**Who Owns Vermont?**

*8:45am, October 15, 2014*

*Capitol Plaza Hotel, Montpelier, VT*

*Sponsored by the Donella Meadows Institute and Clean Yield Asset Management*

**Marjorie Kelly—Keynote Address**

Marjorie opened the event by noting that, “there are very few places that understand relocalizing the economy the way Vermont does.” She went on to highlight a few stories of “companies that behave differently,” businesses that use ownership structures to serve their employees’ and communities’ happiness. These examples included:

* Ruth’s Chris Steakhouse, New Orleans, LA—local steakhouse that was very locally-focused until it went public and became responsible to its shareholders instead of its community
* Beverly Cooperative Bank, Salem, MA—focus is on serving the community and making good loans. After the 2008 financial crisis, the CEO noted that only 10 of the 1,000 mortgages he’d made in the past 8 years had gone bad.
* South Mountain Company design/build, MA—when the company was feeling the pains of growth, it asked its employees what they should do, and employees voted to maintain the current size rather than grow the company
* John Lewis Partnership, United Kingdom—largest department store chain in the UK with a $4 billion revenue. It’s stated purpose is “to serve employee happiness.”

Marjorie noted that there are two primary kinds of ownership: EXTRACTIVE, which seeks to extract maximum profits, and GENERATIVE, which is life serving. Generative ownership models are profit-making but not profit-maximizing. She said that, without transitioning to more generative ownership models, it is unlikely that we’ll be in a sustainable place 100 years from now. But she also noted that, “We’re now creating the seeds of a sustainable future, and those seeds are sometimes farther along than we realize.”

**Questions for Marjorie**

Q: Has any thought been given to the idea of Vermont owning the housing industry?

Marjorie highlighted community land trusts as one ownership approach to housing. She explained models in which individuals own homes and communities own the land they sit on, likening them to a permanent subsidy that provides affordable housing and keeps ownership local.

Q: Was the creation of the North Dakota State Bank proactive or reactive to the harsh economic climate?

Gwen Hallsmith of the Public Banking Institute answered, stating that the Bank of North Dakota was founded in 1919 by a group of farmers who were fed up with New York bankers foreclosing on their farms. Even then, they had to fight opposition. Marjorie added that models like the Bank of North Dakota are important because there is an attractive effect. People from around the world come to examine them, and learning can spread quickly.

Q: What is the role of local entrepreneurs?

Marjorie identified local entrepreneurs as an important place where this action begins. By identifying what needs to happen in their community, entrepreneurs can be problem solvers. Often, they will need to work collaboratively to generate business opportunities, start-up capital, and support systems.

**Panel Discussion**

Gwendolyn Hallsmith, Executive Director, Public Banking Institute

Gwen opened by explaining that, in the US constitution, it’s a public right to coin money, and it’s one of the most powerful forces in our economy. However, the Federal Reserve Act essentially passed off that right to private banks who hold a powerful lobby over the government. Through public banking, she and others work to put the power of issuing money back into public hands.

There is an expectation that all money will earn returns, and this expectation is a primary factor driving growth and environmental degradation. Through public banking, we can break that growth imperative and create a revenue stream for cities and states. Over the past 10 years, public banking has generated over $300 million for North Dakota, a state with a population no larger than Vermont’s.

Paul Millman, President, Chroma Technology

Paul described the struggle the seven founders of Chroma had in 1991 to decide how it should be owned. Paul was very opposed to a system in which some of the seven founding partners invested in the company for equity, because he didn’t want a structure where those who couldn’t invest ended up working for those who could. With an employee-owned structure, they were able to pay their investors back with a return after five years and gain control of their company.

To emphasize the importance of taking individual action, Paul shared the experience of a gathering of entrepreneurs right after hurricane Katrina, where despite all the business know-how in the room, the discussion focused exclusively on federal government interventions.

Rich Carpenter, ACORN Renewable Energy Co-op

Rich explained the evolution of ACORN’s projects in Addison county. He and his partners believed that renewable energy was a key part of the new economy of the future, but they were frustrated by how little action they saw locally. They decided to form a local member-owned pellets cooperative to help promote and distribute renewable energy options in their area.

ACORN heard from many of its members that they were interested in solar but were unable to do it residentially for various reasons, so they decided to install a community solar project. Three years ago the first 600-panel array went up, backed by all local institutions.

As a next step, ACORN wanted to offer solar projects where many people could invest, but securities regulations made things difficult. Recent legislation has been encouraging and has enabled Vermont companies to sell shares to residents to raise funds, getting ACORN closer to its goal of having “solar arrays owned and operated by local residents that benefit local residents.”

Kathy Ruhf, Land for Good

Kathy has been working on farmland access issues for almost thirty years. She began by sharing a quote that guides her from Liberty Hyde Bailey: “Equitable partition of land is the necessary basis of all self-sustaining agriculture.”

Kathy noted that farmland access and tenure are complicated issues because, in addition to being a means of production, farmland is an asset, a place that can hold deep value, and a place to call home for farmers and their families.

Beginning farmers identify access to land and capital as their biggest challenges, and studies have shown they are more likely to succeed if they don’t carry land debt. Still, land can be difficult to come by—the available supply of land is diminishing, and it has to be accessible, appropriate, affordable, and findable on top of that. Kathy stressed that these issues aren’t just about farmland ownership, but also farmland usership. There are many ownership/usership models that can work.

Finally, Kathy noted that the aging farmer population presents a big opportunity. As current farmers retire, we may be able to work with them to plan succession of their land and businesses to farmers just entering the business.

**Question & Answer with Panelists**

Q: In the last 40 years, we’ve seen massive new formations of new capital mechanisms. What is the new paradigm for capital formation?

Gwen answered by saying that the new paradigm of capital formation needs to mirror the new paradigm of capital. We need to look carefully at all types of capital—financial, but also social, natural, entrepreneurial, etc—and examine how each can accrue. Financial capital has been very successful at transferring wealth from the poorest to the richest, but we need to focus on other types of capital to build and strengthen our communities.

Q: How do we integrate these new systems into the larger extractive ones? For example, companies like Ben & Jerry’s and Stonyfield that have had to sell out.

Paul noted that, while companies certainly feel pressure, they never NEED to sell out. He highlighted the importance of building some kind of consciousness into your business in order to maintain your intended mission or focus. Maintaining a smaller scope and operating with an employee-owned structure are two possible strategies for a business to remain anchored in its community.

Q: What is the role of the gift economy?

Gwen explained that “you get what you measure.” By placing value on something other than numbers, the gift economy negates all measurements in favor of human relationships. It’s hard to superimpose on other systems, but it’s important to recognize and talk about.

She noted that our monetary system works well for things that are scarce because it places value on them, but it systematically shortchanges things that we need and have in abundance—care for our children, creativity, etc.

**Panelists: What is your vision of the future?**

Kathy Ruhf

Farmland tenure needs to be more of a community issue. We need more creative, innovative paths to ownership, more secure alternatives to ownership, and more shared ownership models. We need to see farmers as partners, think critically about what the food system looks like, and engage the community and landowners in these issues.

Rich Carpenter

Can we build on the success of crowdfunding sites and the power of social media and the internet? There’s a new opportunity here for people with ideas and small businesses to go out and get small investments from lots of players. Nonprofit organizations or the government could provide the platform, and social media will help us hear quickly about any scams or bad business.

Paul Millman

“When I imagine the future, I imagine a world in which, just because you work, you are able to have a secure and comfortable existence without killing the world on which you live.”

Gwen Hallsmith

“Money is fundamentally an agreement. Like all agreements, it can change.” We don’t have to remain stuck in this system of private money. Instead, we could empower local, state, and regional governments to issue money into existence to build schools, transport systems, hospitals, etc. A very practical way to create this change is to create public banks. Here in Vermont, we have the means to create a public bank at the state level, but we need the public wherewithal to make it happen.

**Breakout Discussion Wrap-Up**

Energy

The energy discussion centered on the importance of local, renewable energy, especially as a way to strengthen community resilience. The group wondered what can be done to foster momentum for local energy production, especially if oil and shale gas prices dive? The group discussed major trends that are affecting renewable energy decisions, such as renewable energy subsidies to run out 2 years from now, and changes to the securities regulation that will allow more community members to become active investors in renewables. ACORN’s model of community owned solar sparked a lot of interest and was deemed almost ready for application in other areas of the state and region.

Land

Those focusing on land stressed that their conversation should include a wide range of ages and backgrounds and should certainly include farmers. They noted that land access issues are exacerbated by issues of awareness—we don’t always recognize farmland access or the ways we eat as a key piece of the local food system. The group also discussed the wide range of options available to improve our land and food systems, ranging from permaculture and aquaculture to reclaiming fallow land and emphasizing closed production loops. There are many organizations, programs, and networks currently working on these issues, including the Vermont Farm to Plate network, the Vermont Land Trust, and the New England Farm Finder initiative.

Business

Participants in the business discussion cited negative experiences working for others in the past as one powerful motivator behind an employee-owned model. They also discussed benefits such as the ability to leverage community supporters (“feel-good financing”) and possibilities such as blending the employee-owned and cooperative models. In terms of business culture, its important to consider the difference between being an employee and being an employee-owner.

Finance

The finance group discussed how, in our culture, banking and finance are made out to be confusing issues out of reach of most people—but they don’t have to be! Here in Vermont, they would like to encourage public banking by getting it discussed at the town meeting level where the banking lobby isn’t as influential. Who owns the banks is an important question, because it determines who benefits from them—the shareholders (private bank), the members (credit union), or the public (public bank).