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African American Social and Solidarity Economy and Distributive Justice

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Abstract

This entry explores the benefits of cooperatives to members and their communities and the ways that these benefits contribute to more equitable social and economic development. It provides a short history of African American cooperative economic thought and practice as an example of the ways that social and solidarity economy (SSE) addresses racial economic discrimination and marginality. The entry finds that African Americans established social and solidarity economy organizations and enterprises (SSEOs) such as cooperatives often in response to market failure and exclusion, and created alternative economic solutions that not only enabled survival, but also provided non-exploitative, democratic collective economic ownership and production, which led to meaningful profit sharing, and some level of individual and community self-determination.

Keywords: cooperatives; mutual aid; African Americans; racial justice; economic democracy; economic inequality; distributive justice

Introduction

Racial capitalism and neo-liberal economics create huge gulfs between the “haves” – mostly white males - and the “have nots” – people of African descent, indigenous peoples, immigrants, and other people of colour - with increasing wealth inequality that threatens human survival, undermines human dignity, and is destroying Mother Earth. The World Social Forums and solidarity economy movements started in the late 20th century have developed out of this need to create and rediscover values-based humane economic models that recognize existing solidarity practices and deliver distributive justice to all (also see the entry “Origins and histories of SSE”)

Solidarity economics and practices include cooperatives, collective and/or nonprofit businesses, community dollars or local currencies, bartering, gifting, and/or a process where work is exchanged, fair trade, as well as regional federations or cooperative regional associations that may include multi-stakeholder cooperatives and enterprises (U.S. Solidarity Economy Network 2022). There are many ways that social and solidarity economy (SSE) practices enable distributive justice – equalizing both the benefits and the burdens of human existence and social reproduction. Human beings in every era of history, and in every part of the world practise some form of solidarity economics, mutual aid and economic cooperation. These are strategies and practices older than capitalism and mercantilism; yet have been consumed by and overwhelmed by capitalist practices, especially over the last hundreds of years. This entry summarizes ways that cooperative economics, especially worker co-ops, contributes to distributive justice. As an example, the entry explores ways that African American mutual aid and economic cooperation (even during enslavement and American apartheid segregation) provide some measure of social and economic development as well as distributive justice to some of the most marginalized communities in the USA.

1. Cooperatives: Benefits and Impacts

Cooperative businesses are community-owned private enterprises that combine consumers with owners, and buyers with sellers in a democratic structure (Gordon Nembhard 2014). Cooperatives are member-based and member-controlled, values-based enterprises (see the entry “Cooperatives and mutuals”). In worker cooperatives, the workers are known as worker-owners, owners, or employee-owners. In consumer and housing cooperatives, they are known as member-owners, or simply members. However they are referred, members of cooperatives put energy and equity into a cooperative enterprise. If the cooperatives are successful, they provide a return -- sometimes annual dividends or patronage refunds (often distributed upon exit from membership); and sometimes the return takes the form of job security and living wages and benefits or reduced costs of products and services.

Individual cooperatives decide democratically how much of the surplus should be allocated to members and how much is unallocated or retained in the business. Because of the democratic nature of cooperatives, distribution occurs in an equitable fashion, which places the wealth generated from the business into the hands of the owner-members (and sometimes other stakeholders). This means that cooperatives as a business are also a democratic mechanism for wealth creation (Gordon Nembhard 2008; 2014; 2015). Cooperatives are a form of communal, joint and democratic

ownership of a business whose equity is an asset that can contribute to an individual member's wealth portfolio in addition to group wealth. Cooperatives have enabled people who are exploited, asset-stripped and left out of the mainstream economy to provide affordable, quality goods and services, generate jobs, create income, stabilize their communities, accumulate some assets, and at the same time be family- and community-friendly (Gordon Nembhard 2015; 2014). In addition, cooperatives tend to survive longer than other small businesses (Borzaga & Galera 2012, Logue & Yates 2005, Williams 2017), providing more longevity than many traditional businesses.

Cooperatives address market failure and the negligence of profit-maximizing investor-owned businesses and corporations – as well as the lack of will in the public sector, to meet the needs of people neglected by investor-owned, profit-maximizing companies (Borzaga & Galera 2012, Gordon Nembhard 2015). Cooperative and collective ownership enable the provision, for example, of affordable healthy and organic foods, or even any kind of groceries in urban food deserts; of rural electricity or other utilities in sparsely populated areas; or enable access to credit and banking services, affordable housing, and markets for culturally sensitive goods and arts. Meeting member needs rather than maximizing profits on investment is the major purpose of a cooperative business.

Collectively- and cooperatively-owned enterprises often provide not only economic stability, but also develop many types of human and social capital – skills, institutional knowledge, and organized groups of people (Shipp 2000, Gordon Nembhard 2014, Borzaga & Galera 2012). Cooperative members acquire a variety of general business and industry-specific skills. They also develop leadership and team-building skills. The workers or members learn first-hand what democracy is because they vote on issues of major importance to the business, or a representative they elected votes on policies that speak to their needs.

Worker cooperatives are often established to meet needs in a community such as lack of childcare, or eldercare, or to save a company that is being sold off, abandoned, or closed down, or to start a company that exemplifies workplace democracy and collective management. Worker-owned businesses offer economic security, income and wealth generation, and democratic economic participation to employees, as well as provide meaningful and decent jobs and environmental sustainability to communities. Workers form cooperatives to jointly own and manage a business themselves, to create employment because of race and/or gender/sexuality-based discrimination, or immigration status, to stabilize employment, make policy, and share the profits. Many worker-owned cooperatives, in particular, increase productivity and increase industry standards in wages and benefits, as well as provide self-management or teamwork between management and “labour,” job ladder opportunities, skill development and capacity building, job security, and general control over income and work rules (Gordon Nembhard 2004, 2014, 2015; Artz & Younjun 2011; Logue and Yates 2005). Women-owned catering and house cleaning cooperatives, for example, provide women with control over the hours of work, work rules, health and safety, benefits and income generation that allow them to balance home, family and work lives and own their own business. Worker cooperatives pay better wages, give workers more pride in, ownership of, and commitment to the business.

Because worker-owned businesses are community-based business anchors that distribute, recycle, and multiply local expertise and capital within a community, cooperative businesses stabilize communities, unlike investor-owned private

enterprises (Novkovic & Gordon Nembhard 2017). Often the cooperative that is formed to meet the needs in the community also helps to develop the community by hiring local residents, providing livable wages and utilizing local resources and businesses to partner with or support. This stabilizes the economy and makes other opportunities likely and the community more attractive to people who live there and for new residents and businesses. Cooperatives generally have a social commitment to supporting other community and nonprofit projects in the community in which it is located. Borzaga & Galera (2012) note that cooperatives tend to address the needs of communities, and “should be regarded as collective problem solvers.” These problem-solvers use their expertise to participate in distributive justice, in their neighbourhoods and elsewhere.

In addition, the process of making decisions about the internal workings of a business and its external relations creates more engaged citizens and leaders with experience in advocating for themselves - experience that can be utilized and mobilized when advocating for policies that might involve distributive justice opportunities. Participation in cooperatives has also been found to encourage involvement in state and local government affairs (Gordon Nembhard 2014). This participation can be a means for the needs of the community to find a voice in the political arena (also see the entry “Participation, governance, collective action, democracy and SSE”).

2.African American Cooperative Economic Thought and Practice

One hundred and sixty-five years after the legal end of the African-enslaved economic system, African Americans have been denied distributive justice in a country that billed itself as a democracy, but which has failed to not only compensate African Americans for hundreds of years of unpaid labor, but has shut them out of the economic opportunities to change their situation of being disproportionately poor (also see the entry “Origins and histories of SSE”). Racial capitalism – a system that benefits from exploitation of labor and pitting different racial and ethnic groups and genders against each other - and neo-liberal economics exploit Black bodies, labor, skills, creativity and humanity, and undermine Black communities. For those African Americans not institutionalized, unemployment and underemployment and low wages among those employed significantly curtail the ability of a substantial number to earn a decent living, to afford basic healthcare or education to ensure upward mobility, even as a handful of African Americans become wealthy or obtain the stature as President of the United States. The gap between African American well-being and wealth, and that of white Americans is growing. According to McIntosh, Moss, Nunn & Shambaugh (2020), for example, “...during the most recent economic downturn, median net worth declined by more for Black families (44.3 per cent decline from 2007 to 2013) than for White families (26.1 per cent decline). In fact, the ratio of White family wealth to Black family wealth is higher today than at the start of the century.” Black-owned businesses are particularly vulnerable (Washington 2021), and people of colour, especially African Americans, are suffering more long term health, employment and other economic insecurities than the rest of the population during the COVID-19 pandemic (Andrew 2021; McIntosh et al 2020).

In addition, African Americans remain disproportionately represented in the US prison system, the largest and among the most ruthlessly exploitative and dehumanizing in the world. A Black person can still too often be murdered on the streets, with the prosecution of their killers, be they police officers or armed white citizens, still doubtful (but more likely not to take place or a guilty verdict not obtained if they are tried). A new study by the GBD 2019 Police Violence US Subnational Collaborators (2021), for example, finds that incidents of fatal police violence reported by the National Vital Statistics System are underreported by 59%. Their analysis indicates that Black men are killed by police at a rate of 3½ times that of Whites, instead of the rate of 2½ previously reported. In every year in which statistics were compiled, the rate of fatal police violence was higher for Black Americans than for White Americans.

Despite these challenges, in every era of history, and especially starting in the 20th century, African Americans have used economic cooperation and cooperative ownership to survive and thrive. Cooperative business ownership, cooperative financial institutions, and co-op housing have been solutions to past economic challenges, such as debt peonage under Jim Crow, and lack of food, affordable housing and financial services during the Great Depression; and can be solutions to current/continuing economic challenges, as well as a vehicle for distributive justice. No specific data exists on how many African Americans participate in cooperatives, but their numbers are significant across a variety of cooperatives around the country, such as housing cooperatives, food and retail co-op stores, agricultural cooperatives, marketing co-ops, utility cooperatives, etc.; and there is a continuous history in the US of African Americans creating all different kinds of mutual aid networks and cooperatives.

In the 20th century, Black leaders increasingly promoted the benefits of cooperatives. W.E.B. Du Bois had already been writing about Black economic cooperation in the late 1890s, and held a conference and published a book on Black cooperatives in 1907 (Du Bois 1907). For over 40 years he argued that a successful cooperative economy would better serve the common good (Gordon Nembhard 2014). George Schuyler, *Pittsburgh Courier* columnist, contended early in his career that co-ops were a better ownership strategy for Black advancement. He and cooperative and civil rights organizer Ella Jo Baker founded the Young Negroes' Co-operative League in 1930 to promote that strategy and train a new generation of Black cooperators. A. Philip Randolph, founder of the Brotherhood of Sleeping Car Porters (BSCP), along with Halena Wilson, president of the Ladies Auxiliary to the BSCP, connected the consumers' cooperative movement to the labour movement (Gordon Nembhard 2014). Throughout the Black reparations movement in the USA, leaders and organizations have argued that reparations money should include financing for Black cooperative development (Gordon Nembhard 2018; National African-American Reparations Commission 2022; The Movement for Black Lives 2022). African American economist Jeremiah Cotton in some ways sums up this thought by rationalizing that Blacks should exercise "community cooperation" since Blacks suffer common "materialities" (Cotton 1992, 24).

In *Collective Courage*, Gordon Nembhard (2014) finds that African Americans have used cooperatives to survive depressions, economic exclusion, discrimination, marginalization, and economic inequality. African Americans used mutual aid and economic cooperation because they did not have any wealth, or even own their own bodies during enslavement, and were often excluded from the best jobs and wealth

accumulation even after emancipation; also because of Jim Crow segregation, apartheid and institutional racism. Gordon Nembhard documents over 162 legally incorporated cooperative enterprises owned by African Americans from the mid-1800s to the present. These housing cooperatives, credit unions, retail grocery and other stores, marketing cooperatives, farmer's markets, shared services cooperatives, health centres, craft co-ops, worker co-op factories, mills, construction companies, catering, house cleaning/janitorial services, transportation services, etc. were found in rural and urban areas throughout the United States (Gordon Nembhard 2014). Many were very successful and well sustained and lasted for years. Others were successful at addressing the original problems they were created to address, and then no longer used. And many were thwarted and attacked by white competitors and white supremacist terrorists (Gordon Nembhard 2018; 2014).

Below we provide four examples from US history of the economic, social and distributive benefits, and other achievements, of Black co-ops: The National Federation of Colored Farmers in the 1920s; Cooperative Industries of DC in the 1930s; The North Carolina Federation of Credit Unions and Cooperatives in the 1930s-40s; and Cooperative Home Care Associates from the late 1980s to the present.

The National Federation of Colored Farmers (NFCF), founded in 1922, had a mission to stabilize African American farm ownership and improve farm living, using "cooperative buying, production and marketing" (Hope 1940, p. 48). The cooperatives saved members 25 to 40 cents on the dollar for every truckload of goods they bought together. Members also shared machinery, trucks, and established livestock processing plants. The NFCF provided access to more favourable credit for its members, which significantly reduced their interest payments so that land and equipment purchases were possible. Over the ten years of the cooperative's existence most of the members, who started out as tenants and sharecroppers, became farm owners and were now less dependent on the government for relief or loans (Gordon Nembhard 2018).

During the Great Depression, Black women activists started the Northeast Self-Help Cooperative to put unemployed women to work in good manufacturing jobs in Washington, DC. After receiving grant funding, they opened as a hybrid co-op, Cooperative Industries of Washington DC, which combined a variety of industries such as sewing, canning, laundry services, shoe repair, broom, chair and handicrafts production, and beauty culture training, along with a farm. They established a co-op grocery store that sold fresh produce and chickens from the co-op farm, as well as other groceries to members and their neighbours in the city. This co-op society consistently provided good jobs, especially for women (paying more than domestic service), as well as access to healthy food for the neighbourhood (Gordon Nembhard 2014).

Two Black education institutions in North Carolina, Bricks Rural Life School, & Tyrrel County Training School, established cooperative networks in the 1930s and '40s – providing co-op education to their students' families, and helping the families establish farmer's cooperatives, equipment co-ops, credit unions, buyers' clubs, and health insurance (Gordon Nembhard 2014). At first, they operated in relative isolation, but soon joined forces, and in 1939 organized the regional Eastern Carolina Council, a federation of Black North Carolinian cooperatives that worked closely with the credit union division of the state Department of Agriculture. In 1945 the Tyrrell County School held a co-op workshop co-sponsored by all the major co-op development groups in the state, the Eastern Carolina Council, and two Black colleges. The coalition established a state-wide organization called the North Carolina Council for Credit

Unions and Associates to design a cooperative economic education curriculum and other materials to support Black co-op development throughout the state. The result was that Black credit unions increased from 3 to 98 between 1936 and 1948, and an additional 48 Black co-op enterprises were started in the state: nine consumer stores, 32 machinery co-ops, four “curb markets,” two health associations and a housing project (Gordon Nembhard, 2014).

The final example is a pathbreaking worker cooperative in the South Bronx (NYC), the largest worker cooperative in the USA. Founded in 1985, Cooperative Home Care Associates (CHCA) was established to provide quality home care to clients by providing quality jobs for direct-care workers (CHCA 2022; Shipp 2000; Glasser and Brecher 2002; Schneider 2009). CHCA employs about 2000 mostly Latina and African American women as home care paraprofessionals, the majority of whom are worker-owners. CHCA provides benefits that are unprecedented for the traditionally low-wage and unstable home care industry: full-time consistent work, paid vacations and health insurance, training, job ladder mobility, retirement plans, and union membership. This is another example of a cooperative that sets standards for wages, benefits, training, and workplace democracy in a low-wage industry that traditionally does not provide any benefits, let alone full-time work (Gordon Nembhard, 2014).

In sum, Gordon Nembhard (2014) finds that African Americans established cooperative enterprises often in response to market failure and exclusion, and created alternative economic solutions that not only enabled survival but also provided non-exploitative, democratic collective economic ownership and production, which led to meaningful profit sharing and some level of individual and community self-determination. Many of the examples through history also show how essential access to high-quality cooperative economics and co-op business education was to the success of African American cooperatives and their communities.

African American cooperative ownership provides marginalized people with a chance to design and manage needed goods and services in culturally sensitive ways to benefit their families and communities. The African American cooperative movement combines retentions from early African mutual aid and self-help ideologies, and spiritual notions of communalism, with the need to survive but also liberate themselves from their colonized and exploited experiences - and to create economic justice through economic democracy. Because racial capitalism has structural and long-term impacts on racial economic inequality; more economic democracy and economic justice are needed to address racial discrimination and exploitation. For these reasons, cooperatives are prime vehicles for addressing community needs, developing viable strategies, and implementing solutions that include democracy and equity. Deliberate development of cooperative ownership and other solidarity economic practices, with participation by those traditionally overlooked, can achieve distributive justice and create concrete and meaningful change in people’s lives and their communities.

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