of goods, however; for example, taxes, uneven information, or monopolies. Try to get participants to think about how these things impact markets. Make it clear that the reality of markets does not match the theory in most cases, unless there is interference in some way – providing everyone with the same information, breaking down monopolies, or equalizing the starting points of the actors.

**III. Labor Jeopardy! (30 min)**

**Section Objectives**

- In a fun and interactive way, review major labor battles and help participants gain an understanding of the potential of labor unions
- Reinforce the role that government can play in maintaining the strength of labor unions

12. Government intervention can also come in the form of support, or not, for labor unions. In the Circuit of Capital, the owner generated a surplus from his/her business. Organized labor fights to direct a greater share of the surplus to workers. That is, redistribution through collective bargaining, wage minimums, and other measures.
13. Remind participants of the wealth inequality workshop where we examined how wealth inequality grew so drastically from the 1940s until now.

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 incomes rising with the rising productivity so workers were 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%.

During the 1970s in a period known as “The Washington Consensus,” relationships between government, business, and labor changed. The federal government enacted economic policies: deregulating businesses, lowering the minimum wage, lowering taxes, and dismantling collective bargaining that led to greater inequality.  
- 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 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. Compared to the 94% tax rate from before, it sunk to a low of 28% under Ronald Reagan.

Right now, union labor is at about 11-12% of workers with only 7% of private sector labor being unionized. This is down from a high of almost 35% in 1954.

14. Introduce Labor Jeopardy
As we have reiterated many times 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 in the production process. The major labor battles have resulted in federal labor laws that regulate the rights and duties of workers, employers, and labor unions in the U.S. We are going to identify the major battles and how the labor movement has gotten to the point it is today by playing Labor Jeopardy!

**Popcorn question:** 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 a huge fight 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 by granting some benefits – namely, whiteness, or the right not to be a slave, to poor whites.

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).

15. Divide the participants into two teams and explain the rules to 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. (See appendix)

*All right, 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. 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!

12. We are going to further explore Labor’s role in capturing surplus in society in the next section.

IV. Wage exploitation activity (30 min)

Section Objectives
- To understand how wage exploitation is fundamental in capitalist systems
- To discuss how and why workers have come together to fight exploitation in the past

1. Introduce the activity derived from SOUL’s curriculum

We are now going to do an activity to explain the role of labor organizing in capitalism. An organization called the School of Unity and Liberation (SOUL) designed an activity that we’re going to borrow from.

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 bills of play money (32 $2 bills) and 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 1 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 out loud:
   - 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 day’s wages are $64 ($8 per hour for 8 hours per day).
10. 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.

10. Take $80 of the owners’ stack of money and put 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’s it like to live on a wage of $64 per day?

- Possible answers include worrying, living paycheck to paycheck, not being able to pay the rent, going without basic necessities, etc.

How do you think that 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).

11. 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 s/he gets from the sale of the items the workers produce. The owner takes home this money as profit. This is the way that capitalism works – it is based on this system of wage exploitation.

12. Get people’s reactions this concept
Is this fair? Why or why not?

13. Ask participants what role organized labor has traditionally played in scenarios like this.

Workers throughout history have fought back against bad wage exploitation and bad working conditions. These struggles are very important, and really can change the way that people live.

14. Together read the example about Domestic Workers United.

DWU (Domestic Workers United) “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 CAAV, and Andolan Organizing South Asian Workers, merged 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

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, along with government, act like mediating institutions in the battle between ruling institutions (owners) and civil society (workers) for control/access to resources (surplus).

V. Labor Unions and economic democracy (20 min)

Section Objectives

- Introduce the possibility of using already existing institutions to facilitate the creation of institutions in line with economic democracy
- Provide a space to vision new possibilities, roles, and potentials for labor unions

1. Shift the conversation to labor unions in the context of economic democracy. Unions could do more to reorient the relationship between institutions that control resources, and the people. 
   *Even with the work that labor unions do, the relationship between the owner and the worker has not changed. The owner is still going home with a large percentage of the revenue. It has gotten a little more tolerable, maybe, but it has not changed because the owner is still exploiting the work of the workers so that s/he can accumulate capital. This is at the foundation of capitalism – a small group of people gets richer off of the work of the majority of people.*

2. Revisit the economic democracy framework and review the economic democracy concepts of worker ownership and democratic control.
   *Economic democracy seeks to reorient the relationships in the ruling institutions framework. Under economic democracy, the people, families, and civil society aren’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.*

3. Get participant into groups of 5 or 6. 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 in a way that is more in line with worker ownership and control – economic democracy.
   *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 more share of 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.*

   *Rewrite this activity to show how the union could get more of the surplus in a way that reorients the relationship between workers and owners.*

Discussion Questions

- What role could you see labor unions playing in building worker ownership and community-controlled institutions?
- What would labor unions need in order to change to start doing so?
- Why might labor unions be uniquely positioned to facilitate the creation of worker owned and controlled institutions?
- Why are both worker ownership and worker control necessary? What would one look like without the other?
- What would be the challenges of transitioning unions from fighting for a greater share of the surplus to challenging the relationship between workers and owners?

VI. Conclusion & Evaluation (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

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 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. (Garrett Hardin, 1968) 
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 inside 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.


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."


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 a government influence of 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 U.S. is 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 sub-prime mortgages because they wanted to maximize their short-term profits. This led to the financial crisis of 2007 and 2008, which effects continue today in the form of the Great Recession. Furthermore, these same banks that gambled away the financial wealth

**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%.
- 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: deregulating businesses, lowering minimum wage, lowering taxes, and dismantling collective bargaining, all of which, 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 was no longer the middleman reaching a peace between labor and business, instead government was outright 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. 13
- The shift is also exemplified in different tax policies. As you can see in this comic, for much of recent American history the tax rate on the top income bracket has been fairly high. Compared to the 94% tax rate from before, it sunk to a low of 28% under Ronald Reagan. 14

**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. More information: Forms of Wealth at Yellowwood Associates, [http://www.yellowwood.org/wealthcreation.aspx](http://www.yellowwood.org/wealthcreation.aspx), especially Keeping Wealth Local: Shared Ownership and Wealth Control for Communities [http://www.yellowwood.org/Keeping%20Wealth%20Local.pdf](http://www.yellowwood.org/Keeping%20Wealth%20Local.pdf); examples of wealth building strategies [http://www.policylink.org/site/apps/nlnet/content2.aspx?c=lkIXLbMNjE&b=5136581&ct=6999783](http://www.policylink.org/site/apps/nlnet/content2.aspx?c=lkIXLbMNjE&b=5136581&ct=6999783)
Appendix B: Visual aid
Appendix C: Domestic Workers United

Domestic Workers United “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 CAAV, and Andolan 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.

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- 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

Other labor unions/organizations in New York/the U.S.:

SEIU
...

...
## Appendix D:

### Labor Jeopardy

<table>
<thead>
<tr>
<th>Working and workplace conditions</th>
<th>Organizations and Labor Unions</th>
</tr>
</thead>
<tbody>
<tr>
<td>100</td>
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<tr>
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### Labor Jeopardy (answers)

<table>
<thead>
<tr>
<th>Civil Liberties and workplace conditions</th>
<th>Organizations and Labor Unions</th>
</tr>
</thead>
<tbody>
<tr>
<td>This prevents employers from using child labor.</td>
<td>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.</td>
</tr>
<tr>
<td>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.</td>
<td>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.</td>
</tr>
<tr>
<td>Title VII of this act prohibits discrimination based on race, color, religion, sex or national origin (also gender identity or transgender status)</td>
<td>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*</td>
</tr>
</tbody>
</table>

*(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)

<table>
<thead>
<tr>
<th>Collective Bargaining</th>
<th>Civil Rights and Liberties</th>
<th>Organizations and Labor Unions</th>
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</thead>
<tbody>
<tr>
<td>What is collective bargaining?</td>
<td>What is the Fair Labor Standards Act of 1938?</td>
<td>What is the American Federation of Labor?</td>
</tr>
<tr>
<td>What is May Day?</td>
<td>What is the 8-hour workday (44-hr, 7-days)?</td>
<td>What is Local 1199SEIU?</td>
</tr>
<tr>
<td>What is the Great Depression?</td>
<td>What is the Civil Rights Act of 1964?</td>
<td>What is the United Worker Congress?</td>
</tr>
</tbody>
</table>

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: Evaluation form

Workshop 10: Labor and Government

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.

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<th>General Comments</th>
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<td>Role of Government</td>
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<tr>
<td>Labor Jeopardy!</td>
<td></td>
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<tr>
<td>Wage Exploitation activity</td>
<td></td>
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<tr>
<td>Labor Unions and economic democracy</td>
<td></td>
<td></td>
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<tr>
<td>Other</td>
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What parts of the workshop did you dislike and why?

<table>
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<tr>
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</thead>
<tbody>
<tr>
<td>Role of Government</td>
<td></td>
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<td>Labor Jeopardy!</td>
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<tr>
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What areas of the workshop need improvement?

<table>
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<td>Labor Unions and economic democracy</td>
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<tr>
<td>Other</td>
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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!)?

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</table>

Thank you for participating in the workshop and filling out this survey. Your feedback is important to us!
ECONOMICS 101:
Introduction to Economic Democracy

Created by:
Bronx Cooperative Development Initiative &
Northwest Bronx Community & Clergy Coalition
GOALS

① To think about the economy – what it is and what it could be

② To think about how we participate in the economy and how we can shape it to be better

③ To introduce the concept of Economic Democracy and generate leadership around it

④ To build capacity for NWBCCC
AGENDA

Introduction

What is the economy?

Build your ideal community!

Economic history of the US

Break [optional]

Economic Democracy

Summary & Evaluation

10 mins

10 mins

40 mins

20 mins

10 mins

30 mins

10 mins
FIRST AGREEMENTS

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

• Be present
• Listen to understand
• Mind your space (clean up after yourself)
• Step up, step back
• Turn cell phones on silent (not vibrate)
• One conversation (don’t talk over others)
YESTERDAY SURVEY

What did you do yesterday?

• Between waking up and going to sleep?
• For/with other people
• For money? For pleasure?
• Physically? Mentally? Socially?
WHAT IS THE “ECONOMY”?

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

...or...

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

① Banker: Controls access to the Legos
② Designer: Design the community
③ Builder: Places the blocks
④ Consumer: Can’t touch the blocks but can comment

If you need more Legos, the Consumer should ask the Supplier

Time: 20 minutes to build / 15 minutes to reflect
CYCLE OF CRISIS IN THE US ECONOMY

Economic crises

Growth models in the US have led to unsustainable wealth concentration that breeds crises.

New economic policy & practices

Ideas & practices are usually born from a growth paradigm.

New economic theories & ideas

Crisis provide an opportunity for new theories to be adopted & widely accepted.
Economic history of the US

1930s-1950s: The Great Depression, Keynesianism, & the New Deal

- Economic crises: The Great Depression
- New economic policy & practices: The New Deal
- New economic theories & ideas: Keynesianism
1970s-2000s: Stagflation & Neoliberalism

Economic crises: Stagflation

New economic policy & practices: Free trade, removal of safety net

New economic theories & ideas: Neoliberalism
Economic history of the US

1970s-2000s:

*Stagflation & Neoliberalism*

Economic crises:

- Stagflation
- Great Recession

New economic policy & practices:

- Free trade, removal of safety net

New economic theories & ideas:

- Neoliberalism
- IT’S UP TO US!
Economic history of the US

Ruling institutions
Money Corporations, oil companies, media moguls, philanthropy, banks

Mediating institutions
Government, the press, court, military/police, labor union, church

Civil society & the rest of Us
Families & individuals, small business, block clubs, nonprofits, Occupy Wall St.,
Economic history of the US

Mediating institutions
*Government, the press, court, military/police, labor union, church*

GOVERNMENT
Participatory Budgeting

FINANCIAL INSTITUTIONS
Credit unions

WORK
Worker cooperatives
Employee-owned companies
Consumer cooperatives
Fair trade

HOME & LAND
Housing cooperatives
Community land trusts
Mutual housing association

Civil society & the rest of Us
*Families & individuals, small business, block clubs, nonprofits, Occupy Wall St.,*
10-MINUTE BREAK
ECONOMIC DEMOCRACY

What does that even mean?

① Collective Ownership
② Democratic Governance
MONDRAGON CORPORACION COOPERATIVA
Mondragón Cooperative Corporation

Video 1

Video 2
COOPERATIVE HOME CARE ASSOCIATES

“Committed to delivering quality care by creating quality jobs”

- Founded 1985. To provide quality jobs and quality service to clients.
- 2,100 members
- Become a member for $1000 investment
- 14 person board of directors
- 8 members are worker-owners on board
COOPERATIVE HOME CARE ASSOCIATES
“Committed to delivering quality care by creating quality jobs”

Employee benefits include:
• Referrals to public benefits, social services, and continuing education programs; mentoring support from their peers
• Dividends
• Coaching from their supervisors; and
• Opportunities for promotion to available administrative positions.
• 401k contributions
• Bonuses
• Pay
AMALGAMATED HOUSING COOPERATIVE

- 1500 apartments of all sizes (studios, 1, 2, 3, and 4 bedrooms)
- Equity shares for $40,000, plus monthly carrying charges of about $1000 a month
AMALGAMATED HOUSING COOPERATIVE

- Board of twelve Directors, all of whom are resident-cooperators and serve without compensation
- Four directors elected annually
- Six “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
CLOSING

• Economic democracy efforts have been and are already happening
• Do we want to further it? Why?
• How can we do it strategically?
THE END

Don’t forget to fill out the evaluation!
Economics 102: Markets and Economic Actors

Presented by
The Bronx Cooperative Development Initiative and
Northwest Bronx Community Clergy Coalition
Goals

• To introduce the concept of “the market”
• To explore the actors in the market
• To think about how we can shape and influence the market
• To build the movement for economic democracy in the Bronx, NY!
Agenda

• Introduction (10 min)

• A Simple Corn Economy (20 min)

• Owners, Laborers, and Finance (20 min)

• Producers and Consumers (20 min)

• Cases in Economic Democracy (30 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 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 till the end
- Return from break on time
- Turn cell phones on silent (not vibrate)
- One conversation, don’t talk over others
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*
A Simple Corn Economy

Question: What do we need to do to ensure our society can survive next year?
A Simple Corn Economy

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

Answer: Use some corn today and save some corn to be planted next year.
A Simple Corn Economy

Question: How much should we save versus consume?
A Simple Corn Economy

Question: How much should we save versus consume?

Answer: There is no right or wrong answer – this is a social and political question.
A Simple Corn Economy

Question: Who gets the corn and the corn products?
A Simple Corn Economy

Question: Who gets the corn and the corn products?

Answer: Again, there is no right or wrong answer – this is social and political question
A Simple Corn Economy

Brainstorm answers to this question:

What can we do with the surplus?
A Simple Corn Economy

Brainstorm answers to the questions:

How can we decide what to do with the surplus?
Who gets to decide what to do with the surplus?
What is Economics?
What is “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 Economic Survival

**Questions**

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

---

**Tradition**

- Tradition, Custom, Belief

**Command**

- Authority

**Market**

- Supply & Demand, Price, Profit
What “counts” as the Economy

From Community Economics Collective (2001)
Layer Cake

- GNP-Monetized
- "Public" Sector
- "Underground Economy"
- "Love Economy"
- Mother Nature

© Hazel Henderson 1982
Corn Head Business: Machine that helps in the harvest of corn.
Circuit of Capital

DANCING TO THE TUNE OF THE MARKET (Circuit of Capital)

G - capital

A - labor

B - means of production

C - production process

D - output

E - market

F - ACCUMULATION

Leakages

- Profit repatriation
- Real estate speculation
- Mergers & acquisitions
- Financial speculation

$ - $ = PROFITS
Actors in Circuit of Capital

**Owner (Capitalist)**
- Owns Means of Production & Firm
- Sell Product in Market
- Profit

**Worker (Labor)**
- Does not Own Means of Production
- Sells Labor to Capitalist
- Earns Wage in exchange for Labor

**Financier**
- Invests or Loans Money
- Seeks Return on Investment (appreciation/dividend or interest)
Class

What is class? How do we distinguish between classes?

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

*We often see class as money and culture.*

Another Way of Understanding Class

*Bourgeoisie* = class who owns the means of production = *owners*

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

This understanding emphasizes the class isn’t just about money (income) or culture, instead

*class is about POWER.*

The relationship between the owner’s power and the worker’s power.
## Surplus

<table>
<thead>
<tr>
<th>Reasons Why Capitalists Get the Surplus</th>
<th>Why Workers Should Get the Surplus</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Profits are a return to hard work, innovation, risk taking, and effective management.</td>
<td>• Laborers also work hard</td>
</tr>
<tr>
<td>• Historical precedent</td>
<td>• Historical and continuing discrimination creates gaps in who owns, who doesn’t</td>
</tr>
<tr>
<td>• Choice, Abstinence, Sacrifice</td>
<td>• Workers also take risk when deciding to do a job</td>
</tr>
<tr>
<td>• Laws and Structure</td>
<td>• Profits are generated as result of the workers’ efforts</td>
</tr>
<tr>
<td>• Anti-labor laws</td>
<td></td>
</tr>
<tr>
<td>• They invested their funds</td>
<td></td>
</tr>
</tbody>
</table>
Consumer:
Maximize utility within budget constraints =
Wants the most for their limited money

Consumer
- Has Limited Budget
- Wants to get the most out of the budget
- Demands more at lower prices

Producer


Consumers and Producers

**Consumer**
- Has 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
Supply and Demand
Economic Actors

Silo’ed Actors

- Producer/Owner
- Consumer
- Worker

Holistic Actors

- Producer/Owner
- Consumer
- Labor

- Social, Political Context
- Planet, Natural Environment
Ruling Institutions

Money Corporations, oil companies, media moguls, philanthropy, banks,

Public, Democratic Institutions
Government, court, military/police, labor unions, education

The Rest of Us!
Families & individuals, small business, block clubs, nonprofits, Occupy Wall St.,
Civil Society & the Rest of Us
Families & individuals, small business, block clubs, nonprofits, Occupy Wall St.,

Worker Cooperatives; Employee-Owned Company; Consumer Cooperative; Fair Trade

Housing Cooperatives; Community Land Trust; Mutual Housing Association

Credit Unions

Participatory Budgeting

Work! Home & Land! Financial Institution! Government!

Mediating Institutions
Government, the press, court, military/police, labor union, church
Economic Democracy

Overall, economic democracy is a way of organizing our society so that production and distribution of goods and services contributes to the best interest of the members of the society and responsibly stewards 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

• Each small group will get a sheet of paper that describes an example of economic democracy.
• There are 5 different cases:
  1) Worker Co-operatives: Cooperative Home Care; Bronx, NY
  2) Cooperative Housing: Amalgamated Housing, Bronx, NY
  3) Credit Union: Bethex Credit Union, Bronx, NY
  4) Consumer Co-operatives: Park Slope Food Co-Op; Brooklyn, NY
  5) Government: Participatory Budgeting in NYC
Another Future Is Possible

• In small group read your sheet
• **10 minutes** to discuss the following questions:
  – What is the most important feature of this proposal? What strikes you 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 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?
Building Strong Local Economies

Presented by
The Bronx Cooperative Development Initiative
&
Northwest Bronx Community Clergy Coalition
Goals

• To introduce you to economic development
• To understand there are a variety of ways economies develop
• To know the questions to ask when assessing an economic development strategy
• To create your own definition of a strong economy
Agenda

• Opening & Introductions – 10 minutes
• Story of Development as Usual – 10 minutes
• How Local Economies Develop – 45 minutes
• Break – 10 Minutes
• Economic Development Proposals for the Bronx – 45 minutes
• Evaluation & Close – 10 minutes

Total Time: 2 hours
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 computer
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- One conversation, don’t talk over others
New Yankee Stadium

Timeline
- **June 15, 2005** an agreement is reached to generate the public subsidies needed to build a new stadium for the NY Yankees
- **June 23, 2005** – Legislation in both houses of the NY State Assembly pass
- **April 5, 2006** – the City Council approved the plan & subsidies for the construction of the new Yankee Stadium
Cost of Yankee Stadium

Subsidies and Concessions

• 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 pay for stadium construction but pay no rent or taxes
• 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 Yankee Stadium

• **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

No monitoring, reporting or enforcement

• **Who benefits from the stadium?**
• **Who pays for the stadium?**
Development as Usual

- Public $ in, Private Use Out
- Increase Profits of Developers or Company
- Money Generated in One Area Flows Elsewhere
- Bring money from outside
Opening Activity

What is 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.
Do we need this slide?
Nene Igietseme, 4/4/2013
Describing Economies

Good/Strong Economies
• There are jobs, low unemployment
• Good education
• People have homes

Bad/Weak Economies
• Unemployment
• Crime
• Hunger
• Homelessness
What is “the economy?”
What is “economics?”

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?
wage labor
produce for a market
in a capitalist firm
in schools
in neighborhoods
within families
unpaid
in church/temple
the retired
between friends
gifts
self-employment
volunteer
barter
moonlighting
children
illegal
not monetized
self-provisioning
producer cooperatives
under-the-table
consumer cooperatives
non-capitalist firms
What kind of economy is Yankee Stadium developing?

• 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
Within a Social, Cultural, Political Context

Household

- Wages
- Labor
- Goods & Services
- Purchases
- Taxes

Firm

- Wages
- Labor
- Goods & Services
- Purchases
- Taxes

Common Good via Government
(schools, roads, health, parks, etc.)
Economic Base Theory

Households

Products & Services
Wages & Labor

Basic Firm

Competitive Advantage

Exports

Non-Basic Firm

The Rest of the World

Imports

Products & Services
Wages & Labor

Products & Services
Occurs in a political, cultural, and social context. Maintained, influenced, supported and bounded (in part) by government.
Economic Development vs. Economic Growth

**Economic Growth**
- Government Spending
+ Investment
+ Consumption

_______________
**Gross Domestic Product**
GDP

**Economic Development**
- The process, structures, institutions, actors involved in an economy, and the ways the processes, structures, institutions, and actors change.
Example: Economic Gardening in Littleton, Colorado
Local Economic Development using Endogenous Growth strategies

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

- DSNI – Housing (4.26 of 9.06):

- Evergreen – Worker cooperatives (6.38):
  http://www.youtube.com/watch?v=Gt_ZHUDhKjs
DIY: Economic Development

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

Your proposal must include:
- General Description of the Project
- The Goals of the Project
- Rationale: Why will this project work?
- Target Population (if any)
- Stakeholder; who needs to be engaged in making this work
End Slide Show
Basic Building Blocks of Local Economy

Households

- Wages
- Labor

Firms

- Goods & Services
- Purchases
Bounded and supported by social norms, structures, and organization.
Public Sector

Passive Public Sector

- Creates conditions for private sector to provide needs of society and for the market to function
- This could include education, public health, safety, infrastructure (roads), legal system
- Government bureaucracy is wasteful and inefficient

What we should observe

- Firms develop, grow, and fail.
- The market self-regulates and makes decisions
- The creative destruction of capitalism
- No picking winners and losers

What we observe in practice

- Hand-outs and subsidies
- Smoke stack chasing
- Demands for lower taxes impeding ability to provide goods, services, quality of life
- Increasing demands for privatization of all goods/services
- Lobbying for special regulations, treatment

Private Sector
### Active Public Sector

Democratically elected/established government through which citizens make collective decisions about how our society will operate.

Government as a set of mediating institutions.

<table>
<thead>
<tr>
<th>What we should observe</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital subordinate to politics, culture, human needs</td>
</tr>
<tr>
<td>Equity, fairness, living into American Ideals</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>What we observe in practice</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidation of Power</td>
</tr>
<tr>
<td>Plutocracy</td>
</tr>
</tbody>
</table>

(Examples of cities that have strong gov’t)?

(Examples of cities that have strong gov’t)?

(Examples of cities that have strong gov’t)?

---

### Ruling Institutions

Money Corporations, oil companies, media moguls, philanthropy, banks,

---

### Mediating Institutions

Government, the press, court, military/police, labor union, church

---

### Civil Society & the Rest of Us

Families & individuals, small business, block clubs, nonprofits, Occupy Wall St.,

---

### Public Sector

Civil Society

<table>
<thead>
<tr>
<th>Private Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Sector</td>
</tr>
<tr>
<td>Civil Society</td>
</tr>
</tbody>
</table>

---
Discussion

What does it mean to be poor?

Why are people poor?

Why are communities poor?
Potential answers from participants & “popular” answers

- Lazy
- Wages are too low
- Lack education
- No skills
- Not enough jobs
- Racial/immigrant discrimination
- Disabled
- Felonies
- Family poverty/history
- Too many kids
- Obligations to other family members (aging parents)
- Culture of poverty
- Not enough jobs

Causes of Poverty

- Power
- Capitalism
- Institutional Weakness/conflict (Washington Consensus & Treaty of Detroit)
- Isolation from Regional Economy
- Lack of financial wealth & assets
- Education Achievement
- Culture of Poverty
- Racial Discrimination
- Spatial Mismatch
- Out-Migration
- No/Poor Business Development
- The Truly Disadvantaged by William Julius Wilson
GNP-Monetized
½ of Cake
*Top two layers*

Non-Monetized
Productive ½ of Cake
*Lower two layers*

“Private” Sector

“Public” Sector

“underground economy”

“Love Economy”

Mother Nature

GNP “Private” Sector
Rests on

GNP “Public” Sector
Rests on

Social Cooperative
Love Economy
Rests on

Nature’s Layer

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## Other Theories of (Local) Economic Development

<table>
<thead>
<tr>
<th>Theory</th>
<th>Summary</th>
<th>Authors/Texts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Endogenous Growth Theory</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Staple Theory</td>
<td></td>
<td></td>
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<tr>
<td>Classical</td>
<td></td>
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<tr>
<td>Neo-Liberal</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social Theories</td>
<td></td>
<td>E. F. Schumacher</td>
</tr>
<tr>
<td>Creative Class</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consumption Theory</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Wealth & Ownership

Presented by
The Bronx Cooperative Development Initiative
&
________________ [insert name of partner]
Why do the others say NWBCCC but this one leaves the second organization name blank?
Maggie Tishman, 7/25/2013
Goals

• To explore the concept of wealth
• Review the importance of wealth & inequality
• To explore building wealth through ownership as an economic development strategy
• To explore different types of wealth
Agenda

- Introduction (10 min)
- What is Wealth? (20 min)
- Wealth Inequality (30 min)
- Types of Wealth (20 min)
- Case Studies and Wealth Matrix (30 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 computer
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Review & Connection: Yankee Stadium
Review & Connection

The World as It Is...

*Seen in Development of New Yankee Stadium...*

- Those who **own** make the rule
- **Owners** get profit.
- **Owners** pay low wages so they can take more profit
- **Owners** get public subsidy

The World as it COULD Be...

- **What if instead of fighting Yankee Stadium we built Yankee Stadium? 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**.
Green Bay Packers

The Packers:
- Owned by 110,901 shareholders who bought a share for no more than $200.
- In 1923, Packers organized as a not-for-profit organization; bylaws state "this association shall be a community project, intended to promote community welfare"
- Lambeau field longest-continually occupied stadium in NFL
- Only NFL franchise in city of its size (103,000 people)
- No economic dividends or perks to shareholders; but team cannot easily move and team gives $1 million back to community
- Concession stand run by Holy Cross School and Green Bay Curling Club, or other local orgs
- “Outlawed” by NFL; all teams must be owned by a majority owner. There will be no more teams like the Packers

Economic Democracy
- Collective ownership
- Democratic Governance
Defining Wealth

(1) **Income**
Financial Resources from Work, Investments or other sources

(2) **Flow**
Expenditures on Consumption

(3) **Assets**: something that provides future economic benefit
Examples of Assets:
- House
- Education
- Car
- Farm
- Land

(4) **Liabilities (debt)** - money that is owed, such as loans, mortgage, etc.
Wealth

**Household wealth** is the accumulated sum of assets minus the sum of debt.
Wealth Inequality in the US

- Examine Wealth Inequality
- Provide Historical Perspective
- Assess Why Things Have Changed
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
1930’s – 1970’s: New Deal through Post WWII

Treaty of Detroit
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1970’s to Today

Washington Consensus
Institutions support economic policies and norms that lead to inequality.

This time period marked by:
- Gov’t hostile to labor
- Deregulation a priority for federal administrations
- Lower taxes on wage and non-wage income
- Minimum wage stagnates
- Increase capital mobility through free trade and other agreements
- Financialization of economy
- Weak unions; declining power of manufacturing sector in US
Shift Exemplified by...
Government Hostile 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.
Shift Exemplified by...

Change 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

Wealth of the top 1%

Share of stock holdings held by top 10% has barely budged in last two decades

Distribution of stock market wealth held by U.S. households by wealth class, 1962 - 2007

Source: EPI analysis of Survey of Consumer Finances.
Wealth Inequality and Race

**Median Net Worth of Households, 2005 and 2009**

<table>
<thead>
<tr>
<th>Year</th>
<th>Race</th>
<th>Median Net Worth</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>Whites</td>
<td>$134,992</td>
</tr>
<tr>
<td></td>
<td>Hispanics</td>
<td>$18,359</td>
</tr>
<tr>
<td></td>
<td>Blacks</td>
<td>$12,124</td>
</tr>
<tr>
<td>2009</td>
<td>Whites</td>
<td>$113,149</td>
</tr>
<tr>
<td></td>
<td>Hispanics</td>
<td>$6,325</td>
</tr>
<tr>
<td></td>
<td>Blacks</td>
<td>$5,677</td>
</tr>
</tbody>
</table>

Source: Pew Research Center tabulations of Survey of Income and Program Participation data

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

- Whites: -16%
- Hispanics: -66%
- Blacks: -53%
Shift Reflected In: Productivity Gains Do Not Go to Labor
It Was Not Always This Way...

Source: U.S. Census Bureau, [Historical Income Tables: Families](https://www.census.gov), Table F-3 (for income changes) and Table F-1 (for income ranges in 2009 dollars).
It Was Not Always This Way...

What Changed?

• Relationships between government, business, and labor changed.
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!
The Point Is...

No single policy caused these changes.

The shift was influenced by a number of complex political, social, and economic factors.

Yet the point remains: The inequality of today was not always present, nor is it inevitable—things can change.
Solution

“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

Discuss
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.
Redefine 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, river, 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

Credit:
Sprout, from the Noun Project (natural capital)
Tried out a new layout. Let me know what you think.
Maggie Tishman, 7/29/2013
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: ??

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)

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,

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

Credit:
Pete Fecteau, from the Noun Project (cultural capital)
Had to leave investments and returns blank for cultural capital. Also may need to search for new illustration...

Maggie Tishman, 7/29/2013
Wealth Case Study: Market Creek

• The Neighborhood
Market Creek

• Ownership (page 5 of own a piece of the block) scan
Profits

• Page 7 own a piece of the block [scan]
Market Creek

Shopping Plaza

Shopping Plaza
Market Creek

Bridge connecting 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.
Market Creek

Dry Creek Bed, restored during Market Creek construction

Outdoor Performance Space
Market Creek

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.
Market Creek

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

Market Creek is taking over development, creating affordable housing.
Market Creek: Future Plans

• [insert village plan]
MBT2

Will we add to this slide or should we delete?
Maggie Tishman, 7/25/2013
**Wealth Matrix**

<table>
<thead>
<tr>
<th><strong>Type of Wealth</strong></th>
<th><strong>Strategy:</strong> Develop a shopping center where there investors (shareholders) are neighborhood residents &amp; stakeholders, the Jacobs Foundation, and a neighborhood foundation.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual (Human)</td>
<td></td>
</tr>
<tr>
<td>Social</td>
<td></td>
</tr>
<tr>
<td>Intellectual</td>
<td></td>
</tr>
<tr>
<td>Natural</td>
<td></td>
</tr>
<tr>
<td>Built</td>
<td></td>
</tr>
<tr>
<td>Political</td>
<td></td>
</tr>
<tr>
<td>Financial</td>
<td></td>
</tr>
</tbody>
</table>
Activity

• 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.
Income Inequality

Average After-Tax Income by Income Group, 1979-2007
(in 2007 dollars)
Economies in Crisis: The Great Recession

Presented by
The Bronx Cooperative Development Initiative
Goals

• Understand how the banking system works in the United States
• Understand what a bank run is and why/how it happens
• Understand the role of the Federal Reserve in the banking system
• Understand how the Fed sets interest rates
• Understand the bailout as a policy response to the financial crisis and its effect on the economy
Agenda

- Introductions (10 min)
- How the Banking System Work (15 min)
- What led to the Great Recession (20 min)
- Government Response to Economic Crisis (30 min)
- The Machine (30 min)
Roles in the Economy

- Family
- Small business
- Commercial Bank
- Investment Bank
- Investors
- Federal Reserve
Investment banking

COMMERCIAL BANK has $1 million

COMMUNITY needs $1 million
Investment banking

COMMERCIAL BANK lends $1 million

COMMUNITY borrows $1 million
Investment banking

COMMERCIAL BANK needs more money to make more loans

COMMUNITY pays interest on loan

interest %

I.O.U.
Investment banking

INVESTMENT BANK will buy the loan from the commercial bank

COMMERCIAL BANK + I.O.U.

COMMUNITY

interest %
FEDERAL RESERVE has lots of money

INVESTMENT BANK will buy the loan from the commercial bank by borrowing from the Fed

COMMERCIAL BANK

COMMUNITY

Investment banking

interest %

+ I.O.U.
Investment banking

FEDERAL RESERVE lends $4 million

INVESTMENT BANK
borrows $4 million

COMMERCIAL BANK

COMMUNITY

interest %

$4 million

debt $$$$
INVESTMENT BANK will buy the loan

COMMERCIAL BANK will sell the loan

LOAN

$price+$I.O.U.

I.O.U.

COMMUNITY
Investment banking

INVESTMENT BANK needs to pay back the Fed

COMMERCIAL BANK has money to lend

COMMUNITY

+ I.O.U.
INVESTMENT BANK will then sell the loan

INVESTORS will buy the loan from the investment bank.

COMMERCIAL BANK
INVESTORS collects payments from community
INVESTMENT BANK will repeat with other banks

COMMERCIAL BANK

INVESTORS

principal + interest

$ + %

COMMUNITY
INVESTMENT BANK will repeat with other banks.

principal + interest

$ + %

I.O.U. +

INVESTORS

COMMERCIAL BANK

COMMUNITY
FEDERAL RESERVE gets its money back

INVESTMENT BANKS will pay back the Fed

COMMERCIAL BANK

COMMUNITY
FEDERAL RESERVE

COMMUNITY

INVESTMENT BANK
keeps its profits

COMMERCIAL BANK

COMMUNITY
FEDERAL RESERVE
earned interest

INVESTMENT BANK
keeps its profits

COMMERCIAL BANK
has money to lend

COMMUNITY
got its loan

INVESTORS
earns interest on loan

I.O.U. +
This wound up being a pretty rosy picture of how the system works...is it too positive?
Maggie Tishman, 7/26/2013
The Great Recession

• Easy access to excessive debt
• Housing bubble
• Securitization of mortgage loans
Bank run

• Banks lend out the money their client deposit for a fee
• This means they do not actually hold all the money their various clients have deposited.
• If all clients wanted to withdraw their savings the bank would not be able to give everyone their money.
• If a bank run happens at numerous banks at the same time, a banking panic ensues.
• Policy measures and regulatory institutions (such as the Fed) work to prevent banking panics.
Debate

Stimulus vs. Austerity

If we lived in an economic democracy, what would be our response to crisis? Would it be different? Why?
Economics and Oppression

Presented by
The Bronx Cooperative Development Initiative
Goals

• To explain how economies exploit particular within the population based on discriminatory ideologies that have historically disadvantaged them and continue to do so today
• To explain how economic democracy can offer a base for addressing economic oppression within communities
• Overall, to give participants a chance to discuss their experiences with oppression within the economic system
Agenda

• Introductions (10 min)
• Flawed Theory (20 min)
• The Wheel of Power (40 min)
• Concentric Circles (20 min)
• Fighting Oppression (20 min)
Wheel of Power

- The ability to control your environment, include, exclude, and determine including the behavior of other entities

- The ability to control administration of some or all of public resources, including labor, and wealth

- The ability to influence based on money, wealth, buying ability

- The ability to use an idea or belief (fact or myth) as a means to influence or normalize conditions
Concentric Circles

• What is your biggest dream for yourself?
Concentric Circles

• What is your biggest dream for the youngest child in your family?
Concentric Circles

• What is your hope for your community?
Concentric Circles

• Thinking about the social, political, economic, and ideological power that some people in society have, what structural forces prevent you from achieving your dreams?
• Or, are there forces that normally work against people who look/are like you, who are your situation, etc.?
Conclusion

• Oppression = power + prejudice
• Ideologies
The Four *Is* of Oppression

1. IDEOLOGICAL
2. INSTITUTIONAL
3. INTERPERSONAL
4. INTERNALIZED

Credit:
Juan Pablo Bravo, from the Noun Project (Ideological)
Diego Chavez, from the Noun Project (institutional)
Scott Lewis, from the Noun Project (interpersonal)
External, from the Noun Project (Internal)
Worker Cooperatives

Presented by
The Bronx Cooperative Development Initiative
&
_______________ [insert name of partner]
Goals

• Explore the concept of worker cooperatives
• Examine a few examples of worker cooperatives
• Evaluate the potential of worker cooperatives as an economic development strategy
Agenda

- Introductions (10 min)
- Review Economic Democracy concept (20 min)
- Play Coopoly (45 min)
- What is a Worker Cooperative? (15 min)
- History of Worker Cooperatives? (20 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 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 till the end
- Return from break on time
- Turn cell phones on silent (not vibrate)
- One conversation, don’t talk over others
The Economy is...

• The economy is the way human societies meet their needs.

• Economics is concerned with how human societies organize themselves to survive in a world of scarce resources. Deciding
  (1) What is produced?
  (2) How should it be produced?
  (3) Who gets what is produced?

How do you answer these questions for yourself and your family?
What is economics? What is the economy?

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?
What kind of economy do we want?
Defining Wealth

(1) **Income**
Financial Resources from Work, Investments or other sources

(2) **Flow**
Expenditures on Consumption

(3) **Assets**: something that provides future economic benefit
Examples of Assets:
- House
- Education
- Car
- Farm
- Land

(4) **Liabilities (debt)** - money that is owed, such as loans, mortgage, etc.
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 kinds of wealth
1. Natural Capital
2. Social Capital
3. Individual (Human) Capital
4. Built Capital
5. Intellectual Capital
6. Political Capital
7. Cultural Capital
8. Financial Capital
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: A way of providing for our needs through collectively owned and governed institutions, including business, banks, and other factors of production.
Economic Democracy:

A way of providing for our needs through collectively owned and governed institutions, including business, banks, and other factors of production.

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
JED Diagram

Diagram showing the components of a solidarity economy, including SURPLUS ALLOCATION, CREATION, PRODUCTION, CONSUMPTION/USE, and EXCHANGE/TRANSFER. Key elements include:

- **SURPLUS ALLOCATION**
  - Self-Financing
  - Credit Unions
  - Community Re-Investment Struggles
  - Cooperative Loan Funds
  - Cooperative Banks
  - Community Development Credit Unions
  - Rotating Savings & Credit Associations
  - Community Financing

- **CREATION**
  - ECOLOGICAL CREATION:
    - The Commons
  - CULTURAL CREATION:
    - Community Land Trusts
    - Collective Ownership of Land

- **PRODUCTION**
  - D.I.Y. (Do It Yourself)
  - Worker Cooperatives & Collectives
  - Not-for-Profit Collectives
  - Self-Employment
  - Family or clan-based Production
  - Democratic ESOPs (Employee Stock Ownership Plans)
  - Producer Cooperatives

- **CONSUMPTION/USE**
  - Consumer Cooperatives
  - Ethical Purchasing
  - Self-provisioning
  - Collective Houses
  - Housing Cooperatives
  - Fair Trade
  - Community Currencies
  - Solidarity Markets
  - Sliding-Scale Pricing
  - Barter Clubs

- **EXCHANGE/TRANSFER**
  - Gifts
  - Solidarity Markets
  - Barter Clubs

- **COMMUNITY**

- **EDUCATION**

- **ENERGY**

- **SHELTER**

- **FOOD & WATER**

- **SOLIDARITY ECONOMY**
What if you owned your job?
Worker-Owned Cooperatives

A worker-owned cooperative
(or a worker co-op)
is a workplace democratically owned
and run by its workers.
Who we are

- THE BIGGEST BUSINESS GROUP IN THE BASQUE COUNTRY
- 10th IN THE RANKING OF SPANISH COMPANIES
- WORLDWIDE BENCHMARK IN WORK IN CO-OPERATION:
  MORE THAN 100,000 PEOPLE SHARING A BUSINESS IDEA
Who we are

PRESENT IN MORE THAN 70 COUNTRIES:
WITH 77 PRODUCTION PLANTS AND 9 CORPORATE OFFICES

WITH TECHNOLOGICAL INNOVATION AND INTEGRATION
AS THE DRIVING FORCES BEHIND ITS DEVELOPMENT
14 RESEARCH AND DEVELOPMENT CENTRES OF ITS OWN;
716 INVENTION PATENTS
Who we are

COMMITTED TO SOCIETY AND THE COMMUNITY
SOLIDARITY AND SOCIAL RESPONSIBILITY WITH THE COMMUNITY AS AN ESSENTIAL PART OF THE CORPORATION'S IDENTIFYING FEATURES
07
Integrated in every community

67,929 Total employees in Spain
On the global stage

NATIONAL AND INTERNATIONAL PRESENCE

EE.UU.

REINO UNIDO

FRANCIA

ALEMANIA

POLONIA

CHEQUIA

ESLOVAQUIA

RUMANIA

RUSIA

MARRUECO

PORTUGAL

BRASIL

MÉXICO

ITÁLIA

TURQUÍA

TAILANDIA

INDIA

CHILE

CORPORATE OFFICES / 9

MANUFACTURING SUBSIDIARIES / 77

14,674

Employees in subsidiaries and international offices
Management

General Assembly
(all worker-owners)

Board of Directors
(small group of worker-owners elected by peers)

General Manager
(appointed by Board of Directors)
Ownership

- **Capital Investment**
  - Buy into co-op
  - Can borrow money to make initial investment
  - Each worker has their own capital investment

- **Interest**
  - Each year the capital investment earns interest, so it increases.

- **Salary**
  - Worker earns regularly salary
  - Highest paid worker can only earn 6 times and much as the lowest paid

- **Profits**
  - Capital investment accounts also grow from profits of the co-op
Video

http://youtu.be/-obHJfTaQvw
**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.
Video

http://youtu.be/-obHJfTaQvw
# Coop vs. Traditional Firm

<table>
<thead>
<tr>
<th>Who Controls the business?</th>
<th>Worker-Cooperative</th>
<th>Traditional Business (Corporation or LLC)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Democratic Control by Members. Usually one vote per member.</td>
<td>Owners or Managers often control the day-to-day.</td>
<td>Shareholders and boards of directors also influence decision and policy.</td>
</tr>
<tr>
<td>Autonomy and Independence</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Who Owns the business?</th>
<th>Worker-Cooperative</th>
<th>Traditional Business (Corporation or LLC)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Member Economic Participation. To be a member of a worker co-op means you have invested your wages in the firm, and thus own a share of the company.</td>
<td>Investors, who could be individuals (as in an LLC) or shareholders, own the business.</td>
<td></td>
</tr>
<tr>
<td>Concern for Community is a principle of cooperatives. Some express this through donations to the community.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Who Benefits from the business?</th>
<th>Worker-Cooperative</th>
<th>Traditional Business (Corporation or LLC)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Member Economic Participation. The workers are the owners and investors, so profits accrue to the worker-owners.</td>
<td>Profits accrue to investors (again owners, or shareholders).</td>
<td></td>
</tr>
<tr>
<td>Concern for Community</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Capital</th>
<th>Worker-Cooperative</th>
<th>Traditional Business (Corporation or LLC)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital is subordinate to Labor</td>
<td>A factor of production (monetary, fixed, etc.) that is aggregated to produce goods/services that, when sold in the marketplace, yield profit.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Labor</th>
<th>Worker-Cooperative</th>
<th>Traditional Business (Corporation or LLC)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Workers are Owners Voluntary &amp; Open Membership Education, Training, and Information for members</td>
<td>Workers are a factor of production whose labor is rented through wages. Labor is necessary to generate profit.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Values</th>
<th>Worker-Cooperative</th>
<th>Traditional Business (Corporation or LLC)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Concern for Community Cooperation among Cooperatives</td>
<td>Vary. Many businesses have corporate responsibility policies.</td>
<td></td>
</tr>
</tbody>
</table>
Values

1. Voluntary and Open Membership
2. Democratic Member Control
3. Member Economic Participation
4. Autonomy and Independence
5. Education, Training, and Information
6. Cooperation among Co-operatives
7. Concern for Community

International Co-operative Alliance
Asset Mapping

Presented by
The Bronx Cooperative Development Initiative
&
Northwest Bronx Community Clergy Coalition
Goals

• Change our mindset from what our community *needs* to what our community *has*

• Further connect the ideas of wealth, assets, and economic democracy to the Bronx

• Deepen our understanding of community wealth
Agenda

• Brainstorm of Needs (10 min)
• Portrait of Gifts (15 min)
• Asset-Based Development (20 min)
• Inventory of Bronx Assets (30 min)
• Using Assets (25 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 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 till the end
- Return from break on time
- Turn cell phones on silent (not vibrate)
- One conversation, don’t talk over others
Needs ➔ Assets Shift

What we need

What we already have
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.
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 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.
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, and
  • (3) Businesses & Physical Resources. People
• Use the map to stimulate & record
Activity Part 2

• 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?
Policy I: Local Economic Development Policy

Presented by
The Bronx Cooperative Development Initiative
Goals

• Understand the policymaking process and how community level groups can participate in the policymaking process

• Critique the strategies used to improve the economic prospects of areas

• Place policy-making as part of an overall strategy for social change
Agenda

- Welcome and Introductions (10 Min)
- Introduction to Policymaking (15 Min)
- Local Government Policymaking (30 Min)
- Implementing Economic Democracy (30 Min)
- Limitations of Policymaking (25 Min)
- Evaluation and Close (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 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 till the end
- Return from break on time
- Turn cell phones on silent (not vibrate)
- One conversation, don’t talk over others
Three-Stream model for policy-making

• *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 policy making takes into consideration the political factors that influence agendas, such as changed in elected officials, political climate or mood, and the voices of advocacy or opposition groups “We should do this now. This is important now.”
NYC Local economic development agencies

• Municipal departments of economic development
• Industrial Development Agencies (IDAs)
• Community development agencies / urban renewal agencies → many URAs have become CDAs to take advantage of federal funding
• Local development corporations (not-for-profit)
• Local Empire Zones → targeted at economic distressed areas
• Regional planning councils
• Business Improvement Districts (BIDs)
Evaluating Local Economic Development Policy

• 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?
Policy II: Labor and Government

Presented by:
The Bronx Cooperative Development Initiative
&
Northwest Bronx Community Clergy Coalition
Goals

• To examine the role(s) of government in society
• To provide participants with an overview of the labor movement in the U.S.
• To consider the role of organized labor and labor unions in building institutions in line with economic democracy
Agenda

• Welcome & Introductions (10 min)
• Role of Government (30 min)
• Wage Exploitation Activity (40 min)
• Potential of Labor Unions (30 min)
• Evaluation & Conclusion (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 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 till the end
- Return from break on time
- Turn cell phones on silent (not vibrate)
- One conversation, don’t talk over others
Ruling Institutions
Money Corporations, oil companies, media moguls, philanthropy, banks,

Mediating Institutions
Government, the press, court, military/police, labor union, church

Civil Society & the Rest of Us
Families & individuals, small business, block clubs, nonprofits, Occupy Wall St.,
Civil Society & the Rest of Us
Families & individuals, small business, block clubs, nonprofits, Occupy Wall St.,

Worker Cooperatives; Employee-Owned Company; Consumer Cooperative; Fair Trade

Housing Cooperatives; Community Land Trust; Mutual Housing Association

Credit Unions

Participatory Budgeting

Work!

Home & Land!

Financial Institution!

Government!

Mediating Institutions
Government, the press, court, military/police, labor union, church
Circuit of Capital

DANCING TO THE TUNE OF THE MARKET (Circuit of Capital)

G - capital
Banks

A - labor

C - production process

B - means of production

D - output

E - market

F - ACCUMULATION

Leakages
- Profit repatriation
- Real estate speculation
- Mergers & acquisitions
- Financial speculation

$ - $ = PROFITS
Role of the Government

Regulating

- Part I: http://youtu.be/KZDjPnzoge0
- Part II: http://youtu.be/IVwk6VIxBXg
Holistic Connections

- Soil Contamination
- Air Pollution
- Wages
- Cars
- Health Problems

Car Factory
Role of the Government

Taxing
Role of the Government

Shaping Markets:

“Market forces don’t exist in a vacuum. Market forces are shaped. They are shaped by rules, regulations, by politics.”

Dr. Joseph Stiglitz,
Recipient of the Nobel Prize in Economics
Role of the Government

Allocating surplus