

# naked capitalism

[ [Subscribe](#) | [Blogroll](#) | [Topics](#) | [Archives](#) | [Videos](#) | [Contributors](#) | [Site Status](#) ]

[Bank Business Line Of Credit](#) KeyBank Can Provide The Funds You Need! Member FC

[Economic News](#) Customizable Real Time News System for Investors. Get Your Free Trial! [www.NewsWare.com](http://www.NewsWare.com)

[3 Credit Scores \(Free\)](#) View your latest Credit Scores from All 3 bureaus in 60 seconds for \$0! [FreeScore36](#) AdChoices ▶

[Trade free for 60 days + Get up to \\$600 with TD Ameritrade.](#)

## Recent Items

- [Occupy Wall Street Alternative Banking Group Files Amicus Brief on Side of Judge Rakoff in SEC v. Citigroup](#) - 05/22/2012 - Yves Smith
- [Gar Alperovitz: The Rise of the New Economy Movement](#) - 05/22/2012 - Matt Stoller
- [Obama and Schneiderman to Double Size of Non-Existent Task Force](#) - 05/22/2012 - Matt Stoller
- [Bill Clinton's \\$80 Million Payday, or Why Politicians Don't Care That Much About Reelection](#) - 05/22/2012 - Matt Stoller
- [Earth to Dimon: Banks Don't Have a Right to Profit](#) - 05/22/2012 - Matt Stoller

[Share](#)

## Tuesday, May 22, 2012

### Gar Alperovitz: The Rise of the New Economy Movement

*As our political system sputters, a wave of innovative thinking and bold experimentation is quietly sweeping away outmoded economic models. In 'New Economic Visions', a special five-part [AlterNet](#) series edited by Economics Editor Lynn Parramore in partnership with political economist Gar Alperovitz of the Democracy Collaborative, creative thinkers come together to explore the exciting ideas and projects that are shaping the philosophical and political vision of the movement that could take our economy back.*

Just beneath the surface of traditional media attention, something vital has been gathering force and is about to explode into public consciousness. The “New [Economy](#) Movement” is a far-ranging coming together of organizations, projects, activists, theorists and ordinary citizens committed to rebuilding the American political-economic system from the ground up.

The broad goal is democratized ownership of the economy for the “99 percent” in an ecologically sustainable and participatory community-building fashion. The name of the game is practical work in the here and now—and a hands-on process that is also informed by big picture theory and in-depth knowledge.

Thousands of real world projects — from solar-powered businesses to worker-owned cooperatives and state-owned banks — are underway across the country. Many are self-consciously understood as attempts to develop working prototypes in state and local “laboratories of democracy” that may be applied at regional and national scale when the right political moment occurs.

The movement includes young and old, “Occupy” people, student activists, and what one older participant

describes as thousands of “people in their 60s from the ’60s” rolling up their sleeves to apply some of the lessons of an earlier movement.

### Explosion of Energy

A powerful trend of hands-on activity includes a range of economic models that change both ownership and ecological outcomes. Co-ops, for instance, are very much on target—especially those which emphasize participation and green concerns. The Evergreen Cooperatives in a desperately poor, predominantly black neighborhood of Cleveland, Ohio are a leading example. They include a worker-owned solar installation and weatherization co-op; a state-of-the-art, industrial-scale commercial laundry in a LEED-Gold certified building that uses—and therefore has to heat—only around a third of the water of other laundries; and a soon-to-open large scale hydroponic greenhouse capable of producing three million head of lettuce and 300,000 pounds of herbs a year. Hospitals and universities in the area have agreed to use the co-ops’ services, and several cities—including Pittsburgh, Atlanta, Washington, DC and Amarillo, Texas are now exploring similar efforts.

Other models fit into what author Marjorie Kelly calls the “generative economy”—efforts that inherently nurture the community and respect the natural environment. Organic Valley is a cooperative dairy producer in based in Wisconsin with more than \$700 million in revenue and nearly 1,700 farmer-owners. Upstream 21 Corporation is a “socially responsible” holding company that purchases and expands sustainable small businesses. Greyston Bakery is a Yonkers, New York “B-Corporation” (a new type of corporation designed to benefit the public) that was initially founded to provide jobs for neighborhood residents. Today, Greystone generates around \$6.5 million in annual sales.

Recently, the United Steelworkers union broke modern labor movement tradition and entered into a historic agreement with the Mondragón Cooperative Corporation and the Ohio Employee Ownership Center to help build worker-owned cooperatives in the United States along the lines of a new “union-co-op” model.

The movement is also serious about building on earlier models. More than 130 million Americans, in fact, already belong to one or another form of cooperative—and especially the most widely known form: the credit union. Similarly, there are some 2,000 municipally owned utilities, a number of which are ecological leaders. (Twenty-five percent of American electricity is provided by co-ops and public utilities.) Upwards of 10 million Americans now also work at some 11,000 employee-owned firms (ESOP companies).

More than 200 communities also operate or are establishing community land trusts that take land and housing out of the market and preserve it for the community. And hundreds of “social enterprises” use profits for social or community serving goals. Beyond these efforts, roughly 4,500 Community Development Corporations and 1.5 million non-profit organizations currently operate in every state in the nation.

The movement is also represented by the “Move Your Money” and “bank transfer day” campaigns, widespread efforts to shift millions of dollars from corporate giants like Bank of America to one or another form of democratic or community-benefiting institution. Related to this are other “new banking” strategies. Since 2010, 17 states, for instance, have considered legislation to set up public banks along the lines of the long-standing Bank of North Dakota.

Several cities—including Los Angeles and Kansas City— have passed “responsible banking” ordinances that require banks to reveal their impact on the community and/or require city officials to only do business with banks that are responsive to community needs. Other cities, like San Jose and Portland, are developing efforts to move their money out of Wall Street banks and into other commercial banks, community banks or credit unions. Politicians and activists in San Francisco have taken this a step further and proposed the creation of a publicly owned municipal bank.

There are also a number of innovative non-public, non-co-op banks—including the New Resource Bank in San Francisco, founded in 2006 “with a vision of bringing new resources to sustainable businesses and

ultimately creating more sustainable communities.” Similarly, One PacificCoast Bank, an Oakland-based certified community development financial institution, grew out of the desire to “create a sustainable, meaningful community development bank and a supporting nonprofit organization.” And One United Bank—the largest black-owned bank in the country with offices in Los Angeles, Boston and Miami—has financed more than \$1 billion in loans, most in low-income neighborhoods.

Ex-JP Morgan managing director John Fullerton has added legitimacy and force to the debate about new directions in finance at the ecologically oriented Capital Institute. And in several parts of the country, alternative currencies have long been used to help local community building—notably “BerkShares” in Great Barrington, Massachusetts, and “Ithaca Hours” in Ithaca, New York.

Active protest efforts are also underway. The Occupy movement, along with many others, has increasingly used direct action in support of new banking directions—and in clear opposition to old. On April 24, 2012 over 1,000 people protested bank practices at the Wells Fargo shareholder meeting in San Francisco. Similar actions, some involving physical “occupations” of bank branches, have been occurring in many parts of the country since the Occupy movement started in 2011. Large-scale demonstrations occurred at the Bank of America’s annual shareholder meeting in May 2012.

What to do about large-scale enterprise in a “new economy” is also on the agenda. A number of advocates, like Boston College professor Charles Derber, contemplate putting worker, consumer, environmental, or community representatives of “stakeholder” groups on corporate boards. Others point to the Alaska Permanent Fund which invests a significant portion of the state’s mineral revenues and returns dividends to citizens as a matter of right. Still others, like David Schweickart and Richard Wolff, propose system-wide change that emphasizes one or another form of worker ownership and management. (In the Schweickart version, smaller firms would be essentially directly managed by workers; large-scale national firms would be nationalized but also managed by workers.) A broad and fast-growing group seeks to end “corporate personhood,” and still others urge a reinvigoration of anti-trust efforts to reduce corporate power. (Breaking up banks deemed too big to fail is one element of this.)

In March 2012, the Left Forum held in New York also heard many calls for a return to nationalization. And even among “Small is Beautiful” followers of the late E. F. Schumacher, a number recall this historic build-from-the-bottom-up advocate’s argument that “[w]hen we come to large-scale enterprises, the idea of private ownership becomes an absurdity.” (Schumacher continuously searched for national models that were as supportive of community values as local forms.)

## Theory and Action

A range of new theorists have also increasingly given intellectual muscle to the movement. Some, like Richard Heinberg, stress the radical implications of ending economic growth. Former presidential adviser James Gustav Speth calls for restructuring the entire system as the only way to deal with ecological problems in general and growth in particular. David Korten has offered an agenda for a new economy which stresses small Main Street business and building from the bottom up. (Korten also co-chairs a “New Economy Working Group” with John Cavanagh at the Institute of Policy Studies.) Juliet Schor has proposed a vision of “Plentitude” oriented in significant part around medium-scale high tech industry. My own work on a Pluralist Commonwealth emphasizes a community-building system characterized by a mix of democratized forms of ownership ranging from small co-ops all the way up to public/worker-owned firms where large scale cannot be avoided.

Writers like Herman Daly and David Bollier have also helped establish theoretical foundations for fundamental challenges to endless economic growth, on the one hand, and the need to transcend privatized economics in favor of a “commons” understanding, on the other. The awarding in 2009 of the Nobel Prize to Elinor Ostrom for work on commons-based development underlined recognition at still another level of some of the critical themes of the movement.

Around the country, thinkers are clamoring to meet and discuss new ideas. The New Economy Institute, led primarily by ecologists and ecological economists, hoped to attract a few hundred participants to a gathering to be held at Bard College in June 2012. The event sold out almost two months in advance! An apologetic email went out turning away hundreds who could not be accommodated with the promise of much bigger venue the next year.

And that's just one example. From April to May 2012, the Social Venture Network held its annual gathering in Stevenson, Washington. The Public Banking Institute gathered in Philadelphia. The National Center for Employee Ownership met in Minneapolis—also to record-breaking attendance. And the Business Alliance for Local Living Economies (BALLE) held a major conference in Grand Rapids, Michigan. Other events planned for 2012 include the Consumer Cooperative Management Association's meeting in Philadelphia; the U.S. Federation of Worker Cooperatives' gathering in Boston; a Farmer Cooperatives conference organized by the University of Wisconsin Center for Cooperatives; and meetings of the National Community Land Trust Network and the Bioneers. The American Sustainable Business Council, a network of 100,000 businesses and 300,000 individuals, has been holding ongoing events and activities throughout 2012.

### Daunting Challenges

The New Economy Movement is already energetically involved in an extraordinary range of activities, but it faces large-scale, daunting challenges. The first of these derives from the task it has set for itself—nothing less than changing and democratizing the very essence of the American economic system's institutional structure.

Even viewed as a long-range goal, the movement obviously confronts the enormous entrenched power of an American political economic system dominated by very large banking and corporate interests—and bolstered by a politics heavily dependent on the financial muscle of elites at the top. (One recent calculation is that

400 individuals at the top now own more wealth than the bottom 160 million.)

A second fundamental challenge derives from the increasingly widespread new economy judgment that economic growth must ultimately be reduced, indeed, even possibly ended if the dangers presented by climate change are to be avoided—and if resource and other environmental limits are to be responsibly dealt with.

Complicating all this is the fact that most labor unions—the core institution of the traditional progressive alliance—are committed to growth as absolutely essential (as the economy is now organized) to maintaining jobs.

History dramatizes the implacable power of the existing institutions—until, somehow, that power gives way to the force of social movements. Most of those in the New Economy movement understand the challenge as both immediate and long-term: how to put an end to the most egregious social and economically destructive practices in the near term; how to lay foundations for a possible transformation in the longer term.

And driving the movement's steady build up, day by day, year by year, is the growing economic and social pain millions of Americans now experience in their own lives—and a sense that something fundamental is wrong. The New Economy Movement speaks to this reality, and just possibly, despite all the obstacles—as with the civil rights, feminist, environmental and so many other earlier historic movements—it, too, will overcome. If so, the integrity of its goals and the practicality of its developmental work may allow it to help establish foundations for the next great progressive era of American history. It is already adding positive vision and practical change to everyday life.