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Ted Howard reveals the secret behind The Cleveland Model's success

 Anca Voinea | Co-operative News | January 29, 2013 - 11:59am (0) Co-operatives, Society, Community, Development, Democracy, Politics, Producer or Worker, Social Enterprise



Ted Howarth, o-founder and Executive Director of The Democracy Collaborative, speaking at Future Co-ops 2013.

Ted Howard, Keynote speaker at the Future Co-ops 2013, Executive Director of The Democracy Collaborative, shared the successful strategy behind "The Cleveland Model".

Ted Howard talks about the Cleveland Model at F...

A national leader in the US in the field of community development, the Democracy Collaborative is researching new ways of building a post-capitalist economy. Co-operatives play a central role in the group's projects, one of its flagships being the [Evergreen Cooperatives](#) in Cleveland.

Mr Howard said the Cleveland Model emerged from the current financial crisis and a growing inequality, with the top 400 people in the US owning more than the bottom 190 million.

In an attempt to address these concerns, the Democracy Collaborative sought new ways to build sustainable community wealth. The strategy, said Mr Howard, was not simply to create new jobs.

Ted Howard explained how getting anchor institutions such as universities, hospitals or the local administration involved in the project was a key element in the success of Evergreen Cooperatives.

With the main anchor institutions in Cleveland purchasing \$3 billion every year and a lot of vacant property in Cleveland, Mr Howard said The Democracy Collaborative saw an opportunity to build on this need for goods and services and get money flowing local.

The Democracy Collaborative created three main businesses: [The Evergreen Co-op Laundry](#), [Energy Solutions](#) and [Green City Growers](#).

Mr Howard added that the project was passed upon a political strategy, emphasising that it is not enough to simply build individual co-op businesses.

"Co-ops are successful all over the world, what is different in Cleveland is the involvement of anchor institutions," he said.

Mr Howard referred to [Mondragon Corporation](#) as "the gold standard" in terms of co-operative development, but emphasised that the Cleveland model is different because it seeks to link businesses to the infrastructure.

The Cleveland Model is also based upon a hybrid structure, with Evergreen workers owning 80 per cent of company, the other 20 per cent being owned by a holding company.

"For the strategy to work it's not enough to simply have the workers involved," said Mr Howard.

The holding company has members like the mayor, philanthropists and local authorities.

The major challenges faced when trying to make the project become reality were, according to Mr Howard, finding the right way to attract the right people and finding investment.

"In the US we have a very robust philanthropic sector, in other countries, they don't have that and you need a source of capital to start that."

Local authorities in the UK expressed interest in the Cleveland Model

Mr Howard said local authorities in the UK have expressed interest in the Cleveland Model, particularly in Preston and across Wales.

"We have different governments, different strategies, but what we share in common is a set of principles and the belief that people who contribute the labour to an economic enterprise should be the beneficiaries.

"I have been speaking to governmental authorities; maybe the city councils will have a important role to play in England," said Ted Howard.

In the US, the Obama Administration has also expressed interest in The Cleveland Model, granting long-term loans to Evergreen Cooperatives. Senator Sherrod Brown of Ohio has also been supportive of the Evergreen model.

Going beyond capitalism

Mr Howard said a key question that needs to be asked is: how to go beyond capitalism?

"If there is no competing vision of another system it really seems like it is descended from heaven".

He referred to Gar Alperovitz's book "America Beyond Capitalism" and said co-ops can play an important role in building a new system, but that they are not the entire answer to the issues with which our society is faced today.

"Systems come and go all the time; co-ops are part of the new system, but I don't think they are the entire answer," concluded Mr Howard.

Ted Howard is co-founder and Executive Director of The Democracy Collaborative at the University of Maryland and serves as the Minter Senior Fellow for Social Justice with the Cleveland Foundation.

Gar Alperovitz is a Founding principal of the Democracy Collaborative. His 2011 book "[America beyond capitalism: Reclaiming Our Wealth, Our Liberty and our Democracy](#)" explores the possibility of building a post-capitalist economy.

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