

Towards a New Form of Economic Development:
Why the Need for an Ownership Revolution Has Never Been Greater

Jerome Birolini
Schumacher College
MA Economics for Transition
SCH504
Schumacher College
Dissertation
August 2014

ABSTRACT

The following paper is rooted in what is now globally recognized as one of the main threats for the future of our civilization, namely social and economic inequality. After initially looking at the causes and consequences of inequality, we will focus our attention to the economic thinking which came out of highly unequal times. The mutualist and cooperative principles which were at the heart of their practices remain a great source of inspiration for today's activists and have been informing some of the most promising social experiments which are currently taking place around the Globe.

In the second part of the paper, we will look into more details at the community land trust, the social enterprise and the co-operative, three different types of community wealth-building strategies. By vesting ownership in community stakeholders and therefore preventing capital to leak out from the locality, these types of approaches have proved that can help improve the ability of communities and their residents to own assets, anchor jobs, expand public services, and ensure local economic stability while contributing to environmental sustainability and social justice. Yet a key lesson learned from the case study analysis is that a core element of their success is the support of local civic leaders and the establishment of multi-stakeholder partnerships. As economic decline, government austerity, privatization and wealth inequality continue to squeeze ordinary citizens and lead to the rapid expansion of a new precariat, we will argue that this type of collaborative, locally-rooted and community-owned approaches should now be embraced by the public sector if we are to advance the building blocks for a fairer, more sustainable and more resilient society.

ACKNOWLEDGEMENTS

This thesis is only a small piece of a deep and continuous personal inquiry into how I understand the World around me and act as a part of it. It started about six years ago, when I decided to leave the life of a London financier, and has culminated during the last year, with me studying on a Masters in Economics for Transition at this very unique place that is the Schumacher College. Such piece of work would have never seen the light without the inspiration and insights provided by the many people that I have met along the way.

Among them, I would like to show a special gratitude to the whole team at Incofin, and in particular, to Loic de Canniere, Geert Peetermans and David Dewez, who gave me the opportunity to join them. The three years that I have spent there were rich and enlightening and gave me the strength to keep pursuing my personal questioning and evolution.

I would also like to thank everyone that I have met at the Schumacher College for making my time there such a unique life experience. I am grateful to all of the amazing individuals that I have had the privilege to study alongside in the learning community of my economics class, but also to the College staff, and I extend special thanks to both Jonathan Dawson and Tim Crabtree for their unwavering support and encouragement. Finally I would like to thank Fernanda Limon, Sally Prowitt, Mona Rathsmann, John Blow, Janosch Kamal and Maxime Lagaisse for their friendship and without whom this experience would have been very different.

I would also like to thank all of those that have participated and contributed either directly or indirectly to this thesis. This includes: Michel Bauwens, Pat Conaty, Tim Crabtree, John Emmeus Davis and Annemarie Naylor, and Kate Swade. Among them, I would like to give a very special thanks to Kate, who very generously accepted to be interviewed twice, and a very very special thanks to Pat, my tremendous supervisor whose support, depth of knowledge and enthusiasm were beyond everything I could have imagined.

Finally, and most importantly, none of this would have been possible without the understanding, the support, the patience and the unconditional love of my beloved one: Natalia Behaine. Gracias cosita!

TABLE OF CONTENTS

INTRODUCTION	5
Chapter 1: ON INEQUALITY	6
1.0 Why does it Matter?	6
1.1 Where does Inequality Come from?	7
1.2 19th Century Europe: The Origins of Modern Inequality	8
Chapter 2: THE RISE OF A NEW ECONOMIC DISCOURSE	14
2.0 19th century thinking: Land reform and mutualisation	14
2.1 20th century thinking	16
2.1.0 Garden cities	16
2.1.1 Gandhian economics and the trusteeship	17
2.1.2 The rise of the CLT movement	19
Chapter 3: THE EMERGENCE OF A NEW INFRASTRUCTURE AND THE RISE OF A NEW PRECARIAT	24
3.0 The emergence of the <i>Internet of Things</i> and the rise of a zero marginal cost society	24
3.1 The end of work and the rise of a new precariat	27
Chapter 4: WHERE DO WE GO FROM HERE?	30
4.0 When the 19th meets the 21st century	30
4.1 On the need for social-public partnerships: 3 case studies	34
4.1.0 The Champlain Housing Trust	34
4.1.2 Coin Street Community Builders	39
4.1.3 The Evergreen Cooperative Initiative	43
4.2 Time for a new economic discourse	49
CONCLUSION	54
REFERENCES	57
APPENDICES	64
Appendix A: BENEFITS OFFERED BY THE COMMUNITY LAND TRUST	64
Appendix B: THE RISE OF THE COLLABORATIVE ECONOMY AND THE CRISIS OF VALUE	66
Appendix C: THE MONDRAGON CORPORATION AND THE EMILIAN MODEL	73

INTRODUCTION

"A society is ultimately judged by how it treats its weakest and most vulnerable members"

- Hubert Humphrey

In 2014, just 12 million people, or 0.1% of the World's population, controlled USD 46 trillion dollars or close to two thirds of world GDP. An even tinier group of people, 0.001% (111 thousands people), controlled a third of that amount¹. Economic inequality has become one of the most pressing concerns of our time. A recently-published NASA-funded study identified the increasingly unequal wealth distribution as one of the two main threats that might eventually drive our civilization to collapse². Unexpected figures such as the Pope have now publicly called on a redistribution of wealth by the World's governments³ and even the rich and powerful, who gathered earlier this year at the World Economic Forum in Davos, have started to echo their worries about the growing gap between rich and poor⁴.

But why do economic inequalities matter? Where do they come from? And more importantly, how can they be curbed?

Classical and neoclassical liberal economists have historically not taken a stance on wealth inequality. Instead, they rather focus their attention on maintaining equality and freedom in action regardless of whether it leads to equal or unequal wealth distribution. Classical liberal Milton Friedman notably said that *a society that puts equality before freedom will get neither. A society that puts freedom before equality will get a high degree of both*. And yet, the most recent evidence shows us the exact opposite. Since the Reagan-Thatcher revolutions of the 1980s, which were aimed at providing greater individual economic freedom by lessening the role and interventions of the State while further deregulating the markets, disparities between the rich and the poor have increased, and most specifically in those countries where economic liberalization policies were most starkly implemented. In the United States

¹ http://www.tni.org/sites/www.tni.org/files/download/state_of_power-6feb14.pdf. Accessed online: May 9th 2014

² The other one being an unsustainable resource exploitation <http://www.theguardian.com/environment/earth-insight/2014/mar/14/nasa-civilisation-irreversible-collapse-study-scientists>. Accessed online on May 8th 2014

³ <http://www.rawstory.com/rs/2014/05/09/pope-francis-urges-governments-to-redistribute-wealth-to-the-poor-maybe-even-half-of-it/>. Accessed online on May 8th 2014

⁴ <http://www.theguardian.com/business/economics-blog/2014/jan/19/davos-inequality-world-economic-forum>. Accessed online on May 8th 2014

for instance, the top decile total income (including capital gains) share has increased from 40% of the total income in the 1980s to almost 50% in the 2000s-2010s⁵. In Europe, where this process of economic liberalization took place but was not as pronounced as in the United States or in the UK, a similar tendency was observed although to a lesser extent, with the top decile total income share going from about 30% of the total income in the 1980s to a little under 35% in the 2000s-2010s⁶.

Chapter 1: ON INEQUALITY

1. Why does it Matter?

An imbalance between rich and poor is the oldest and most fatal ailment of all republics.

- Plutarch, ancient Greek philosopher and biographer

The disposition to admire, and almost to worship, the rich and the powerful, and to despise, or, at least, to neglect persons of poor and mean condition is the great and most universal cause of the corruption of our moral sentiments.

- Adam Smith

Even though the effects of economic inequality are recognized to be a complex subject, most research indicates that **high levels of economic equality are critical for the well-functioning of the economy as well as the health and well-being of its citizens**. Researchers have indeed found that among the effects of inequality were higher rates of health and social problems, and lower rates of social goods, including life expectancy, educational performance and social mobility⁷. Other research also indicates that inequality leads to lower level of economic utility in society and even a lower level of economic growth⁸.

⁵ Ibid, p. 28

⁶ Ibid, p. 28

⁷ Wilkinson, R. G., & Pickett, K. (2011). *The spirit level: Why More Equal Societies Almost Always Do Better*. (p. 5) Tantor Media, Incorporated

⁸ *Researchers from the International Monetary Fund published some work in 2011 which indicated that income equality increased the duration of countries' economic growth spells more than free trade, low government corruption, foreign investment, or low foreign debt.* http://en.wikipedia.org/wiki/Economic_inequality. Accessed online: May 8th 2014

1.1 Where does Inequality Come from?

There are many changes needed to get us to a new economy – political, cultural, technological. We'll need changes in regulation, changes in personal values system. But I would suggest there's a critical element we aren't talking about enough, and that is ownership design. As one colleague put it, "Ownership is the original system condition." Ownership is how wealth is created, and it determines who gets that wealth; it determines who controls the economy.

- Marjorie Kelly

So how did that happen? How can we have economic progress and rising inequality at the same time? In his latest book *Capital in the Twenty-First Century*, French economist Thomas Piketty provides some light on the question.

Historically, the general presumption of most inequality researchers has been that income generated from capital is neither important nor interesting and that it was the earned income (i.e. the wages and salaries) which ultimately explained most economic disparities⁹. In *Capital in the Twenty-First Century*, Piketty was able to turn that assumption on its head showing that **it is income from capital, not from earnings, which predominates at the top of the income distribution and that it is the unequal ownership of assets, not the unequal pay, which is the prime driver of total income disparities and of inequalities**. More specifically, it is the combination of the unearned income obtained by the owners from the means of production coupled with the fact that the wealthiest are more effective at protecting their wealth from taxation that is the main source of social and economic inequality. Inequality of wealth in Europe and US is now broadly twice the inequality of income – the top 10% have between 60% and 70% of all wealth but merely 25% to 35% of all income.

By empirically establishing that capital and the money that it produces, accumulates faster than growth in capital societies, Piketty has achieved what no other economist had been able to do before him: to demonstrate that an unregulated capitalist society will not erode inequality but rather create it. According to Piketty, unless action is taken to redistribute income and wealth, inequality will widen to the point where it becomes unsustainable – both politically, economically and socially –¹⁰. He proposes a

⁹ <http://www.nybooks.com/articles/archives/2014/may/08/thomas-piketty-new-gilded-age/>. Accessed online: June 3rd 2014

¹⁰ <http://www.theguardian.com/books/2014/may/02/thomas-piketty-capital-in-the-twenty-first-century-french-economist>. Accessed online: May 8th 2014

number of solutions that range from a top income tax rate of up to 80%, an effective inheritance tax, proper property taxes and a global wealth tax¹¹. However, all of these run counter to the interests of the elites that have purposefully legislated low tax rates in order to attract investments and generate “trickle-down” economic benefits. Therefore and given the collusion that exists between the public/legislative and the private/capital spheres of the economy, the application of such solutions currently seem more than unlikely.

Yet, Piketty argues that *“if this process is not arrested, poverty will increase at the same rate and, we may well find that the 21st century will be a century of greater inequality, and therefore greater social discord, than the 19th century”*¹².

But what exactly happened during the 19th century? What does it have to tell us and what can we learn from it?

1.2 19th Century Europe: The Origins of Modern Inequality

Nineteenth-century Europe, and most specifically England, were faced with significant social challenges. In *Enlivenment*, anthropologist and philosopher Andreas Weber describes pre-Victorian England as a *rigidly stratified society without any structured system of social care and cooperation*¹³. Contemporary authors such as Charles Dickens and Oscar Wilde were famous for depicting with a gritty realism the conditions of the poor in all their misery.

In *Oliver Twist*, and referring to the workhouses¹⁴ that were established in 1834, after the enactment of the Poor Laws, supposedly with the intention to assist the poor, Charles Dickens writes: *“They established the rule, that all poor people should have the alternative (...) of being starved by a gradual process in the house, or by a quick one out of it.”*¹⁵

¹¹ <http://www.theguardian.com/commentisfree/2014/apr/12/capitalism-isnt-working-thomas-piketty>. Accessed online: May 8th 2014

¹² <http://www.theguardian.com/books/2014/apr/13/occupy-right-capitalism-failed-world-french-economist-thomas-piketty>. Accessed online: May 8th 2014

¹³ Weber, A. (Feb. 2013) *“Enlivenment: Towards a fundamental shift in the concept of nature, culture and politics”*, (p. 24), The Heinrich Böll Foundation

¹⁴ According to Michael Warnick, the workhouse was an institution *designed so parishes would no longer have to support the poor for free. If the poor needed support, they had to live at the workhouse and work for marginal sustenance and basic shelter.* <http://meta.spcollege.edu/?p=234>

¹⁵ Dickens, C. (1866). *Works: The Adventures of Oliver Twist* (Vol. 12). Chapman & Hall.

In *The Soul of Man* (1891), Oscar Wilde, who was a fervent advocate of socialism, also illustrated these terrible conditions: “The majority of people (...) find themselves surrounded by hideous poverty, by hideous ugliness, by hideous starvation¹⁶” ... “Under Socialism (...) there will be no people living in fetid dens and fetid rags, and bringing up unhealthy, hunger-pinched children in the midst of impossible and absolutely repulsive surroundings.¹⁷”

On the other side of the channel, these tendencies were echoed by naturalist authors such as Emile Zola and Honore de Balzac who are still remembered for representing the conditions of dire poverty that were developing in their home country with the most acute and sometimes crude realism.

But how did 19th century Europe end up becoming this *rigidly stratified society without any structured system of social care and cooperation?*

According to economic historian and political economist Karl Polanyi, the dislocation of the working poor and the terrible social and economic inequalities that arose during the 19th century, were the result of the combination between **the enclosure movement**, which began at the end of the 15th but gained ascendancy during the 18th century, and **the rise of the “free market”** - an idea popularized by 19th century economists such as Thomas Malthus, David Ricardo and Adam Smith which held that human society should be organized around an integrated system of self regulating markets, free of any kind of social control.

The enclosure movement was described by many as “*a revolution of the rich against the poor*¹⁸”. By redefining land as “private property”, the elites not only violated a millennial custom that *the rights to use the land were in the hands of the tribal group, clan, or other social grouping that depended on that land for a living*¹⁹ but also captured the common resource on which the majority of the population depended on. Within a few years, thousands of rural families were dispossessed of their own means of subsistence, leaving them with no choice but to emigrate to the city and become wage laborers. And

¹⁶ Wilde, O. (1891). *The Soul of Man*. Mundus Publishing.

¹⁷ Ibid

¹⁸ Polanyi, K. (1944). *The great transformation: The political and economic origins of our time* (p.37). Beacon Press.

¹⁹ Lewis, M., Lewis, M., & Conaty, P. (2013). *The Resilience Imperative: Cooperative transitions to a steady-state economy* (p.45). New Society Publishers.

while this process was justified as necessary in order to make “improvements”, it resulted in the pauperization of the working class and the creation of vast social and economic inequalities.

In the Great Transformation, Karl Polanyi writes about the land enclosure movement: *“The lords and nobles were upsetting the social order, breaking down ancient law and custom, sometimes by means of violence, often by pressure and intimidation. They were literally robbing the poor of their share in the common, tearing down the houses which, by the hitherto unbreakable force of custom, the poor had long regarded as theirs and their heirs’. The fabric of society was being disrupted; desolate villages and the ruins of human dwellings testified to the fierceness with which the revolution raged, endangering the defenses of the country, wasting its towns, decimating its population, turning its overburdened soil into dust, harassing its people and turning them from decent husbandmen into a mob of beggars and thieves.”*²⁰

For a number of economists and historians, the capture of common land also coincided with and enabled the rise of capitalism. This is notably the case of Marxian economist Samir Amin for whom *the development of historical capitalism is based on the private appropriation of agrarian land, the submission of agricultural production to the requirements of the “market” and, on this basis, the continuing and accelerating expulsion of the peasant population for the benefit of a small number of capitalist farmers*²¹.

The second factor which led to the great inequalities observed during the 19th century is the rise of the *free-market or self-regulating market* ideology.

The land enclosure movement not only led to (i) the dispossession of the rural working class of their means of subsistence and (ii) the transformation of both their land and their labour into marketable and tradeable commodities, it also enabled the rise of the market and the development of the industrial revolution by providing cheap labour to the nascent and fast-growing factories. According to Polanyi, this process of separating labor *from other activities of life and to subject it to the laws of the market*

²⁰ Polanyi, K. (1944). *The great transformation: The political and economic origins of our time* (p.37). Beacon Press.

²¹ Amin, S. (2014). Historical Capitalism: Accumulation by Dispossession. In *Theory is History* (pp. 79-98). Springer International Publishing.

*was to annihilate all organic forms of existence and to replace them by a different type of organization, an atomistic and individualistic one*²².

Prior to the rise of mercantilism and nation states in 16th century Europe, reciprocity, autonomy and mutual responsibility were indeed at the heart of a locally-rooted and multi-stakeholder economic system. Before going any further, it should be noted that the purpose here is clearly not to romanticize a feudalistic system which had the majority of the population living a tough life as serfs but rather to emphasize the real progressive features that mutual aid and guilds had in many places.

As described by Michael Lewis and Pat Conaty in *The Resilient Imperative*, markets were regulated by guild practices which *created social economic rules for production, exchange, and trade, ensuring cultural and social norms were respected and maintained*²³. The guilds were ancient forms of business associations which held reciprocity, both towards their members, their community and the counterparts they were bartering with, at the heart of their operations. The guilds were themselves organized in larger federations whose concerns were the *regulation of trade between towns based on patterns of exchange that were balanced and symmetrical*²⁴, *the setting and maintaining of “fair prices” and high standards of quality and the procurement of food and provisions to meet the needs of households in the town*²⁵. The guilds were even involved in the regulation of a number of social functions such as establishing working hours and working holidays, providing forms of insurance benefits to its members and the construction of public infrastructure such as hospitals, wells and churches. In other words, the market, which was regulated by the guilds, was still embedded in society, not the other way around. The rules that were set were fair and just, incorporating not only their own personal interests but also those of the larger community.

However, in the 15th century, as sovereigns in Europe began to increasingly centralize the economic activity in order to generate additional revenues for the expansion of their Empire, this form of local and reciprocal approach to governing and managing economic affairs started to be dissolved. During the 16th century, the craft guilds in England became increasingly repressed and restricted, their control of local trade, wages, and pricing removed, and their autonomy destroyed. It should be noted that the

²² Polanyi, K. (1944). *The great transformation: The political and economic origins of our time* (p.171). Beacon Press.

²³ Lewis, M., Lewis, M., & Conaty, P. (2013). *The Resilience Imperative: Cooperative transitions to a steady-state economy* (p.41-42). New Society Publishers.

²⁴ Ibid (p.42)

²⁵ Ibid (p.43)

repression of guilds varied enormously across Europe, while the treatment reserved to manual and elite workers (accountants, lawyers, jurists, doctors, etc.) also differed greatly. For instance, while they got nationalized at the end of the 16th century by the Queen of England, Elizabeth I, craft guilds remained strong and powerful in Germany until the early 20th century. On the other hand, elite workers never suffered the same fate as their manual counterparts. To this day, most of them still have their guilds to protect their pay differentials from free market undermining.

Yet everywhere and in every sector where the guilds were dissolved, the economic interests, which under the guild system had been governed by social and political relations, started to become predominant. **The continued liberalization of the market, which culminated in the free-market ideology of the 19th century, led to the displacement of an historical system of mutual obligations, centered around the principle of reciprocity, that bound and protected individuals.** As explained by Polanyi, *the non-contractual organizations of kinship, neighborhood, profession, and creed were to be liquidated since they claimed the allegiance of the individual and thus restrained his freedom*²⁶. What emerged in its place was a system which, by reducing everyone to an isolated atom responsible for his own faith, would systematically break down the social relations which had traditionally provided the members of society with a sense of belonging, protection and security. This gave rise to an increasingly competitive economy where, as described by Albert Einstein, *the members of a huge community of producers are unceasingly striving to deprive each other of the fruits of their collective labor*²⁷. According to the scientist who wrote *Why Socialism* in May of 1949, *the individual is now more conscious than ever of his dependence upon society, but he does not experience this dependence as a positive asset, as an organic tie, as a protective force, but rather as a threat to his natural rights, or even to his economic existence. As a result, his position in society is such as that the egotistical drives of his make-up are constantly being accentuated, while social drives progressively deteriorate*²⁸. The unlimited competition which arises within an unregulated capitalist society has led - and continues to lead - to the erosion of the community's social capital. **This creates a heightened sense of separation among individuals and with it, the crippling of their social consciousness**²⁹ that Einstein, Polanyi and even present-day thinkers such as Charles Eisenstein have considered this as the essence of the crisis of our time.

²⁶ Polanyi, K. (1944). *The great transformation: The political and economic origins of our time* (p.171). Beacon Press.

²⁷ Einstein, A. (1951). *Why socialism?*. Monthly Review.

²⁸ Ibid

²⁹ Ibid

This individualization of society, coupled with the dispossession of the working class of their means of subsistence and the ascent of a political economy in which the government should restrain from any kind of interference, assistance or support, eventually led to the unparalleled and dramatic levels of inequalities and misery observed in 19th century's England and in some parts of the World today.

Unfortunately, this very same process is currently still at work in some of the less-monetized places of the world. In collusion with host governments, international investors and national governments have indeed been buying up farmlands and forests on a massive scale in various parts of Africa, Asia and Latin America. The communities that have historically grown and harvested their own food from these common lands have been left with no other option but to abandon the land and move to a city where they typically become beggars, shanty-dwellers and exploited wage-slaves as characterized in Charles Dickens novels. In addition to that, the structural adjustments, proposed by institutions such as the World Bank and the International Monetary Fund (IMF), perpetuate the economic liberalization and free-market policies which we have just described. In an interview given to the Guardian, the former winner of the Nobel Prize in economics and former chief economist at the World Bank Joseph Stiglitz, who is also famous for having openly criticized both the IMF and World Bank, described the four-step program which is consistently imposed on governments requiring financial help: (i) privatization of public assets, (ii) capital market liberalization, (iii) market-based pricing and (iv) free trade³⁰.

Not only do these practices create vast economic and social inequalities by dispossessing communities from the means of subsistence which has been theirs for centuries, but **it also creates the conditions for a socially-broken and individualistic society where competition becomes the new norm and inequalities, exploitation and misery start to be seen as inevitable and eventually accepted as normal.**

Interestingly some of the most prominent social thinkers of the 18th and 19th century had already understood what Karl Polanyi or Thomas Piketty would be able to demonstrate centuries later. On the one hand, they had sensed that an unrestrained market would precipitate the breakdown of society's social capital, the crippling of the individual's social consciousness and the rise of abject poverty and misery. On the other hand, they had also recognized that there could be no democracy without economic democracy since the unequal ownership of assets, and more specifically the unearned income

³⁰ <http://www.theguardian.com/business/2001/apr/29/business.mbas>. Accessed online: May 7th 2014.

that it generates, would inevitably lead to a structural maldistribution of wealth³¹ and therefore of power within society.

As a result, land reform and mutualisation were at the heart of the principles and practices of the 19th century social and economic reformers. As we will see, the subversive and vanguard thinking which came out of this period of growing austerity, rising inequality and poor democracy, and more specifically their pioneering ideas on co-operative forms of business associations and on how land should be owned and shared, continue to be a source of innovation and insight on how to self-finance local economic renewal and greater economic equality.

Chapter 2: THE RISE OF A NEW ECONOMIC DISCOURSE

2. 19th century thinking: Land reform and mutualisation

Communism forgets that life is individual. Capitalism forgets that life is social, and the Kingdom of brotherhood is found neither in the thesis of Communism nor the antithesis of Capitalism, but in a higher synthesis. It is found in a higher synthesis that combines the truth of both.

- Martin Luther King

Thomas Spence (late 18th century and early 19th century), the architect of the Parish land trust and a fervent political activist, was one of the first to set out a practical case for a cooperative land reform. Under a Parish land trust, the land would be stewarded democratically as a common resource. More specifically, the local parish councils would own the land which they would then lease to the local residents that could either rent or own the houses and workspace they constructed. The lease payments from residents and businesses gathered by the local parish councils would then be used to pay for services defined collectively by the members of the community as a public good³².

After him came **Robert Owen** (early 19th century) who took up the cause of land reform by advocating for mutually owned and governed land. While most of his co-operative experiments failed, *his vision largely inspired the development of the international cooperative movement*³³.

³¹ Edited by Conaty, P. and Large, M. (2013). *Commons sense: Co-operative place making and the capturing of land value for 21st century Garden Cities*. (p. 5)

³² Lewis, M., Lewis, M., & Conaty, P. (2013). *The Resilience Imperative: Cooperative transitions to a steady-state economy* (p. 46). New Society Publishers.

³³ Ibid (p. 46)

John Stuart Mill (mid-19th century), one of the greatest political economists of the 19th century, was a fervent supporter of democratic forms of ownership and governance. Inspired by the *Law of Rent*³⁴ developed by David Ricardo, he was also a strong proponent for the de-commodification of the land. Aware and concerned that *markets are useful producers of wealth, they inequitable distributors of economic value*³⁵, he proposed a series of measures with the objective that the wealth that is produced within the economy be redistributed more equitably. Among them were proposals to convert the land into commonwealth in order to (a) *control rising costs and (b) capture both the “unearned increment”* (that landlords gain as a windfall from property development) *and economic rent for the welfare of all*³⁶, to democratize ownership in order to ensure that workers would get their share of the value that is created and finally, and in line with Thomas Piketty, taxes on the land and on unearned wealth. In 1852, he eventually helped secure the co-operative legislation through Parliament for cooperatives and mutuals³⁷.

Of all, **Henry George and Lloyd George** (late 19th century, early 20th century) were probably the most contemporary thinkers. The former became greatly inspired by **Mill's theory of social increment** which asserts that *most of the appreciating value of land is created not by the investment of labor of individual landowners, but by the growth and development of the surrounding society*³⁸. And he saw poverty as *resulting from the ownership of land by a small cadre of landowners who are able to capture for themselves the appreciating value of land*³⁹. Yet he believed that a nationalization argument would not be politically acceptable. In *Progress and Poverty*, he argued for a “single tax on the land”, which instead of taxing the tenant would tax the landowner, therefore *incentivizing a redistribution of the land in a steadfast way*⁴⁰. In collaboration with Winston Churchill, the latter proposed the single tax designed by Henry George but was vetoed by the House of Lords. Faced by this rejection he envisioned the nationalisation of the land *in local stewardship ways that that progressively take land into public and*

³⁴ In *On the Principles of Political Economy and Taxation*, Economist David Ricardo developed a theory of economic rent which held that the price of land is directly linked to its scarcity and therefore to its location. Thus prices of land and rent are higher in the center of London than on the periphery. This location issue leads to windfall gains to landowners depending on where they hold the land.

³⁵ Lewis, M., Lewis, M., & Conaty, P. (2013). *The Resilience Imperative: Cooperative transitions to a steady-state economy* (p. 47). New Society Publishers

³⁶ Edited by Conaty, P. and Large, M. (2013). *Commons sense: Co-operative place making and the capturing of land value for 21st century Garden Cities*. (p. 5)

³⁷ Ibid (p. 47)

³⁸ Edited by Davis, J. E. (2010). *The Community Land Trust Reader*. (p. 5), Lincoln Institute of Land Policy

³⁹ Ibid (p. 5)

⁴⁰ Lewis, M., & Conaty, P. (2013). *The Resilience Imperative: Cooperative transitions to a steady-state economy* (p. 49). New Society Publishers.

*community ownership*⁴¹. The ideas of Henry George have been and still are a great source of insight for many social reformers.

2.1 20th century thinking

2.1.0 Garden cities

Inspired by *Progress and Poverty* and by earlier advocates of the common ownership of land such as Thomas Spence, 19th century British urban planner **Ebenezer Howard** (late 19th century, early 20th century) wrote a book (*Tomorrow: a Peaceful Path to Real Reform* (1898)) in which he put forward the ideas that would give rise to the Garden City movement and the creation of Letchworth Garden City. The Garden Cities Town and Planning Association defined a Garden City as a “*town designed for healthy living and industry of a size that makes possible a full measure of social life but not larger, surrounded by a rural belt; the whole of the land being in public ownership, or held in trust for the community*⁴²”. Howard's vision was *to use sources of social investment to build new cities where the land was owned collectively for civic benefit and citizen wellbeing*⁴³. **Alike many of the social thinkers of the 19th century, holding the land in mutual ownership was crucial to Howard since it would allow the community to capture the economic rent (i.e. the lease income from the land, from commercial buildings, and from a variety of social enterprises it owned) and reinvest that money continuously for the welfare of all.** Within 5 years of the publication of *Tomorrow: a Peaceful Path to Real Reform*, Howard was able to raise the capital required to put his vision to work. In 1903 the First Garden City Ltd. Company, which he had created with the purpose to own the land mutually at Letchworth through its resident shareholders, acquired 4,000 acres of farmland and founded the Letchworth Garden City which now counts with a population of 33,000 citizens. Despite the economic success of a town such as Letchworth, and the transformative potential that such ideas bring, the Garden City movement has so far been unable to expand. Out of the two Garden Cities that were built using Howard's ideas (Letchworth Garden City and Welwyn Garden City) only Letchworth was able to become self-sustaining. The lack of access to patient low-cost capital has been - and still is - the main cause for the floundering

⁴¹ Edited by Conaty, P. and Large, M. (2013). *Commons sense: Co-operative place making and the capturing of land value for 21st century Garden Cities*. (p. 76)

⁴² Ibid (p. 10)

⁴³ Ibid (p. 10)

of this type of alternatives. Nonetheless, and as we will see, the movement did succeed in showing that a different form of ownership was both possible and desirable.

The ideas of Henry George, combined with the thinking of people such as Ruskin who appealed for donations of land and capital from large corporate and individual landowners, would also be a great source of inspiration for Mahatma Gandhi, who developed a theory of trusteeship as an alternative to the doctrines of socialism and communism⁴⁴.

2.1.1 Gandhian economics and the trusteeship

Gandhi was a fervent opponent of the centralized industrial organization of society. He had understood that such an organization - be it under the aegis of a capitalist or socialist regime - would inescapably lead to severe social, economic, political and environmental consequences. He was notably against mass production which he believed would lead to a centralization and concentration of the economic and political powers, create significant environmental damage through an unnecessary, unhealthy, wasteful and destructive transportation, and eventually generate *rootless and jobless millions living as dependants of the state or begging in the streets*⁴⁵.

Instead of the centralized, industrialized and mechanized modes of production proposed by the British, Gandhi believed that in order to be self-contained, an economy should manufacture mainly for its own use. His alternative proposal was a localized production and consumption by the masses which he called *Swadeshi*. According to Indian author Ajit K. Dasgupta, the Swadeshi Movement became *a mass movement undertaken by the Indian National Congress under Gandhi's leadership to encourage people, especially those living in cities, to develop the habit of consuming Indian rather than foreign products, and products of village industry rather than mill-made products*⁴⁶.

In complement to his concept of *Swadeshi*, which was designed to support the (re)localization of the economy, Gandhi developed his theory of Trusteeship in order to deal with the significant inequalities of wealth which were weighing on India.

Gandhi believed that the rich could be persuaded to part with their wealth to help the poor and *held that all that one could legitimately expect of the wealthy was to hold their riches in trust and use them*

⁴⁴ Dasgupta, A. K. (2002). *Gandhi's Economic Thought*. (p. 118) Routledge.

⁴⁵ Kumar, S. (1996). Gandhi's Swadeshi: The economics of permanence. *The Case against the Global Economy: And for a Turn toward the Local*, San Francisco: Sierra Club Books.

⁴⁶ Dasgupta, A. K. (2002). *Gandhi's Economic Thought*. (p. 21) Routledge.

*for the service of society as a whole rather than solely for their own private profit*⁴⁷. In his concept of trusteeship, *the rich man would be left in possession of his wealth, of which he would use what he reasonably requires for his personal need and would act as a trustee for the remainder to be used for the society*⁴⁸. Gandhi regarded trusteeship as an intergenerational system for the stewardship of productive assets. *“What I expect of you,”* he explained to the industrialists and landowners supportive of the expanding Indian National Congress *“is that you should hold all your riches as a trust to be used solely in the interest of those who sweat for you... I want to make the labourers co-partners in your wealth”*⁴⁹.

By leaving the legal ownership with the trustee, and not the state, his concept of trusteeship differs significantly from the nationalization of ownership advocated by communists. For Gandhi, the communist system failed to take into account the importance of individual capabilities, and more specifically, the entrepreneurial and managerial capabilities which he saw as both scarce and crucial to the development of an economy. According to him, and if properly harnessed, these entrepreneurial abilities could be of much benefit to any poor, underdeveloped country⁵⁰. According to Dasgupta, it was *actually to avoid confiscation that the doctrine of trusteeship came into play, retaining for society the ability of the original owner in his own right*⁵¹.

Gandhi's idea of trusteeship was later put into practice by social reformers Vinoba Bhave and J.P. Narayan who guided the Gandhian Bhoodan (Land Gift) and Gramdan (Village Gift) movements which led to the most important voluntary land reform in recent history, with millions of acres of land either being gifted to poor tenant farmers or entrusted to village between the 1950s and the 1970s. Nonetheless, and similarly to the Garden City movement, these movements suffered a very analogous limitation: the lack of an affordable credit system to finance the cultivation of the land. In many cases, the new landowners did not dispose of the tools or the seeds to use the land which they had been gifted. As a result, many of them were left with no choice but to hand back their deeds to the larger landowners.

⁴⁷ Ibid (p. 118)

⁴⁸ Ibid (p. 119)

⁴⁹ Lewis, M., Lewis, M., & Conaty, P. (2013). *The Resilience Imperative: Cooperative transitions to a steady-state economy* (p.279). New Society Publishers.

⁵⁰ Dasgupta, A. K. (2002). *Gandhi's Economic Thought*. (p. 121) Routledge.

⁵¹ Ibid (p. 130)

2.1.2 The rise of the CLT movement

“We are fighting to change the lives of people who don’t count because they are poor or who aren’t counted because they are immigrants. We are improving conditions and preventing displacement in neighborhoods buffeted by successive waves of disinvestment and reinvestment. We are building institutional vehicles that travel a rocky road between the domineering mountains of market and state.”⁵²

- John Emmeus Davis

The CLT model grew out of the Civil Rights' movement in the United States to enable African-American in the South to access affordable housing and farmland. After being largely inspired by earlier examples of planned communities on leased land such as the Garden city movement and the Gramdan (village land trust) movement in India, American builder and economist Robert Swann, in collaboration with political and social reformer Slater King and Ralph Borsodi, came up with the concept of the Community Land Trust (CLT).

John Emmeus Davis, the co-founder of the Burlington Associates in Community Development and one of the leading CLT activists in the United States proposes the following definition of what community land trusts (CLTs) are:

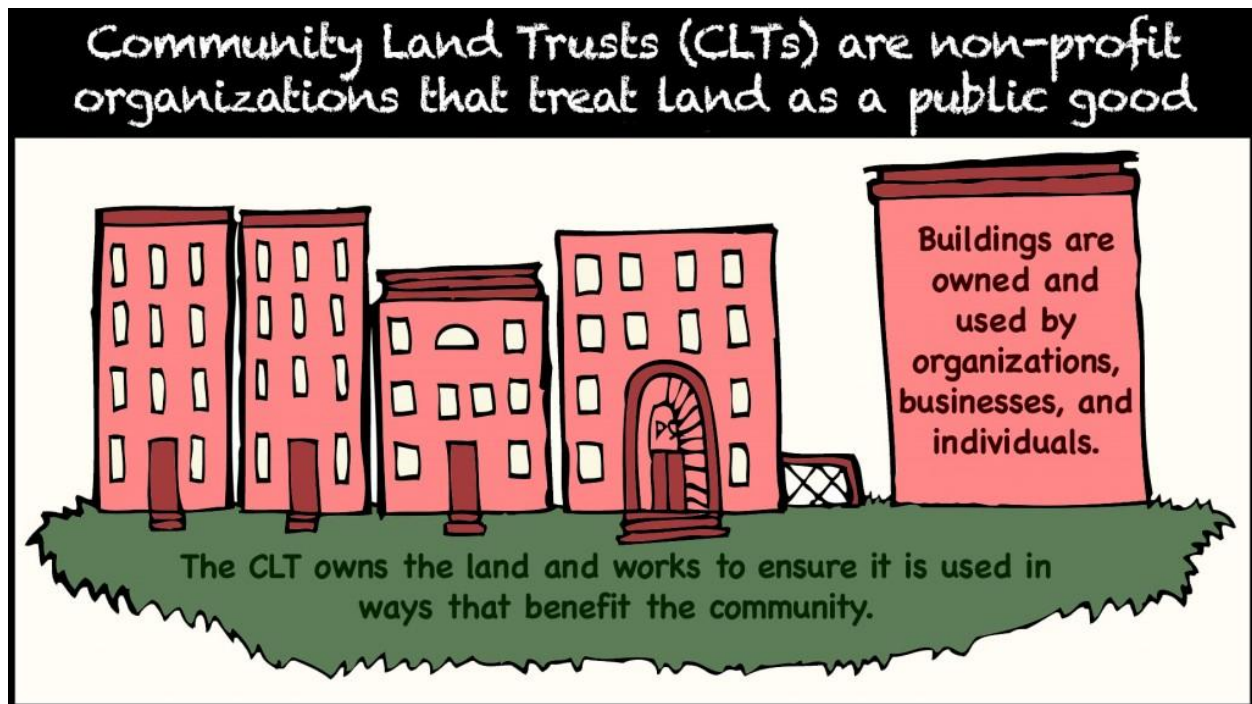
“Community land trusts (CLTs) are nonprofit corporations, created and controlled by neighborhood residents. Land acquired by a CLT is retained by the CLT forever. Buildings are sold off to other nonprofits, limited partnerships, small businesses, or individual homeowners. The owners of these buildings gain exclusive use of the underlying land through a long-term ground lease. Embedded in the lease are restrictions on the use and resale of the buildings, granting the CLT a durable right to regulate how they are occupied, operated, and conveyed⁵³”.

Drawing on from Gandhi's trusteeship, the CLT proposes a duplex ownership tenure, part collective and part private. In a CLT, while the housing remains the private property of the individuals, the land itself is

⁵² http://www.rooflines.org/3695/you_must_remember_this_uses_of_the_past_in_community_development/. Accessed online: May 30th 2014

⁵³ http://www.rooflines.org/2928/the_untapped_potential_of_land_bank_land_trust_partnerships/. Accessed online: May 30th 2014.

removed from the market and put in a trust (i.e. the CLT) under the collective ownership and control of the community.



Source: <http://nyccli.org/resources/wtf-are-clts-and-mhas/>

Members of the CLT movement are primarily motivated by egalitarian concerns. The movement was originally set up with the intention to increase the productivity of the land by reducing speculation and providing access to land and community assets (such as affordable housing, community gardens, co-working spaces) to individuals and families who would otherwise lack such access⁵⁴. In the 1980s, and under the influence of a new generation of CLT activists led by Chuck Matthei, the overriding concern of the movement became the *reform of the relationship between the individual and the community* or in other words, *finding an equitable and sustainable balance between private interests and public interests that regularly collide in the ownership and use of real property*⁵⁵. Like many of their predecessors, Swann, Turnbull or Matthei understood the necessity to (a) control rising costs and (b) capture the “unearned” increase in land values for community use, if the affordability of the assets and the sustainability of the community were to be preserved.

⁵⁴ Benello, C. G., Swann, R. S., Turnbull, S., & Morehouse, W. (1989). Building sustainable communities: Tools and concepts for self-reliant economic change. (p. 24) *TOES books (USA)*.

⁵⁵ Edited by Davis, J. E. (2010). *The Community Land Trust Reader*. (p. 23), Lincoln Institute of Land Policy

As explained in *Building Sustainable Communities*, the underlying concept of the CLT is simply **the distinction made between ownership of land**, which remains in the hands of the Trust for the common good, **and the use of the land**, which is privately held, can be transferred, and is inheritable. (...) The ownership, and therefore the power to determine ultimately how the land is used, is vested, through the Trust, in the community as a whole⁵⁶. By holding the legal ownership of the land, the trust is able to capture the “unearned” increase in land value to the benefit of the community. On the other hand, by holding the equity of what is on the land, the individuals retain the control and the economic value of what the assets they have built and/or the improvements they have made to them. *This way, Swann explains, private initiative is encouraged and productivity (and morale) remains high but reversion of ownership to a few landowners is permanently prevented*⁵⁷.

Thanks to its dual ownership tenure, the CLT still provides the necessary incentive for bringing forth new investments, but as opposed to the current forms of fully private, static and perpetual ownership, the CLT distributes values in excess of that incentive to those who contribute most to these values. By intertwining the interests of both the neighbors and the tenants through a new form of dynamic property rights, the CLT offers a new approach to owning the land which weaves together both the individual and the community interests providing a number of social, economic and ecological benefits that range from a fairer and more equal community, a more efficient and more stable local economy and a more sustainable use of the land (for further information of the benefits provided by the CLT, please refer to *Appendix A - Benefits offered by the Community Land Trust*).

⁵⁶ Ibid (p. 37)

⁵⁷ Ibid (p. 23)

How a COMMUNITY LAND TRUST (CLT) Works

1. A community is struggling with things like:

Rising housing costs
and commercial rents



Overcrowding
and Displacement

Lack of
community
and open
spaces

Vacant buildings



2. Community Members work together to form a Community Land Trust (CLT), a non-profit, democratically governed organization that gets and keeps land in trust on behalf of the community.

3. The CLT facilitates community-driven planning to address the community's immediate and long-term needs. It works with resident groups, non-profit housing developers and other organizations to:

Preserve and enhance low-income housing and other places of value to the community

Develop unused spaces to meet community needs



Source: <http://nyccli.org/resources/wtf-are-clts-and-mhas/>

Despite the various benefits they provide, CLTs still remain relatively marginal and have yet to reach their full potential. Like many of the practical private land reforms aimed at empowering local communities while questioning the notion of static and permanent private property rights, the CLT movement is faced with an acquisition problem. As explained by John Emmeus Davis, CLTs *do a good job of sheltering lands, homes, gardens, stores, and facilities brought beneath their protective umbrella, but they do a poor job of building that portfolio in the first place*⁵⁸. Unlike the co-operative movement which has found ways to generate its own capital - through co-operative accumulation -, the lack of income, and therefore of a source of internal capital enabling them to expand organically and/or to raise equity and debt, has been a strong impediment to the growth of the CLT movement in its early years. As explained by Davis, *every CLT requires an abundance of financial resources to acquire land, develop housing (and other buildings), create affordability for low-income people, and sustain the operations of a*

⁵⁸ http://www.rooflines.org/2928/the_untapped_potential_of_land_bank_land_trust_partnerships/. Accessed online: May 30th 2014.

*nonprofit organization with stewardship responsibilities lasting close to forever*⁵⁹. In order to overcome its trouble accessing finance, the movement has had to set up its own community development finance institutions. First came the ICE's revolving loan funds in the United States and then came the CLT fund in the United Kingdom. Both of these funds now provide funding and expert support to community groups *from the initial feasibility phase – where communities are identifying a need and thinking about a solution – through to financing the pre-planning stage and the construction of affordable homes*⁶⁰. Thanks to the set up of these specialized funds and the greater availability of public grants and private loans supporting CLTs and their projects, the movement has been able to expand further. Yet and despite its improved access to finance, only a few CLTs have managed to acquire enough lands and buildings and transform the neighbourhoods they serve.

The mutualist and cooperative thinking which came out in the midst of an austere and highly unequal 19th century England has been - and still is - a great source of inspiration for social thinkers. But while the co-operative thinking has led to the development of the Co-operative movement which has taken a significant⁶¹, yet secondary⁶², role within our economy, successful private and non-violent reforms destined to restore land to the commons remain both marginal and countercultural. Today, the ideas proposed by the land reformers of the 19th and 20th century largely stand in the shadow of the classical economic theory which still provides the rationale for how land and other means of production should be owned.

Yet it would seem that the emergence of a technologically-enabled infrastructure might tip the game in favor of the type of economy (distributed, collaborative, networked and laterally-scaled) as well as the

⁵⁹ Davis, J. E. (2010). *The Community Land Trust Reader*. (p. 33)

⁶⁰ <http://www.cltfund.org.uk/>. Accessed online: May 30th 2014.

⁶¹ There are currently more than 1 billion people who are members of a cooperative while more than 100 million people are employed by cooperatives.

⁶¹ Source: Rifkin, J. (2014). *The Zero Marginal Cost Society: The Internet of Things, the Collaborative Commons, and the Eclipse of Capitalism*. (p. 213) Palgrave Macmillan.

⁶² According to Rifkin, and despite their venerable track record, cooperatives remained *a secondary player to profit-making enterprises throughout the First and Second Industrial Revolutions*. In his latest book, *The Zero Marginal Cost Society*, he explains that *the substantial capital requirements brought on by centralized communication and energy matrices tipped the game in favor of private companies that could amass sufficient sums in the stock and bond markets*.

⁶² Source: Rifkin, J. (2014). *The Zero Marginal Cost Society: The Internet of Things, the Collaborative Commons, and the Eclipse of Capitalism*. (p. 214) Palgrave Macmillan.

sort of mutual and cooperative enterprises that the likes of Thomas Spence, Henry George, Ebenezer Howard, Mahatma Gandhi or Bob Swann have spent their lives fighting for.

Chapter 3: THE EMERGENCE OF A NEW INFRASTRUCTURE AND THE RISE OF A NEW PRECARIAT

3. The emergence of the *Internet of Things* and the rise of a zero marginal cost society

*The emergence of communication networks and in particular the Internet has been enabling a horizontalization of productive human relationships. These productive publics can generate their own practices and institutions through bottom-up dynamics, or they can be mobilized by existing institutions. Hence the emergence of the collaborative economy.*⁶³

- Michel Bauwens

For economist and social theorist Jeremy Rifkin, the rise of a new infrastructure - which he calls the “*Internet of Things*” - is now displacing the capitalist market mechanism as the primary form of economic organization and making *Commons management with government engagement the better governing model*⁶⁴. In other words, the *Internet of Things*, which is made up of the *Communications Internet*, the *Energy Internet* and the *Logistics Internet*⁶⁵, is now starting to favor social-public partnerships⁶⁶ (instead of public-private partnerships which are currently the dominant model) as the most adequate form of economic organization.

According to Rifkin, an infrastructure requires three elements: a communication medium, a power source, and a logistics mechanism, each of which must interact with the others to enable the system to operate as a whole. Without an integrated and well-functioning infrastructure, which provides society with (i) a communication medium to manage economic activity, (ii) energy to generate information and

⁶³ P2P Foundation and Orange Labs (2012), *Synthetic Overview of the Collaborative Economy*, p.4

⁶⁴ Rifkin, J. (2014). *The Zero Marginal Cost Society: The Internet of Things, the Collaborative Commons, and the Eclipse of Capitalism*. (p. 191) Palgrave Macmillan.

⁶⁵ Ibid (p. 11)

⁶⁶ As opposed to the more orthodox forms of public-private partnership which involve a contract between a public sector authority and a private party, social-public partnership is a new approach to public service delivery based upon a co-planning approach, whereby partners from the public sector and civil society groups (i.e. voluntary, charity and social enterprise organisations) share responsibility for service design, in order to optimise outcomes for service users.

power transport and (iii) a form of mobility to move economic activity across the value chain, a society would simply be unable to function.

The Second Industrial Revolution used a number of centralized telecommunication networks as communication mediums and was powered by a centralized fossil fuel energy generation. The research and deployment of such communication/energy matrix has - and still requires heavy capital investments. Besides, and due to its reliance on exhausting non-renewable resources, the cost related to its maintenance is now soaring. The decline of the reserves of crude oil and the increasing complexity faced by man to extract oil from alternative sources are indeed leading to the continual increase of the costs to generate an additional unit of energy, making the maintenance of such an infrastructure more expensive and more capital-intensive by the day. Conversely, the arising Communications and the Energy Internets are substantially more affordable and accessible than their predecessors.

On the one hand, with the rise of global networks, and in particular of the Internet, it is now possible for individuals to communicate and share information on a global scale for a fraction of the cost that would have been incurred ten years ago. On the other hand, the entry costs for acquiring and installing clean technologies (such as solar panels) have dramatically decreased over the past 15 years. In addition, many governments have put in place financial incentives to help individuals afford the up-front costs for such technologies. The development of renewable distributed energy is now opening up the prospect for energetic autonomy at more local levels. And as opposed to fossil fuels which exist in scarce quantity and need to be extracted and paid for, the sun or the wind collected are abundant and nearly free. Therefore, once the initial investments required to research, develop and deploy the Communications and Energy Internets are made, the marginal cost - or the cost of producing one additional unit - of generating, storing, and sharing information and energy becomes negligible, making both renewable energy and information almost free. According to Rifkin and various other analysts, the emergence of this new infrastructure is *giving rise to a new economic paradigm whose architecture is distributed rather than centralized*⁶⁷.

By connecting everything with everyone in an integrated global network, the *Internet of Things* is enabling the rise of a third mode of production: *Commons-based peer-production*⁶⁸, and the emergence

⁶⁷ Ibid (p. 66)

⁶⁸ It was Law Professor Yochai Benkler who originally coined the term "*Commons-based peer-production*" to distinguish it from the property- and contract-based modes of firms and markets.

⁶⁸Source: <http://www.benkler.org/CoasesPenguin.html>. Accessed online: May 30th 2014.

of a new economy: the *Collaborative Economy*. According to Michel Bauwens, Founder and President of the P2P Foundation⁶⁹ and leader of the FLOK Society project⁷⁰, the collaborative economy which is also called commons economy, *consists of productive communities of contributors, paid or unpaid, who are contributing, not to privatized knowledge, but to common pools of knowledge, code and design, which fuels a new commons-oriented economy. It's the economy of open knowledge, free software, open design and open hardware, more and more connected to practices of open and distributed manufacturing*⁷¹ (for further information on the collaborative economy, please refer to the *Appendix B - The rise of the collaborative economy and the crisis of value*).

By *boosting productivity to the point where the cost of producing and distributing many goods and services is nearly zero, making them practically free*⁷², the *Internet of Things* and the collaborative economy are already having profound implications on the way our economic life is organized. According to Rifkin, *the near zero marginal cost phenomenon has already wreaked havoc on the publishing, communications, and entertainment industries as more and more information is being made available nearly free to billions of people. Today, more than one-third of the human race is producing its own information on relatively cheap cell phones and computers and sharing it via video, audio, and text at near zero marginal cost in a collaborative networked world*, while there are already millions of “prosumers”—consumers who have become their own producers— *generating their own green electricity at near zero marginal cost around the world*⁷³.

And whereas under the First and Second Industrial Revolutions, our society had to be organized around vertically-integrated enterprises using a centralized command and control in order to achieve the economies of scale necessary to finance the capital-intensive maintenance of its infrastructure, the new communication/energy infrastructure, whose initial costs are becoming cheaper by the day, drastically reduces the need for capital and opens up the prospect for a distributed, collaborative, networked and laterally-scaled economy.

⁶⁹ <http://p2pfoundation.net/>

⁷⁰ <http://flokociety.org/en/>

⁷¹ http://www.huffingtonpost.com/michel-bauwens/beyond-jeremy-rifkin-how-b_5185948.html?utm_hp_ref=tw. Accessed online: May 30th 2014.

⁷² Rifkin, J. (2014). *The Zero Marginal Cost Society: The Internet of Things, the Collaborative Commons, and the Eclipse of Capitalism*. (p. 11) Palgrave Macmillan.

⁷³ Ibid (p. 4)

Of equal importance is the fact that by reducing marginal costs to near zero, the rise of this new infrastructure makes the private firm, whose very existence depends on sufficient margins to make a profit, less viable. According to Rifkin, *the new system that is emerging favors deep collaboration in networked Commons*⁷⁴ and makes *cooperatives the only business model that works*⁷⁵.

By weakening corporate profits in various sectors of the economy, the *Internet of Things* is also starting to seriously destabilize the traditional model of the capitalist economy, leading to a dramatic impact on human labor.

3.1 The end of work and the rise of a new precariat

Many observers start to recognize that we are in the midst of an epic change in the nature of work. As we have seen, by making the goods and services of various sectors of the economy almost free, the rise of the *Internet of Things* is leading to a rapid and significant contraction in margins and profits which is now undermining the contemporary capitalist model⁷⁶ and leaving an increasing amount of people out of work.

In addition to the surge of a mostly non-monetized collaborative economy, the continued computerization and automation of many tasks is continually reducing the need for human labor. According to Rifkin, what we are currently witnessing is *the unbundling of productivity from employment*⁷⁷ where millions of jobs are being eliminated while global productivity keeps increasing⁷⁸. According to some research done by Alliancebernstein, *factory employment, which accounted for 163*

⁷⁴ Ibid (p. 222)

⁷⁵ Ibid (p. 214)

⁷⁶ The generalization of collaborative and mutualization practices (leading to decreasing sales) has already started to undermine the model of capitalism in various sectors of the economy. We now should expect the increasing presence of open designs (leading to decreasing rates of profit) and the growth of distributed manufacturing to significantly threaten its viability.

⁷⁷ Rifkin, J. (2014). *The Zero Marginal Cost Society: The Internet of Things, the Collaborative Commons, and the Eclipse of Capitalism*. (p. 132) Palgrave Macmillan.

⁷⁸ *Between 1995 and 2002, 22 million manufacturing jobs were eliminated in the global economy while global production increased by more than 30 percent worldwide. Even China shed 16 million factory workers.*

⁷⁸Source: Rifkin, J. (2014). *The Zero Marginal Cost Society: The Internet of Things, the Collaborative Commons, and the Eclipse of Capitalism*. (p. 124) Palgrave Macmillan.

million jobs in 2003, is likely to be just a few million by 2040, marking the end of mass factory labor in the world⁷⁹.

For Michel Bauwens, this revolution in marginal costs which destroys the profit rate is now causing an exodus of labor to freelance status, unemployment and peer production⁸⁰, and leading to the rapid expansion of a new emerging social class formed by independent, self-employed and mostly precarious workers. Guy Standing calls it *the precariat*⁸¹.

The term “precariat” was coined by Henri Lefebvre at the end of the 1960s and initially referred to a very marginal part of society mostly comprised of immigrant self-employed people who stood on the edge of the working class. For Standing, the precariat now *consists not just of everybody in insecure jobs but of those who feel their lives and identities are made up of disjointed bits, in which they cannot construct a desirable narrative or build a career*⁸².

The key point here is that this emerging precariat is very different than it was 50 years ago, both in terms of composition and size. The new precariat includes very heterogeneous social groups such as young educated and employable people who dream of a better future but who can hardly achieve financial independence in the current situation. It also incorporates an increasingly marginal working class comprised of older workers who are being deprived of their jobs and therefore of their social status and material security⁸³. **More importantly, and instead of being limited to a very marginal part of society, this growing precariat is now expected to become the new working class.** In the coming decade, it is indeed expected to start forming more jobs than the public sector in most of the developed world. According to Michel Bauwens and a number of analysts, by 2020, the precariat will create half of the jobs in the US and one third of the jobs in Europe .

⁷⁹ Rifkin, J. (2014). *The Zero Marginal Cost Society: The Internet of Things, the Collaborative Commons, and the Eclipse of Capitalism*. (p. 125) Palgrave Macmillan.

⁸⁰ http://www.huffingtonpost.com/michel-bauwens/beyond-jeremy-rifkin-how-b_5185948.html?utm_hp_ref=tw. Accessed online: May 30th 2014.

⁸¹ <http://www.theguardian.com/books/2014/apr/09/precariat-charter-denizens-citizens-review>. Accessed online: May 30th 2014.

⁸² <http://www.theguardian.com/commentisfree/2011/jun/01/voice-for-emerging-precariat>. Accessed online: May 30th 2014.

⁸³ <http://www.voxeurop.eu/en/content/article/953511-youthful-members-full-time-precariat>. Accessed online: May 30th 2014.

By favouring collaboration, openness and gratuity, the *Internet of Things* is not only opening up the prospect for a distributed and abundant society, it is also profoundly shaking the 20th century socio-economic paradigm under which were agreed and implemented most of the welfare systems that have historically provided the members of society with some form of protection. As explained by Standing, *20th century spheres of labour protection were constructed around the image of the firm, fixed workplaces, and fixed working days and work-weeks that apply only to a minority in today's tertiary online society*⁸⁴. Most of the social protection schemes that are currently in place are either inadequate or simply do not recognize the precariat, leaving its members in a highly unstable and insecure situation.

And while unemployment and precariousness continue to rise, the typical response of most governments has been to hide the increasing precarity of the low- and middle-classes by providing them with financial assistance⁸⁵, when possible, while engaging in a crusade to sustain economic growth, fund their increasing social expenditures and create jobs. Far from solving the problem, such a strategy is now leading to the explosion of public deficits and to public debates where some parts of the population are blamed (i.e. the greedy corporate owners that delocalized production, the immigrants that take the natives' jobs, the lazy unemployed persons who live off the benefits of the state, etc.) for a crisis that is not properly understood. And at a time when what is needed is cohesion and solidarity, these harmful and misleading debates further the sense of separation and increase the tension within society. Moreover, the unrelenting pursuit of economic growth over the past 200 years has now taken us on the brink of ecological collapse. According to George Monbiot, the pursuit of perpetual economic growth has become the great taboo of our age, and our inability to even discuss the impossibility of such a proposition underlines the depth of the problem we face⁸⁶.

Faced by (i) an unprecedented concentration of global wealth, (ii) the emergence of a new economy which is giving birth to a new form of precariat and (iii) the inadequacy of the solutions currently proposed by most governments, various parts of the World (from the West⁸⁷ to the East⁸⁸) are now

⁸⁴ <http://www.theguardian.com/books/2014/apr/09/precariat-charter-denizens-citizens-review>. Accessed online: May 30th 2014.

⁸⁵ <http://www.voxeurop.eu/en/content/article/953511-youthful-members-full-time-precariat>. Accessed online: May 30th 2014.

⁸⁶ <http://www.theguardian.com/commentisfree/2014/may/27/if-we-cant-change-economic-system-our-number-is-up>. Accessed online: June 13th 2014.

⁸⁷ <http://www.theguardian.com/world/2014/apr/28/brussels-braced-influx-euroceptics-parties-european-union-polls>. Accessed online: May 30th 2014.

faced with a significant increase in precariousness and the rise of a nationalist and populist rhetoric which bear a disturbing resemblance with the events that took place a little more than a hundred years ago in Europe and which led to the First and Second World Wars. More importantly, the relentless pursuit of economic growth is leading to the destruction of the Earth's living systems and a programmed collapse of our entire civilization.

While the *Internet of Things* is enabling the emergence of many new forms of collaborative and mutual practices and even giving them an edge over currently dominant forms of organizations based on competition, the transition to a fairer and more sustainable economy will be far from easy. And even though the establishment of a set of common democratic platforms (controlled by its members and in which the value created is redistributed to the value creators) will be fundamental for such an economy to emerge, none of it will happen unless it is actively advocated and fought for.

Chapter 4: WHERE DO WE GO FROM HERE?

4. When the 19th meets the 21st century

In *The Wealth of Networks*, Yochai Benkler argues that to flourish, *a networked information economy rich in social production practices requires a core common infrastructure, a set of resources necessary for information production and exchange that are open for all to use*⁸⁹. The same applies for the physical and material infrastructure which will support the new economy. For instance, if the land, which will be necessary to develop the Energy Internet and the physical spaces where people will live, work and socialize, remains tied to a proprietary infrastructure, the development of a truly collaborative and united economy will remain elusive.

As already mentioned, the development of a zero marginal cost society will continue to put pressure on the traditional proprietary capitalist economy and lead to the expansion of a new form of precariat. In order to prevent from scenarios in which (i) these precarious workers are left with no choice but to

⁸⁸ <http://www.theguardian.com/books/2014/may/16/what-next-india-pankaj-mishra>. Accessed online: May 30th 2014.

⁸⁹ Benkler, Y. (2006). *The wealth of networks: How social production transforms markets and freedom*. (p. 470) Yale University Press.

compete against one another in order to assure their subsistence⁹⁰ and where (ii) the value produced by the precariat remains subject to an expropriation from a limited number of privileged players (i.e. such as landowners⁹¹), the design and federation of cooperative and for-benefit structures should be encouraged and supported.

The nature of the social and economic structures which will form the new economy and the way these structures will be financed (privately, publicly or by the community) and therefore owned (private, public or common) will dictate to a very large extent the way the economic, social, and political life of society is organized.

And whereas most of the capital which is currently poured in to finance and enable the transition towards the collaborative commons is now leading to the establishment of proprietary, for-profit platforms and the exploitation and the precarisation of a whole faction of society (see *Appendix B - The rise of the collaborative economy and the crisis of value*), the need to reconsider and advocate for the practical land reforms as well as the mutualisation and cooperative practices which were at the heart of the thinking of the 19th century social and economic activists is greater than ever.

Thanks to its dual ownership tenure and its dynamic property rights, a model such as the CLT has the potential to develop into the commonwealth platform on which a truly collaborative and united economy could flourish. On the one hand, the CLT's dual ownership tenure allows the community to capture the windfall gains for its own benefits making rent-taking gradually impossible. On the other, it benefits from an internal mechanism which caps the resale price of the assets and therefore deters speculation by impairing the prospect of a “surplus profit”. In other words, and thanks to their dual ownership and governance structure, **CLTs create a level playing field in which exploitation, rent-taking and speculation become gradually impossible.**

In addition, the CLT, which was originally set up in order to provide an access to land and community assets (such as affordable housing, community gardens, co-working spaces, etc.) to individuals and

⁹⁰ As we have seen, this type of competitive environment almost inevitably leads to the erosion of the community's social ties, which are so crucial for both the well-functioning of the local economy and the well-being of its members

⁹¹ In highly unequal countries such as the UK, the majority of the land is now owned by a handful of people. In 2010, about half of Britain's land was owned by just 36,000 families or 0.6% of the population.

⁹¹Source : Cohen, T., *Look who owns Britain: a third of the country STILL belongs to the aristocracy.* <http://www.dailymail.co.uk/news/article-1328270/A-Britain-STILL-belongs-aristocracy.html>. Accessed online: July 2nd 2014.

families who would otherwise lack such access, is a **perfect vehicle to attend some of the needs of the growing precariat while help (re)build social capital**. By intertwining the interests of both the neighbors and the tenants through a new form of dynamic property rights, the CLT indeed offers a new approach to owning the land which weaves together both the individual and the community interests⁹². **By holding the principles of reciprocity and service to the community at the heart of its operations, the CLT is an inclusive tool that can therefore help (re)build the connections, the relationships and the community** which will be an essential element of success for the emerging collaborative economy.

Thirdly, in times of high economic volatility and declining level of taxpayer funds, the CLT has proved to be a very appealing model indeed. As explained by John Emmeus Davis, *what the CLT does better than any other organization is to preserve the affordability when economic times are good and protect its homes and homeowners when times are bad*⁹³. By locking the affordability in, and by standing behind the deal on a permanent basis (i.e. even after the resale-restricted home is resold), **CLTs perform very well in places where market prices soar but also where they plummet while providing dramatic savings for taxpayers**.

Finally, by striving for a productive use of the land, **CLTs deter idle-occupation and optimize the use of the material and physical resources we currently have** for the benefit of the local community.

However and as already seen the growth of the CLT movement has been restrained by an acquisition problem which has so far impeded them to reach a greater scale and become a vector for change. Apart from the United States where the development of large urban CLTs is currently underway, most other countries are still mainly developing rural CLTs at a small and marginal scale. Due to their significant financial requirements (to acquire land, develop housing (and other buildings), create affordability, and sustain their operations), the expansion of both rural and urban CLTs has undoubtedly been restrained by a limited access to low-cost finance. **Yet it would be a mistake to believe that the expansion of the movement has only been muted due to financial limitations. The crux of the problem is above all political.**

⁹² As we will later see, successful CLTs do indeed expand homeownership, create individual wealth and enable residential mobility for low-income individuals and families which would otherwise lack such an access. They also offer community benefits such as preserving affordability in perpetuity, retaining community wealth and enhancing residential stability.

⁹³ Edited by Davis, J. E. (2010). *The Community Land Trust Reader*. (p. 28), Lincoln Institute of Land Policy

If anything, the outcome of the Bhoodan (Land Gift) and Gramdan (Village Gift) movements have indeed shown us that the access to land is not the only obstacle faced by land reformers. Before, during and after the land is acquired, a number of non-financial conditions are indeed required to be met in order for alternative forms of tenure such as the CLTs to be able to secure their transformative potential. Among others, these include: (i) their recognition by public officials and the establishment of a favorable legislation, (ii) an external communication which is clearer, more consistent and more accessible in order to reach out to a larger audience and be more attractive, (iii) a greater community engagement, and (iv) coordination and collaboration with other movements who have similar aims (i.e. co-operatives, social enterprises, etc.).

The CLT movement needs to deal with a multitude of parts which interact with each other in multiple ways. It is faced with a complex problem which requires the focused and collaborative participation of the different parts involved. And it should therefore not come as a surprise that **the single most important factor which can enable the movement to scale up and secure its transformative potential has been found to be the advancement of social-public partnerships** involving a number of committed and cooperative partners such as municipal authorities, affordable housing developers, the co-operative sector, local government, mission-related social investors and active citizen groups, at both the national and the local levels. For John Emmeus Davis, the take off of the movement over the past decade has indeed been fueled by a dramatic increase in local government investment and involvement with *the leading edge of CLT formation in the United States being municipally sponsored community land trusts*⁹⁴. For Pat Conaty, highly successful community-led economic development such as *Coin Street Community Builders in London and the Champlain Housing Trust in Burlington, Vermont, have succeeded because of creative multi-stakeholder partnerships between civil society groups, supportive local authorities and other urban anchor institutions*⁹⁵.

If we are to prevent the further expansion of economic and social inequalities, and the continued deterioration of community life, it will indeed be critical to have public officials and local civic leaders to understand and embrace the transformative potential of economic alternatives such as the CLT, which makes asset accumulation and community-shared ownership central to local economic development.

⁹⁴ Edited by Conaty, P. and Large, M. (2013). *Commons sense: Co-operative place making and the capturing of land value for 21st century Garden Cities*. (p. 33)

⁹⁵ Edited by Conaty, P. and Large, M. (2013). *Commons sense: Co-operative place making and the capturing of land value for 21st century Garden Cities*. (p. 83)

4.1 On the need for social-public partnerships: 3 case studies

*The problem of inequality is not so much a matter of technical economics. It's really a problem of practical politics. We must end the rent-seeking society we have gravitated toward, in which the wealthy obtain profits by manipulating the system*⁹⁶.

- Joseph Stiglitz

We will now look at three highly successful community-based developments that have taken place in recent years (i.e. the Champlain Housing Trust in Burlington, Vermont, Coin Street Community Builders in London and the Evergreen Cooperative Initiative in Cleveland, Ohio). As we will see, the three initiatives share the same common enabling factor, namely, the initial backing of enlightened public officials who were aware of the existence of an alternative, believed in its transformative potential and had the courage to implement it. The aim of this exercise will be fourfold:

- (i) to identify what were the socio-economic conditions among which the decision to support the development of community-owned and community-led alternatives was taken;
- (ii) to understand what were the local authorities' needs and priorities at the time and which were the critical factors or arguments which induced political leaders to favor a social-public partnership rather than a more orthodox private-public one;
- (iii) to see how the community-based alternatives have performed over time and how they were able to address the specific challenges of both the community and the public sector;
- (iv) and last but not least, to see **how those lessons can be of assistance to a growing precariat**, which is increasingly likely to require (but lack) an access to affordable land, community assets and productive facilities and on the other hand, to a public sector, which is likely to continue to be faced with rising social costs and declining levels of taxpayer funds.

4.1.0 The Champlain Housing Trust

The Champlain Housing Trust (from here on referred to as the CHT) is the largest CLT in the USA and the first one to have expanded its landholdings through a partnership with a municipality. The CHT resulted from the merger of the Lake Champlain Housing Development with the Burlington Community Land

⁹⁶ http://opinionator.blogs.nytimes.com/2014/06/27/inequality-is-not-inevitable/?_php=true&_type=blogs&r=0. Accessed online: July 29th 2014.

Trust (the BCLT), both of which were created in 1984 at the instigation of the Burlington's municipal government. At the time, the level of grassroots activism from citizens had been intensifying with tenants rights organization raising concerns that the development of an expanding business district had put the city at risk of gentrification and displacement. The rising discontentment combined with the radical thinking at work among some of the activists led to the election of a third party mayor in Burlington: Bernie Sanders⁹⁷. After the first Reagan administration ended federal government programs to fund affordable housing, the Burlington's progressive municipal coalition started to grow increasingly concerned that a rising cost of housing combined with declining levels of federal subsidies would lead to a shortage of affordable social housing, the displacement of lower-income families and the destabilization of local residential neighbourhoods. They decided to shift the focus of the city's housing policy on two pillars: *encouraging the nonprofit production of affordable housing and ensuring the perpetual affordability of any housing produced using subsidies provided by the public sector*⁹⁸. After various unsuccessful attempts to limit the increase in the cost of housing through rent control mechanisms, the Burlington administration turned to the Institute for Community Economics (ICE) which had been promoting the CLT concept since the 1970's under the leadership of Bob Swann and Chuck Matthei. John E. Davis, who was on the staff of the ICE back then, was sent to Burlington to help create the trust. After more than four months of intense preparation and planning work designed to build an initial base of support and educate the community about the CLT, the trust was incorporated. The BCLT was set up as a classic CLT in the sense that the ownership and the use of the land were separated while restrictions on the resale price of the properties on the land were put in place. The funding as well as the support provided by the municipality proved to be crucial for its development.

The BCLT was started with a USD 200,000 grant from the city of Burlington which was later complemented by a USD 1 million line of credit from the city employees' pension fund⁹⁹. The first house was initially acquired on the open market at full market price and it was only later that the BCLT, now known as the CHT, started to acquire properties on more favorable terms¹⁰⁰.

⁹⁷ It should be noted that this was quite an extraordinary event given that, at the time, there was only one other municipality in the United States which was governed by a socialist mayor, namely Gus Newport, the mayor of Berkeley from 1979 to 1986.

⁹⁸ Davis, J. (2006). *Shared Equity Homeownership: The Changing Landscape of Resale-Restricted, Owner-Occupied Housing*. (p. 44) National Housing Institute.

⁹⁹ Lewis, M., & Conaty, P. (2013). *The Resilience Imperative: Cooperative transitions to a steady-state economy* (p. 91). New Society Publishers.

¹⁰⁰ The BCLT has since become one of the few local organizations to be assigned the option to acquire any unit created through the Burlington's inclusionary housing program, giving them a privileged access to vacant property at below-market prices.

Twenty years after the initiation of its activities, the CHT has grown into a very significant social landlord with more than 2,300 units of permanently affordable housing under its management and stewardship¹⁰¹. The CHT has also developed a wide range of complementary services designed to improve the quality and the affordability of the housing for the residents. Two centers for homebuyer education were notably set up in order to assist first-time buyers in their acquisition and help them manage their finances. Additionally, a number of partnerships were developed to provide advantageous terms to low-income households and assist them with down payments were developed¹⁰². Finally, office space has been created and leased out to a number of local non-profit organizations which provide health care, day care, senior services, legal aid, homelessness assistance and other essential services to residents of the trust¹⁰³.

Operationally, the CHT has developed a fee-based membership which helps cover its costs and build its balance sheet. Contributions come in various forms, from a ground rent charge of USD 25 per month from leasehold members¹⁰⁴ to gift capital from local businesses, social investors and individuals supportive of the trust's work. These funds have since been used to leverage the additional capital grants received from the city and the state and acquire land and loans for development finance¹⁰⁵. From time to time, the trust tried to engage in non-residential projects with the aim to diversify its revenue stream. But almost none of the projects undertaken were able to reach break even and become sustainable profit centers. According to John E. Davis and Pat Conaty (both interviewed for the present dissertation), commercial development has proved to be a more complex and risky venture, requiring a different set of skills as well as a greater tolerance for risk which the members of the CLT movement have yet to acquire.

In 2008, Burlington Associates performed a full-scale cost-benefit study to examine the impact that the CHT had had in terms of affordability, access to homeownership for persons of modest means,

¹⁰⁰ Source: Davis, J. (2006). *Shared Equity Homeownership: The Changing Landscape of Resale-Restricted, Owner-Occupied Housing*. (p. 45) National Housing Institute

¹⁰¹ The trust currently manages 1,800 apartments and stewards over 520 resale-restricted, owner-occupied homes. Source: <http://www.getahome.org/about-us>. Accessed online: July 29th 2014.

¹⁰² Lewis, M., & Conaty, P. (2013). *The Resilience Imperative: Cooperative transitions to a steady-state economy* (p. 91). New Society Publishers.

¹⁰³ Davis, J. (2006). *Shared Equity Homeownership: The Changing Landscape of Resale-Restricted, Owner-Occupied Housing*. (p. 44) National Housing Institute.

¹⁰⁴ Edited by Conaty, P. and Large, M. (2013). *Commons sense: Co-operative place making and the capturing of land value for 21st century Garden Cities*. (p. 14)

¹⁰⁵ Ibid (p. 14)

stewardship of public resources and stabilization of residential neighbourhoods. The following findings, extracted from the study, were outstanding:

- In terms of **affordability**, the results have shown that the trust was continually helping persons of more modest means to access homeownership (the study demonstrated that the average earnings of its households were of 68.6% of the average median income (AMI) in 2008 vs. 69.4% of AMI in 2002). The affordability of its homes also improved, with properties now being accessible to persons earning as low as 53.4% of AMI (vs. 56.6% in 2002)¹⁰⁶.

- The CHT has been a **creator of individual wealth**. Burlington Associates estimates that on average, homeowners investing in a CHT home for five-and-a-half years, have pocketed net equity gains of USD 12,000. Those who have made capital improvements in their homes received even more¹⁰⁷.

- As a direct consequence of the above mentioned **the residential mobility was also enhanced**. 67% of the CLT homeowners that have sold their homes with the trust were indeed able to afford to move on to open-market properties¹⁰⁸.

- Finally the CHT did a great job in **retaining community wealth**. In total, Burlington Associates estimated that an initial public investment of about USD 2.2 million allowed the CHT to bring homeownership within the reach of 357 lower-income households. *Had these subsidies not been retained in the homes, allowing their owners to pocket both the public's investment and all capital gains when reselling*, Burlington Associates estimates that *the size of the public's investment needed to serve the same number of households at the same level of income as CHT had served would have been five times greater*¹⁰⁹.

By succeeding at providing affordable housing and regenerating its local neighbourhoods while retaining community wealth, the CHT has proven that it was possible to promote the interest of low-income, first-time homebuyers while looking after the interests of the larger community. Over the years, the CHT has won many awards for its outstanding achievement and innovation, among which the prestigious United Nations World Habitat Award for the Global North in 2008.

The support of both the city of Burlington and the state of Vermont has been - and still remains - absolutely crucial in expanding the trust's operations. This is what enabled the organization to eventually scale up and to become self-sustainable. There is absolutely no doubt that the strong and

¹⁰⁶ Davis, J., Stokes, A. (2009). *Lands in Trust, Homes that Last: A Performance Evaluation of the Champlain Housing Trust* (p. 1 and 2), The Champlain Housing Trust.

¹⁰⁷ Ibid (p. 2)

¹⁰⁸ Ibid (p. 3)

¹⁰⁹ Ibid (p. 2)

generative partnership that the CHT has developed with its local governments has been its greatest enabler of success. John E. Davis was notably unequivocal on the matter: *“in order to have an expanding CLT movement, you need the support of the public sector”*. He also acknowledged that given the CHT's dependence on public authorities and the lack of alternative sources of capital, the expansion of the trust would be severely compromised in the absence or the withdrawal of such support.

The social, economic and societal benefits brought by the CLT are clear and significant. And yet the needs of both the precariat and the public sector go well beyond permanently affordable housing. For instance, the provision of stable living-wage employment opportunities and/or the economic revitalization of disinvested neighbourhoods, which CLTs are not equipped to deliver at the moment, will be crucial for the well-functioning of any community as well as the well-being of any of its member. Unlike other parts of the Co-operative movement which has found ways of generating their own capital, and develop on a scale that is still largely underestimated, **CLTs do not provide co-operative accumulation and therefore do not solve the social reproduction issue. Therefore, and if we are to make the CLT a progressive movement for change, there is a need to complement CLTs it with other forms of generative and for-benefit enterprises such as social enterprises and co-operatives.** Indeed, only such forms of generative and community-owned ownership models will be able to provide both the movement and its members with the cooperative accumulation and the capital that will strengthen their viability, and eventually make them economically autonomous.

We will now turn to another example of a community-based development initiative which was also able to see the light thanks to the support of local authorities: Coin Street Community Builders (CSCB). Even though it was not set up as a CLT, parallels can be drawn between the CHT and a community-development organization such as CSCB since both share the same common objective: the regeneration and stewardship of their local communities. As for the CHT, the appropriation of the land was supported and facilitated by the local authorities. And as in Burlington, this also proved to be the crucial step which enabled the community-led organization to start regenerating its neighbourhood. But unlike the CHT, CSCB very early chose to develop a commercial strategy with the aim to become financially self-sustainable. This has since enabled them to diversify their revenue stream and make the whole organization much less reliable on local governments' grants for its expansion and therefore much more free to design its own development agenda and provide not only affordable housing but also for a number of the socio-economic needs of its local residents.

4.1.2 Coin Street Community Builders

Coin Street Community Builders (from now on referred to as CSCB) is a London-based development trust which emerged after several years of resistance and activism by a group of local residents. In the 1970's, most of the South Bank of London was owned partly by the Greater London Council (a top-tier local government administrative body which from now on will be referred to as the GLC) and partly by private developers. Due to a lack of investments, much of the land had become derelict and had attracted the attention of developers who planned major office developments.

The proposals from the private sector were strongly resisted by the local community who assisted to the rapid degeneration of its neighbourhood, with many of their peers forced to move out due to a lack of affordable housing. In 1977, a group of them joined together to form the Coin Street Action Group (from now on referred to as the CSAG) and went out to draw up rival plans for the site based around the twin demands of affordable housing and open space. In 1983, after years of sustained community pressure, the members of the CSAG finally won the support of local authorities who decided to hand them over the land.

The success of the community in winning over the land was not only due to the perseverance and political savviness of the campaigners but also to a very favourable political environment. At the time, the GLC was controlled by the Labour Party which was highly supportive of community-based initiatives. The Coin Street proposal notably won the backing of important political figures such as Ken Livingstone¹¹⁰. Additionally, the abolition of the GLC was announced at the height of the campaign¹¹¹, providing its left-wing majority with the increased freedom and flexibility that they needed to hand over the land to the community on highly favorable terms.

In 1984, the Coin Street campaigners incorporated CSCB, a company limited by guarantee in order to buy 13 acres of land from the GLC. The estate was sold by the GLC for GBP 1 million, at a very significant discount to market price which at the time was estimated to be of GBP 4 million. In order to bring down

¹¹⁰ After being Leader of the GLC for a couple of years, Ken Livingstone was notably the Mayor of London from 2000 to 2008.

¹¹¹ The abolition of the GLC was indeed announced in 1983 by the Thatcher government. According to some observers, the GLC, which was controlled by Labour and leaded by Ken Livingstone from 1981 to 1983 had indeed become an undesirable force of opposition to Margaret Thatcher's government.

¹¹¹Source: http://en.wikipedia.org/wiki/Greater_London_Council. Accessed online: July 29th 2014

the market value of the land, the GLC created a number of covenants on the site so that parts of it could only be used for affordable housing and open spaces. The GLC and the Greater London Enterprise Board also provided CSCB with the funding required for the acquisition on very favorable terms.

Faced by an obligation to service its immediate borrowings and develop its newly-acquired land, CSCB chose to develop a commercial strategy with the aim to become financially self-sustainable. According to Kate Swade from Shared Assets (interviewed for the present dissertation), the executive management of the trust had, from very early on, a keen idea of being as autonomous as they possibly could and did not want to be dependent on grants to be viable and *any revenue activity had to be self-funding, create jobs and an economy*. Profitable temporary schemes such as car parking and advertising hoarding were initially set up and rapidly enabled CSCB to start building its balance sheet. Once the organisation became more solid financially, it started to deliver on its promise to provide affordable housing and open space. From 1988 to 2001, four housing co-operatives were set up and led to the development of more than 200 units of affordable properties.

In 1995, CSCB decided to take on the development and refurbishment of what is now recognized as the emblematic flagship of the South Bank of London: the OXO Tower. Right from the start, members of the trust noticed that if they decided to partner with a private company, they would inevitably be faced with a serious conflict of interest. In the words of Iain Tuckett, CSCB's Executive Director, *the interests of an investor with equity is to carry out the development as cheaply as possible, to let it as quickly as possible and then to sell off the rental stream, and that clearly is a very different approach to ours, where we want to hold the property in perpetuity and to use the lettings to achieve social and community objectives - and commercial objectives*¹¹². The GBP 20 million development was eventually pursued by CSCB alone and became a great success. The OXO Tower is now a host to two highly successful restaurants as well as a set of design, arts and crafts shops commercializing high-quality and expensive fashionable items. The Tower has become a major attraction for both tourists and wealthy Londoners alike.

The development of profitable commercial ventures such as the OXO Tower have enabled the organization to meet its social and community objectives more easily by cross-subsidizing them. For instance, the high standards of development coveted for the fourth of their housing co-operatives (Iroko) were made possible by a subsidy of several million pounds by CSCB¹¹³.

¹¹² <http://www.andrewbibby.com/socialenterprise/coin-street.html>. Accessed online: July 29th 2014

¹¹³ Ibid

For Tuckett, CSCB has taken a *Robin Hood* approach, catering for the needs of people with money in order to fund its social objectives. According to him, *one of the greatest failings of social enterprises is to confuse social objectives with economic requirements*¹¹⁴.

Overall, the social and economic achievements of CSCB over the past 25 years have been nothing short of outstanding. Thanks to a relentless activism and a very skilled management of its operations, the local community has not only saved its area from being turned into a commercial development estate, it has created a not-for-profit company which has taken control of redevelopment and delivered on its promise to provide affordable housing, recreational open spaces (i.e. a park, a riverside walkway open to the public) as well as various community facilities that have transformed the area into a vibrant neighbourhood. Crucial to their success were the identity and the strong sense of purpose that were developed during the years of campaigning prior to the establishment of CSCB. Another factor of success was the continued presence of key people, such as Iain Tuckett, who have consistently demonstrated the skills, the business acumen, the intelligence and the probity to turn CSCB into an exemplar of what a community-based development can achieve, even in extremely difficult and competitive circumstances. Yet, none of these accomplishments would have occurred without the initial support of local public officials who believed in the project and assisted the local community to acquire and own the land for its own benefit.

Despite its many achievements, CSCB has sometimes been decried for being an undemocratic organization. Unlike the open and inclusive governance proposed by the CLT and other forms of democratic and mutual organizations, CSCB has notably refused to include local representatives in the organization management and has chosen not to give individuals supportive of the initiative the possibility to become members. Some observers have suggested that CSCB had developed a *self-perpetuating Board structure where the Directors choose for themselves who they want to bring in*¹¹⁵. Some decisions that have been taken such as incorporating the trust as a company limited by guarantee (instead of opting for a more inclusive and open legal structure), or, in the words of Iain Tuckett, *to have kept representing the social and community values of those involved in the campaign*¹¹⁶ (instead of representing the interests of the current stakeholders) have transformed a community-led development initiative into a *top-down* enterprise, managed and governed by a limited number of individuals. As

¹¹⁴ Ibid

¹¹⁵ Ibid

¹¹⁶ Ibid

suggested by Andrew Bibby, a journalist who specialises in co-operative business, mutuality and social enterprise, *this form of governance has ensured the Board and management had the skills it needed to operate effectively, but it could make it increasingly remote from the constituency that it claims to represent*¹¹⁷.

Yet to portray the whole Coin Street development trust as an undemocratic enterprise would clearly be unfair. On the one hand, the company limited by guarantee (i.e. CSCB) is only one of the many legal structures that have been set up by the trust over the years. For instance each one of the four housing co-operatives is managed and governed by its members and therefore fully democratic and fully mutual. On the other hand, the senior management as well as the Board of Directors of the trust have maintained the intention to remain very close to the ground. Very thorough surveys of the area, including in-depths interviews of local people, are regularly performed and have continually informed their agenda. Finally, both Kate Swade and Tim Crabtree (who has also been joined on the phone for the present dissertation) recognize that most of the development trusts that have been set up in the United Kingdom over the past two decades have also opted for this type of *top-down* organizational structure which gives the organization the ability to respond swiftly and efficiently before a fast-changing socio-economic environment. As previously mentioned, the skills, the leadership as well as the vision demonstrated over the years by the members of the management team has been a critical factor of success and both Kate and Tim have openly questioned whether CSCB would have been able to achieve what has been achieved without such a top-down approach.

At the end of the day, and as explained by Kate Swade, the function of CSCB was to develop the land that the CSAG has fought so hard to acquire, create a local economy and make of the neighbourhood a vibrant place to live. And this is exactly what they have achieved.

It is easy to see how such an initiative can be of assistance to a growing precariat. Besides providing affordable housing, preventing the displacement of the members of its local community and bringing back a vibrant community life to a declining neighbourhood, CSCB was able to revitalize the local economy, create jobs and stop money leaking out from the community by making the whole area attractive to both private entrepreneurs and wealthy clients alike. And yet, CSCB is more a community-initiated initiative rather than a community-led one. As we have seen, the organization and management of the trust remains mostly top-down, severely limiting the involvement, the ownership

¹¹⁷ Ibid

and ultimately the role that the members of the community can play in the initiative and on the future of the area.

We will now look at a third and last example of a community-based development: the Evergreen Cooperative Initiative in Cleveland. Alike the CHT and CSCB, the emergence of the Evergreen co-operatives is possible thanks to the backing of enlightened local public officials which believed in the potential of a community-led alternative and had the courage to support a non-orthodox form of development. In a sense, the Evergreen co-ops can be seen as a synthesis of the best of the two models previously discussed. On the one hand, Evergreen has developed a successful commercial strategy which has permitted them to generate their own source of capital through co-operative accumulation and therefore scale their operations up quickly and significantly as well as simultaneously attend to some of its communities' multiple socio-economic needs. On the other hand, it was founded on a much more open, much more inclusive and much more dynamic system of governance which enables for upscaling while encouraging a distribution of power and control.

4.1.3 The Evergreen Cooperative Initiative

The Evergreen Cooperatives is a group of worker-owned businesses launched by Cleveland's largest foundations and anchor institutions¹¹⁸. Even though the launch of the Evergreen Cooperatives Initiative is much more contemporaneous than the development of the CHT or CSCB, it emerged in an analogous context where a growing lack of decent and stable economic opportunities was leading to the impoverishment of local residents and the destabilization of inner-city neighbourhoods. After years of disinvestment and job dislocation, the city of Cleveland and the region of North-Eastern Ohio started to be faced with startling unemployment and rampant levels of poverty¹¹⁹.

¹¹⁸ According to the community-wealth.org website, which brings together information about the broad range of community wealth building activity, *anchor institutions are nonprofit institutions that once established tend not to move location. The largest and most numerous of such nonprofit anchors are universities and non-profit hospitals.* Source: <http://community-wealth.org/strategies/panel/anchors/index.html>. Accessed online: July 29th 2014.

¹¹⁸ Anchor institutions also include more modest ones such as *cultural institutions, health care facilities, community foundations, faith-based institutions, public utilities, and municipal governments.*

¹¹⁸ Source: Howard, T. (2012), *Owning Your Own Job is a Beautiful Thing: Community Wealth Building in Cleveland, Ohio*, (p. 207).

¹¹⁹ According to Census Bureau, in 2007, 29.5% of the residents of the city of Cleveland lived below the poverty line.

With the aim to *rebuild neighbourhoods and improve the economic opportunities of the people who live there*¹²⁰, the Cleveland Foundation established the Greater University Circle Initiative in 2005 (from now on, the Greater University Circle Initiative will be referred to as the GUCI), a multi-stakeholder collaborative initiative made up of local institutions as diverse as the Cleveland Foundation, City of Cleveland, Cleveland Clinic, University Hospitals and Case Western Reserve University. The initiative was designed to break down the barriers between the area's major anchor institutions (having an economic self-interest in having vibrant and healthy local communities) and some of Cleveland's most economically distressed neighbourhoods¹²¹. The GUCI initially tried to dynamise its local economy by offering various kinds of incentives destined to the private sector. The reasoning was that those incentives would attract the private investments and create the jobs which would eventually help address some of the challenges faced by the city's most disinvested communities. Nevertheless, the coalition soon realized that this strategy would prove costly and ineffective. On the one hand, private investment and for-profit corporations tend not to be rooted in place and generally relocate as soon as more favorable economic conditions appear somewhere else. On the other, such type of local economic development usually does not offer the members of marginalized communities more than a temporary access to low paying jobs which do not enable them to build equity, therefore leaving them locked in the poverty trap. In other words, by transferring scarce resources from the public to the private sector such a policy would further fuel income and wealth inequality and would therefore not help solve the problems faced by the city of Cleveland but rather accentuate them.

In 2006, social entrepreneur and co-founder of the Democracy Collaborative, Ted Howard, gave a talk in which he outlined the great transformative potential held by anchor institutions in terms of **community wealth building**. The arguments advanced by Howard caught the attention of some of the members of the GUCI and eventually led to the reworking of the group's local economic development strategy. The coalition started to consider how a cooperative anchor institution strategy could help them achieve their goal and two years later, the Evergreen Cooperative Initiative was born. Its strategy would be to improve the ability of communities and individuals to increase asset ownership, anchor jobs locally and

¹¹⁹Source: Howard, T. (2012), *Owning Your Own Job is a Beautiful Thing: Community Wealth Building in Cleveland, Ohio*, (p. 205).

¹²⁰ The Cleveland Foundation, (2013), *Cleveland's Greater University Circle Initiative: A Partnership Between Philanthropy, Anchor Institutions and the Public Sector*, (p. 4)

¹²¹ The coalition's original focus was on *seven inner-city neighboring communities home to 43,000 people whose median household income was less than \$18,500 and where over 25 percent of the working population was unemployed*.

¹²¹Source: The Capital Institute, (2010), *Evergreen Cooperatives Field Study*, (p. 4)

ensure local economic stability by creating new green community-owned and -run businesses and then redirecting a portion of the significant procurement power of local anchor institutions¹²² towards those newly-created, locally-rooted businesses.

The Evergreen cooperatives were established on the model of the highly successful Mondragon Corporation (for further information on the Mondragon Experiment please refer to the *Appendix C - The Mondragon Corporation and the Emilian Model*). For instance, Evergreen decided to incorporate a holding company (the Evergreen Cooperative Corporation) which is now responsible for keeping the long-term vision of its founding members while acting as a source of continuity for all of its cooperative enterprises¹²³. Its model of governance also emphasizes the network aspect of the Mondragon system. Evergreen functions as a connected group of mutually-supportive cooperative businesses¹²⁴, each of which is owned and controlled by its workers¹²⁵ but also part of a worker-owned and worker-controlled association (in this case the Evergreen Cooperative Corporation). Finally, Evergreen has put in place the Evergreen Cooperative Development Fund, a non-profit revolving loan fund which provides funding for the expansion of existing cooperatives and seed capital for the creation of new ones¹²⁶. The fund currently has approximately USD 200 million of assets under management and invests in individual Evergreen companies as deeply subordinated debt at a 1 percent interest rate¹²⁷.

The Evergreen Cooperative Initiative currently consists of four cooperative ventures: the Evergreen Cooperative Laundry, Evergreen Energy Solutions, Green City Growers Cooperative and the Neighbourhood Voice. The Evergreen Cooperative Laundry is the greenest and most energy-efficient industrial laundry in northeast Ohio providing laundry services to major local institutions such as hospitals, clinics and hotels while helping them reduce their carbon footprint. Evergreen Energy

¹²² In 2007, a feasibility study performed by Ted Howard revealed that the procurement power of the GUCI's three main anchor institutions was in excess of USD 3 billion, with nearly all of it being spent outside the neighbouring communities

¹²² Source: The Capital Institute, (2010), *Evergreen Cooperatives Field Study*, (p. 5)

¹²³ The Capital Institute, (2010), *Evergreen Cooperatives Field Study*, (p. 6)

¹²⁴ Evergreen is committed to inculcate a culture of solidarity both among its members and its member-cooperatives, each of which will be expected to support a cooperative in distress, absorb its excess labor capacity, and contribute to an Evergreen "solidarity" fund that the distressed coop can tap into.

¹²⁴ Source: The Capital Institute, (2010), *Evergreen Cooperatives Field Study*, (p. 6)

¹²⁵ Each cooperative is fully democratic and fully mutual

¹²⁶ The Capital Institute, (2010), *Evergreen Cooperatives Field Study*, (p. 6)

¹²⁷ Howard, T. (2012), *Owning Your Own Job is a Beautiful Thing: Community Wealth Building in Cleveland, Ohio*, (p. 213).

Solutions is a community-based clean energy and weatherization company which designs, installs and maintains photovoltaic solar panels arrays on the rooftops of the state of Ohio. Green City Growers Cooperative is a 3.25-acre (13,150-square-meter) hydroponic¹²⁸ greenhouse located in the center of Cleveland. It currently produces about 3 million heads of lettuce and leafy greens and three hundred thousands pounds of herbs every year¹²⁹ for the residents of the Greater Cleveland. Finally, the Neighbourhood Voice is a free, 10,000-circulation, citizen-driven newspaper which covers worker co-op activity in Cleveland and other issues of concern to residents¹³⁰. Between them, the three cooperative businesses (i.e. the Evergreen Cooperative Laundry, Evergreen Energy Solutions, Green City Growers Cooperative) currently have close to 150 worker-owners, most of whom were formerly in the ranks of the long-term unemployed, hold prison records or have struggled with substance abuse¹³¹. The long-term objective of Evergreen is to expand into a diversified network of small for-profit cooperatives¹³² employing up to 5,000 people.

Central to each one of its cooperatives is a system of capital accumulation designed to allow the worker-owners to participate in the wealth creation process¹³³. Besides partaking in operation management and organizational governance, the worker-owners of the Evergreen cooperatives receive living wages and have the right to a portion of the firm's profits. In return to a USD 3,000 investment into the cooperative (which is funded through a 50-cent per hour payroll deduction¹³⁴), they receive a percentage of each cooperative's profits which is based on a formula that includes length of employment, annual hours

¹²⁸ Hydroponics is a subset of hydroculture and is a method of growing plants using mineral nutrient solutions, in water, without soil.

¹²⁸Source: <http://en.wikipedia.org/wiki/Hydroponics>. Accessed online: July 29th 2014

¹²⁹ <http://evergreencooperatives.com/business/green-city-growers/our-products/>. Accessed online: July 29th 2014

¹³⁰ <http://www.neighborhood-voice.com/about/>. Accessed online: July 29th 2014

¹³¹ The Capital Institute, (2010), *Evergreen Cooperatives Field Study*, (p. 18)

¹³² Understanding the risks associated with concentration of its activities and in order to ensure the long-term survival of its cooperative vision, Evergreen has opted for the development of small cooperative ventures each of which will employ between 50 and 75 people.

¹³²Source: The Capital Institute, (2010), *Evergreen Cooperatives Field Study*, (p. 17)

¹³³ One of the key beliefs underlying the GUCI's philosophy is indeed that the creation of jobs is not enough to break the cycle of poverty; what is required is the creation of wealth.

¹³³Source: The Capital Institute, (2010), *Evergreen Cooperatives Field Study*, (p. 5)

¹³⁴ The Capital Institute, (2010), *Evergreen Cooperatives Field Study*, (p. 17)

worked and salary¹³⁵. The typical worker is expected to build a USD 65,000 equity stake in their business after eight years on the job¹³⁶.

The success of the Initiative's first three for-profit ventures can be attributed to a combination of factors:

- First, Evergreen has put in place a formal business development process whose role is to carefully design new business models and ensure their future viability. Any new business idea must meet a number of criterias including: matching the needs of its local anchor institutions, employ at least 50 people from the local community, be profitable¹³⁷ and be a local champion in terms of ecological sustainability. The multi-stakeholder collaboration which underlies the business development process is a key factor of success which almost secures the profitability of new cooperative ventures by providing them with a guaranteed source of revenue before they even start operating.

- Second, the GUCI provides the Evergreen Cooperative Initiative with the funding, the expertise as well as the guidance necessary to make every single cooperative successful. For instance, the support of a number of public and private institutions was crucial to ensure that the Evergreen Laundry Cooperative would be properly capitalized. In total USD 5.8 million were secured from the following sources: USD 1.5 million from the Department of Housing and Urban Development and the City of Cleveland, USD 1.8 million in New Markets tax credits¹³⁸, \$750,000 from the Cleveland Foundation, and \$1.5 million from two banks¹³⁹.

- Finally the Evergreen cooperatives would be nothing without the commitment, the passion and the professionalism displayed by its worker-owners who seem to have embraced the culture of solidarity as well as the ecologically sustainable vision promoted by the Initiative¹⁴⁰.

¹³⁵ The Capital Institute, (2010), *Evergreen Cooperatives Field Study*, (p. 17)

¹³⁶ One of Evergreen's design criteria for the set up of a new cooperative business is indeed that the firm is profitable enough so that a typical worker will accumulate at least USD 65,000 in equity in their business after eight years on the job.

¹³⁶ Source: The Capital Institute, (2010), *Evergreen Cooperatives Field Study*, (p. 7)

¹³⁷ As previously mentioned an Evergreen cooperative is expected to have the financial capacity the provide workers with a living wage plus benefits and allow workers to accumulate at least USD 65,000 into their personal capital accounts at the end of 8 years.

¹³⁷ Source: The Capital Institute, (2010), *Evergreen Cooperatives Field Study*, (p. 7)

¹³⁸ The New Markets Tax Credit (NMTCT) Program is a federal program which was established in 2000 and designed to spur revitalization efforts of low-income and impoverished communities across the United States.

¹³⁸ Source: http://en.wikipedia.org/wiki/New_Markets_Tax_Credit_Program. Accessed online: July 29th 2014

¹³⁹ <http://www.geonewsletter.org/node/484>. Accessed online: July 29th 2014

¹⁴⁰ The Capital Institute, (2010), *Evergreen Cooperatives Field Study*, (p. 18)

A study performed in 2013 by the Cleveland Foundation accounts for some of the results achieved by the GUCI in its first nine years of operation. In such a short period of time, the accomplishments of the initiative are nothing short of exceptional. They include:

- An institutional partnership and a multi-anchor approach which has become a model for cities around the U.S. and beyond¹⁴¹,
- A business growth and retention program that resulted in more than USD 200 million of local investment since 2008 (the physical developments included the redevelopment of Uptown Cleveland, the improvement of local transit systems, and many more)¹⁴²,
- The creation of three new employee-owned businesses that serve institutional needs, employ economically-disadvantaged neighborhood residents and build community wealth¹⁴³,
- The regeneration of community life through the network-building programs which connect local residents with each other and with institutions to develop new community projects¹⁴⁴.

Despite its short track record, Evergreen's continued viability and expansion (in terms of revenues, jobs and enterprises) offers a strong message of hope to the economically-distressed communities, cities and regions around the Globe. Thanks to a creative and collaborative economic initiative, and by capturing some of the city's major economic flows and leverage them to the benefits of the communities living there, the GUCI was able to revitalize the local economy of some of Cleveland's most marginalized and disinvested neighbourhoods. The benefits of the Evergreen model go far beyond the economic and include coalition building, workforce development, neighbourhood regeneration, sociological empowerment, enhanced ecological sustainability, and increased urban sustainability and stability. According to Lily Song, *they also recast the responsibility of anchor institutions, many of them beneficiaries of public funding, with respect to their surrounding communities*¹⁴⁵. What the GUCI and the Evergreen Cooperative Initiative are currently achieving is within reach of any locality. Like CHT and CSCB, Evergreen demonstrates that the empowerment of impoverished communities and the reduction of wealth and income inequalities does not require the investment of vast sums of money but rather the cooperation and commitment of a group of enlightened individuals.

¹⁴¹ The Cleveland Foundation, (2013), *Cleveland's Greater University Circle Initiative: A Partnership Between Philanthropy, Anchor Institutions and the Public Sector*, (p. 83)

¹⁴² Ibid (p. 84)

¹⁴³ Ibid (p. 84)

¹⁴⁴ Ibid (p. 85)

¹⁴⁵ Song, L. (2014), *Evergreen Cooperative Initiative: Anchor-Based Strategy for Inner City Regeneration*, (p. 55).

These are very important lessons indeed for both the precariat and the public sector. The establishment of a collaborative multi-stakeholder coalition as well as the economic cooperation secured from the city's major anchor institutions provide each co-operative with a guaranteed source of revenue which somehow insulates them from the pressures of an unrestrained market. This, in turn, gives Evergreen the possibility to transfer the control and ownership of the whole Initiative to its members (whereas such a distribution of power would not have been possible - or would have put the whole initiative at risk - in an environment as competitive and as fast-changing as the one faced by CSCB). Thanks to its elaborated and dynamic system of governance and ownership, the Evergreen Cooperative Initiative achieves what CSCB could not, namely, to provide marginalized and distressed individuals not only with a living-wage job but with a wealth creation mechanism and the opportunity to become the owner of their job, something that most of them would not even dare to dream of. By so doing, it provides them with the tools necessary to build their own wealth and therefore to become the masters of their own faith. In other words, Evergreen provides much more than mere economic empowerment, it gives an invaluable sociological and psychological empowerment.

For the public sector, the message is clear: alternatives to the traditional and private forms of economic development (proposed by capitalists and socialists alike) exist, and they work. By vesting ownership in community stakeholders (as opposed to investor-driven corporations) and by directly harnessing the economic power of existing local assets (as opposed to letting it be subject to the forces of an unregulated market), collaborative social-public partnerships have the potential to enable community-led economic developments that are effective, just, ecologically-regenerative, inclusive and equitable.

Yet the transition from our current political-economic system which systematically promotes and pushes for private forms of enterprising, to one that supports economic democracy and mutual practices while handing the power over to the community will be far from easy.

But why is that so and what can we do about it?

4.2 Time for a new economic discourse

Over the past decades, the discipline of economics has grown increasingly dominated by a single ideology (i.e. neo-classical economics) which has gradually disqualified other schools of thought,

rebranding them as misguided and inappropriate. As it became dominant, the neo-classical thinking has come to inform the decision making of most policy makers around the Globe, regardless of which side of the political spectrum they belonged to. Among other things, this led to the empowerment of the private sector through the relentless privatization of the economy¹⁴⁶ and the transformation of the State into a market state whose role is now being more and more confined to the protection of the privileged interests of property owners¹⁴⁷. Equally importantly is the fact that this ideology, which is based on an erroneous set of individual moral beliefs¹⁴⁸, has significantly influenced our collective consciousness to the point where individual freedom is now perceived as resulting from the absence of external constraints and the emancipation from the rest of society¹⁴⁹. According to Lewis and Conaty, this type of freedom *can only be guaranteed by protecting individual's right to maximize their own gain*¹⁵⁰. Hence the emergence, on the one hand, of a rigid legal framework which fosters perpetual, static and exclusive forms of ownership as the norm, and on the other hand, the development of a heightened sense of separation and the growing prevalence, among individuals, of the implicit belief that “*more for me is less for you and more for you is less for me*”¹⁵¹.

Such philosophy comes in stark opposition to the vision of mutual liberty shared by classical economists and moral philosophers such as John Stuart Mill, Bertrand Russell, Jean Jacques Rousseau or Baruch Spinoza for whom individual freedom was *a mutually shared, existential freedom*¹⁵² which notably

¹⁴⁶ Neo-classical economists have indeed historically seen and depicted the private sector as being more efficient than both the public sector and the community at providing for their own needs.

¹⁴⁷ It should be noted that neoclassical economists have not only led to the privatization of the economy but also to its liberalization through the promotion of free trade as well as the opening up and deregulation of markets.

¹⁴⁸ The neo-classical theory was indeed developed under a number of critical assumptions among which perfect rationality, leading to the belief that as economies grow our consumption increases, and so does our overall well-being. However, recent evidences in the fields of psychology and neuroscience have shown that we are not perfectly rational self-interested maximizing individuals, but rather that the reality of our everyday choices is mainly led by habit, customs, commitments and beliefs and that our overall level of well-being is not so much related to the maximization of our personal consumption but is rather much more correlated to non-material aspects of our lives such as our sense of belonging, as well as the strength and quality of our relationships with our family, our friends and our work colleagues⁴.

¹⁴⁸ Source: Edited by Bruni L. and Porta P.L., “*Handbook of the Economics of Happiness*”, 2006 and Anielski M., “*Building Flourishing Economies of Wellbeing*”, 2012

¹⁴⁹ This type of freedom has been described by Erich Fromm as “*negative freedom*” or “*freedom from*”.

¹⁴⁹ Source: Lewis, M., Lewis, M., & Conaty, P. (2013). *The Resilience Imperative: Cooperative transitions to a steady-state economy* (p.246). New Society Publishers.

¹⁵⁰ Ibid, (p.246)

¹⁵¹ TED Talk from Charles Eisenstein @ TEDxNewHaven: “*The Gift of Happiness*”

¹⁵¹ <http://www.youtube.com/watch?v=S16xUKypfeM>

¹⁵² Ibid, (p.246)

depends in important ways on civic institutions creating the right (socio-political) conditions to enable people and social organizations to chart their own agenda and fulfill their own potential.

The continued privatization of our economy, the current posture of the State as a weak neoliberal state privileging the interests of property owners over those of civil society and this contemporary and self-destructive vision of (negative) freedom stand at the core of a dysfunctional paradigm which has influenced the development of our economies and driven our civilization to the edge of societal and ecological collapse. This must change.

“We are not made for an exclusive self-sufficiency, but for interdependence”

- Desmond Tutu, an Archbishop who was a key figure in the anti-apartheid movement in South Africa

If we are to be successful, we need to advance concrete propositions that demonstrate the effectiveness of shared ownerships models, as well as showcase the various benefits that they bring, so that (i) community-based economic development and mutual forms of enterprising start receiving the attention they deserve and that the economic thinking which underlies them starts to inform decision making at all government levels (i.e. from the local to the national and even supranational) and (ii) our collective conception of freedom starts to shift in the right direction again. Similarly, we need to succeed in recasting the state so that it starts to act as a partner state which encourages and facilitates the transition from extractive to generative ownership models and from public-private to multi-stakeholder partnerships.

With community wealth-building strategies as varied as the community land trust, the social enterprise and the co-operative¹⁵³, we have seen that there exists a number of community-led initiatives that have the power to revitalize and stabilize economically depressed areas while securing mutual forms of freedom that intertwine individual interests with those of the larger community.

The Champlain Housing Trust has been successful at implementing broad land reforms that have ensured both affordable housing for all as well as fairness and justice in the distribution of benefits that

¹⁵³ It should be noted that the community land trust, the social enterprise and the co-operative are only three of the many models of community wealth-building. There is indeed a growing number of distinct community wealth strategies which include nonprofit and profit-making models such as community development corporations (CDCs), community development financial institutions (CDFIs), employee stock ownership plans (ESOPs).

flow from local investments. By taking control of redevelopment, Coin Street Community Builders was able to save its area from being turned into a commercial development estate and delivered on its promise to provide affordable housing, recreational open spaces as well as various community facilities that have transformed the area into a vibrant neighbourhood. Finally, by repatriating the control of its money and applying it to projects, businesses, and investments explicitly focussed on navigating a triple-bottom-line transition, the coalition in Cleveland has embraced a model of community-based economic development which is not only revitalizing the local economy of some of Cleveland's most marginalized and disinvested neighbourhoods but provides its most disadvantaged residents with the tools necessary to build their own wealth and become the masters of their own faith.

Each of these strategies offers a model of local economic development which, *by putting wealth in the hands of locally rooted forms of business enterprise (with ownership vested in community stakeholders)*¹⁵⁴, differs in fundamental ways from the traditional forms of development based on public-private partnerships and advanced by both capitalists and socialists alike. The core purpose of community wealth-building strategies is to build wealth in asset-poor communities by stopping the leakage of money. By doing so, they contribute to local economic stability and community revival while reinforcing equitable development.

And while each of these models presents its own set of particular characteristics, a common and core factor of their success is the presence and backing of supportive local public officials¹⁵⁵. And **this is where the task of actively democratizing and disseminating the knowledge around such alternative approaches becomes so crucial**. By spreading the benefits of ownership widely, community wealth-building strategies have the potential to extend daily democracy into the economic realm, to sustainably

¹⁵⁴ Howard, T. (2012), *Owning Your Own Job is a Beautiful Thing: Community Wealth Building in Cleveland, Ohio*, (p. 206).

¹⁵⁵ One of the core recommendations that the FLOK Society research team has made to the government of Ecuador was notably to transform the role of the State from acting as a market state to becoming a Partner State. In their research plan, the members of the FLOK Society project indeed recommend the establishment of a *Partner State which is not opposed to the welfare state model, but 'transcends and includes' it. The Partner State is the state form which enables and empowers the social production of knowledge, livelihoods and well-being, by protecting and enabling the continuation and expansion of commons. The Partner State is the institution of the collectivity which creates and sustains the civic infrastructures and educational levels, and whose governance is based on participation and co-production of public services and collective decision-making. The Partner State retains the solidarity functions of the welfare state, but de-bureaucratizes the delivery of its services to the citizen. It abandons its paternalistic vision of citizens that are passive recipients of its services. The Partner State is therefore based on wide-spread participation in decision-making, but also in the delivery of its services. Public services are co-created and co-produced with the full participation of the citizens.*

¹⁵⁵ Source: http://en.wiki.floksociety.org/w/Research_Plan. Accessed online: August, 5th 2014

reduce social and economic inequalities and to advance the building blocks for a fairer, more sustainable and more resilient society. Equally importantly, these strategies can do so while offering fiscally-constrained governments new ways to achieve service-supporting revenues in an economically-efficient fashion.

If they are to ever embrace them, local civic leaders must be made aware of the existence of such alternative models; they need to understand how they fundamentally differ from the growth-dependent corporate capitalism and the state socialist models which have both consistently failed on their promises to deliver sustainable social, economic and ecological outcomes; and finally they need to be convinced of their transformative potential, for both the benefit of their community as well as their own.

The promotion, the democratization as well as the implementation of community-wealth building strategies have therefore become some of the key roles that social activists should play in the years to come.

CONCLUSION

*We are witnessing the beginning of a transformation through innovative forms of cooperation and distributed ownership. The users of resources are already becoming the producers of their own resources. This will only grow in the decades and centuries ahead. It is not a fad. The nonclosure or liberation of the commons marks a major evolutionary change in human society, just as the enclosure and privatization of the commons was the major historical stage of the past five hundred years. Civilization is rapidly moving from ownership, competition and growth to new forms of trusteeship, cooperation and sustainability.*¹⁵⁶

- James Bernard Quilligan

*The dangerous and growing inequality is the defining challenge of our time*¹⁵⁷. As inequalities widen, the social tissue of our societies is both stretched and strained, almost inevitably leading to a downward spiral of economic uncertainty, social division and unrest. **Yet there is nothing inevitable about inequality.**

For more than two hundreds years, a long tradition of social and economic thinkers have devised a number of cooperative, mutual and democratic economic alternatives that have been successful at addressing what they have identified as the root cause of inequality, namely, the unequal ownership of productive assets. And while their mutualist and cooperative thinking has so far remained in the shadow of the classical and neo-classical economic theories which continue to provide the moral and technical rationale for how land and other means of production should be owned, the need for a paradigm shift is now greater than ever.

¹⁵⁶ <http://www.kosmosjournal.org/article/sharing-the-commons-humanitys-collective-heritage/>. Accessed online : May 30th 2014.

¹⁵⁷ These were the words pronounced by President Obama at the end of 2013.

¹⁵⁷ Source: <http://www.theguardian.com/world/2013/dec/04/obama-income-inequality-minimum-wage-live>. Accessed online: August, 5th 2014

With less than 0.1% of the World's population controlling more than twice the wealth controlled by the remaining 99.9%¹⁵⁸, inequality is reaching alarming levels which are now putting our civilization at risk of societal collapse.

In addition to that, the emergence of a technologically-enabled infrastructure ("*the Internet of Things*") is now giving rise to a new economy ("*the collaborative economy*") based on a new mode of production ("*commons-based peer production*") whose contributive and for-benefit logic is now significantly conflicting with, and undermining the traditional model of the capitalist economy and leading to the rise of a new precariat¹⁵⁹.

If we are to prevent from scenarios in which (i) precarious workers are left with no choice but to compete against one another in order to assure their subsistence (further exacerbating the sense of separation within society and further deteriorating their social consciousness) and where (ii) the value produced by the precariat remains subject to an expropriation from a limited number of privileged players (further fuelling income and wealth inequalities), the design and federation of mutual and for-benefit structures should be widely encouraged and supported.

Such structures are not new. Throughout history, economic alternatives based on the principle of mutuality have continued to reappear in the midst of adverse social and economic conditions. And while they have materialized under very different expressions, the shared ownership and the shared mode of control which define them have brought significant social and economic benefits to the communities and localities that have embraced them. Yet, and as we have seen, the success and transformative potential of such alternatives is substantially increased by the presence and support of collaborative multi-stakeholder partnerships. When publicly-supported, locally-rooted and community-owned forms of economic development have the potential to advance the fairer, more sustainable and more resilient society that we all dream to live in and be part of.

¹⁵⁸ According to the "*State of Power*" study published by the Transnational Institute, 12 million people, or about 0.1% of the population, controlled close to two thirds of the World's GDP in 2014, leaving only one third to the remaining 99.9%.

¹⁵⁸ Source: http://www.tni.org/sites/www.tni.org/files/download/state_of_power-6feb14.pdf. Accessed online: August, 5th 2014

¹⁵⁹ As we have seen, by reducing marginal costs to near zero, the rise of the Internet of Things is starting to seriously weaken corporate profits in various sectors of the economy and leading to a dramatic impact on human labor.

There is no reason why we should keep limiting ourselves to public policies that privilege the interests of a few while leaving civil society as a derivative rest category. And there is no reason either that we should let the social fabric of our communities be destroyed by an ideology based on a series of flawed and overly individualistic philosophical underpinnings. The tools to provide for the needs of a growing precariat, to sustainably reduce social and economic inequalities and to prevent social division are already in our hands. It is up to us to start using them.

REFERENCES

Books:

Amin, S. (2014). *Theory is History* (pp. 79-98). Springer International Publishing.

Anielski M. (2012), *Building Flourishing Economies of Wellbeing*

Bateman, M. (2010) “*Why Microfinance doesn't work?*”

Benello, C. G., Swann, R. S., Turnbull, S., & Morehouse, W. (1989). *Building Sustainable Communities: Tools and concepts for self-reliant economic change*. TOES books (USA).

Benkler, Y. (2006). *The Wealth of Networks: How Social Production Transforms Markets and Freedom*. Yale University Press.

Dasgupta, A. K. (2002). *Gandhi's Economic Thought*. Routledge.

Dickens, C. (1866). *Works: The Adventures of Oliver Twist* (Vol. 12). Chapman & Hall.

Edited by Bruni L. and Porta P.L. (2006), *Handbook of the Economics of Happiness*

Einstein, A. (1951). *Why Socialism?* Monthly Review.

Kumar, S. (1996). *Gandhi's Swadeshi: The Economics of Permanence. The Case against the Global Economy: And for a Turn toward the Local*. San Francisco: Sierra Club Books.

Lewis, M., Lewis, M., & Conaty, P. (2013). *The Resilience Imperative: Cooperative transitions to a steady-state economy*. New Society Publishers.

Murray, R. (2010) “*The Open Book on Social Innovation*”

Polanyi, K. (1944). *The Great Transformation: The Political and Economic Origins of our Time*. (p.37). Beacon Press.

Rifkin, J. (2014). *The Zero Marginal Cost Society: The Internet of Things, the Collaborative Commons, and the Eclipse of Capitalism*. Palgrave Macmillan.

Wilde, O. (1891). *The Soul of Man*. Mundus Publishing.

Wilkinson, R. G., & Pickett, K. (2011). *The spirit level: Why More Equal Societies Almost Always Do Better*.

Papers:

Davis, J. (2006). *Shared Equity Homeownership: The Changing Landscape of Resale-Restricted, Owner-Occupied Housing*. National Housing Institute.

Davis, J., Stokes, A. (2009). *Lands in Trust, Homes that Last: A Performance Evaluation of the Champlain Housing Trust*. The Champlain Housing Trust.

Edited by Conaty, P. and Large, M. (2013). *Commons sense: Co-operative place making and the capturing of land value for 21st century Garden Cities*.

Edited by Davis, J. E. (2010). *The Community Land Trust Reader*. Lincoln Institute of Land Policy

Howard, T. (2012), *Owning Your Own Job is a Beautiful Thing: Community Wealth Building in Cleveland, Ohio*.

P2P Foundation and Orange Labs (2012), *Synthetic Overview of the Collaborative Economy*

Song, L. (2014), *Evergreen Cooperative Initiative: Anchor-Based Strategy for Inner City Regeneration*

The Capital Institute (2010), *Evergreen Cooperatives Field Study*

The Cleveland Foundation, (2013), *Cleveland's Greater University Circle Initiative: A Partnership Between Philanthropy, Anchor Institutions and the Public Sector*

Weber, A. (2013) *Enlivenment: Towards a fundamental shift in the concept of nature, culture and politics*. The Heinrich Böll Foundation

Websites, blogs and articles consulted online:

Arvidsson, A. *Crisis of Value and the Ethical Economy* http://p2pfoundation.net/Crisis_of_Value_and_the_Ethical_Economy. Accessed online: May 30th 2014

Bauwens, M. (2014) *Beyond Jeremy Rifkin: : How Will the Phase Transition to a Commons Economy Actually Occur?* http://www.huffingtonpost.com/michel-bauwens/beyond-jeremy-rifkin-how-b_5185948.html?utm_hp_ref=tw. Accessed online: May 30th 2014.

Bauwens, M. *Dornbirn Manifesto* http://p2pfoundation.net/Dornbin_Manifesto. Accessed online: May 30th 2014

Bauwens, M. (2013) *Four Future P2P Scenarios* http://p2pfoundation.net/Four_Future_P2P_Scenarios. Accessed online: May 30th 2014

Bauwens, M. *The emergence of Open Design and Open Manufacturing* <http://www.wemagazine.net/we-volume-02/theemergence-of-open-design-and-open-manufacturing/#.Uqh1r8RdVuo>. Accessed online: May 30th 2014

Benkler, Y. *Coase's Penguin, or Linux and the Nature of the Firm* <http://www.benkler.org/CoasesPenguin.html>. Accessed online: May 30th 2014.

Bibby, A. *Coin Street - case study* <http://www.andrewbibby.com/socialenterprise/coin-street.html>. Accessed online: July 29th 2014.

Champlain Housing Trust <http://www.getahome.org/about-us>. Accessed online: July 29th 2014.

Cohen, T., *Look who owns Britain: a third of the country STILL belongs to the aristocracy.* <http://www.dailymail.co.uk/news/article-1328270/A-Britain-STILL-belongs-aristocracy.html>. Accessed online: July 2nd 2014.

Community Land Trust Fund <http://www.cltfund.org.uk/>. Accessed online: May 30th 2014.

Community Wealth <http://www.community-wealth.org>. Accessed online: August 8th 2014.

Davis, J. (2014) *You Must Remember This: Uses of the Past in Community Development* http://www.rooflines.org/3695/you_must_remember_this_uses_of_the_past_in_community_development/. Accessed online: May 30th 2014.

Davis, J. (2014) *The Untapped Potential of Land Bank/Land Trust Partnerships* <http://www.rooflines.org/2928/the-untapped-potential-of-land-bank-land-trust-partnerships/>. Accessed online: May 30th 2014.

Edited version of Robin Murray's Webinar Talk on *Strengthening Alternatives Systems Through the Diffusion of Innovation* (2013) <http://balta-sis.ca/2013/04/16/webinar-march-18/>

Elliott, L. (2014) *Davos debates income inequality but still invites tax avoiders* <http://www.theguardian.com/business/economics-blog/2014/jan/19/davos-inequality-world-economic-forum>. Accessed online on May 8th 2014.

Elliott, L. (2014) *Thomas Piketty: the French economist bringing capitalism to book* <http://www.theguardian.com/books/2014/may/02/thomas-piketty-capital-in-the-twenty-first-century-french-economist>. Accessed online: May 8th 2014.

Evergreen Cooperatives <http://evergreencooperatives.com/business/green-city-growers/our-products/>. Accessed online: July 29th 2014.

FLOK Society, *Research Plan* http://en.wiki.floksociety.org/w/Research_Plan. Accessed online: August, 5th 2014.

Francis, J. (2013) *Interview | Sharing the Commons: Humanity's Collective Heritage* <http://www.kosmosjournal.org/article/sharing-the-commons-humanitys-collective-heritage/>. Accessed online : May 30th 2014.

FLOK Society <http://floksociety.org/en/>. Accessed online: May 30th 2014.

GEO Newsletter, *Evergreen Cooperative Laundry Manager: "Owning Your Own Job Is A Beautiful Thing."* <http://www.geonewsletter.org/node/484>. Accessed online: July 29th 2014.

Gettys, T. (2014) *Pope Francis urges governments to redistribute wealth to the poor — maybe even half of it* <http://www.rawstory.com/rs/2014/05/09/pope-francis-urges-governments-to-redistribute-wealth-to-the-poor-maybe-even-half-of-it/>. Accessed online on May 8th 2014.

Harris, J. (2014) *A Precariat Charter: From Denizens to Citizens – review* <http://www.theguardian.com/books/2014/apr/09/precariat-charter-denizens-citizens-review>. Accessed online: May 30th 2014.

Henley, J. (2014) *The enemy invasion: Brussels braced for influx of Eurosceptics in EU polls* <http://www.theguardian.com/world/2014/apr/28/brussels-braced-influx-eurosceptics-parties-european-union-polls>. Accessed online: May 30th 2014.

Howe, J. (2007) *Faces in the Crowd: Brett Snider* <http://crowdsourcing.typepad.com/cs/advertising/index.html>. Accessed online: May 30th 2014.

Howe, J. (2009) *Is Crowdsourcing Evil? The Design Community Weighs In* <http://www.wired.com/business/2009/03/is-crowdsourcing/>. Accessed online: May 30th 2014.

Hussey, A. (2014) *Occupy was right: capitalism has failed the world* <http://www.theguardian.com/books/2014/apr/13/occupy-right-capitalism-failed-world-french-economist-thomas-piketty>. Accessed online: May 8th 2014.

Hutton, W. (2014) *Capitalism simply isn't working and here are the reasons why* <http://www.theguardian.com/commentisfree/2014/apr/12/capitalism-isnt-working-thomas-piketty>. Accessed online: May 8th 2014.

Krugman, P. (2014) *Why We're in a New Gilded Age* <http://www.nybooks.com/articles/archives/2014/may/08/thomas-piketty-new-gilded-age/>. Accessed online on May 8th 2014.

Mishra, P. (2014) *Narendra Modi and the new face of India* <http://www.theguardian.com/books/2014/may/16/what-next-india-pankaj-mishra>. Accessed online: May 30th 2014.

Monbiot, G. (2014) *It's simple. If we can't change our economic system, our number's up* <http://www.theguardian.com/commentisfree/2014/may/27/if-we-cant-change-economic-system-our-number-is-up>. Accessed online: June 13th 2014.

Nafeez, A. (2014) *Nasa-funded study: industrial civilisation headed for 'irreversible collapse'?* <http://www.theguardian.com/environment/earth-insight/2014/mar/14/nasa-civilisation-irreversible-collapse-study-scientists>. Accessed online on May 8th 2014.

Neighborhood Voice <http://www.neighborhood-voice.com/about/>. Accessed online: July 29th 2014.

Newell, J. (2013) *Obama: income inequality is 'defining challenge of our time' – live* <http://www.theguardian.com/world/2013/dec/04/obama-income-inequality-minimum-wage-live>. Accessed online: August, 5th 2014.

NYC Community Land Initiative, *CLTs and MHAs: Frequently Asked Questions* <http://nyccli.org/resources/wtf-are-clts-and-mhas/>. Accessed online: May 30th 2014.

P2P Foundation <http://p2pfoundation.net/>. Accessed online: May 30th 2014.

Palast, G. (2001) IMF's four steps to damnation <http://www.theguardian.com/business/2001/apr/29/business.mbas>. Accessed online: May 7th 2014.

Schoultz, M. (2014) *Lego Innovation: An Example of Crowdsourcing Design* <http://www.digitalsparkmarketing.com/innovation/crowdsourcing-design/>. Accessed online: May 30th 2014.

Smoczynski W. (2011) *Youthful members of the full-time precariat* <http://www.voxeurop.eu/en/content/article/953511-youthful-members-full-time-precariat>. Accessed online: May 30th 2014.

Standing, G. (2011) *Who will be a voice for the emerging precariat?* <http://www.theguardian.com/commentisfree/2011/jun/01/voice-for-emerging-precariat>. Accessed online: May 30th 2014.

Stiglitz, J. (2014) *Inequality Is Not Inevitable* http://opinionator.blogs.nytimes.com/2014/06/27/inequality-is-not-inevitable/?_php=true&_type=blogs&_r=0. Accessed online: July 29th 2014.

The Transnational Institute (2014), *State of Power 2014, Exposing the Davos Class* http://www.tni.org/sites/www.tni.org/files/download/state_of_power-6feb14.pdf. Accessed online: May 9th 2014.

Tech City News (2013) *Meet Drummond Gilbert from goCarShare our Startup of the Week* <http://techcitynews.com/2013/09/03/elevator-pitch-gocarshare-startup-of-the-week/>. Accessed online: May 30th 2014

Tunguz, T. (2011) *How 'Collaborative Consumption' Is Transforming Startups* http://www.huffingtonpost.com/mit-entrepreneurship-review/peertopeer-startups-are-e_b_837144.html. Accessed online: May 30th 2014

Warnick, M. *Poverty in Victorian England: Charles Dickens` Oliver Twist* <http://meta.spcollege.edu/?p=234>. Accessed online: May 8th 2014.

Wikipedia, *Economic Inequality* http://en.wikipedia.org/wiki/Economic_inequality. Accessed online on May 8th 2014.

Wikipedia, *Greater London Council* http://en.wikipedia.org/wiki/Greater_London_Council. Accessed online: July 29th 2014.

Wikipedia, *Hydroponics* <http://en.wikipedia.org/wiki/Hydroponics>. Accessed online: July 29th 2014.

Wikipedia, *New Markets Tax Credit Program* http://en.wikipedia.org/wiki/New_Markets_Tax_Credit_Program. Accessed online: July 29th 2014.

Wikipedia, *Peer Production* Prof. Benkler, Y. http://en.wikipedia.org/wiki/Peer_production. Accessed online: May 30th 2014

Wikipedia, *Wikipedia* <http://en.wikipedia.org/wiki/Wikipedia>. Accessed online: May 30th 2014.

APPENDICES

Appendix A: BENEFITS OFFERED BY THE COMMUNITY LAND TRUST

Here is a non-exhaustive and non-complete list of the many benefits brought by the CLT model:

Societal benefits: It weaves together the individual and the community interests. These arrangements reduce the alienation which is currently widespread between landowners and tenants and enhance and restore political legitimacy by limiting the surplus profit.

The dual ownership leads to a fairer and more equal outcome: both the neighbors and the tenants are included in the ownership and control of the arrangements according to the contribution they make to windfall gains. The windfall gains (or unearned increments in value) as well as the rent are then captured to the benefit of the community (it is fairer since the increments in land value are not created by the landowner - either directly or indirectly through any of his employees, lessees, or users of the land - but by activities of his neighbors and by local and higher government authorities, making the region in which the land is owned more desirable or productive. According to Shann Turnbull: *“These activities are referred to by economists as “externalities”. The conversion of rural land to urban provides an example. The increase in land value created by the conversion is not created by the owner in any way. It is entirely due to external investment in roads, pavements, water, sewage, power, communications, schools, hospitals, shopping centers, and other services. The result is that the landowner accumulates greater economic value from public expenditures and expenditures made by his neighbors and local commercial interests.”*).

More efficient use: The present rules for owning land are inconsistent with the moral and technical justification for a private property market economy. According to Shann Turnbull, *the moral and technical rationale for a market economy is that competition will limit excess or surplus profits*¹⁶⁰. For Turnbull, surplus profits represent the investment returns received after the “time-horizon” selected by the investor and *are a bonus representing profits in excess of the incentive required to bring forth the investment*¹⁶¹. By providing the owner of the land with perpetual and static claims over the land and the

¹⁶⁰ Benello, C. G., Swann, R. S., Turnbull, S., & Morehouse, W. (1989). Building sustainable communities: Tools and concepts for self-reliant economic change. (p. 17) *TOES books (USA)*.

¹⁶¹ Ibid (p. 17)

income it generates, the current rules in probate property market economies provide the investor (the owner of capital) with greater benefits than the incentive that is required to bring forth the investment in the first place. By doing so, it creates economic efficiencies and inequities.

By preventing the landowner from realizing surplus profits (the land belonging to the community), the CLT directly incentivizes the tenant to make a productive use of the land which will yield greater economic benefits than a speculator which would buy and hold the land idle, only to capture the windfall gains and the rise in property value.

On the other hand, and as we have already seen, the current form of private property provides the landowner with windfall gains whereas he did not take part in its creation (the costs of investments in external investments in roads, pavements, water, sewage, power, communications, schools, hospitals, shopping centers, and other services are indeed not incurred by the short-term owner or speculator but by the public). And while land taxes may recover some of the public costs (which led to the windfall gains), the landowner becomes richer on the back of public taxpayers' money. The inequities are compounded when the owner leases his land to others to use. The non-owners are then put in the position of making the owner richer.

Economically more stable: the windfall gains or unearned increments in value are captured for the benefit of the community while the resale price of the assets are capped. CLTs are committed to the lasting stewardship of properties. As explained by John Emmeus Davis, *CLTs make a long-term commitment to the counter-cyclical stewardship of lands and buildings that come under their care: preserving affordability; promoting sound maintenance; intervening, if necessary, to prevent foreclosures; and perpetuating the original mix of incomes and uses*¹⁶². This makes the access to community assets affordable in perpetuity while deterring speculation since the prospect of a "surplus profit" disappears.

More sustainable use: while in the current context, the private form of ownership gives a sole owner the right on the land, and therefore the incentive to maximize its value in order to get as much economic value (i.e. money) as possible, the CLT takes away the right on the land (i.e. the assets being locked up in a trust) and therefore replaces the incentive to maximize profit and profit from the land by an incentive to steward it and put it to good and productive use

¹⁶² http://www.rooflines.org/2928/the_untapped_potential_of_land_bank_land_trust_partnerships/. Accessed online: May 30th 2014

Appendix B: THE RISE OF THE COLLABORATIVE ECONOMY AND THE CRISIS OF VALUE

The emergence of the collaborative economy

The extension of peer production from the hyper-local to the global has given rise to a new economy which the P2P Foundation has called the Collaborative Economy. According to Adam Arvidsson, immaterial production is now increasingly performed by the collaborative economy¹⁶³. Before going any further, it is important to note that *immaterial production* doesn't only refer to the production of goods and services that are not material such as software, but also to the experiences, ideas and innovations which, at the era of knowledge, *represent the most important source of value and development*¹⁶⁴.

Due to its emerging property, it would be hard to try to explain what the collaborative economy is, let alone define it. Instead, what I will do is mention some of its essential features and characteristics and then look at the three main forms that it currently takes.

Features and characteristics of the collaborative economy

First of all, the collaborative economy is not organized in the same way as the traditional economy. It is distributed as opposed to centralized and it is netarchical (organized in networks) as opposed to hierarchical.

As its name suggests, the collaborative economy puts a strong emphasis on collaboration. Whereas competition used to be the driver of growth and innovation and therefore value in the traditional 20th century model, the collaborative economy draws upon the voluntary involvement of the peers to produce. The involvement comes from an intrinsic motivation rather than an extrinsic one. According to Robin Murray, there is also a strong role for values and missions¹⁶⁵.

¹⁶³ Arvidsson, A. "Crisis of Value and the Ethical Economy" http://p2pfoundation.net/Crisis_of_Value_and_the_Ethical_Economy. Accessed online: May 30th 2014

¹⁶⁴ Ibid

¹⁶⁵ Murray, R. "The Open Book on Social Innovation", 2010, p.5

In the collaborative economy, the boundaries between consumers and producers are not as clear-cut as in the traditional economy. In the peer-to-peer model participation is open while everyone is given a democratic voice. As a result, the figure of *produser* starts to appear¹⁶⁶.

Finally and while the collaborative economy is currently largely limited to the field of immaterial production, we should expect its scope to extend to the material sphere relatively soon. The combination of the generalization of collaborative practices and mutualization of knowledge through open source practices and the growth and diffusion of distributed infrastructures for material production (such as 3D printing), is indeed expected to deeply influence the way we think about designing and even making things¹⁶⁷.

The forms of the collaborative economy

According to M. Bauwens, the collaborative economy can be split into three main forms: *the sharing economy, the commons economy and the crowdsourcing economy*¹⁶⁸.

The sharing economy

The sharing economy is about people sharing either their own creative expression or their assets (also known as collaborative consumption).

*The individuals or groups involved in sharing their creative expression generally produce for their own enjoyment. Their production is not motivated by monetary returns but rather by various forms of recognition such as respect, peer-status, network and friendship*¹⁶⁹.

There are two very distinct forms of value that are produced through this type of platforms:

¹⁶⁶ P2P Foundation and Orange Labs, "Synthetic Overview of the Collaborative Economy", 2012, p.21

¹⁶⁷ Bauwens, M. "The emergence of Open Design and Open Manufacturing" <http://www.we-magazine.net/we-volume-02/theemergence-of-open-design-and-open-manufacturing/#.Uqh1r8RdVuo>. Accessed online: May 30th 2014

¹⁶⁸ Bauwens, M. "Dornbirn Manifesto". http://p2pfoundation.net/Dornbirn_Manifesto. Accessed online: May 30th 2014

¹⁶⁹ Arvidsson, A. "Crisis of Value and the Ethical Economy" http://p2pfoundation.net/Crisis_of_Value_and_the_Ethical_Economy. Accessed online: May 30th 2014

- the first is the *use value* that is created by and for the users of the platform. This value is non-monetary.
- the second is the monetized *exchange value* that is realized by the owners of the platform.

YouTube illustrates this trend very well. When people upload personal videos on YouTube, they don't do it for the money but rather to be recognized within their own community or to be accepted in a wider one. Yet, it is the cumulated sum of these individual, voluntary acts that makes YouTube such an entertaining and visited website, turning it into a very appealing platform for publishers and marketers. The revenues that YouTube generates from the advertisement are a direct result of the content (i.e. videos) that is constantly being produced and freely shared by the peers (i.e. the users of Youtube). Nonetheless, there is no retribution mechanism in place to share this monetary wealth with the peer producers. Only the owners of YouTube profit from this money. This is a model that is being used by various proprietary platforms such as Facebook which make money not through *selling use value itself but by selling the derivative attention created*¹⁷⁰. If this type of model is financially viable it is also highly unequal in monetary terms since a few get to profit from the voluntary production of many. So even though it might be sustainable for both the platform and its owners (who will be able to live off the platform's profits), it is highly unsustainable for all the peers engaged in producing and sharing the content who still need to make a living.

In the case of collaborative consumption, *the trend is characterized by the sharing of expertise, goods and services in new and innovative ways, often powered by the social web*¹⁷¹. The participants' rational benefits are both monetary - and in this case it is to save money by sharing an asset -, and emotional - through the sense of generosity that is experienced¹⁷².

Collaborative consumption marketplaces have been multiplying exponentially over the past years and we can now find them in various sectors of the economy¹⁷³. Car sharing is a great example of this trend

¹⁷⁰ Bauwens, M. "Dornbirn Manifesto". http://p2pfoundation.net/Dornbin_Manifesto. Accessed online: May 30th 2014

¹⁷¹ P2P Foundation and Orange Labs, "Synthetic Overview of the Collaborative Economy", 2012, p.135

¹⁷² Ibid (p. 135)

¹⁷³ "Collaborative consumption market places are everywhere: media, car rental, lodging, staffing, textbooks, apparel, custom graphic design and even finance. Netflix shares DVDs among a large subscriber base. ZipCar and GetAround make car sharing easy. Travelers rent a local's apartment for a few days through HomeAway and 9Flats. College students rent textbooks from Chegg. Moms exchange children's clothing on ThredUp. Graphic designers create beautiful paper products and fulfill orders through Minted. Short term borrowers find loans from a community of individual lenders on Zopa and LendingClub." Source: Tomasz Tunguz

where platforms such as GoCarShare (<http://gocarshare.com/>) have met an instantaneous success. In this case the platform acts as a service provider and generates a 15% fee on all passengers booked through the website¹⁷⁴. This type of platforms make a lot sense on many levels. Socially, they allow people to connect by letting themselves be generous and by allowing others to be generous towards them. Environmentally, a greater use of the idle capacity reduces the individual carbon footprint while at the same time, having a positive effect on reducing retail demand and therefore production¹⁷⁵. Indeed, it seems that collaborative consumption might also be affecting consumers' behaviour as people start to want an access to things instead of an outright ownership of them.

It would be hard to argue that the emergence of collaborative consumption will be not beneficial to society. Nevertheless we should keep in mind that this works for the people that already have assets to share or to make profitable. And if you don't have a car in the first place, then there is nothing you can save on and you still need to pay for your transport (being a bus ticket or a shared ride with a neighbour).

We can see how there is a dual logic emerging within the sharing economy. On the one hand, we have the peer producers that produce for their own benefit and/or for the benefit of their community. On the other, we have a range of new entrepreneurs who have understood the potentialities and opportunities presented by the global communication networks and are producing in a for-profit logic. Most of these people have indeed been developing proprietary business models whose profits get derived from the production of the network. And while some of the most successful of these entrepreneurs make millions, or billions in some cases, they do not recognize the value that is created by the peers.

If compared to the 20th century, traditional capitalist model where the owner of capital pays labour a living wage in exchange for their production, this new type of capitalism (that Michel Bauwens calls *Netarchical Capitalism*¹⁷⁶) is both highly unsustainable and unethical.

http://www.huffingtonpost.com/mit-entrepreneurship-review/peertopeer-startups-are-e_b_837144.html.

Accessed online: May 30th 2014

¹⁷⁴ <http://techcitynews.com/2013/09/03/elevator-pitch-gocarshare-startup-of-the-week/>. Accessed online: May 30th 2014

¹⁷⁵ "Each shared car eliminates five to 20 cars from circulation. A college textbook rented 10 times over its life will replace between five to seven new copies. At the cost of market size, reuse liberates the environment from excess consumption." by Tomasz Tunguz

¹⁷⁵ http://www.huffingtonpost.com/mit-entrepreneurship-review/peertopeer-startups-are-e_b_837144.html.

Accessed online: May 30th 2014

¹⁷⁶ http://p2pfoundation.net/Four_Future_P2P_Scenarios. Accessed online: May 30th 2014

The commons economy

The commons economy also known as commons-based peer production is a sphere in which *the creative energy of large numbers of people is coordinated (usually with the aid of the internet) into large, meaningful projects, largely without traditional hierarchical organization or financial compensation*¹⁷⁷.

The logic behind the commons economy is to produce for-benefit and not for-profit. According to the P2P Foundation, this form of collaborative production is influenced by the following model: *(i) producing use value; (ii) by freely aggregating contributors; (iii) in order to produce benefit through a commons. This differs strongly from the traditional capitalist model in which the basic template is: (i) producing commodities 2) through paid labor 3) in order to make profit*¹⁷⁸.

Nevertheless, and as explained by M. Bauwens in the Dornbirn Manifesto, *such communities, and the individuals involved, also tend to appreciate, under certain conditions, the involvement of commercial entities, which can strengthen the project.* As a result there is an increasing number of hybrid peer production structures whereby *companies derivate business strategies, based on creating relative scarcities around the common pool, in return for some kind of support for the common efforts*¹⁷⁹.

This economy is probably best represented by projects such as Wikipedia which is a collaboratively edited, multilingual, free Internet encyclopedia¹⁸⁰. For now, Wikipedia has been fighting for its independence and viability by asking readers to make donations. Here is what you can read by opening a wikipedia page:

“DEAR WIKIPEDIA READERS: To protect our independence, we'll never run ads. We take no government funds. We survive on donations averaging about £10. Now is the time we ask. If everyone reading this right now gave £3, our fundraiser would be done within an hour. We're a small non-profit with costs of a top 5 website: servers, staff and programs. If Wikipedia is useful to you, take one minute to keep it online and ad-free another year. Please help us forget fundraising and get back to Wikipedia. Thank you.”

¹⁷⁷ Prof. Benkler, Y. http://en.wikipedia.org/wiki/Peer_production. Accessed online: May 30th 2014

¹⁷⁸ P2P Foundation and Orange Labs, “*Synthetic Overview of the Collaborative Economy*”, 2012, p.157

¹⁷⁹ Bauwens, M. “Dornbirn Manifesto”. http://p2pfoundation.net/Dornbin_Manifesto. Accessed online: May 30th 2014

¹⁸⁰ <http://en.wikipedia.org/wiki/Wikipedia>

This type of ventures is therefore not financially viable and requires the support of the private sector (in the case of Wikipedia they would be the marketers and advertisers), the public sector (Governments) or civil society (readers` donations) to pay for its costs. Also it is important to note that the people that contribute to Wikipedia are not provided with any monetary reward for the work they produce and they still have to make a living in some way.

As we can see, there seems to be no contradictory logic within the commons economy. Both the production of the peers and the resulting commons are driven by for-benefit motives. And while they may decide to derive a monetary value from the common, it will be used either to strengthen the project and/or to provide for the sustainability of their members.

The crowdsourcing economy (as known as co-creation economy)

According to Katarina Stanoevska-Slabeva, crowdsourcing is *the act of taking a job traditionally performed by a designated agent (usually an employee) and outsourcing it to an undefined, generally large group of people in the form of an open call*¹⁸¹.

With crowdsourcing, there is a retribution mechanism in place for the idea creator but the proportion of what is given out tends to remain tiny compared to what the for-profit entity captures.

One of the first company which most successfully used crowdsourcing was Lego whose objective was to *increase the number of product ideas while improving on their customer engagement*¹⁸². When successful, *the idea creator receives a 1% royalty on the net revenue*¹⁸³ while Lego captures the rest of the monetary value resulting from the social innovation.

This type of model is highly beneficial to the for-profit entity which reduces its costs while benefiting from the power of the collective intelligence. On the other other hand, this is a model that puts the crowdsourcer in a very unfavourable position as he has typically no rights (i.e. no written contracts or employee agreements) and has to compete against peers from all over the world.

In this case, and even though the motives of the peer producers can be mixed, the for-profit logic of the private enterprises is much more obvious than in the sharing economy. As a matter of fact, the

¹⁸¹ <http://crowdsourcing.typepad.com/cs/advertising/index.html>

¹⁸² <http://www.digitalsparkmarketing.com/innovation/crowdsourcing-design/>

¹⁸³ Ibid

crowdsourcing economy has already started to be subject to public criticisms (see the article: “*Is Crowdsourcing evil?*”¹⁸⁴).

The crisis of value

So it would appear that none of the models presented above allow the peer producers to actually make a living from their contribution. At the moment, the production of social innovation creates mostly non-monetary value for the participants while only a very limited number of people, who capture most of the monetary value, can actually make a living out of it (they are the owners of the proprietary platforms (deriving monetized value from the organization of the networks) and the traditional enterprises (profiting from cheap collective intelligence via crowdsourcing)). This results in a growing imbalance whereby more and more value is being created by an increasing number of peers but only a portion of it gets converted into money while most of this monetary value is captured by a very restricted number of people. So even though some models can be seen as sustainable, they do not allow for the sustainability of the people involved in the production process, therefore putting the long-term viability of the model at risk.

This is what Adam Arvidsson calls the “Crisis of value” where *a large share of the growing immaterial economy is not recognized as valuable by capital*. According to him, *the result is an underpaid, underemployed and generally precarious ‘creative proletariat’*¹⁸⁵.

And while the collaborative economy is set to keep growing both in value and in scope, we should pay a lot of attention to the form we want it to take since **there is a very big difference between the for-profit, individualistic, self-interested logic of netarchical capitalists and the fair, egalitarian, democratic, for-benefit logic of commoners**. And even if we might expect the latter to out-compete the more proprietary forms of capitalism (being both more innovative¹⁸⁶¹⁸⁷ and more appealing¹⁸⁸), the sustainability of the peer producers needs to be addressed in the short term.

¹⁸⁴ <http://www.wired.com/business/2009/03/is-crowdsourcin/>

¹⁸⁵ Arvidsson, A. “Crisis of Value and the Ethical Economy” http://p2pfoundation.net/Crisis_of_Value_and_the_Ethical_Economy. Accessed online: May 30th 2014

¹⁸⁶ “The new mode is more productive. More value, more innovation, more usefulness is created for its participants and society and general. For profit companies that rely on proprietary strategies, and where innovation is dependent and limited by competition, will tend to lose out, over time, due to this asymmetric competition, to the for benefit institutions and their associated communities of peer producers which constantly innovate” Source:

Appendix C: THE MONDRAGON CORPORATION AND THE EMILIAN MODEL

The Basque country in Northern Spain went from being one of the poorest regions in Spain and in Europe in the 1950s, to become one of the EU's best examples of sustainable and equitable local and regional development and one of Spain's most dynamic and innovative centers. Core to this turnaround was the Mondragon Cooperative Corporation, a network of industrial cooperatives which expanded into becoming Spain seventh largest industrial group.

In one of his webinar talk, LSE professor Robin Murray¹⁸⁹ relates to the growth of the very successful Mondragon Corporation and outlines what were the three main factors of success:

- (i) Education and training,
- (ii) An access to cheap finance¹⁹⁰,
- (iii) The presence of a sophisticated information system to generate and circulate information

In other words, the success of the Mondragon Corporation as a social economic project was not simply due to the accessibility of funding, but it had been made possible by a very high emphasis on (i) preparation, mentoring and training on the one hand, and (ii) generating, circulating and socializing intelligence. According to Mr. Murray, *finance is the straightforward part of banking and it is rather the*

Bauwens, M. "Dornbirn Manifesto". http://p2pfoundation.net/Dornbin_Manifesto. Accessed online: May 30th 2014

¹⁸⁷ "The productivity of this economy accelerates with the ongoing diffusion of ICTs. Companies or states that embraces its logic are bound to perform better than those who do not." Source: Arvidsson, A. "Crisis of Value and the Ethical Economy" http://p2pfoundation.net/Crisis_of_Value_and_the_Ethical_Economy. Accessed online: May 30th 2014

¹⁸⁸ "It provides more meaning, and autonomy in all spheres of human life. Intrinsic motivation is inherently more productive than the extrinsic motivation and neutral exchange on the market." Source: Bauwens, M. "Dornbirn Manifesto". http://p2pfoundation.net/Dornbin_Manifesto. Accessed online: May 30th 2014

¹⁸⁹ Edited version of Robin Murray's Webinar Talk on *Strengthening Alternatives Systems Through the Diffusion of Innovation*. March 18th 2013, p.4 and p.5.

¹⁹⁰ This was achieved via the creation of its own bank: the Caja Laboral. The co-operatives and their members banked their savings with the Caja, which in turn re-invested them in the development of new co-ops and the expansion of old ones, as well as providing traditional banking (and pension) services to members and their families. But unless most financial institutions, the Caja operated with a section devoted to the preparation and mentoring of new co-operatives.

¹⁹⁰ It is also interesting to note that today, most of the Mondragon co-ops lend funds to each other directly where possible (i.e. on a peer-to-peer basis), with the support of the Mondragon Corporation.

*shaping of the projects as well as the preparation of the people which are so crucial to the growth and expansion of a social economy*¹⁹¹.

In his controversial book *“Why Microfinance Doesn't Work?”*, Milford Bateman¹⁹² emphasizes that neither the high local savings rate nor the reinvestments in the local economy were anything new for the Basque country. But whereas local banks would typically recycle the savings into simple local businesses with little real growth potential, the Caja was determined to invest in more sustainable and growth-oriented small cooperative businesses that would create quality forms of local employment. And it was to that end, that the Caja decided to quickly establish its *División Empresarial* (an Entrepreneurial Division) which helped the creation and the ongoing support of virtually every cooperative within the group. It is now widely recognized that the *División Empresarial* has been instrumental¹⁹³ in the overall success of the group.

The experience of the Emilia Romagna region, in Northern Italy, bears very much resemblance to the one in Spain. After coming out of the World War II as one of the most devastated and poorest regions of the country, the government of Emilia Romagna embarked on a strategy to promote economic development through the promotion and support of a cooperative small business economy. Fifty years later, Emilia Romagna has become one of Italy's richest regions.

What was unique about the economic renaissance that went on in this part of the country, was the fact that it emerged through networks of highly specialized local employee-owned firms, federated around co-operatives ideas. Whereas in Mondragon the development had resulted from the expansion of the co-operative sector alone, it was the alliance and federation of the region's small firm capitalist economy along with the local co-operative sector which enabled them to succeed on both national and international markets.

In his book *Humanizing the Economy*, John Restakis describes the Emilian Model as *a co-operative production system that requires the collaboration of many small firms in the manufacture of a finished product. Each of these firms is highly specialized and exists as part of a network, or more usually a group of networks, that produce an item for export*. He goes on to explain that in Emilia Romagna, *the patterns of co-operation extended far beyond industrial production to address basic issues such as capital*

¹⁹¹ Edited version of Robin Murray's Webinar Talk on *Strengthening Alternatives Systems Through the Diffusion of Innovation*. March 18th 2013, p.5.

¹⁹² Bateman, M. *“Why Microfinance doesn't work?”*, 2010, p.174

¹⁹³ It should be noted that the Entrepreneurial Division, which was part of the Caja, was replaced by the Saiolan Institute, which is now separate from the bank. This was at the insistence of the Central Bank, which argued that there was a conflict of interest in the Caja investing in co-ops it had incubated.

investment, applied research and production development, the gathering of market intelligence, export support and technology transfer. After the war, and in order to be able to gain scale and scope, the SMEs developed their own consortia for services such as finance - which was accessed through consortia guarantees - marketing and overseas sales and technological and market information. In the 1970`s, this was reinforced by the support of the regional administration which started to create a mechanism through which the regional economy as a whole could be understood, its strengths and weaknesses diagnosed and a program of development established. It created an economic planning and development agency, ERVET, that has had a lasting impact on the development of the region`s strategic sectors.

In both instances, the mobilization and the recycling of savings into the local economy through community-owned funding structures were central to the development of these models. Yet, what enabled their growth and resilience was the presence of (i) economic intelligence unit, such as the Entrepreneurial Division or the ERVET (which provided its members with non financial services such as: economic intelligence, strategic planning, continued support for the preparation of both the ventures and the people running them and federation of the separate ventures via their integration into supply chains) and (ii) of very efficient mechanisms for generating and circulating information.

In each case, it is the combination of all three factors: economic intelligence, access to cheap finance and the means to generate and circulate information which turned these systems into highly innovative and highly productive economies, with the power to out-compete their mainstream rivals, both nationally and internationally.