Unstuck Economics

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and

Featuring:
My Reptilian Brain

1

Apparently, that’s my brain.
That’s your brain too!

2

Our grey matter is where we come up good ideas for how to make the world a better place!

Our limbic brain is where we have complex emotions.

3

Our reptilian brain drives “the four Fs”
☐ Fight
☐ Flight
☐ Feed
☐ F...

4

Something is triggering our reptilian brains...

The Situation

5

The Situation

6
REPTILIAN BRAIN:
“The four Fs”
☐ Fight
☐ Flight
✔ Feed/Hoard
☐ F...

Other people say:
“Janelle, you need to charge lots of money to your clients, have a fancy office, buy a house, save lots of money.....or you are basically a loser.”

Yikes, should I believe them????

Livelihood (liv’le-hō’d) n. the work we do or the job we have that gives us money to buy the things we need.

But maybe I can still have a Sunset Magazine lifestyle.
92% of working adults are employees. Who is driving those wheels? And for whose benefit?

Jobs are designed to ensure that employers have enough workers.... not to ensure that people in society have enough jobs. That's a HUGE inherent flaw!

It's ok. Just work on your resume and practice your interview skills, and you'll get a job.

Or your could start a business. But starting a business is only for some personalities.

Why do people always say that?
Because starting a business in the current climate with conventional business models is HARD!

new business

To succeed, you must:
pretend you are important
drive out competition
put on a suit
grow grow grow!
get cheap resources
and cheap labor

That’s not who most of us want to be.

Liveliohood (liv-e-leh-wood)
all the work we do or the job we have that gives us money to buy the things we need.

Consumers: Let’s find new ways to meet our needs...

Investors: Let’s find new ways to invest our resources...

Ahhh! Scary

The Situation
If we keep up business as usual, the situation will only get worse. My grey matter knows that for sure.

What relationships can we build... What agreements can we make... What organizations can we form....

...that will allow everyone to make a productive contribution AND obtain sustenance?

What will help our reptilian brains RELAX??

Aaaahhh! My job! If I lose it, I will be ruined!

Production, consumption, and investment need to change at the same time.

Let’s start with the example of bread:
Turns out all those bread brands come from only two bread companies!!

But can local small bread companies compete with the gargantuan bread companies?

V.

Yes! But ONLY if we cooperate with each other and make new agreements and form new organizations!

New Agreements + New Organizations = New Economy!

Community Supported Bread

Community Supported EVERYTHING!
- Share CAPITALIZATION
- Share PROFITS/BOUNTY
- Share RISK
- Share WORK/LABOR
- Share INFORMATION
- Share DECISION-MAKING
Yes, we should all set an intention to support local enterprise... We should support them! We could get our bread there sometimes.

But let's take it one step further! Make agreements! It's community-supported enterprise! We all agree to buy one loaf per week. And I agree to use healthy whole grains from local farmer cooperatives and deliver by bicycle.

Community Financed Bread

New ways to exchange bread

Currencies backed by bread!

Entities that produce, distribute, market, sell, and/or purchase bread.
These bottom lines are so last century!

Consumer Bottom Line: YUMMY!

Company Bottom Line: MONEY!

Fortunately, consumer attitudes are changing!

New Bottom Lines:
- health
- local economy
- education
- small business
- good working conditions
- community
- fun
- ecosystem
- fair trade
- artisanry

BREAD COOPERATIVES!

- **Producer coops**: Each member has an independent bread baking business and markets/sells through product through the coop.
- **Worker coops**: Members are employed by the coop bakery.
- **Consumer coops**: Members are the people who buy the bread.

A traditional corporation...

Cooperatives share ownership

- POWER: Democratic governance: one-member = one-vote
- PROFITS: Distributed on the basis of patronage
- EQUITY: Often limited, to create disincentive to sell out
A Worker Cooperative

Patronage dividend or determined by # of hours worked or wages earned by the member for the cooperative.

A Consumer Cooperative

Patronage refund determined based on quantity/value of goods and services purchased from co-op.

A Producer Cooperative

Patronage refund determined based on quantity/value of goods and services provided to co-op.

Where should we get our English Muffins??

An entity that is formed for the purpose of PROVIDING LIVELIHOODS in our LOCAL COMMUNITY? 

...Or an entity that is designed to GROW BIG, get a few people RICH, then SELL OUT to a GIANT CORPORATION?

Agricultural land trusts
Local grain farmers

Remember, production, consumption, and investment need to change at the same time.

Producers, consumers, and investors (i.e., we) need to make agreements with each other to make this happen.
In the sharing economy, our agreements won’t be like this.

Agreements in the Sharing Economy:
- Agreements that all parties have a hand in creating.
- Agreements that govern ongoing relationships.
- Agreements that are highly collaborative.
- Agreements governed by both social expectation and legal contract.

Check out sample agreements at www.sharingsolution.com and in my book:
How to structure our organizations?
The more we move our economic activities into organizations designed with equitable, social, and cooperative goals, the more we can transform our entire economy. The choices we make in structuring organizations are critical; the architecture of organizations will, essentially, be the architecture of a new economy.

There Are Three Layers of Considerations:

1. What entity to choose
   At the state level.

2. How to structure governance, operations, and financial provisions.
   At the organizational level.

3. What tax status to obtain.
   At the federal level.

What is the structure of the organizations?
Usually they will be:
- Cooperative Corporations and Associations
- Nonprofit Corporations (with or without tax exemption)
- Mutual Benefit Nonprofits
- Public Benefit Nonprofits
And sometimes:
- Social enterprise entities
- Benefit Corporations, Social Purpose Corps.
- Low Profit Limited Liability Companies
- Regular business entities with structural adaptations and agreements to serve the community.

Organizational Structure and Operations: The Real Teeth
- Composition and election of governing body
- Spheres of decision-making, management, and operations
- Procedures for meetings and decision-making
- Voting rights
- Financial provisions: how money and other resources flow into and out of the entity
- How people come and go from the entity
- Conflict of interest policies
- Procedures for amending governing documents
- Dissolution of the entity

Participatory Governance
If we want a world full of organizations that benefit the greatest number of people, we need to meaningfully involve the greatest number of people in governance.
Governance happens here and here!

Check out Holacracy and Sociocracy
- Highly structured meetings!
- "Not loosey goosey stuff like "we'll discuss it with the goal of reaching consensus."
- Designed to give everyone a voice without taking up too much time and space.
- Different meeting processes for different purposes (governance, strategy, tactical, elections, etc)
- Every proposal can always be revisited (holacracy)
- Which allows groups to always move forward without making HUGE plans and commitments.
- Appointing people to multiple "roles," not single positions (holacracy)
- Semi-autonomous realms of authority
- But with "double linking" to a general circle, allowing for communication and feedback across circles

Cooperatives are present as:

Values and Practices (the cooperative principles):
- Open, voluntary membership
- Democratic governance
- Limited return on equity
- Surplus belongs to members
- Cooperation between cooperatives
- Concern for community

Legal Structure
- LLC or corporation set up like a cooperative
- Nonprofit Mutual Benefit Corporation
- Nonprofit Public Benefit Corporation

Legal Entity
- Cooperative Corporation
- The only entity that can legally use the word "cooperative" in its name.

Nonprofit corporations are like cakes
Tax exemption (like 501c3) is like the icing.

Is the focus of the benefit inward or outward?

Public benefit nonprofits (usually get 501c3 or c4 exemption)

Mutual benefit nonprofits (usually get c5, c6, c7, c8, c9......)

501(c)(3)

Purposes are limited to:
- Charitable (includes relief of poor, distressed, and underprivileged)
- Educational
- Scientific
- Religious

Other stuff:
- It's tax exempt AND donations are tax deductible.
- Cannot operate for the private gain or benefit of any person.
- Cannot operate substantial unrelated business.
A tricky legal grey area for 501(c)(3)s doing social enterprise

But hooray for activities that don’t fit into neat legal boxes!

501(c)(7)s – Social, recreational, and “other nonprofitable purposes.”

501(c)(8)s – Fraternal Beneficiary Societies

501(c)(10)s – Fraternal Societies
Section 501(c)(12) - benevolent life insurance associations, mutual ditch or irrigation companies, mutual or cooperative telephone companies, and “like organizations.”

Info:
- “Like organizations” is not a catch-all.
- No: A housing cooperative
- Yes: Funeral cooperatives, cable television cooperatives, and energy services...
- Maybe? Other kinds of modern communication cooperatives (like internet service providers), personal services, or renewable energy cooperatives?

And those newfangled kinds of entities?

Benefit Corporations
- MUST operate for public benefit
- Must report on general public purposes and specific purposes, and measure them using 3rd party standards.

Flexible Purpose Corporation
- ALLOWS directors to consider one or more specific purposes beyond financial value, with requirements to report on their accomplishment of these specific purposes.

Social Purpose Corporation
- Required to create general social benefit but are not told what that has to be or how to achieve it.
- Have the additional flexibility to name a specific benefit, should the founders or initial shareholders desire to hold themselves to a higher standard.
- A third important aspect of the SPC, in addition to the general social purpose requirement and specific purpose option, is that, once established in the articles of incorporation, social purposes of the SPC may only be altered, amended, or eliminated by a two-thirds majority of the shareholders.

Another New Kind of Entity

Low-Profit Limited Liability Company (L3C)

Charitable: The Company significantly furthers the accomplishment of one or more charitable or educational purposes and the Company would not have been formed but for the company’s relationship to the accomplishment of charitable or educational purposes.

Not aimed at making a profit: No significant purpose of the company is the production of income or the appreciation of property; provided, however, that the fact that a person produces significant income or capital appreciation shall not, in the absence of other factors, be conclusive evidence of a significant purpose involving the production of income or the appreciation of property.

No lobbying, etc: No purpose of the company is to accomplish one or more political or legislative purposes

It’s all about the Program Related Investments (PRIs) from foundations.

Other:
- 521 and 501(c)(16) Agricultural Cooperatives (Marketing products or financing the crop growing operations)
- 501(d) Apostolic Associations (Income-sharing communities)
- 528 Homeowners Associations (to acquire, construct, manage, and maintain property...what else can we do with 528?)

B Corp is not a type of corporation. It’s a kind of certification.

But certifications are pretty cool too.

Like:
- Living wage certification
- Green business certification
- Fair trade certification
- Organic certification
- Union certification
- Not animal tested certification

Beware that cooperatives and community supported enterprise bring up interesting legal grey areas...
Are these folks buying groceries together or are they running a grocery store together?

Employment Laws

Securities Laws

But the CROWDFUND Act will make a huge difference.

Health and Safety Laws
Situations where you might argue that regulations should not apply:
1. When there is no separation between consumer and producer;
2. When an economic activity is private;
3. When an economic activity is non-commercial;

The moral to the legal story:
Regulations are far less likely to apply when sharing:
1) Occurs among friends, neighbors, and acquaintances
2) Is accomplished by direct and face-to-face transactions
3) Involves groups of people working together and making decisions together
4) Is not aimed at making a profit, but rather at sharing costs
5) Is casual, not contractual, and/or
6) Is driven, at least in part, by generosity.

Put simply, if kindness, cooperation, and the bonds of our relationships drive our economic activity, so much is possible.
LEVEL 4: Infrastructure Designed for Sharing Economies

- Universal systems of provision, such as:
  - Health care
  - Social security
  - Education

Remember how we used to hoard wealth and assets out of fear?

Let’s build a sharing economy instead, so that our reptilian brains can relax!

If you remember nothing else:
Decide to provide for each other!
Build relationships!
Make agreements!
Create organizations!
(That’s really all our economy is anyway!)

Thank you...