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Journeys to the Generative Economy: five models of community ownership

By Marjorie Kelly

Many of us live with a TINA view of our economy: There Is No Alternative to capitalism as we know it. But all over the world a new kind of economy is already sprouting – a generative economy: one that serves the many rather than the few, one that creates the conditions where all of life might thrive for generations to come. What creates the foundation for this new economy is *ownership*, alternative forms of ownership that are focused not on maximizing financial income, but on creating the conditions for life.

In writing my new book, *Owning Our Future: The Emerging Ownership Revolution*, I journeyed across the U.S. and Europe to visit some of the most promising emerging examples of what I call “generative ownership” – the kind of ownership suited to living on a finite planet, and working together cooperatively in ways that benefit us all.

There are many kinds of generative ownership, including cooperatives, employee ownership, foundation ownership of large corporations, municipal ownership, and emerging social enterprises. Among the most exciting are these forms of community ownership:

1. Community-owned banks – like credit unions of the U.S., building societies in the UK, and cooperative banks found across the globe. These are all owned by their depositors. At a time when the mega-banks of the U.S. were receiving billions in bailouts, the vast majority of the nation's 8,000 consumer-owned credit unions needed none. In Europe, the cooperative banking sector holds 21 percent of all deposits. In the Netherlands, the enormous Rabobank holds 43 percent of the country's deposits. These cooperative banks are run democratically in the interests of their customers. <http://www.eurocoopbanks.coop/?nav=2>

2. Community-owned wind – like Lynneten Wind Farm, standing offshore in Copenhagen harbor, where three turbines are owned by a local utility, four by a wind guild. Wind guilds are owned by small local investors who joined together to fund and own wind installations, with no corporate middleman. Denmark today generates 20 percent of its electric power from wind, more than any other nation. And many credit that success to the grassroots movement of the wind guilds. <http://www.windustry.org/communitywind>

3. Community-owned forests of Mexico – where the rights to govern and profit from the forest are often held by indigenous peoples, like the Zapotec Indians of Ixtlan de Juarez in southern Mexico. At Ixtlan, the problems that bedeviled other forests in Mexico, like deforestation and illegal logging, have become relatively unknown. The reason is community members have incentive to be stewards, because forest enterprises employ 300 people harvesting timber, making furniture, and caring for the forest. Community forests represent 60 to 80 percent of all forests in Mexico. Worldwide, more than a quarter of forests in developing nations are managed by local communities. <http://www.yellowwood.org/Keeping%20Wealth%20Local.pdf>

4. Community land trusts – like the Jewish National Fund, a public but nongovernmental institution established over a century ago to hold land that, as its founder said, would be “the property of the Jewish people as a whole.” Today the fund still holds title to substantial land in Israel, overseen by trustees who lease portions to kibbutzim and others who use it in the public interest. Mexico once had the *ejido* system, involving village control over communal land. And traditions of common land ownership were known in ancient China and Africa. Today these traditions survive in the British custom of the town common in New England. There are also community land trusts in the U.S. where a cluster of families own their homes, while a community nonprofit owns the land beneath those homes. In the housing crisis that began in 2008, community land trust homes in the U.S. had foreclosure rates one-tenth those of traditionally owned homes. <http://www.cltnetwork.org/>

5. Employee-owned businesses rooted in community – like the Evergreen Cooperative Laundry in Cleveland, Ohio, a city experiencing the bleakest form of economic decay. It is here that a new model of worker ownership is taking shape, serving as a model that is beginning to spread across the country. At this green laundry – supported by stable contracts with anchor institutions such as hospitals and universities – employees buy into the company through payroll deductions and can build a \$65,000 equity stake over eight or nine years. Other companies in the Cleveland project include Ohio Cooperative Solar, expected to employ 100, and Green City Growers, likely to become the largest urban food-producing greenhouse in the nation. Organizers envision a group of ten companies creating 500 jobs over five years – in a city where the poverty rate is above 30 percent.

The generative economy is more than a hopeful idea. In many ways, it’s already here, emerging in largely unsung, disconnected experiments all over the world. As crisis after crisis is spun off by today’s dominant form of ownership – the publicly traded corporation, with ownership shares trading on Wall Street – alternative forms are at the same time emerging. We’re at the beginning of an unseen ownership revolution. Visiting these places, as I do in my book, is a journey into the territory of the possible, a kind of advance scouting expedition for the collective journey of our global culture. It’s a journey into the generative economy – an economy whose fundamental social architecture tends to create beneficial rather than harmful outcomes. It’s a living economy that has a built-in tendency to be socially fair and ecologically sustainable.

The change these emerging experiments represent is fundamental and enduring because it involves ownership. That is to say, what’s at work is not the legislative or presidential whims of a particular hour, but a permanent shift in the underlying architecture of economic power.

Adapted from Owing Our Future: The Emerging Ownership Revolution (Berrett-Koehler Publishers, 2012), by Marjorie Kelly. For a longer excerpt see www.OwningOurFuture.com. Available in paperback or ebook from your local bookstore or Amazon.com. WILPF members planning to use the book in a reading group can obtain a free copy from KellyInfo@Tellus.org.