

the Popular Economist

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CPE at the U.S. Social Forum

More than 15,000 people from all over the country and the world converged in Detroit, MI to participate in the 2nd U.S. Social Forum, from June 22-26. It brought together activists from a wide array of progressive social justice move-

ments: poor people, anti-war, environmental, labor, women, youth, immigrants, LGBTQ, alter-globalization, anti-racist, anti-capitalist, disability rights and restorative justice, to name a few. They came to share, network, learn and be inspired by the local tours, evening plenaries, 12,000 plus workshops, hundreds of cultural events and 50 People's Movement Assemblies – spaces for analysis and strategizing.

It was deeply uplifting to see that, though progressive social movements don't get the mainstream media attention that the Tea Party does with a fraction of the numbers, the left has a considerable base. It tends to be fragmented, but it is significant to note that there's widespread acknowledgement that it is critical at this historical juncture to overcome this fragmentation, to reach across the silos and build a unified progressive movement. This process is slowly happening and the Social Forum is arguably the most important nexus for building this consolidation both in the U.S. and throughout the world.

The choice of the Motor City was very deliberate. Once at the pinnacle of U.S. industrial might, Detroit is representative of the economic devastation wrought by massive de-industrialization common to many rust-belt cities. At the same time, there is also a proud history of radical labor organizing, black militancy, and leftist and immigrant struggles. The legacy of this radical history can be seen in present day examples of hard hit communities building innovative youth programs, urban agriculture and environmental justice initiatives.

CPE was heavily involved in the U.S. Social Forum. We decided that, as in 2007, it would be a golden opportunity to do popular economics workshops at the Social Forum rather than hold our usual Summer Institute. Eight CPE staff economists traveled to Detroit and took part in thirteen workshops on a wide range of topics:

Local Solidarity Economy Organizing, Mapping and Networking – Maliha Safri and other presenters discussed local Solidarity Economy organizing in Philadelphia, NYC, Boston, the Jersey Shore and the Bay Area.

The Growing Global Movement for a Solidarity Economy – Emily Kawano was joined by representatives from solidarity economy movements in Europe, Asia, Latin America and Canada who shared some deeply impressive achievements with the nearly 50 participants. We also heard about RIPESS, an intercontinental solidarity economy network that connects these movements.

Roots of the Economic Crisis and the Case for a Solidarity Economy - In this two-part workshop, led by Helen Sharber and Olivia Geiger of CPE, participants explored the roots of the ongoing economic crisis, learned about solidarity economy organizing across the U.S. and around the world, and heard two case studies of solidarity economy organizing. Steve Dubb of the Democracy Collaborative presented on the Evergreen Cooperatives in Cleveland and Deb Olson discussed her work with the Center for Community Based Enterprises in Detroit.

Mapping and Integrating the Solidarity Economy – Mapping platforms provide a powerful multi-functional tool for building and strengthening the solidarity economy. This workshop provided demonstrations of existing platforms from Brazil, Italy, Spain and Quebec. Participants were deeply impressed and there was great enthusiasm for developing SE Mapping in the U.S. (For more about mapping, see article on p. 4)

Research on the Solidarity Economy - Researchers engaged in applied, participatory and community research discussed their work: David Barkin and Paola Lemus: Social, Solidarity, and Ecological Economics; Craig Borowiak: Conceptualizing Solidarity Economy: Mapping its Diversity; Ana Margarida Esteves: Brazilian Movement of Solidarity Economy; Stephen Healy: Ethics in Search of a Market; Maliha Safri: Mapping the Jersey Shore Solidarity Economy.

Solidarity Economy and Women's Traditional Care Work - Nancy Neamtam from Quebec's Chantier de L'Economie Sociale discussed policy achievements including state-funded cooperative childcare and eldercare programs. Vanessa Bransburg of the Center for Family Life and two cooperative members discussed immigrant women's coops in Brooklyn, NY that provide housecleaning and childcare services. Lynn Hatch from CPE provided participants with economic arguments for why the state should provide early childhood education as a public good.

Toward an Equitable Climate Policy - Helen Scharber led an interactive workshop exploring what "cap-and-trade" policies are, how they can be made more equitable, and why some



CPE Happenings

January 22-28, Solidarity Economy Social Forum and World Fair, Santa Maria and Porto Alegre, Brazil. (see p. 4)

March 3, 2010, Community Conversation, NH, CPE economist Gerald Friedman took part in a “Community Conversation About the Economy” sponsored by Working Families Win of New Hampshire. Along with NH state Sen. Molly Kelly and state AFL-CIO President Mark MacKenzie, Friedman addressed about 60 people about the national economic situation, the impact of the Obama Administration, and the prospects for economic recovery and job growth in the future. There was active discussion and a great deal of positive energy in support of local initiatives to promote economic growth through environmentally sustainable programs, green jobs, and community development.

April 9, New Leadership Networking Initiative (NLNI), Hampshire College, Emily Kawano was one of four presenters to kick off this day-long training with an overview of the economic crisis and the opportunities that it is providing for the solidarity economy. The NLNI brought together around 60 emerging reproductive justice activists to develop their leadership skills.

April 22-23, St Louis Justice & Peace Shares, Helen Scharber and Mark Silverman led a two day workshop on the The Economic Crisis and the Case for the Solidarity Economy.

New Book: Solidarity Economy I

edited by Emily Kawano, Thomas Masterson and Jonathan Teller-Elsberg, Lulu Press, 2010

by Thomas Masterson, Levy Institute

There is no alternative to free-market capitalism, Margaret Thatcher used to say, and about this, like so many things, she was wrong. In fact a variety of alternatives are functioning quite well, and a number of them are succeeding by operating according to the principles of the Solidarity Economy.

What is the Solidarity Economy? It’s a movement that has brought hope to a world disillusioned by capitalism and too often unaware that economic activity can be conducted with respect for human decency and the planet on which we live. It’s five key principles are solidarity, sustainability, equity in all dimensions, participatory democracy and pluralism - meaning that it isn’t a one-size-fits-all approach.

The Solidarity Economy isn’t a new idea, even for the United States. Economic practices that fall under the umbrella of the Solidarity Economy have been happening for a long time. They have been growing in recent years. Most people, often

Around 25 leaders from various local organizations came together to learn about the roots of the multi-faceted economic and environmental crises.

They were particularly excited to learn about and do some visioning and strategizing about how to build concrete alternatives such cooperatives and social investment funds.



June 18, WILD Institute, The Women’s Institute for Leadership Development held its 24th annual institute at Hampshire College. Emily Kawano gave a keynote presentation on current economic challenges and opportunities to grow the solidarity economy.

June 22-26, U.S. Social Forum, Detroit, MI (see p. 1)

Ongoing: Jersey Shore Neighborhood Cooperative, Maliha Safri has been helping this group with a solidarity economy mapping project. They have had a series of workshops to train community researchers to conduct interviews with solidarity economy initiatives and gather information about possible areas of community economic development. The project has sparked a couple of projects including a building cooperative and community gardens. ❖

including the people practicing the alternatives, aren’t aware of how much alternative economic practice is already happening around them. The project of the U.S. Solidarity Economy Network (US-SEN, ussen.org) is to bring together the people who are practicing the principles of the Solidarity Economy, disseminate best practices for achieving these principles, and encourage the deepening of economic practices along all these axes.

The Center for Popular Economics initiated a process that led to the formation of the U.S. Solidarity Economy Network at the first U.S. Social Forum, in Atlanta, Georgia in July of 2007, at which the Solidarity Economy was a major program track. The network held its own gathering, the U.S. Forum on the Solidarity Economy, in March of 2009 in Amherst, Mass. This new book *Solidarity Economy I: Building Alternatives for People and Planet, Papers and Reports from the 2009 U.S. Forum on the Solidarity Economy*, is the second produced by the network. (The first, *Solidarity Economy: Building Alternatives for People and Planet, Papers and Reports from the 2007 U.S. Social Forum*, is also available through Lulu Press).

The practices outlined in the book cover a wide range of economic activity, from agriculture to finance. In the U.S., there are many examples of the Solidarity Economy operating on a more modest scale.

Rebecca Fletcher discusses the innovative work of the Equity Institute that uses the community land trust model to

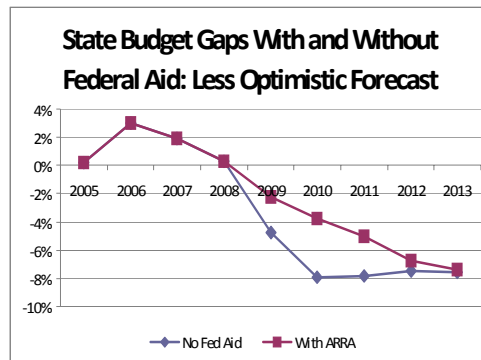
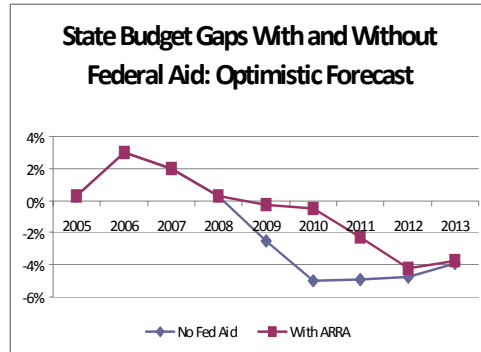


The Economic Crisis in the States

by Gerald Friedman, Dept. of Economics, UMass, Amherst

In recent recessions, state and local governments have been among the few sources of economic stability and employment growth. But without serious action, a sharp drop in government employment, a loss of a million jobs or more, can be expected over the next year. Two features of the American system of government come together to threaten a social disaster: the limited capacity of state and local governments to spend beyond their immediate revenues even in the harshest economic crises, and our peculiar federal system where education and social services are largely funded by local and state authorities rather than by the Federal government with deep pockets and the ability to borrow as needed to maintain existing services.

When tax revenues fall and demand for services rise during an economic downturn, the Federal government sells bonds to cover its expenses. States cannot do this. In 49 states, state constitutions require a balanced budget. These requirements force state governments to cut budgets in response to recessions and declines in revenue. This makes state and



local spending pro-cyclical, falling with an economic downturn thereby reinforcing the decline rather than acting counter-cyclically to ameliorate recessions. Not only is pro-cyclical spending by states and localities bad macro-economic policy, but our federalist system ensures that cuts in state and local spending during economic downturns will reduce investments in infrastructure, human capital, and the welfare of needy Americans. With its deep pockets and elastic spending, the Federal government is responsible for the military and for a few special programs, notably retirement pensions and health care for the elderly. States and localities, with rigid restrictions on spending, are responsible for education, local infrastructure, and social services. When economic circumstances drive down tax revenues, there is always money for the federally-funded military; but states and localities have to scramble to balance budgets by raising taxes or reducing social services just when these

are needed most.

The crisis facing the states has just begun and threatens to get worse — much worse. Special circumstances delayed the collapse of state and local government services in the

(cont'd on p. 7)

Farewell...



We are deeply saddened to say goodbye to two good friends of CPE.

Economic geographer, Julie Graham died on April 4, 2010 from breathing complications stemming from her battle with cancer. She was a long time member of the Center for Popular Economics and co-edited, along with Jerry Epstein and Jessica Gordon-Nembhard, the CPE book, "Creating a New World

Economy." Julie was a great visionary and an inspiration to so many of us. Along with her colleague Katherine Gibson, she was a pioneer in re-conceptualizing the economy as a mix of diverse economies rather than a monolithic capitalist system. She was active in theorizing, researching and promoting community economies, described by the Community Economies Collective as "ethical and political spaces where people's decisions shape the economy and where community wellbeing can be prioritized." We will remember Julie for her warmth, enthusiasm, creativity, originality, and her steadfast support for the many paths that lead toward a people and community-centered economy. We will miss her terribly, and wish her well in her journey forward.



Writer and historian, Howard Zinn died of a heart attack at the age of 87 on January 27, 2010. He was a long time supporter of CPE and was on our Advisory Board for many years. Howard was a true scholar activist and a tireless fighter for the rights and well-being of ordinary people. After serving as a bombardier in WWII he renounced violence, including in that "great war" and fought for peace for the rest of his life. He was a faculty member at Spellman College, where he was part of the civil rights movement, and taught luminaries such as Alice Walker and Marian Wright Edelman. He later returned to the North, and taught history at Boston University for many years. His most famous book, *The People's History of the United States* transformed the way the country thinks about its past. It sold millions, is taught in schools around the country, even down to the elementary level. It was recently dramatized in a television series. Howard was one of the most revered members of the late 20th century American left, a fixture at protest marches and other actions. He embraced life and lived joyously and fully. ❖

Solidarity Economy Social Forum & World Fair

Santa Maria and Porto Alegre, Brazil

by Emily Kawano, Center for Popular Economics and US Solidarity Economy Network

At the end of January, I had the privilege of attending the 1st Solidarity Economy Social Forum and World Fair at the invitation of the FBES (Brazilian Forum on the Solidarity Economy), SENAES (National Secretariat of the Solidarity Economy) and Marist Solidarity.

Solidarity Economy World Fair

Santa Maria, in the southern-most state of Brazil, likes to call itself the solidarity economy capital of the world. There may be some truth to that.

For 15 years they have been hosting a Solidarity Economy Fair that this year drew an estimated 150,000 people who came to shop for handicrafts, clothes, wine, cheese, sausages, pastries, bread, fruit and vegetables that are produced by solidarity economy enterprises. Many of these are worker cooperatives, while others are family-owned and run small businesses. Coops from the Amazon region like Polo Pro Bio, sold lovely leaf shaped hot mats made out of sustainably harvested and processed rubber. Women's cooperatives sold jewelry made out of colorful locally harvested seeds and other natural materials. Local vendors sold cold, freshly squeezed juices, sweet pastries, and hot turnovers with meat and cheese. Many stalls sold the popular regional tea *erva mate*, painted gourd cups and silver straws that are used to brew and drink the beverage. Vendors were mostly from Brazil, but some traveled from other Latin American countries. At times it was hard to move because the aisles were so crowded.



Erva Mate processing machine

1st Solidarity Economy Social Forum

Running alongside the Fair was the first Solidarity Economy Social Forum which ran for three days in Santa Maria and then another three in Porto Alegre, where it merged with the 10th Anniversary, World Social Forum. There were five solidarity economy themes: Finance, Education, Economic integration, Production, Marketing and consumption, and Sustainable, healthy food sovereignty. Hundreds of people from around the world, though mostly from Latin America, exchanged their views and experiences, debated and strategized. Despite the ferocious heat that even the locals complained about, the workshops were well attended and good spirited.

Universities as Solidarity Economy Incubators

There was an emphasis on the importance of education and training. There are many community organizations that provide education and training, often using a popular education framework in which participants develop their own analysis of problems/needs and decide on a course of practice or action. This popular education approach is also reflected in the university-based solidarity economy incubators. The government provides competitive funding for university programs to help local

groups with the training and support that they need to start up cooperatives or other social enterprises. There is an explicit intent to change the traditional hi-



erarchy of knowledge and expertise into one of mutual respect and exchange between academic 'scientific knowledge' and 'popular knowledge.' The role of scientific knowledge is to systematize popular knowledge born of practice and experience, thereby improving and helping to spread successful practices. In the process, the university transforms itself into a community partner that contributes to public well being through practical and concrete research, training and application.

Mapping, supply chains and economic integration

Many of the discussions focused on how the solidarity economy can scale up through economic integration in order to meet people's needs through solidarity economy production and distribution. This requires building solidarity economy supply chains to integrate producers and suppliers.

Justo Trama is an example of a solidarity economy *supply chain* in which every stage of the production of beautifully printed t-shirts and bags is done by a cooperative member of the network. There are 700 workers in the network, including organic cotton farmers, designers, dye-makers, cloth manufacturers, and garment workers. This is the kind of economic integration that needs to be supported if the solidarity economy is going to grow in scope and scale.

There are a number of web-based mapping and networking platforms that are powerful tools for advancing this kind economic integration. The platforms are still in the early stages of development, but through international cooperation, they are learning from each other and converging toward a common set of protocols that will enable international communication. They are also developing a common base of functionalities that support:

- *Solidarity Economy supply-chains*: SE producers and suppliers can find each other and engage in transactions.
- *Consumers*: can find SE goods and services.
- *SE Social Networking*: individuals, organizations, and networks can connect and form groups around different issues, mobilizations and campaigns.
- *SE Data*: generation of data such as number of workers, wages, output, etc. that are essential for making a case for public and government support.

The Brazilian Forum on the Solidarity Economy (FBES) has created a Solidarity Economy Map of over 20,000 SE enterprises with information about what they produce as well as their key inputs. So for example a cooperative of rice farmers could search the Rio de Janeiro area for businesses that buy

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rice. A complementary system called Cirandas enables businesses, as well as individuals and organizations, to connect through a social networking platform. In Brazil, a major criteria of inclusion in the SE map is worker or collective self management. Other important dimensions such as gender equality and sustainability are tracked through survey questions, although these are not criteria for inclusion or exclusion.

ZOES, in Italy, is another platform that integrates mapping with the social networking. They are in still in the process of improving the site and fixing bugs, but already have 6,000 users registered including individuals, organizations, networks and businesses/enterprises. They use a self mapping process in which users must be in agreement with a set of principles and also must be introduced by another user. Users also validate the enterprises and there is space to comment on whether or not it is a good fit. ZOES does not exclude enterprises that are not collectively self managed, but they do include information about worker involvement in decision-making as well as environmental practices.

Solidarius is an international web-based platform for mapping and network building both internationally as well as locally. It integrates an e-commerce tool as well as its own system of money. The methodological approach is about working in all three dimensions of financial, economic, and ecological sustainability.



Honey and bee-keeping equipment

Conclusion

The 1st Solidarity Economy Social Forum and World Fair was a great success in terms of advancing thinking about how to grow the solidarity economy in scale and scope. It was an experience of collective inspiration to see all the vibrant work and experimentation that is going on throughout the world, but especially in Latin America. ❖

Solidarity Economy Book (cont'd from p. 2)

preserve small family farms for the benefit of the farmer as well as the community. She looks at several case studies which illustrate the range of options that can be packaged together to create viability.

Steve Meacham from City Life/La Vida Urbana, writes about the creation of Bank Tenant Associations (BTAs) to protect families from eviction. BTAs represent the interests of tenants after the bank has foreclosed on a property, thereby becoming the landlord. The BTAs use mass organizing, education and direct action to force banks to stop evictions and accept rent from occupants. In the longer term the BTA tries to get the bank to sell back the property at current values to the former owner or a non-profit that can develop a housing cooperative.

Cliff Rosenthal, head of the U.S. Federation of Community Development Credit Unions (CDCU), provides a history of credit unions and discusses their roots in social movements and self-help—the belief that people can collectively build institutions for mutual aid and prosperity. Community development credit unions, which by definition serve low-income communities, are today at the forefront of carrying on this vision.

Carl Davidson looks at the historic agreement signed by the United Steelworkers (USW) and Mondragon Cooperative International in the fall of 2009 to create worker owned manufacturing jobs in the U.S. and Canada. Mondragon, a network of worker-owned cooperatives including everything from manufacturing to health and education, has been operating and expanding in the Basque country since 1956. It employs nearly 100,000 people, mostly in Spain, and had 33.5 billion euros in assets at the end of 2009

The role of these initiatives is certainly up for debate. Consumer cooperatives are vulnerable to criticism as being somewhat exclusive. Some models of cooperative housing are not particularly sustainable. But the wide variety of Solidarity Economy practices ensures that successful models are emerging, with success based not just on economic viability, but on social and ecological responsibility.

The transformative power of the Solidarity Economy is that it can grow within the current economic system, eventually replacing it with a more caring way of providing for society's needs. Humans are inherently intelligent, creative and cooperative. That humanity can come up with a better system than capitalism should not be in doubt (though of course there is no shortage of doubters). That humanity desperately needs to change its way of doing things, especially in the “advanced” countries, becomes more obvious with each new environmental disaster and each new sign of climate change's growing impact on civilization. The Solidarity Economy is a good candidate for how humanity can find its way through the growing crisis in its economic life. ❖

Support economic justice!

The economic crisis has created unprecedented interest in and opportunities for building an economy that works for people and planet. CPE's work to promote real, viable economic alternatives as well as to help people understand why we need systemic change is critical in this transformative moment.

Please support CPE's work with a tax deductible contribution. You can send a check or you can visit our website (www.populareconomics.org) and give through Network for Good.

Also, a gentle request to please remember us when you are doing your estate planning.

Workers of the World, Incorporate

by Nancy Folbre, Prof. of Economics, UMass, Amherst.
If you enjoy this excerpt, check out Nancy's wonderful New York Times blog, Economix (<http://economix.blogs.nytimes.com/author/nancy-folbre>)

On Oct. 27, the United Steelworkers announced an agreement with Mondragon International to move toward establishment of manufacturing cooperatives in the United States and Canada. Maybe this agreement represents a symbolic gesture that will not generate any significant economic benefits. Maybe it represents a step in the evolution of a new institutional form for the modern manufacturing firm. It certainly represents a new direction for the American labor movement.



Diego Rivera's Workers of the World Unite

The [United Steelworkers](#) is the largest industrial union in the United States, with 1.2 million workers. Its ranks have been devastated by the decline in domestic steel production, and it now represents workers in a variety of industries, including health and education.

With almost 100,000 workers, the Mondragon Cooperative Corporation (M.C.C.) is the seventh largest business group in Spain and the world's largest workers' cooperative. Its diverse enterprises, including manufacturing firms, a university, retail shops and financial institutions, are not only worker-owned; they are also democratically managed on the principle of one worker, one vote.

Unions have long been suspicious of worker-ownership proposals intended to co-opt organizing campaigns or as last-ditch efforts to rescue failing companies. But unions also have a long history of collaboration with worker co-ops, based on a broad set of shared values — commitments to democracy and

solidarity.

And worker ownership represents an alternative to ineffectual collective bargaining. If an industry makes money producing something of lasting value, workers want to bargain for a larger share of the pie. If an industry moves jobs overseas or pursues short-run financial profit, there may be no local pie to bargain over.

The United Steelworkers' leadership has long been critical of business as usual in the United States. The union helped found a Blue-Green Alliance in collaboration with the Sierra Club and other environmental groups, and strongly supports greater public spending on energy conservation and sustainable energy technology.

The proposed Mondragon collaboration grew out of a United Steelworkers partnership with a Spanish wind turbine firm, Gamesa, to refit steel plants in Pennsylvania for wind-turbine manufacture. Mondragon could provide the organizational expertise and help raise the venture capital necessary to expand such initiatives.

Expansion of worker-owned enterprises could potentially increase the demand for skilled manufacturing workers in so-called "green jobs."

Why not just sit back and wait for conventional investors? Firms that aim only to maximize shareholder profit may be slow to move into risky investments that promise a high social as well as private rate of return. Such firms don't stand to gain financially by improving the environment or creating local jobs.

Can worker cooperatives successfully expand in this day and age? This question is harder to answer. Commitments to democracy and solidarity can be frayed by the sharp edge of economic reality. But co-ops may be better than conventional firms at riding out hard times, and Mondragon has proved remarkably resilient.

The announcement of the steelworkers' initiative sent me scurrying into economics textbooks and journal articles to ferret out research on these issues. I'll report on that venture next week, perhaps from the nearby Leverett-Shutesbury Village Co-op coffee shop. ❖

Rethinking Macro Economic Strategies from a Human Rights Perspective

by James Heintz, Political Economy Research Institute, UMass

What does the financial crisis have to do with human rights? When we hear of human rights, we typically think about Darfur, stifled dissent in Burma, or the killings of protestors in Guinea, yet, the biggest economic meltdown since the Great Depression continues to erode human rights. The collateral damage of the crisis has been enormous. It has destroyed jobs, reduced living standards, and driven families into poverty, especially women and people of color. The Universal Declaration of Human Rights includes economic and social rights, not just civil and political rights — such things as the right to work, the right to rest and leisure, the right to an adequate standard of living,

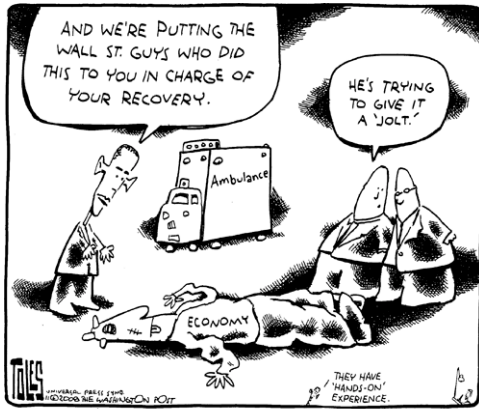
and the right to education. These rights are being rolled back, thanks to the economic slump brought on by the financial crisis.

All governments are obliged to advance their people's human rights. One of the obligations under international law is to protect the rights of their residents. When a business or institution threatens someone's basic rights, the government must step in to protect those rights. We need to begin to hold the U.S. government accountable to these international principles.

The financial crisis occurred because of the actions taken by banks and other financial institutions. They borrowed excessively, grew too large, and engaged in high-risk behavior. They had also become deeply intertwined with each other. Con-

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gress has adopted a new set of financial reforms, but it is unclear that these regulations will be sufficient to prevent a repeat of what has happened. Incentives will likely remain perverse, since those responsible for the turmoil have already benefited from bailouts and executive compensation remains excessive. Financial institutions which were already deemed too big to fail have been getting bigger.

For years, regulation in the U.S. has been skewed in favor of financial interests. In the not-too-distant past the government removed regulations on financial markets which would have helped contain the damage and safeguard the welfare of

Economic Crisis in the States *(cont'd from p. 3)*

current crisis. While state tax revenues have fallen more than 10% compared to last year, and have already fallen to below their 2005 level, most states have been able to avoid the most draconian cuts because of two special circumstances. First, heading into the recession, 41 states had accumulated large “rainy day” funds. More important, the Federal government came to the rescue with President Obama’s stimulus program. Under the American Recovery and Reinvestment Act (ARRA), the Federal government shared its elastic borrowing capacity with states by granting them nearly \$100 billion in immediate fiscal relief with another \$230 billion in supplemental and competitive grants.

Rainy day funds and ARRA allowed states to balance their budgets in the past two fiscal years with cuts of “only” \$168 billion. Unfortunately, both the rainy day funds and the ARRA will be exhausted long before the recovery of state and local revenues. Under an optimistic forecast, the combination of declining revenues, rising demand for services, and the withdrawal of ARRA aid will force states to cut as much as 4% of their spending each fiscal year through 2013; if the economic recovery slows, the cuts will have to be as much as 8% of spending. Even this may be too optimistic. For the current fiscal year, 48 states have already reduced spending or increased revenues by \$178 billion, or 26%, to close the largest budget gap on record. In the next fiscal year, 2011, budget gaps are projected to be another \$100 billion — a total likely to double if revenues continue to deteriorate. Deficits of this magnitude will require massive state and local spending cuts which will be even more punishing than previous rounds because of the exhaustion of rainy-day funds and ARRA aid. Ironically, cuts of this magnitude will slow any recovery, making the less-optimistic forecast more likely.

The division of responsibilities in American federalism insures that these fiscal pressures and draconian budget cuts will fall squarely on the infrastructure investments and educa-

tion and social services financed at the state and local levels. There is nothing new in this depressing analysis. Early 19th century politicians like John Quincy Adams and Henry Clay, for example, wanted the Federal government to use its more elastic and expansive revenue stream to fund education and welfare as part of a broad national program of internal improvements. Southern secession in 1860-61 opened the door to a more active federal role, allowing the enactment in 1862 of the Morrill Act providing land grants for public universities and, in 1867, a Federal Department of Education was formed building on the work of the Freedman’s Bureau and charged with promoting education and learning.

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The return of southerners to Congress prevented further such programs. The most sustained efforts were led by Senator Henry W. Blair of New Hampshire whose bill would have provided federal funds to combat illiteracy. His proposal was defeated by southern Democrats because it required that funds be expended on free common schools to all children without distinction of race or color. Southern planters and politicians feared, as one put it, “the difficulty of controlling more educated Negroes.” The repeated defeat of measures to increase federal funding of education and welfare was a surrender to these local oligarchs.

Today, the continued mismatch of needs and revenues on the state and local level threatens essential social services including investments in health, in transportation, and in green technology. All of us will pay a price if we allow further cuts in state and local spending because these will worsen the economic recession. Building on the ARRA program, we must insist on a renewed program of Federal support for states and localities, not only to minimize the current crisis but to eliminate the standing threat of local fiscal failure to provide for essential social programs. We need to give education, health care, the environment, and other services the same fiscal priority we now give the military. ❖



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U.S. climate bills are better than others.

Immigrant Worker Cooperatives - Maliha Safri joined others from community and immigrant rights organizations in this two part workshop which around the world (in terms of costs, empire, and the need for oil), and the economic benefits of downsizing the military and channeling federal spending into clean energy, education, and health care. Ashara Ekundayo discussed her work with a grassroots group in Detroit doing community gardening and self-provision as an example of a green economy project.

Introduction to the Solidarity Economy: Building an Economy for People and Planet - This workshop, led by Olivia Geiger of CPE and Susan Williams of the Highlander Center, provided an introduction to solidarity economy - exploring US and international examples, framing concepts, key debates, and organizing strategies. Participants reflected on their values and visions and how these are manifested in the solidarity economies already all around us, and dissolidarity economy.

Coverge to Convert - In this 4-hour workshop, Heidi Garrett-Peltier joined other speakers from a variety of organizations to discuss the conversion of Detroit's closed auto plants. With ongoing war, there is fear that these plants will be converted to war-time production, while they instead could be retooled to produce clean energy goods. About 50 people attended.

Roundtable on Public Policy and the Solidarity

Economy: Lessons from Quebec & Beyond - Emily Kawano organized and facilitated this workshop which featured Nancy Neamtan from the Chantier in Quebec, who shared their experiences regarding the role of public policy in supporting the solidarity economy on the municipal and provincial level, including public procurement, tax and investment policies.

Rethinking Macro Economic Strategies from a Human Rights Perspective - James Heintz and Radhika Balakrishnan explored the relationship between economic human rights, macroeconomics and the recent economic crisis (for further analysis, see article, p. 6).



In our role as coordinator of the U.S. Solidarity Economy Network, we served on the USSF National Planning Committee and played a key role in putting together the Friday evening plenary on *Alternatives, Visions and Strategies* which included Daniel Tygel, Brazilian Forum on the Solidarity Economy, Amenothep Zambrano, Exec. Secretary of ALBA, Rob Witherell, United Steel Workers who spoke about their collaboration with Mondragon International, Jihan Gearon, Indigenous Environmental Network, Lottie Spady, E. Michigan Environmental Action and Sendolo Diminah, People's Durham.

SEN also organized a track of 120 Solidarity Economy workshops, a Solidarity Economy People's Movement Assembly where we were able to do some strategizing and prioritizing, had a Solidarity Economy table and held our SEN General Assembly. We achieved our goal of raising the level of visibility and engagement in the solidarity economy and then some! ❖