

PRINCIPLES AND STRATEGIES FOR RECONSTRUCTION: MODELS OF AFRICAN AMERICAN COMMUNITY-BASED COOPERATIVE ECONOMIC DEVELOPMENT

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ABSTRACT

Community-based, cooperatively owned enterprises are characterized by greater community input and participation in the planning, development, and governance of commercially viable, socially responsible businesses that generate jobs, income, and wealth-producing assets. African Americans have a strong but hidden history of cooperative ownership in the face of market failure and racial discrimination. Cooperatives are democratically owned and governed businesses, whose members pool resources and share risk and profits. This research contributes information about viable strategies for economic renewal, particularly to rebuild New Orleans and the Gulf Coast in ways that retain and benefit long-term and low-income residents of color.

Principles and Strategies for Reconstruction

[Pamela] Everage also worried about her relatives and friends who lived on the other side of North Claiborne Avenue between Florida and Caffin Avenues [New Orleans], a place where, at the time, soldiers were barring people from entering and where, it was rumored, bodies were still being found. (Prince 2006, A5)

Five months later some neighborhoods still have no street lights and are not inhabitable. (Rahim 2006, Weeks 2006)

The state of Louisiana and the city of New Orleans have announced their plans for rebuilding after Hurricanes Katrina and Rita. The Louisiana plan in particular uses inclusive language about the return to better conditions for all citizens. Phrases are used such as, “rebuild our communities and the lives of all our citizens to levels that exceed those prior to Katrina,” “using the talents, labor, ideas, and assets of our own citizens ... first and foremost, Louisianans will lead the rebuilding effort,” “rebuild in a manner that is culturally sensitive and recognizes the strength that comes from the diversity of all our heritages,” and “rebuild so that those less privileged in our midst have a markedly improved quality of life as a result of this effort” (Department of Culture, Recreation and Tourism 2006) as well as “New Orleans will be a sustainable, environmentally safe, socially equitable community with a vibrant economy,” and “neighborhoods will be planned with its citizens and connect to jobs and the region” (Urban Planning Committee 2006). This is loaded terminology, which probably means different things to different people, but is to reassure everyone that the right principles are in place.

How will these plans be achieved? Who is at the table, and are all the stakeholders making the decisions present and recognized? Are “citizens” all the previous residents or a certain subset? Do the various stakeholders have the resources and voice to participate equally and effectively? Can the models of development and the business plans proposed actually achieve the goals as stated? What strategies and models would achieve such goals? How do we evaluate the planning process and the suggested strategies?

How all the above questions are answered will in great part determine who is allowed to return, what they will return to, how all the original residents will be treated, and what kinds of development will occur. The New Orleans plan only projects a city of 181,000 by September 2006 (about 144,000 had returned by January 2006) and 247,000 by 2008. New Orleans, however, had a population close to 500,000 on 28 August 2005 before Hurricane Katrina hit. So who are the citizens these plans mention? Where will the rest of the residents be, and what will or has happened to their homes and livelihood?

Words are easy to craft, but crafting actual economic experiences and economic structures that deliver equitable development and increase prosperity at all levels are more difficult and rarely seriously addressed. In many cases the economic development models used are not inclusive and do not deliver prosperity to all. The language, particularly in the state plan, is similar to language a group of Black social scientists used when we publicized our principles and priorities for rebuilding New Orleans and the Gulf Coast (Black Social Scientists 2005)—although our proposals were more specific about how to direct help to the most needy and more comprehensive about how to address all the needs. At the time, what little press we received considered our proposals quite unrealistic and costly (Kemper 2005), but missed the main point about effective relief, community controlled development, comprehensive services, and shared ownership. While our principles are somewhat acceptable, when it comes to allocating funds to actually make a difference in the lives of the poor and displaced, the cost becomes the focus, and no one wants to spend the money. On the other hand, no one questions the ever expanding military expenses of an illegal war—the country continues to find and spend the funds to support those skyrocketing costs.

Not unexpectedly, much of the discussion about rebuilding has been about cost and feasibility, rather than about how to reach and help those in most need. The window of opportunity to talk about race and class (racial economic inequality, institutional racism, and polarized urban politics) that opened when the entire world watched as people of color, the poor, and the elderly were stranded on rooftops and in the prison-like Louisiana Superdome and Convention Center closed rapidly once the media focused on looting and armed gangs roaming the streets. Then attention was turned toward protection of private property, and New Orleans became a “police state.” The government began to address the problem by sending in the military and paid mercenaries—with orders to “shoot to kill.”

The federal government then suspended the Davis-Bacon prevailing wage requirements for contractors, waived contractors’ obligations to submit affirmative action plans, relaxed environmental standards and restrictions against using fuel with high sulfur content, and gave no-bid contracts to The Shaw Group, Bechtel, Halliburton subsidiaries,

and other administration-favored transnational corporations (several of which are already under investigation for overbilling and fraud). With no guaranteed right to return, the poor and non-White have been scattered around the country, left to the Federal Emergency Management Agency's (FEMA) inadequate provisions. In contrast, rich folk and corporations sent their insurance adjusters ahead to stake out their path for a rapid return and signed on to Bush's proposed "Gulf Opportunity Zones" for tax breaks and other incentives to rebuild. Many of them have already returned. Hotels, restaurants, and stores in the tourist districts are open, and Mardi Gras proceeded as usual. In contrast, many residents in areas such as the Ninth Ward are being discouraged from returning or are actually barred from their neighborhoods.

Are these the best strategies for rebuilding? My research on alternative community-based economic development suggests that there are other effective practices being overlooked. Process (principles and strategies for revitalization), structure (types of ownership, governance, and management), and outcomes (meaningful work, "good" jobs, economic equality and stability, environmental sustainability, asset development) all matter. An understanding of the kinds of processes that produce the results touted in the language of the plans, and proper evaluation of the processes and structures used, will help to bring about the kinds of outcomes and benefits desired. What appears to be lacking is an evaluation of the kinds of development proposed, what kinds of structures they entail, what those strategies have achieved in the past, and what alternatives are available. Below I discuss how and why equitable development and democratic community-based economic development are feasible, and I address many of the current issues and challenges in New Orleans and the Gulf Coast. I provide examples of African American community-based cooperative business development.

This article explores the options and delves into the history of alternative economic development in African American communities to identify models applicable to rebuilding the Gulf Coast and other areas in need of revitalization. I briefly comment on strategies to ensure democratic participation and the equality of voice necessary for community-based and equitable economic development, i.e., process. The bulk of this article addresses the kinds and caliber of economic development that are compatible with the goals professed (about using the talents, labor, ideas, and assets of citizens and increasing the standards of living for all citizens). I provide cases of African American initiated and owned cooperative and community-based businesses throughout U.S. history (and currently being used in New Orleans) as examples of strategies that can deliver equitable development using the talents of and increasing the standards of living for all citizens. I also discuss the ways we know that the above structures are working and producing the benefits professed in the goals. I address strategies for measuring the benefits and achievements of community-based, especially cooperatively owned, development and delineate some of the benefits. I conclude by suggesting that while more research is needed, we know a lot about how to achieve and sustain economic development that is equitable, nondiscriminatory, profitable, and sustainable. These practices can be utilized in the rebuilding of New Orleans and the Gulf Coast.

PRINCIPLES AND STRATEGIES FOR DEMOCRATIC ECONOMIC REVITALIZATION

What viable models do we have that will address the issues and uphold the principles that have worked in African American communities and communities of color? Because the Gulf Coast and New Orleans are areas in which the gaps between rich and poor and Black and White are glaring and disturbing, there has actually been significant discussion nationally and locally (though not as much media coverage) of alternative development strategies and principles and priorities for rebuilding. The National Urban League's Marc Morial (a former mayor of New Orleans) and various groups like the NAACP, PolicyLink (a nonprofit research organization promoting equitable development strategies), the People's Hurricane Relief Fund and Oversight Coalition (PHRF/OC), and a group of Black Social Scientists (Black Social Scientists 2005), for example, all call for the right to return of all residents in the area, meaningful participation in development planning, economic rights, and equitable development. The Congressional Black Caucus proposal and bill HR 4197 provides an important initial set of policies and proposes a beginning budget to pay for the provisions. Ralph Nader (Nader 2005), the Federation of Southern Cooperatives/Land Assistance Fund (2006), and the "Big Idea" (2006) project out of Canada all have actually proposed using the cooperative economic model for business and housing development in New Orleans and the Gulf Coast. The Federation of Southern Cooperatives and the Common Ground Collective are already using cooperative, community-based activities in their efforts to help survivors and rebuild neighborhoods.

Many of these groups agree to a common set of principles for how to proceed equitably, including right to return of all citizens, community control, democratic governance, community-based ownership, jobs for residents, livable wages, asset building, and comprehensive services. These are similar to the general principles of meaningful community economic development my colleagues and I formulated in "Inner-City Economic Development and Revitalization: A Community-Building Approach" (Whitehead, Landes, and Gordon Nembhard 2005). In addition, many of us concerned about the economic development of communities of color and the negative effects of gentrification are beginning to articulate similar principles for future neighborhood redevelopment. These include democratic participation, economic and cultural empowerment, mobilization and education, equity, social justice (social needs over profits), environmental health and justice, and meeting basic needs while increasing opportunities to build assets and accumulate wealth.

When planning proceeds equitably, developers, corporations, government, and residents plan together and engage in mutually beneficial projects. Community benefit agreements (the least intensive of such strategies) spell out, for example, how residents will gain from development by ensuring affordable housing, living-wage, long-term jobs, small business development and support for locally owned and community-based businesses, and development funds for educational, cultural, and recreational development. Some also include environmental protections. Examples of such agreements exist throughout the country (Manna Community Development Corporation 2006, Janis-Aparicio and Tynan 2005). Achieving such goals requires organizing and mobilizing at the grassroots level and diplomacy on all sides. City governments and farsighted developers are negotiating and signing such agreements, even when initially

resistant. The case is made most successfully using both economic and social analysis as evidence.

Residents are demanding that such principles operate in the rebuilding of New Orleans and the Gulf Coast. They want more relief, the right to return, that all of New Orleans be rebuilt—not some of it—much strengthened levees and environmental sustainability and protections, and relief from unjust hotel evictions (Dvorak 2006, People’s Hurricane Relief Fund 2006). The original demands from the People’s Hurricane Relief Fund include: funds for all families to be reunited; that the more than \$50 billion in relief should be controlled by the victims; that a Victims Compensation Fund be established like the one after 9/11; representation of the People’s Committee on all boards and decision-making bodies about how to spend the public money and that those most affected be part of the planning process; public work jobs for displaced workers and residents at union wages; and transparency in the reconstruction process (People’s Hurricane Relief Fund 2005). As recently as 9 February 2006, the PHRF/OC issued a statement about the current housing crisis, demanding that FEMA comply with the Stafford Act, which specifies that those impacted by a national disaster receive housing and assistance for eighteen months (not six months), and national legislation that makes affordable housing a national priority (People’s Hurricane Relief Fund 2006). An emergency summit, including representatives of the Congressional Black Caucus, Progressive Caucus, and Tri-Caucus, PHRF/OC, Common Ground Collective, Rebuilding LA Coalition, and many others, released the following demands:

- Right of return
- Rebuilding that invests in those displaced
- Temporary and long-term housing assistance
- Protection for voting rights for the displaced
- Community control over Community Development Block Grants
- Mortgage forgiveness
- Funding for quality public education
- A Victim Restoration Fund
- Environmental cleanup
- Rebuilding of medical facilities
- Small businesses assistance
- Tax credits and bankruptcy exemptions for victims (Shamis 2006)

PROCESSES AND STRUCTURES THAT DELIVER EQUITABLE DEVELOPMENT

What economic structures will reproduce and reflect principles such as those discussed above? In terms of community involvement in development planning, Dudley Street Neighborhood Initiative¹ in Boston provides a good example of how to put inclusion and democratic participation into practice in development planning (Medoff and Sklar 1994). A community of diverse ethnicities and nationalities came together and formed a community development corporation and community land trust in order to make joint decisions about how their neighborhood would be developed. They struggled through processes, which included realization that the board of directors needed to be

composed of a majority of grassroots residents rather than only philanthropists and corporate and business representatives. They also realized they needed to own or control the abandoned properties in the neighborhood in order to ensure land use corresponded with their plans. They utilized a Community Land Trust to own the land in common, for the purpose of keeping land affordable and keeping the governance of the land under community control (Institute for Community Economics 2001).

In terms of community-based and community-owned production of goods and services, the cooperative business model is an important alternative. Cooperatives are businesses (for profit and not for profit) owned by their members for the purpose of providing high-quality and affordable goods and services that the market has failed to provide. For example, in an area where fresh produce and natural and vegetarian foods are not supplied or are very costly, consumers come together and form a buying club or a cooperative grocery store in order to obtain the goods they need. Consumers also come together to buy electricity, environmentally friendly fuels, child care, and financial services (a credit union). Producers also form cooperatives to jointly purchase supplies and equipment and/or to jointly process and market their goods. In addition, workers form cooperatives to jointly own and manage a business themselves. There are many different kinds of cooperatives, large and small, in almost every sector, operating in the United States and all over the world. Cooperatives have operated as a form of successful business ownership for centuries, some more democratically run than others, following a set of principles that include one person one vote, open membership, shared profits, continuous education, and concern for community.

There are several different models of cooperative development² (self-initiated, charismatic leader, agency initiated) and several different kinds of examples under each broad category. There are also a variety of capitalization strategies. Cooperative developers help groups figure out which model might be most effective given the jurisdiction, prevailing economic circumstances, characteristics of the group or population, and financial needs. A cooperative structure is not always the best model of development to use, and a cooperative developer will help a group to figure it out. On the other hand, cooperative ownership is often quite viable and solves many issues such as control over income, affordability, local economic anchoring, and asset ownership (Gordon Nembhard 2006; also see the outcomes discussion below). Here I describe the basic models and provide some examples of how they have been implemented.

In the self-initiated business development model, a group of interested parties—usually people already working together, such as members of the same religious institution or social organization—in the same firm decide that they want to organize a democratic workplace, jointly own their existing workplace, or create a new business, or start a buying club, purchasing or marketing cooperative, or retail store or service. They form study groups to teach themselves about cooperative economics and work on the feasibility and business plan (often with technical assistance). If everything proceeds favorably, they incorporate the business, launch it, and run it themselves or hire a manager. The Chesapeake Marine Railway and Dry Dock Company, Consumers' Cooperative Trading Company, and Freedom Quilting Bee are examples of self-initiated cooperatives.

Similar to the self-initiating model is the model where a charismatic leader or leaders mobilize a group to form a cooperative. While the charismatic leader can take the group far, sometimes this model is weak because if something happens to the leader and there is no succession or the enterprise has not been stabilized, the business fails. However, one of the most successful worker-owned cooperatives in the world started with a charismatic leader. The multinational, billion-dollar, fifty-year-old Mondragon Cooperative Corporation (MCC) in Spain credits its beginnings to a charismatic young priest who started a school, trained the owners of the MCC's first factory, and helped organize the corporation's credit union, which has been the engine of growth for the over 150 cooperatives in the complex.³ Other examples are The Young Negroes Cooperative League, Light of Tyrrell, and Green Worker Cooperatives⁴ (more below).

A very popular and growing model, especially among low-income groups, is the agency-initiated model. A private or government agency pulls together a group of people, trains them, provides management in the initial launch, and slowly turns the business over to the owner/members. The agency raises money for the project through grants from foundations, government sources, and a variety of loans and raises equity from among the members. In addition to handling much of the capitalization, the agency also handles business planning and training. These transitional enterprises have a decent track record, and there are a variety of agencies involved—government (U.S. Department of Agriculture), co-op developers, cooperative development and community organizations. Recently (a model more prevalent in Canada and Europe), successful cooperative businesses start a development fund and hire developers to initiate new cooperatives. The Bricks (church school), SSC Temporary Services (community organization), APR Masonry Arts Construction Company (union and development company), and Emma's Eco-Clean⁵ (nonprofit women's organization) are examples of cooperatives started by various agencies (see descriptions below). Examples of cooperatives that created development agencies or divisions once they were successful are The Federation of Southern Cooperatives/Land Assistance Fund,⁶ Cooperative Home Care Associates⁷ (Kreiner 2003), Childspace (Kreiner 2003), and Cheeseboard Bakery and Cheese Shop (Off Center Video 2001), as well as Mondragon Cooperative Corporation.

Financing and capitalization are issues, even though cooperatives address some level of financing by helping members pool their resources and leverage others. Members contribute to the equity from their own savings or earnings through a membership fee and/or initial investment. The cooperative holds their equity share in an internal account and usually disburses dividends based on members' use. Cooperatives, like other businesses, often need more capital than their members can contribute on their own. There are a variety of fund-raising strategies and loan agreements used to augment members' equity. For low-income cooperatives in particular, cooperatives often mix member equity with loans and grants. Traditional lending institutions such as banks, religious organizations, community development financial institutions, and cooperative loan funds as well as foundations provide financing for initial start-up and expansion of cooperatives. Credit unions—financial cooperatives—have been used historically not just to provide financial services to underserved communities, but also for business

development and to fund cooperative development. This model was used, for example, historically in the Black community (Pitts 1950) and is also the model practiced very successfully by the Mondragon Cooperative Corporation. Mondragon's Credit Union, Caja Laboral, is heavily involved in cooperative development, research and development, and other financial supports for its network of cooperatives (MacLeod 1997, Thomas 2000). Mondragon also supports a university and other educational institutions that promote cooperative development in addition to meeting traditional educational needs. The Federation of Southern Cooperatives/Land Assistance Fund also includes a network of credit unions serving rural Black communities and raises foundation grants to provide technical services to its co-op members and the community.

AFRICAN AMERICAN COOPERATIVE ECONOMIC DEVELOPMENT

African Americans have utilized cooperative ownership in good and bad times throughout U.S. history (Gordon Nembhard 2004b). After the Civil War, in Baltimore, Maryland, for example, where African American caulkers were considered the best at that craft, White caulkers felt threatened and tried to chase Black shipyard workers out of the state. White carpenters boycotted shipyards with African American caulkers, and White mobs attacked Black caulkers and stevedores on their way home. A group of Black stevedores and caulkers started their own cooperative shipyard to protect their jobs and safety and maintain their standard of living. The Chesapeake Marine Railway and Dry Dock Company survived as an integrated workplace for 18 years and succeeded in integrating the all-White unions at that time (DuBois 1907). About 110 years later, in Los Angeles when Black bricklayers suffered persistent discrimination and underrepresentation in jobs and management, their union worked with the A. Philip Randolph Educational Fund and a private employee-ownership development agency to help them establish their own worker-owned construction company—APR Masonry Arts Construction (Hill and Mackin 2002).

Schools and education programs have also been important cooperative developers in the African American community, sometimes through churches. In 1932 during the depression in Gary, Indiana, an African American principal in a local high school called a meeting among African Americans to discuss how to better their economic condition. They began weekly education meetings to learn about cooperative economics. After about eighteen months they established a buying club and then a network of cooperatives. The Consumer's Co-operative Trading Company came to operate a main grocery store, a branch store, a gas station, and a credit union (Hope 1940, Reddix 1974). In 1936, the company was considered to be "the largest grocery business operated by Negroes in the United States" with total sales of \$160,000 (Reddix 1974, 119). The cooperative education element was very important. In 1933 Consumer's Co-op began offering a cooperative economics course in the high school's evening school. At one point that was the largest subscribed course offered by the high school. In addition, the young people's branch operated its own ice cream and candy store cooperative.

Similarly, in 1934 in Bricks, North Carolina, the Brick Rural Life School, run by the American Missionary Association, developed a program of adult education for

African American cooperative development. Families would take up residence on the school's farm to learn new farming techniques and cooperative economics. Cooperative economics courses and training workshops were provided for the community. In 1936 Bricks organized a credit union. Early members then pooled their resources and borrowed from the credit union to jointly buy a tractor. In 1938 the group opened a cooperative store and in 1939 developed a health program. It raised half of the costs of a full-time nurse and convinced the state health department to match the rest. Small purchasing and service groups were established in the surrounding communities. By the late 1940s more than 75% of the families had at least one member connected with one of the co-ops (Pitts 1950, 24-26).

Also in North Carolina, another charismatic principal began organizing cooperatives in the late 1930s. The principal of the Tyrrell County Training School, and members of his staff, conducted study groups on cooperative economics. This principal was familiar with the cooperatives at Bricks and had learned about cooperatives in a class on rural education at Columbia University (Pitts 1950). By 1939 twenty-five neighbors established a credit union. In the first year membership increased to 187. The credit union started a student savings account program. Members of the Tyrrell group started a store in 1940 and in 1941 established a cooperative health insurance program that guaranteed a member up to \$100 for hospitalization for a membership fee of \$1.00, monthly assessments of ten cents, and a twenty-five cent "co-payment" for each hospital visit. They had plans to raise money to hire a doctor, but never proceeded with those plans. The credit union helped several families save their farms from foreclosure and/or to purchase a farm and financed group purchases of farm equipment. Buying clubs and machinery cooperatives (purchasing coops) were established through 1945 (Pitts 1950, 27-30). More cooperative activity took place in North Carolina around that time with Bricks and Tyrrell County co-ops joining together to organize the Eastern Carolina Council federation of North Carolinian cooperatives (Pitts 1950).

The 1930s was an active time for cooperative development among Blacks and Whites. The Young Negro Cooperative League, founded in December 1930 by twenty-five to thirty African American youth in response to a call by George Schuyler (Schuyler 1930, Schuyler 1932, Calvin 1931) in the *Pittsburgh Courier*, was strong in five cities by the early 1930s. Ella J. Baker was elected its first executive director. The Chicago Ladies' Auxiliary of the Brotherhood of Pullman Car Porters was also organizing cooperatives during this time (Chateauvert 1998). In every case study groups were formed to discuss the economic problems and learn cooperative economics before starting a business.

The cooperative movement in African American communities also received momentum in the 1960s with the Black Panther Party establishing cooperative bakeries and free breakfast programs for children. In 1969 the "Black Manifesto" of the National Black Economic Development Conference in Detroit demanded reparations of \$500,000 in part to establish a Southern land bank and cooperative businesses in the United States and Africa (The Black National Economic Conference 1969). In addition, the Federation of Southern Cooperatives was established in 1967 uniting one-hundred farmer's cooperatives, marketing co-ops, and credit unions from across the South. The Federation

of Southern Cooperatives/Land Assistance Fund (FSC/LAF) is a network of rural cooperatives, credit unions, and state associations of cooperatives and cooperative development centers in the southern United States established to support land-based economic development for low-income communities through cooperative development and saving of Black-owned land. The FSC/LAF provides technical assistance, legal assistance, financial support, education, and advocacy to its members (Federation of Southern Cooperatives/Land Assistance Fund 2002, *Journal of Cooperative Development* 2000).⁸

Freedom Quilting Bee of Alberta, Alabama, one of the founding members of the FSC/LAF, began in 1966. Women in sharecropping families began making quilts and selling them to augment the family incomes. The cooperative bought 23 acres in 1968 to build the sewing plant and also to sell land to sharecropping families who had been evicted from their homes for registering to vote and/or participating in civil rights activities (Freedom Quilting Bee 2002). By 1992 the cooperative, the largest employer in the town, had 150 members, owned a day care center, and operated an after school tutoring program and a summer reading program (Federation of Southern Cooperatives/Land Assistance Fund 1992).

SSC Employment Agency in Baltimore is a worker-owned cooperative temporary services agency in the hospitality industry.⁹ Baltimore BUILD, a community organizing and advocacy organization, wanted to support business development that would help employ “hard to employ” local residents, develop their skills and mobility, and provide good jobs with ownership possibilities. BUILD established SSC in 1997 and hired a management company to run the business until the workers could take over. As more and more workers became eligible to be owners, the agency became self-managing and truly worker owned. As the company has grown, it has provided annual dividends to each owner, in addition to job permanence, decent wages, and job ladder mobility.

Cooperative Home Care Associates (CHCA), in the South Bronx of New York City, is also a worker-owned cooperative (of predominantly Black and Latina women). In its 20 year history it has grown to over 500 worker-owners. The cooperative sets labor standards for its industry in wages, benefits, job permanence, job ladder mobility, reduced turnover and quality care; and pays dividends to its worker-owners. In addition CHCA has established training and cooperative development components and engages in policy advocacy through its nonprofit affiliate, Paraprofessional Health Care Institute.

The APR Masonry Arts Corporation is an African-American worker-owned unionized masonry construction company (Hill and Mackin 2002). African American unionized bricklayers in Los Angeles, California, were underemployed and felt discriminated against. The union was not successful in addressing their needs. After seven years of organizing and fund-raising, with help from the nonprofit organization A. Philip Randolph Educational Fund and cooperative developers Ownership Associates in Boston, the cooperative was launched in August of 1998. APR Masonry Arts worked mostly on jobs in the Black community. Unfortunately they had cash-flow difficulties, and the business shut down in 2005. The seven years’ experience running their own company, however, gave the worker-owners skills and opportunities they would not have had otherwise.

Emma's Eco-Clean house cleaning cooperative is a project of Women's Action to Gain Economic Security (WAGES) in Redwood City, California. Five founding members (predominantly Latinas) went through a one-year business training program offered by WAGES and 75 hours of industrial training in ecological cleaning. The business began operating in April 1999. The now eleven members make decisions collectively, jointly participate in administration, and formed their own internal training program. Emma's won a 1999 Silicon Valley Environmental Business Award with WAGES and was nominated for a 2001 San Mateo County Sustainability Award.¹⁰ WAGES has developed and supported several other ecological cleaning cooperatives and generally helps immigrant women jointly own their own businesses, receive the needed training, and gain control over their income. Cooperative Economics for Women, in Jamaica Plain, Massachusetts, works similarly with immigrant women to develop entrepreneurship and form cooperatives.

Green Worker Cooperatives (GWC) in the South Bronx, New York, was started by Director Omar Freilla in 2003. It started as an outgrowth of New York City's environmental justice movement. Green Worker Cooperatives is an incubator for worker cooperatives that practice ecological sustainability. They combine cooperative development (building a cooperative from inception to launch and supporting the cooperative members until the business is well on its way) with advocacy for sustainable development in their neighborhood. Their objective is to "build a movement for a different kind of economy, one built on environmental justice; empowered communities; and democratic workplaces."¹¹ The purpose is to address the dual needs of eco-friendly industry (to clean up hazardous sites and develop sustainability) and people-friendly jobs. GWC combines meaningful work, workplace democracy, advocacy, and environmental safety and sustainability in a low-income, underserved community in New York City. It is developing its first cooperative, Building Materials Reuse Center, a retail warehouse for surplus and salvaged building materials recovered from construction and demolition jobs. Deconstruction and recycling are emerging industries with a potential to grow. GWC has also developed a "Cooperative Academy" to train residents in cooperative economics. GWC receives technical assistance from The ICA Group, a cooperative development company in Boston, Massachusetts.

COOPERATIVE ECONOMIC DEVELOPMENT AND NEW ORLEANS

Given all the possible positive effects of cooperative ownership, and the variety of models for how to initiate and sustain such development, cooperative economic development is a viable revitalization strategy (Haynes and Gordon Nembhard 1999). The development plans for New Orleans and the Gulf Coast might better meet all their goals if they add cooperative development to the strategies they will be advocating and supporting.

Ralph Nader is the most prominent of those of us suggesting using cooperative business ownership to help rebuild New Orleans and its environs. A couple of months after Hurricane Katrina Nader wrote:

Here is a flattened major city in America where a cooperative economy can take hold that puts people first, that allows the return of low-income families back home with dignity, self-determination and opportunity. (Nader 2005)

What he did not say was that such a strategy already exists in New Orleans, however it is small and needs more attention and more resources. There were cooperative and worker-owned businesses in New Orleans before the flooding. *GEO Newsletter* editors, for example, reported on a gathering with several co-op members in New Orleans in April 2003. This group included representatives from Invest Construction (a construction cooperative whose members are public housing residents), Cyberspace Central Computer Consultants, Plan B Bicycle Co-op, and the Green Project (recycling cooperative) (Bowman and Stone 2003). Many of the businesses and their members are working to reestablish themselves in New Orleans and to help develop more cooperatives. The Crescent City Farmers Market in New Orleans had been an outlet for many of the FSC/LAF's Mississippi and Louisiana farm cooperatives. It was reopened in November after being totaled by Hurricane Katrina. Its reopening helped local farmers reestablish themselves.

In addition, the cooperative movement has been very much involved in relief efforts and rebuilding. Cooperatives from around the country (including the FSC/LAF's Indian Springs Farmer's Association in Mississippi, whose own facilities were damaged and whose members' farms suffered "excessive losses") donated produce, biodiesel fuel, and other supplies to New Orleans and the Gulf Coast (Federation of Southern Cooperatives/Land Assistance Fund 2006, 2-3). The FSC/LAF's Assessment and Outreach Team is providing emergency financial relief to hurricane survivors and coordinating disaster relief training. The FSC/LAF has also begun to provide training workshops on advocacy and cooperative development. It plans to help develop housing cooperatives, worker-owned cooperatives for cleanup, rehab, and construction, as well as to continue ongoing work with farmer cooperatives and credit unions (2006, 3).

The Common Ground Collective has a director for cooperative development and is planning to launch a number of cooperatives in construction, seafood production, housing, and other areas in the near future.¹² Among its many projects, the Common Ground Collective has opened two community health clinics and two food and supply distribution centers (Common Ground Collective 2005). The free community-controlled, locally employed, primary care health clinic in Algiers, New Orleans, has a mobile unit that travels to other communities, and the staff also provides home visits. Common Ground Collective also helps support three community gardens.

Cooperative Outcomes and Community Benefits

All of these cooperative enterprises have many things in common. Members are from marginalized communities and were not being served well or at all by prevailing market forces or government agencies. They needed to generate income and build assets and generally have control over their own economic lives and their communities. They

came together (often with the help of a leader or community organization), studied their circumstances, studied the alternatives, and pooled their resources—talents and capital. They launched businesses that would address their needs and keep them in control. Many followed a charismatic leader. Many started through a church or school. Others were initiated by an agency or organization that recognized the need and pulled together a group of people who could then work together.

These are all stable businesses anchored in their communities, with no desire or incentive to leave. They usually provide permanent jobs with livable wages and benefits for their workers and/or owners, often setting the standard (a higher standard) for their industry in their region. Many provide comprehensive services, or services beyond those specific to their industry. Because they are member owned, they provide asset building opportunities and, in addition to the added individual wealth, increase the wealth of their community (Gordon Nembhard 2002). The benefits from these businesses spill over into the broader community, often increasing training and education of members and consumers in the community, buying from other local businesses, fostering business spin-offs, increasing civic participation, and advocating for industry or community changes—i.e., creating positive externalities (Gordon Nembhard 2004a, Gordon Nembhard and Blasingame 2002).

The research I and a few others are engaged in to document and evaluate the impact of cooperative ownership on communities, especially subaltern communities,¹³ is helpful and will continue to be helpful to our understanding of alternative economic development strategies that anchor capital in communities, give residents control of economic development in their communities, and generate income and wealth. Much more research needs to be conducted, with the involvement of communities themselves. In addition, this information needs to be disseminated more widely, and policy strategies must be devised to support the development strategies. We need to know more about policies to better support and develop such enterprises, and we need more analysis of their strengths and weaknesses—particularly the myriad benefits cooperative businesses provide communities.

However, we know enough now—about their benefits and how to develop such businesses—to promote and support more such types of business development. It is time that urban and rural renewal programs and municipal and state governments took these democratic-ownership models seriously and included them in their development plans.

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ENDNOTES

¹ See the Dudley Street Neighborhood Initiative Web site (www.dsni.org).

² This list is based on my notes from a workshop on worker-owned cooperatives taught by Tim Huet (Huet 2001).

³ See the Mondragon Web site at <http://www.mcc.es/ing/index.asp>.

⁴ See the Green Worker Cooperatives Web site at www.greenworker.coop.

⁵ See "Emma's Eco-Clean" on the WAGES Web site at www.wagescooperatives.org/emmas.html.

⁶ See Federation of Southern Cooperatives/Land Assistance Fund Web site at <http://www.federation.coop/>.

⁷ See the Paraprofessional Healthcare Institute Web site at www.paraprofessional.org/Sections/chca.htm.

⁸ See 6.

⁹ This information is from McCulloch 2001, page 69, and the author's personal discussions with Avis Ransom of R&B Unlimited, Inc., providers of management assistance to SSC.

¹⁰ See 5.

¹¹ See 4.

¹² In e-mail correspondence (March 2006) with Common Ground's cooperative development director, Shakoor Aljuwani notes that the organization will be conducting trainings and hopes to develop several cooperatives and community land trusts in the next few months.

¹³ I am currently writing a book on African American cooperative thought and practice.