

Prep Exercise for Mondragon Study Trip

The purpose of this exercise is to think about what broad economic democracy efforts could look like in your respective communities. Please approach this exercise from a systems perspective, rather than from an individual project-level perspective. During the first few days in Spain we will take some time to discuss your ideas generated by the exercise as a group.

***NOTE:** Please read through the entire exercise before beginning to write in order to have a good sense of the end goal.*

In describing this exercise, the Evergreen Initiative in Cleveland will be used as an example.

Step 1:

To begin, consider some of the economic systems that operate in your community. One way to think about systems could be:

- **Flows** (e.g. monetary transactions, movement of goods, movement of people)
- **Institutions** (e.g. health, educational, cultural, municipal, financial, organized labor)
- **Productive capacity** (e.g. manufacturing, agriculture, energy production)

From the above list select one economic system (or define your own) and describe generally how this system exists in your community and the impact it has on the local economy.

An example:

In Cleveland, the leadership team identified the role of the anchor institutions (health, education, and cultural) and their procurement resource flows (they considered both flows and institutions). The anchor institutions spend billions annually on goods and services, they are growing, spending billions on constructing facilities, they are located in close physical proximity, and they are surrounded by some of the poorest communities in the city and region. These institutions support the local economy in the following ways: they are large employers (though much of the employees are drawn from outside of Cleveland), they are undertaking major construction projects (generating direct and indirect jobs), and they presumably attract other businesses because of their status as world-class institutions.

From a flows perspective, these institutions spend billions of dollars annually on procurement (i.e. goods and services they require in operating their organizations). These expenditures are spent all over the country (and presumably internationally) but very little is spent locally (i.e. surrounding communities, the city of Cleveland, or the Northeast region of Ohio.) These procurement resource flows are having little to no impact on the local

economy.

Step 2:

The term *economic democracy* is broad and often takes on varying definitions. For the next step of this exercise, take the economic system you have described in your community and begin to think through what an initiative could look like that brings an element of economic democracy to that system. Alternatively, explore an existing initiative in your community or region that either is, or could be addressing an element of economic democracy. For the purposes of this exercise we have defined the following three broad elements of economic democracy:

- **Expanding the number of people that are economic actors and decision makers.** Although markets (e.g. land, labor, goods, services) significantly impact people who live in low and moderate-income communities, often they have few opportunities to shape the direction of these markets that make up the economy.
- **Channeling and directing public resource flows.** Development subsidies, public investments, municipal and state procurement are all examples of public resource flows. These resources are generated by taxes and in theory invested in the public interest but the private and government elite generally decides on how to use these resources.
- **Directing and/or governing economic institutions.** Financial institutions, employers, universities, and research institutions all have an impact on the shape, direction, and health of the local economy. Similar to public resource flows, decision making at these institutions is generally concentrated within a small elite.

As mentioned above, select one of the above elements of economic democracy (or use your own) and think through what it might look like to apply that element to the economic system in your community that you described in the first part of the exercise.

For Example:

Again in the Cleveland context, the Evergreen leadership team focused on the procurement flows of the anchor institutions. These institutions, which receive significant public funds, could be purchasing more of the goods and services they use from local businesses. By developing worker cooperatives catering to the anchor institutions, these economic resources could be spent locally (directing public resources) and the employees of these businesses would own and control this new economic activity (expanding the number of economic actors). Over time, if successful, the initiative would create an investment fund, governed by the worker-owners, that would continue to create and grow worker cooperatives.