Financing the Solidarity Economy

by Ruth Caplan

While successful community currencies like Ithaca Dollars and BerkShares are making a difference for small local enterprises, they do not represent a scale of capital needed to create an alternative economic system like Mondragón. Is it possible to take on Wall Street and fund Main Street in a way that does not depend on an ever-increasing consumption of goods, but rather on local enterprises that meet local needs through services, repairs, local food, production of durable goods and regional trade networks? How would these be financed?

Local financing is not a new idea. Since 1974, the Institute for Local Self-Reliance has been working to "provide for local ownership of the infrastructure and resources essential for community well-being." Recently ILSR helped open a local bookstore in Brooklyn despite the Great Recession, thanks to $70,000 in loans from prospective customers (and a larger sum from the World Trade Center Small Business Recovery Fund.)

Today, with banks and corporations sitting on cash because they are unsure whether demand will grow to justify investments in production, there is a real opportunity for local financing of local needs like the bookstore. The question is whether this will be just a temporary uptick or whether deep roots can be established that will allow local financing to be sustained and grow when corporate capital comes roaring back.

Some institutions evolving to fill this need fit under the umbrella of "slow money." Woody Tasch, the author of the book *Slow Money* and one of the founders of the non-profit Slow Money Alliance, calls slow money "a growing epiphany" and contrasts it with the "three trillion a day [which] goes through currency markets." He continues, "In the 21st century that idea of just letting money go as fast as it can, taking some of the surplus and trying to clean up the problems is no longer appropriate for the 21st century. We must find ways to invest with much more realistic return expectations for the benefit of future generations."

Right now, Slow Money focuses on the food system because the depletion of our soil is symbolic of the destruction caused by our monopoly-capitalist economy. It has an impressive group of 80 founding members from private investors and bankers, to organic farmers, philanthropists, foundation board members to people incubating alternative businesses. The founders include Simon Rich, former CEO of Louis Dreyfus Natural Gas, and Robert Zevin, a founder of Calvert Social Investment Fund, which invests in corporate stocks as well as bonds. While not fast money venture capitalists, many of these Slow Money advocates are very much part of today's corporate capitalist economy. Can they really create the change we are looking for? And how dependent is this movement on Wall Street for injecting the needed capital?

Another question is whether in a capitalist economy small local businesses will remain small. Recent history is not encouraging. Ben and Jerry's (acquired by Unilever in 2000), Bert's Bees (acquired by Clorox in 2007), Tom's of Maine (acquired by Colgate-Palmolive in 2006), Odwalla (acquired by Coca Cola in 2001) are all local enterprises which, when they became successful, were sold to large corporations. How will slow money initiatives be any different?

Community loan funds such as Forge, which finances rural development in Arkansas, provide a model which does not depend on Wall Street, but they lack the commitment to networked worker-owned cooperative enterprises associated with the solidarity economy. Equity Trust comes closer in their focus on land tenure and financing farm land trusts. For the most well-developed example of solidarity financing in one sector we need look no further than the dairy section of our grocery store, while the most promising diversified model is to be found in Cleveland and hopefully soon other cities, inspired by Quebec's *Chantier* and Spain's Mondragón Cooperatives.

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Organic Valley

George Siemon, CEO of Organic Valley Family of Farms, is a founding member of Slow Money, along with Ben Cohen of Ben and Jerry's. Will Organic Valley go the way of Ben and Jerry's or does it make a difference that Organic Valley is a cooperative? As they say on their website: "the key to our success is our cooperative business model. The 1652 farm families who produce our premium quality food products share a voice in the future of our business—because they own it!"

How about scale? Can 1652 farms still be considered local? Maybe so. Again on their website they say: "In an era where corporations dominate all facets of business including government, global energy, agriculture and global food supply, Organic Valley serves small farmers and rural community health by combining two alternative business models—the family farm and the cooperative. Our cooperative was founded to nurture local communities by keeping farmers on the land, farming. We understood from the beginning that we would need to pool our product in a cooperative fashion to accomplish that goal."

Organic Valley is also in sync with the Solidarity Economy principles in that they do not have shareholders. Farmer members establish equity when they join the cooperative. There is a democratic structure in place and profits are divided: 45% to farmers; 45% to employees; 10% to community.