

BOUND BROOK CIVIC COOPERATIVE ASSOCIATION

Background Materials

“We seem to be at a juncture where we need to rediscover the lessons of mutual assistance. One option entails building on novel modes of cooperativism that meld production and consumption into a single organization.”

—Maurie J, Cohen, *Preparing for the End of Consumer Society*

“Developing a sustainable global economy is not about replacing capitalism with socialism. Traditional, industrial capitalist and socialist models are neither useful nor relevant. We do not need to choose between cooperation and competition, but we do need to determine their appropriate relationship. The problem isn’t that the economy values competition, but that it values competition over cooperation. A family where competition is more important than cooperation is a dysfunctional, unhealthy family.”

—Graeme Taylor, *Evolution’s Edge*

Why Us, and Why Now?

Why are we proposing to create a Civic Cooperative in Bound Brook?

Because we believe that the best way to create sustainable development in the community is to create a collaborative organization that can take advantage of the opportunities that Bound Brook offers. After years of devastating flooding, the majority of properties are no longer required to have flood insurance. Property values are rising. There is significant real estate development that is possible. In addition, the community can benefit from additional resources and mutual assistance.

*“**The Bound Brook Civic Cooperative Association** is a local community development corporation, a vehicle for community resilience and sustainability solutions. The cooperative will have a license to use unique financing models as community redevelopment tools, attracting developers, bankers, property owners, investors, and local contractors, to undertake a local clean energy and economic revitalization program.”*

Secondly, Bound Brook has committed itself to join the Race for Zero Carbon. But it currently has no mechanism or organization to undertake the initiatives needed to achieve such a goal. While some initiatives are the responsibility of municipal government, others — such as increasing local food production and distribution, energy efficiency improvements, and neighborhood revitalization — are profitable activities that can be most effectively undertaken by a local cooperative or community enterprise.

With a cooperative, everyone has some “skin in the game,” but the risks and rewards are spread amongst many more in the community. What we call Town-Raising™ is like barn-raising on a community level. It’s not a one-time event, but a matter of neighbors helping neighbors for the betterment of the entire community. It is the best way to address the needs, and take advantage of the opportunities, that the town now has.

What projects will the cooperative undertake?

This will depend on the community's priorities and the skills, interests, and resources of the members. We have members interested in cohousing, local food production, local investing and financing, ecological restoration, arts and culture, education, health, meaningful jobs, and restoring the immediate experience of community and of collaborative work.

*“The Co-op is **not** a nonprofit. Like a private corporation, it returns all profits to its shareholders in the form of dividends based on their level of investment. But it is wholly member-owned, and focuses on investments that make a difference in the community.”*

Civic Association: A civic association is a type of organization whose official goal is to improve neighborhoods through volunteer work by its members.

Cooperative Association: "The term cooperative association signifies a business organization formed by a group of individuals for their mutual benefit. A cooperative is owned and operated by its members and is generally organized either under general business laws or under specific statutes applicable to cooperative associations. A cooperative corporation is distinct from a charitable association organized for some benevolent purpose."

(<http://cooperativeassociations.uslegal.com/>)

How does the co-op get started?

CRCS provides the fiscal sponsorship and support needed to start and nurture the co-op until it is ready to manage its own affairs. In this formative period it operates as a co-op, without the administrative burden, allowing it to focus entirely on exploring the community's vocation and implementing the elements of it.

Why is CRCS Doing This?

It's part of our mission and purpose. The Center for Regenerative Community Solutions is a 501(c)(3) NJ-based nonprofit devoted to:

1. Providing local communities with educational services on the effects of climate change and other related issues that can affect their long term ability to regenerate their ecological and economic systems,
2. Providing local government institutions with assistance to undertake actions and initiatives to reduce and ameliorate present and expected extreme weather and other climate change effects,
3. Providing small businesses and non-profit organizations with funding to undertake actions and initiatives to reduce and ameliorate present and expected climate change effects in low and moderate-income communities, including communities impacted by Hurricane Sandy.

We have a number of tools and resources, but all of them require local action and engagement in order to serve a practical purpose.

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Cooperativism

Basic principles

Cooperatives are jointly-owned and democratically-controlled enterprises rooted in the values of self-help, self-responsibility, equality, equity, democracy, and solidarity. People, not profit, are at the center of a cooperative's economic activity. All members participate actively and equally in making decisions and setting policy. Cooperatives are indivisible; accumulated capital is primarily reinvested into the cooperative. Cooperatives can often provide their members with more favorable working conditions and access to goods and services than found in the free market. Deeply embedded in the local reality, cooperatives also make significant contributions to the local economy.

A genuinely distributed economy requires those on the ground to develop strategies for economic and social viability from the bottom up. Don't be surprised to see labor cooperatives, commons-based approaches to resource management, and even local currencies emerge to fill in where [government] action falls short.

—**Douglas Rushkoff**

History

The first cooperatives were founded in mid-19th century Europe to provide better living and working conditions to industrial workers. In 1844, the first 'modern' cooperative was founded by textile workers in Rochdale, England. Soon after, Friedrich Wilhelm Raiffeisen and Hermann Schulze-Delitzsch founded the first credit cooperatives in Germany. The Italian and Austrian cooperative system also developed during this period.

In Italy, the cooperative movement grew considerably in the first decades of the 20th century years. In 1910 there were 7,400 cooperatives with over one million members. While the rise of Fascism in the 1920s slowed down the growth of cooperatives, it picked up in the post-war period, and cooperatives contributed significantly to the country's modernization. Since the 1970s the number of cooperatives has been increasing with a rate of about 40% per decade. Today, cooperatives contribute about 8% of the GDP. About half of Italian cooperatives are located in Southern Italy. The main spheres of action for Italian cooperatives are construction, transport, business services, social services and health care. Social cooperatives, which must serve the general interests of the community, were legally recognized in 1991. Most Italian cooperatives are members of one of the following two federations: *Lega Nazionale delle Cooperative e Mutue* and the *Confederazione Cooperative Italiane*.

In Austria, the first cooperative was founded in 1851 (*Aushilfskassenvereins* in Klagenfurt). Between 1890 and 1914 the number of cooperatives increased tenfold to about 19,000; 3,000 of which were located on the territory of the contemporary Austrian state. Today, the majority of Austrian cooperatives – about 1,600 of 2,000 – is part of the Raiffeisen consortium. Other important cooperative groups are the *Österreichischer Genossenschaftsverband (Schulze-Delitzsch)*, the *Konsumverband*, the *Revisionsverband der Österreichischen Konsumgenossenschaften* and the *Österreichischer Verband gemeinnütziger Bauvereinigungen-Revisionsverband*. Cooperatives are mainly active in agriculture,

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banking, housing, and consumption, but new cooperatives are also created in the fields of renewable energy and local supply networks.

In recent years, interest in cooperativism has grown considerably also at the international level. For instance, the United Nations declared 2012 the International Year of Cooperatives. This development is likely linked to the economic crisis, which has rendered alternative economic models more attractive. According to economist Dietmar Rößl, cooperatives may indeed be more resilient to crises and bankruptcy than other enterprises.

Source: <http://www.id-coop.eu/en/KeyConcepts/Pages/Cooperativism.aspx>

In the U.S. the history of the cooperative movement is virtually unknown to most people, even though there are some 40,000 co-ops in existence, in every domain including agriculture, food distribution, rural electricity delivery and generation, credit unions, and mutual insurance companies. Cooperatives played an important role in the African American community following the end of slavery, and in many immigrant communities and economically-distressed regions of the country.

The New Cooperative Movement seeks to re-adapt the classical benefits of cooperatives to a new era and a new set of socio-economic conditions. Like the so-called “Sharing Economy,” it’s part of the increasing self-reliance of young people in an increasingly fluid and chaotic economy, where most people no longer have permanent jobs.

Resources

- *EcoDistricts® Protocol, v. 1.2*
- *Building Communities from the Inside Out*
- *LISC (Local Initiatives Support Corporation)*
- *Regenesis Group and the Story of Place™ Institute*
- *Heart & Soul*
- *Bank CRA officers*
- *Credit Unions*
- Cultivate.coop

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Education

Because most people are not that familiar with the way co-ops work, even if they happen to belong to one (such as a credit union), the first step is typically an educational one, helping people understand the benefits and requirements of successful cooperatives. The next step is to evaluate the members' and the community's needs to determine the best opportunities for a co-op's success. In a community with a "food desert" this might be a retail fresh food operation; in other communities it could be an arts cooperative, or a housing

community, or a financial cooperative, or a clean energy finance co-op —using innovative economic development tools and approaches that are emerging in the transition economy.



The benefits of the cooperative model are:

- Greater citizen engagement
- Democratic participation and control
- Local jobs and economic development
- Long term organizational viability
- Community-driven initiatives (local food production and distribution, local clean energy generation, educational initiatives, cohousing and affordable homes, bikeways and walkways, local currencies, credit exchanges, community-based climate initiatives, etc.) based on local priorities and opportunities
- Local self-sufficiency and community development vs. gentrification and conventional real estate development

To be continued...

As the Co-op is developed, we'll continue to add to this paper in order to address the most frequently-asked questions. For more information, please contact Jonathan Cloud at 908-581-8418 or jcloud@crsolutions.org.

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