

A cooperative model of social development: Using the workplace for social and individual growth

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Principles & Illustrations

This August 2004, at the Workshop on AlterGlobalizations in San Miguel de Allende, in the state of Guanajuato, Mexico, we were talking about topics on alternatives to capitalistic accumulation as well as issues surrounding social and distributive injustice. This paper explores the concepts that can serve as a stepping-stone for grassroots community economic development. With it, I intend to bridge the gap between profit and non-for-profit cultures.

This paper plants ideas in our heads, from which to build cooperative social enterprises. It should be a bridge not just of economic opportunity to those who are marginalized, but a conduit to the social services that foster sustained opportunity. After a grassroots, strengths based need assessment is done, those who are marginalized can capitalize on the gaps that are revealed. Due to the ambiguity in the word cooperative, I will use the term community enterprise interchangeably with cooperative. Community enterprises revitalize communities through progressive personal and systemic collaboration. It is one alternative to the secluded individual enterprise or the large-scale, absentee-owner corporation propagated by the trickle down theory economic growth model. (Midgley, 1997)

It should use both its internal, participatory structure as well as external resources for true micro (intra & interpersonal) and macro (systemic) change. The basis in which I propose the cooperative businesses as a community/social enterprise for social development, in the USA and elsewhere, is because:

- Successful job retention for low and very low-income community residents often required the involvement of supportive services. Community enterprises can collectively decide what services the surplus profit is used toward.
- These services should be utilized as enterprise opportunities by those who most understand its need.
- The project may be able to claim federal grant moneys as certain projects funded with government sources are legally bound to support economic development for low-income residents. (The Enterprise Foundation, 2003; Saul, 2001)

Current trends of governmental welfare, in the United States, stresses a consumption, minimalist, remedial emergency based intervention system. (Midgley, 1997) Midgley (1997) points out that an alternative, more holistic and sustainable approach to social intervention is social development, a model that incorporates social and economic disciplines for the well being of all. There are certain attributes of the cooperative (worker-owner) business model that contribute to this model of social development.

Below is a brief outline of concepts and its application showing how the cooperative business model is valid for filling individual psychological needs (there is a need for academic research regarding this) and providing a path out of economic and communal poverty. The components below are part of a puzzle that when put together may equate to equitable, sustainable holistic social development and community revitalization.

Horizontal equality

Burch (1996) defines horizontal equality as those with equal merit receiving the same share of

distributed resources. A major flaw in vertical economic structures (and we must be careful when reading about cooperatives, for some vertical structures are using the terminology) is a lack of *compartible worth*. In an economic model that recognizes social capital and values the human component behind work, *compartible worth* is found when we set an equivalent standard based on equal value of different work. (Burch, 1996) For example, in a setting with *compartible worth*, an ingredient that leads to horizontal equality (Burch, 1996), childcare teachers and nursing home caretakers would be paid an equal wage as a supervisor or manager.

In a community enterprise, it is viable to choose to pay the worker-owner childcare teacher (whom allows the other worker-owners to attend to their positions, especially for single mothers) an equal wage as the manager of the enterprise.

Having a system based on horizontal equality, it is necessary to form specific constitutions of equal merit across different work fields. A dialogue between participants should lead to agreed-upon, culturally appropriate values that serve as the baseline of equal merit. Under this model of horizontal and participatory social development, there should be less of a need for consumption welfare, for the welfare of the people is placed back in their hands. (Midgley, 1997)

Horizontal organization

An administrative structure that practices empowerment and offers all members appropriate chances of advancement, so long as it does not harm the whole.

Application: *the Concentric Ring Theory* Participants nominated for leadership enter back into the core group when the term is over. This avoids oligarchy and encourages learning as exiting leaders pass their learned skills onto incoming leaders. (personal conversation with Dr. Morris Saldov, professor in Monmouth University's Social Work Department, 2004; Maya Vanic Coffee Cooperative, Board meeting in Chiapas, Mexico, 2004)

From dependence to Independence & Interdependence The United States welfare system is slowly moving away from dependence, since the welfare reform of 1996. However, the reform is greatly lacking and those who exit welfare are still not able to be independent. Those interested in reducing poverty and increasing community may want to propose a pilot project to use the current welfare system as a springboard for community enterprise.

Application: The current welfare program for economically needy families is Temporary Aid for Needy Families (TANF). Under this law, recipients can use some of the money towards a business by a special savings account called Individual Development Assets (IDA) where the US government banks a dollar for every eligible earned dollar saved. This may help individuals contribute to their buy-in of the worker-owned community enterprise. For the state of New Jersey, one would call the Department of Community Affairs for information on the IDA program. Community enterprises are not in the structure of the IDA program. It is up to the community organizer to orchestrate this. The Philippines, according to Midgley (1997), also has a micro-enterprise component in its welfare system. Another option for funds is to urge banks to follow their legal responsibilities under the Community Reinvestment Act.

Distributive Justice

Following the shown need of integrated economic and supportive services to open economic opportunities for low and very low-income populations, the factors that allow access to opportunity must be interwoven into any welfare-to-work programs. Only then can distributive justice begin to truly emerge. Distributive justice is when all people (and sentient beings) have the mental, social and material needs for natural & healthy development.

In the US, child-care is very expensive, even costing more than rent in some cities. Childcare and

transportation are the greatest hurdles preventing welfare-to-work recipients from holding steady employment. (Cresson, 2004; Saul, 2001) For those on welfare, job stability increases 82% when childcare is offered. Meanwhile, 76% of requested programs are left without proper funds in 32 states. (Newman, et al, 2000) This inequality is a demonstration in the lack of distributive justice. Some ways a community enterprise can capitalize on this is through:

1. The cooperative can vote, as its primary enterprise or with accumulated funds from its primary enterprise, to buy a community van that may help the community with difficulties in transportation; or they can vote to focus on writing grants or forming a partnership with the Department of Transportation
2. Childcare can be provided for cooperative members, with the caretaker being an equally valued position, or it can be primary cooperative enterprise. Childcare is considered a valid TANF work activity (SPDP, 2001), so the caretaker may be able to springboard from welfare to business owner as a childcare worker. For Small Business or Child Care (Business) Loans in the USA, visit <http://www.njeda.com/brochure.asp> For technical assistance in creating a childcare business, visit the Educational Information & Recourse Center at <http://www.eirc.org/>

The inequality in educational conditions and opportunities between economic classes can be addressed through orchestrating community resources to provide occupational and leadership training. Local professionals as well as government agencies such as the Department of Labor might provide this. Eventually, partnerships may be able to be set up with local community colleges so that the training sessions can culminate into a recognized certificate, for community organizing, leadership or some other related skill. This is a community strengths-based approach to community development. I would also approach the local Chamber of Commerce (which may be either for or against these efforts) and the Small Business Bureau for technical assistance.

Environmental Sustainability

Just as economic justice is a goal we should all work toward, so is environmental justice. In the excessive large scale corporate model that the world embraces today, the global reality unfairly and unjustly punishes countries and peoples that do not benefit from the enterprise causing the environmental destruction and are often not consulted or repaid for their ill health. For innovative business ideas related to environmental sustainability, visit the Institute for Local Self Reliance at <http://www.ilsr.org/recycling/>

One enterprise example described on the Institute for Local Self Reliance's website is Community Woodworks: A mill that reprocesses & reworks deconstructed lumber. For more information, email ilsr@igc.org or read the already cited paper of Richard Saul (2001). Another environmentally sustainable proposal is to set up a community transit and job (car)-pooling cooperative. Offer large industries the service of setting up car-pool lists for their employees. (Massie, 1996) If many low-income workers are employed there, reliable transportation is likely to lead to reliable job stability and hence less costly turnover for the employer.

Multi-layered Collaborations

"Productive Chains, integrated in the form of Cooperatives that complement each other, which enable advantages of scale. Each one of these should have their own formal organization and their relations should be formalized in covenants and contracts according to the services they provide. Groups of cooperatives must be integrated into a Union of Cooperatives or other formal organization." - Rommel Gonzalez

"We must build vertically integrated local enterprises that will create jobs and career opportunities with family-sustaining wages and fringe benefits and with (community & individual) upward mobility. We must look to sectors of the local economy in which we can build enterprises that will reverse the dollar

drain from low-income communities and revitalize community life." - Richard Saul

Main Street programs (check your state Department of Community Affairs, the NJ program offers technical assistance in united down town businesses), Consulting Paper Boat at <http://www.paperboat.com> and Community Partners, Inc. at <http://www.wraparoundsolutions.com/> might be able to provide technical assistance to develop these collaborations. I am sorry, the first website is in English only, but the latter is in both Spanish and English. These two both focus on social service collaborations and strengths-based community organizing. The wrap around approach, which is a community strength-based approach, is newly institutionalized in New Jersey's (USA) Division of Child Behavioral Health Services. Their approach currently focuses on collaborations for mental health, yet the wrap around language is a step closer to realizing the potential for social development, which includes economic realities into community health. I would like to see grassroots economics as the next rung on the ladder.

An agency or enterprise should have social, economic and environmental capitol as their triple bottom line. This is one vision statement of the Business Alliance for Local Living Economies (BALLE), a network of grassroots local first independently owned businesses. Also, an agency or community enterprise, or any organizing campaign, should have in mind the health of the individual, the family, the community and the larger globe. Collaborations are one way to make this happen.

An example of multi-layered collaborations is found in the Cooperatives in the Mexican State of Hidalgo (Bowman, 2004), which has two layers:

A. The 1st layer of organization is the individual cooperative business, where every person has 1 vote

B. The 2nd layer organization: "The Integrator", a Coalition of cooperative businesses, each cooperative has 1 vote. The Integrator provides credit and training.

Approach your municipal Community Action Agency, the local administers of federally funded programs, to partner for sponsorship and shared grant writing. First do some preliminary research of why your community might need an agency or project like the one you propose. Within the Community Action Agency Act, Senate 909, these agencies are mandated to "coordinate and establish linkages between governmental and other social services programs to assure the effective delivery of such services to low income individuals and to encourage the use of entities in the private sector of the community and efforts to ameliorate poverty in the community."

Paradigm (v)

We all want to live in a world without violence, without war and without poverty. For this to happen, we need to reflect on ourselves and on the world. We need to challenge the paradigms that feel second nature to us, and we need to examine and analyze the paradigms of global structures and current trends of development. The world is not a static place. Empires come, empires go. I like change. I want to live in a dynamic world. However, I want to see a world where each individual can change with his or her growing potential, not a world where rulers conquer, ruin, collapse and lead the way for another to conquer.

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