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# Can Cooperatives Save Us From the Next Economic Crisis?



*Cities from New York to Madison, Oakland and Jackson have started investing in worker-owned businesses and business incubators.* [Caiaimage](#) / [Chris Ryan](#) / [Getty Images](#)

By [Laura Flanders](#), [Truthout](#), Published January 11, 2019

In the summer of 2009, economists reported that one-third of the capital equipment in the United States stood idle while some [17 percent](#) of the workforce were either unemployed, forced into part-time jobs, or “discouraged” from even seeking work.

The Great Recession revealed just how much surplus capital and surplus labor was simply lying about, even in a time of urgent need. In this context, it’s no surprise that people started looking for ways to put labor and capital back together. Interest spiked — especially in worker-owned enterprises — and cities from New York to Madison, Oakland and Jackson, started investing in worker-owned businesses and business incubators.

Nathan Schneider, a journalist and media professor, has reported on worker-owned cooperatives from [Kenya to Kentucky](#). In his new book, *Everything for Everybody*, he looks back at the history of what he calls “the radical tradition” that just might put

Americans back to work and into the economic driving seat.

Can collectively-owned co-ops take on the robber barons? Many of them are taking a whack at the pillars of monopoly capitalism, from Uber to Amazon. But, as Schneider discovered, it’s not easy to shape a new economy in the belly of the old one.

This September in New York, I had a chance to talk with Nathan, who’s written for Harper’s, The Nation, The Catholic Worker and others.

**Laura Flanders: So, when we say a normal economy, what do we mean?**

**Nathan Schneider:** We mean a kind of an economy that has helped shape the things we see around us, the world that we have, and some of the best things of our economy, some of the best parts...

**Like what?**

<https://truthout.org/articles/can-cooperatives-save-us-from-the-next-economic-crisis/>



Things like the Associated Press, a media cooperative that enables small newspapers and publishers of all sorts to exist in an economy that's stacked against them.

**Now people have no idea that the Associated Press or AP, whose byline they see in their local paper, has anything to do with a co-op.**

It has been since 1844-ish when it was founded and has used that model to empower businesses around the world and actually now reaches, claims to reach at least, half the population of the planet every day.

**Now one of the things that I've appreciated you bringing to this story ... was an awareness and an education that you put in the book for people like me about the roots of this practice that even precede anything like the principals — in fact, precede it by a long shot. Going back to early Christianity, monasteries, and so forth, talk a bit about that fun connection between monks and jazz musicians and how you see that aspect of this still in today's tradition — or have we lost it or, is it just all about business?**

It was interesting. In the course of working on this book, I found a few stories, a few examples of communities of young people who, in facing the challenges of the post-2008 economy, started turning to Medieval and earlier antecedents to monasteries, to Medieval Guilds. Not because they were drawn by a particular religious enticement, but because they were inspired by the fact that this is how previous generations had made their way through an economic transition and they'd done it through these modes of self-governance and a kind of early democracy. It was striking to me that they would turn to something so old as a signal of the kind of dire challenge that they found themselves facing, that they understood themselves as facing a world-historical shift.

**How did we shift away from those traditions? I mean it was an industrial capitalism, I guess, but a lot of people, as you frame it, who are advocates of co-operatives particularly in the United States, particularly in the 1930s when there was a lot of socialism about, cast their practice and their businesses as just American as capitalist apple pie.**

It's so striking. You can find these videos from the '30s, '40s, even early '50s, where the US government, for instance is promoting cooperative development as, "This is the next step for democracy, we're going

to take democracy past the ballot box and into our businesses, into our everyday lives." Promoting it as a means of rural development. This was in economics textbooks, and it was really after World War Two when the kind of illusion of a kind of industrial capitalist plenitude ended up just wiping this away, and the Cold War really eviscerated any talk of this kind of model even though it was still happening. Businesses like Sunkist or Land O'Lakes butter right? Or even my grandfather's business. We're proceeding ahead with the co-operative model using it to do stuff very different from what the big corporations were doing, supporting small producers especially, but they weren't talking about it. They weren't proud of that co-operative model because they kind of had to lay low and pretend we're just good old fashioned American capitalism.

**So what did we lose from that?**

We lost this recognition that this is a powerful way of doing business. This is a way of really shaping an economy that works, and that works better, and better for people than a top-down, investor-driven model. It's hard to believe what happened in the 1930s after the Rural Electrification Act, just enables electric utility cooperatives to access loans at the cost that banks are getting their money. Suddenly, within a decade or so, you had nearly all of rural America electrified. That is an astonishing accomplishment, demonstrating that models are financeable, scalable, and powerful if we allow ourselves to recognize that.

**You do present quite a few hiccups along the way, though, in this book. I mean one of the things I love about it is you present cooperative experimentation warts and all.**

Absolutely, and part of that is just a recognition of what happens when we don't have the infrastructure. I, lately, have been working with startup businesses a lot, especially in the tech world ... most startups don't work out, right? And that's fine. That's what you need to figure out what is going to work. The trouble is there's so much money and energy put toward those who are willing to sell their business to investors and there are a lot of good ideas among people who would rather share their businesses with their communities, make a nice return, but maybe not be Bill Gates style of outcomes. But those businesses, in many sectors, don't have the infrastructure, not like farmers have built for a century in this country where we've got a



more than [\\$125 billion](#) farmer cooperative bank, CoBank, down the road.

**In the UK, I had a chance to talk with the leader of the labor party, Jeremy Corbyn, the second largest party in their country, a guy who could become Prime Minister, about the presence of cooperatives in that party's massively successful manifesto. Here's Corbyn's answer: "Co-ops are something that's intrinsic to the British labor movement, and of course the world. They're massive. There's a billion people, 1 in 6 of the world's populations, are either users or members of a co-op of some form, so what we are proposing is national investment, proper taxation for the very richest and empowerment of communities through local spending, local investment, and empowering people to determine their lives."**

**Now, he's not trying to cast it as a tried-and-true type of capitalism, something quite else. That might, or might not, fly in the United States, who knows. What would fly, in terms of smart policy at the federal or state level, take your pick, to provide more of that infrastructure that you're talking about for cooperatively owned business?**

Well, it's striking. Just recently, tucked into the latest [National] Defense Authorization Act, unfortunately in my view, there was the Main Street Employee Ownership Act. A new law that was really led by Democrats, but actually ended up becoming a bipartisan bill. And it allows more access to financing for small, worker-owned businesses and conversions from other kinds of businesses. This is just one example demonstrating how this is a bipartisan idea. Kind of shocking in a moment where nothing seems to cross these lines, and just as Corbyn can talk about this as a kind of socialism, he's not wrong about that. Others who identify with the language of capitalism, can see cooperatives in that language as well. It's not quite another kind of capitalism. It's not investor driven, it's not investor controlled but it resonates with values that cross these usual lines and we've already seen that. I think we have a tremendous opportunity to allow those kinds of financing mechanisms that we saw in the 1930s to ensure that our governments are supporting, investing in cooperative businesses locally, rather than trying to lure extractive businesses into their community, spending all kinds of money to do that. Also, in tech regulation, ensuring that our new online platforms are really accountable to us, rather than simply trying to do a

whack-a-mole, hodgepodge of regulations that are really just creating barriers for a new entrance.

**And are you seeing many politicians take on these issues as part of their platform, their manifesto if you like, their agenda?**

They're starting to even more than they have in the past. A lot of politicians have relationships with cooperatives quietly, but I think we have an opportunity to make this a real issue. And already we've seen during the early years of the Trump administration, Democrats, for instance, starting to craft legislation about supporting worker ownership, about supporting credit unions. They seem to be moving in this direction, and actually in some respects, they're actually coming to things that [Republicans have been talking about for a long time](#). It's an eerie thing, but the opportunity here is really unusual and, I think in a way, unexpected.

**You end the book by talking about ownership, which is a challenging question. There are a lot of socialists that see co-ops as a nasty concession to capitalism. When we did our special on things to think about when you're creating a co-op, it was called *Own The Change* and we had big conversations about, "Well, are we changing the attitude towards ownership or not?" How are you thinking about it? And when you say that these models of cooperatively owned business could actually wither ownership or some of them, are you seeing that happen anywhere?**

Well, I think we need to become artists of ownership. Recognize that ownership is a fluid medium. It is something that is crafted through law and through contract and through practice. And I think there's been a tendency, in my generation, I've seen an experience to want to relinquish it and enter a sharing economy where everything is shared, but really it turns out to be a situation where everything is rented and those bosses are not giving up their ownership.

So my view is kind of like, until they give up ownership, nobody else should. We need to learn how to practice it more creatively and make sure that whatever economy we're moving into, we're coming into it from a place of more power and control over our lives. We're in a moment where inequality is being driven by inequalities of ownership. We have to start there before we can talk about what comes next.



**Well, what comes next may come sooner, rather than later. People predict that 10 years after the Lehman triggered collapse we could be seeing the next one sooner than we'd like. Are we in a different place than where we were a decade ago, in terms of seeing alternatives?**

I hope so. We were in a moment of such a lack of imagination ten years ago and in the years following. I think, for instance, that Occupy Wall Street moment was so much about imagination or so much about reclaiming and recognizing we haven't even asked ourselves what we really want, right? And I hope that now we're in a moment where ten years of

experiments, we've seen an incredible grassroots revival of this co-operative movement. I hope that when, if this happens again, when, we come forward with a whole bunch of proposals and a whole bunch of power behind them saying we need credit unions to be powerful enough to be a meaningful alternative to commercial banks. We need systems corporations that are accountable to local communities and actually want to support local businesses. We need an internet that is accountable to the people whose data is being stored on the servers. All of these things need to be, not only part of our imagination, but part of our process of building power behind it.

As Hurricane Trump intensifies his campaign of chaos and destruction, leaving federal workers, food stamp recipients and migrants in its wake, we need to redouble our efforts to end the devastation.

2019 is going to be a pivotal year and things are only going to get worse unless we all chip in to make them better.

Will you become a monthly supporter or make a one-time donation to help?

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#### [Laura Flanders](#)

Best-selling author and broadcaster, [Laura Flanders](#) interviews forward thinking people from the worlds of politics, business, culture and social movements on her internationally syndicated TV program, "The Laura Flanders Show." It airs weekly on KCET/LinkTV, FreeSpeech TV, and in English and Spanish in teleSUR. Flanders is also a contributing writer to The Nation and YES! Magazine ("Commonomics") and a regular guest on MSNBC. She is the author of six books, including The New York Times best-seller, *BUSHWOMEN: Tales of a Cynical Species* (Verso, 2004) and *Blue GRIT: True Democrats Take Back Politics from the Politicians* (Penguin Press, 2007). "The Laura Flanders Show" first aired on Air America Radio from 2004 to 2008. Follow her on Twitter: [@GRITlaura](#).