

# Building Sustainable Communities by Supporting the Sharing Economy

Workshop, 25<sup>th</sup> February 2014

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in partnership with AELA and Spiral  
Community Hub

1.We are recreating the commons.

2.We need to think deeply about  
organizational structures.

3.We need to change some laws.

# How to Make Bread in the

**Current Legal and  
Economic System**



**Corporate Shareholders**

Seeds™

Current Legal and  
Economic System

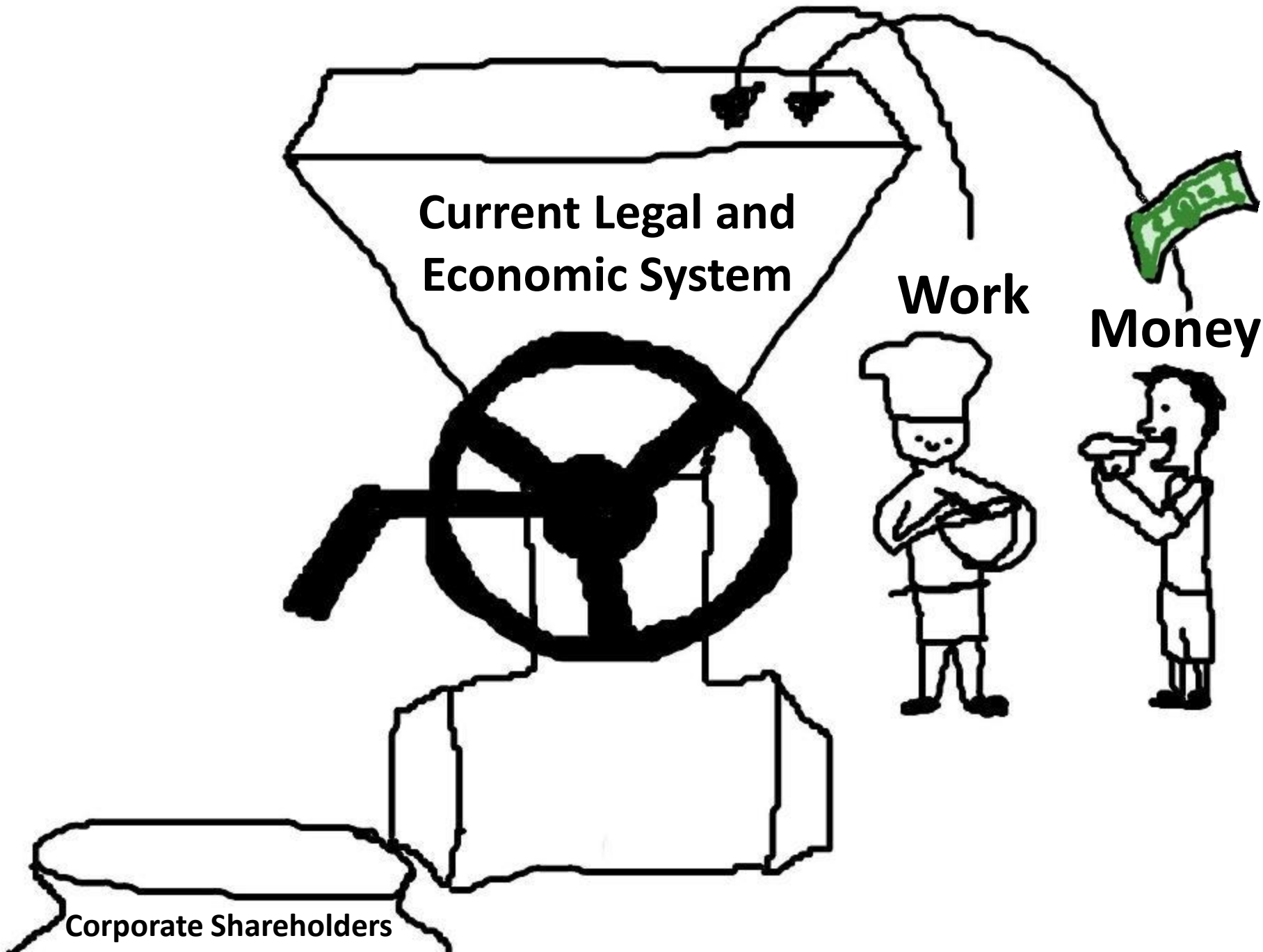


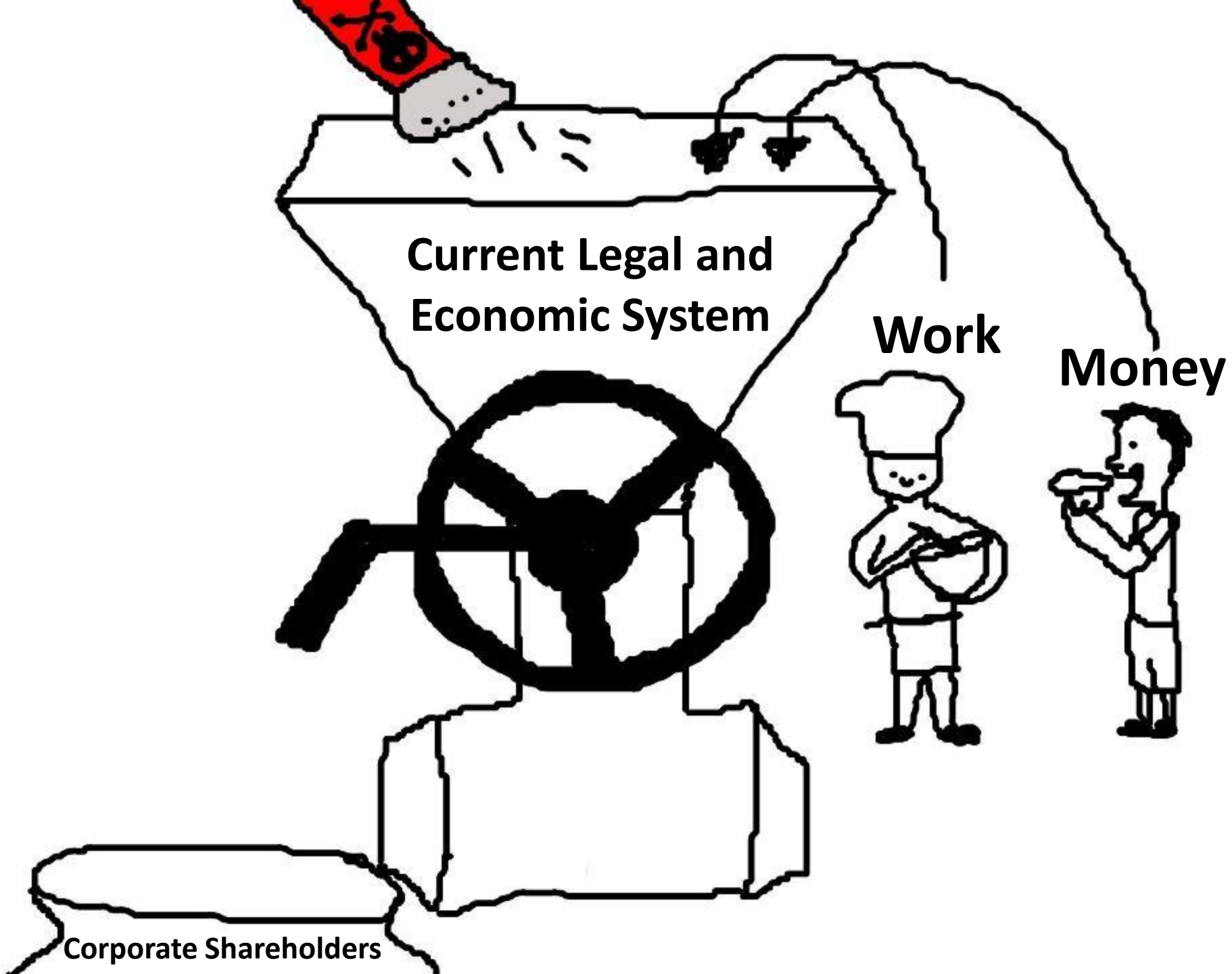
Water

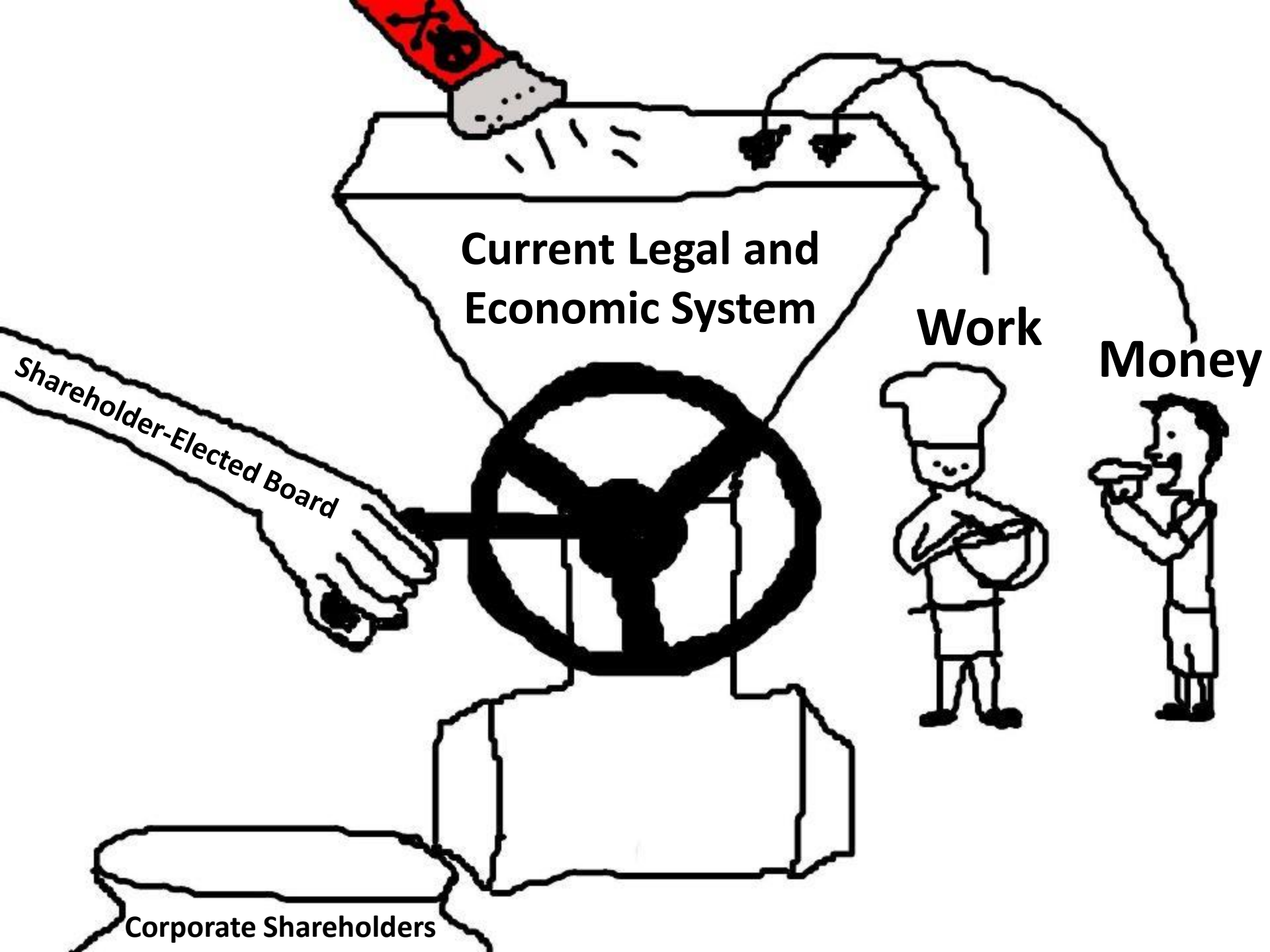


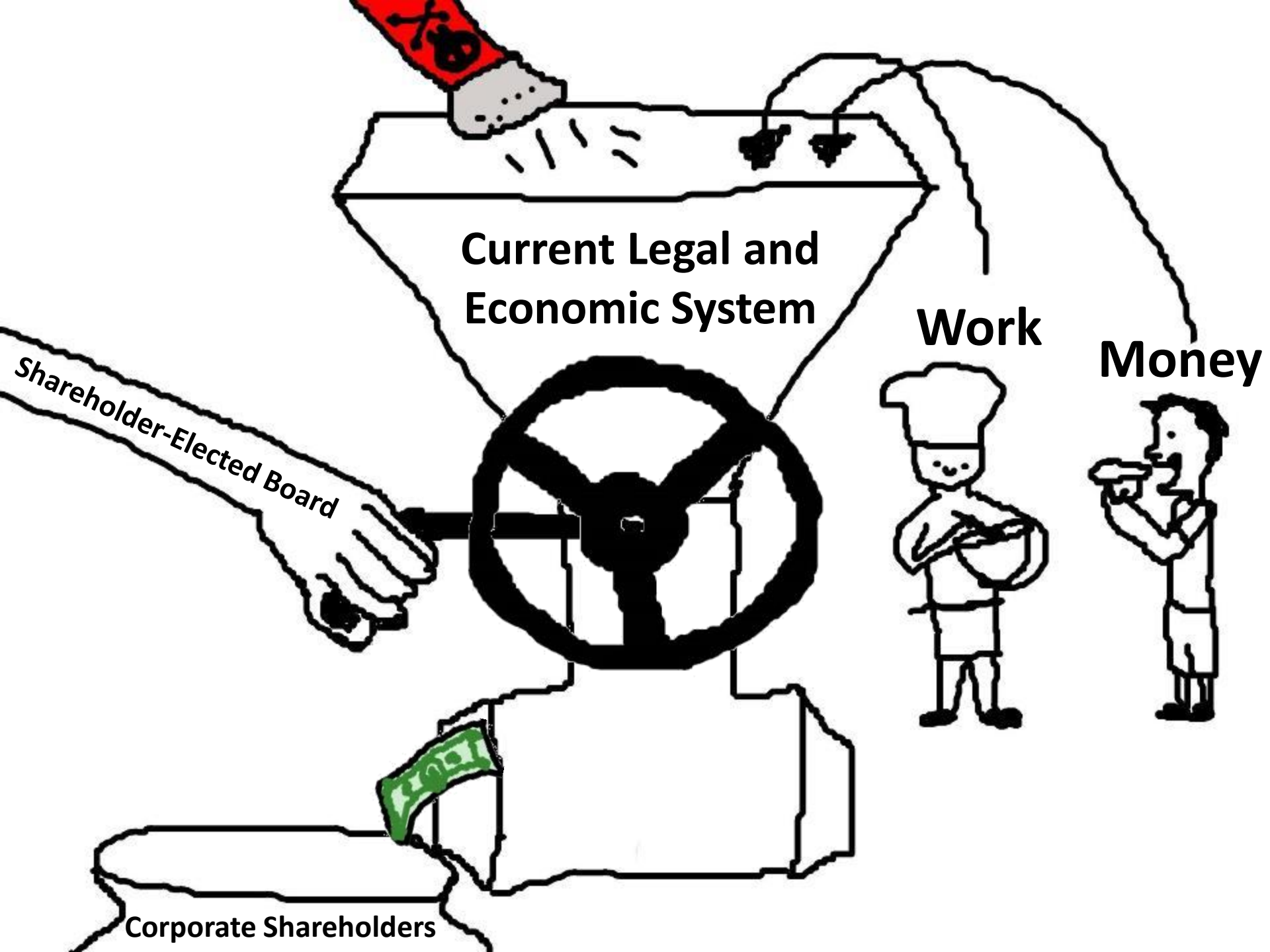
Land

Corporate Shareholders

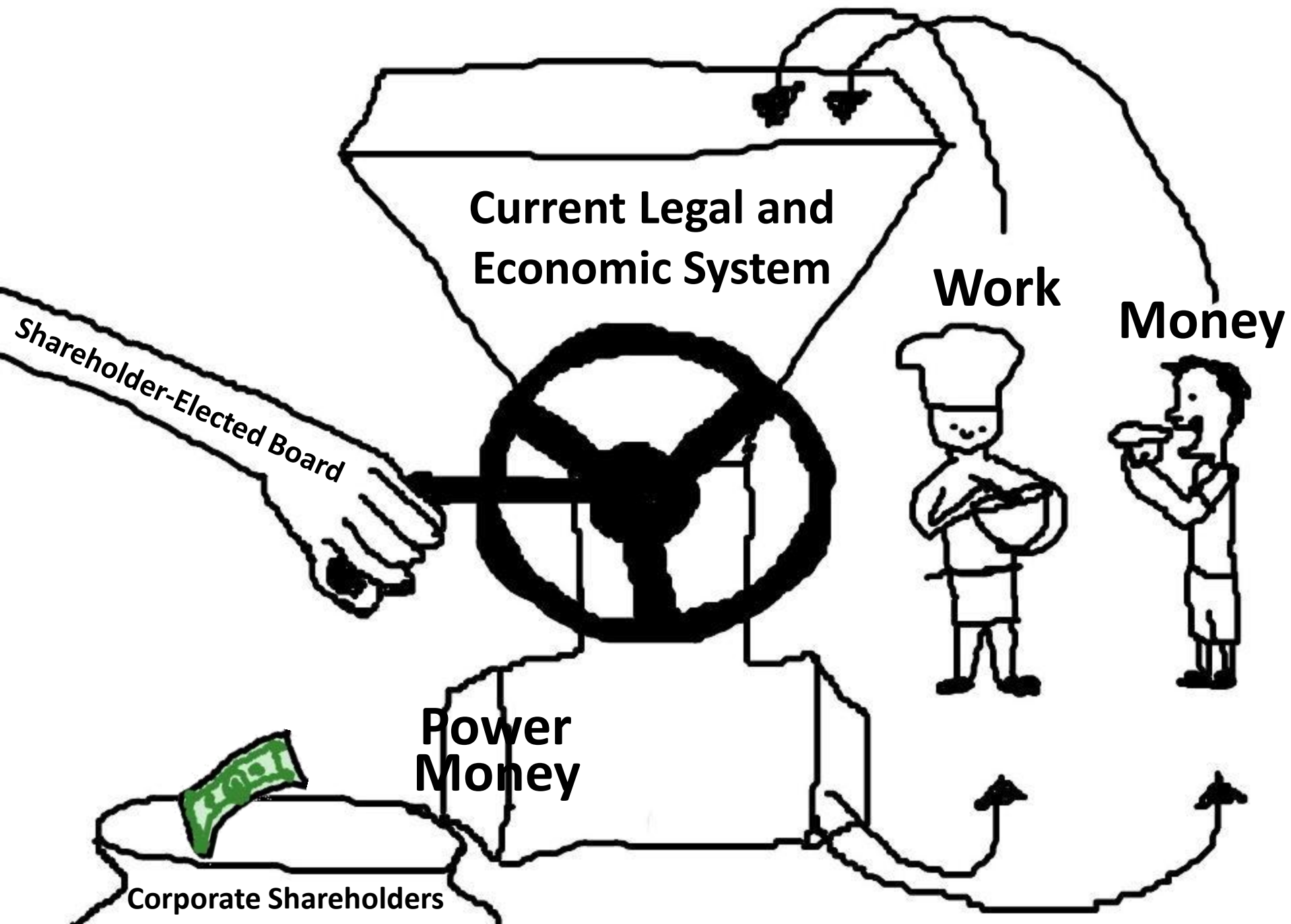


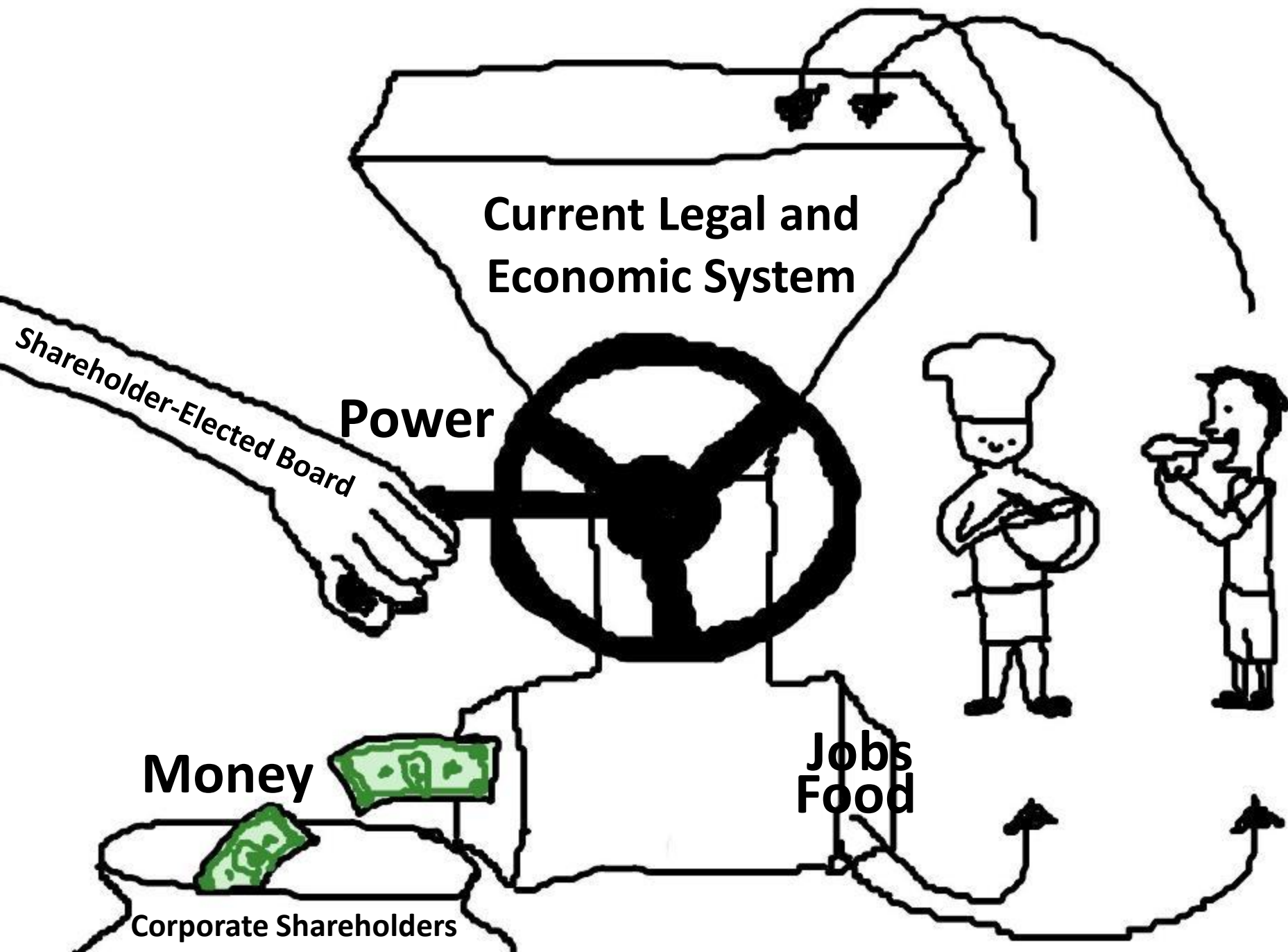




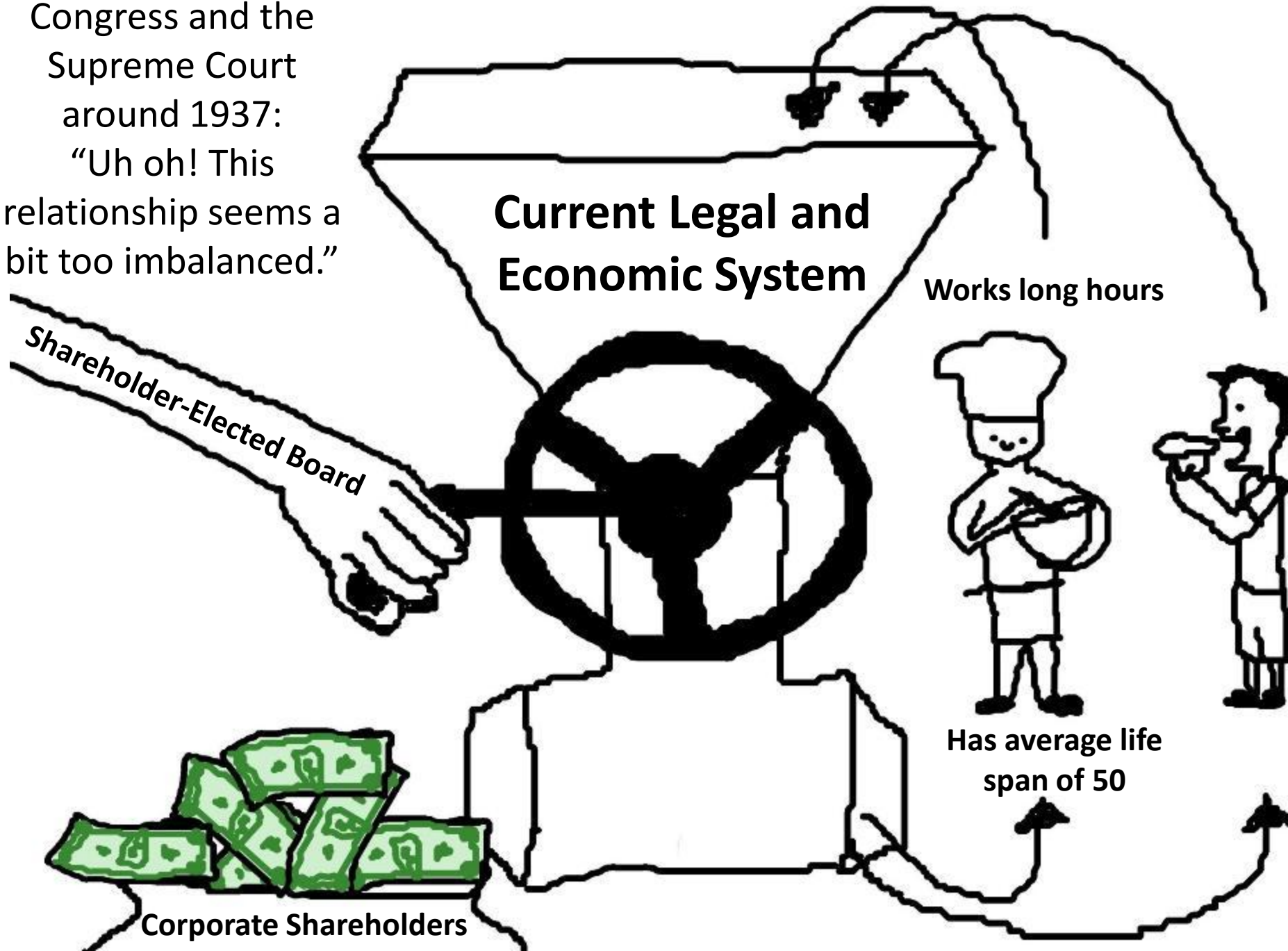


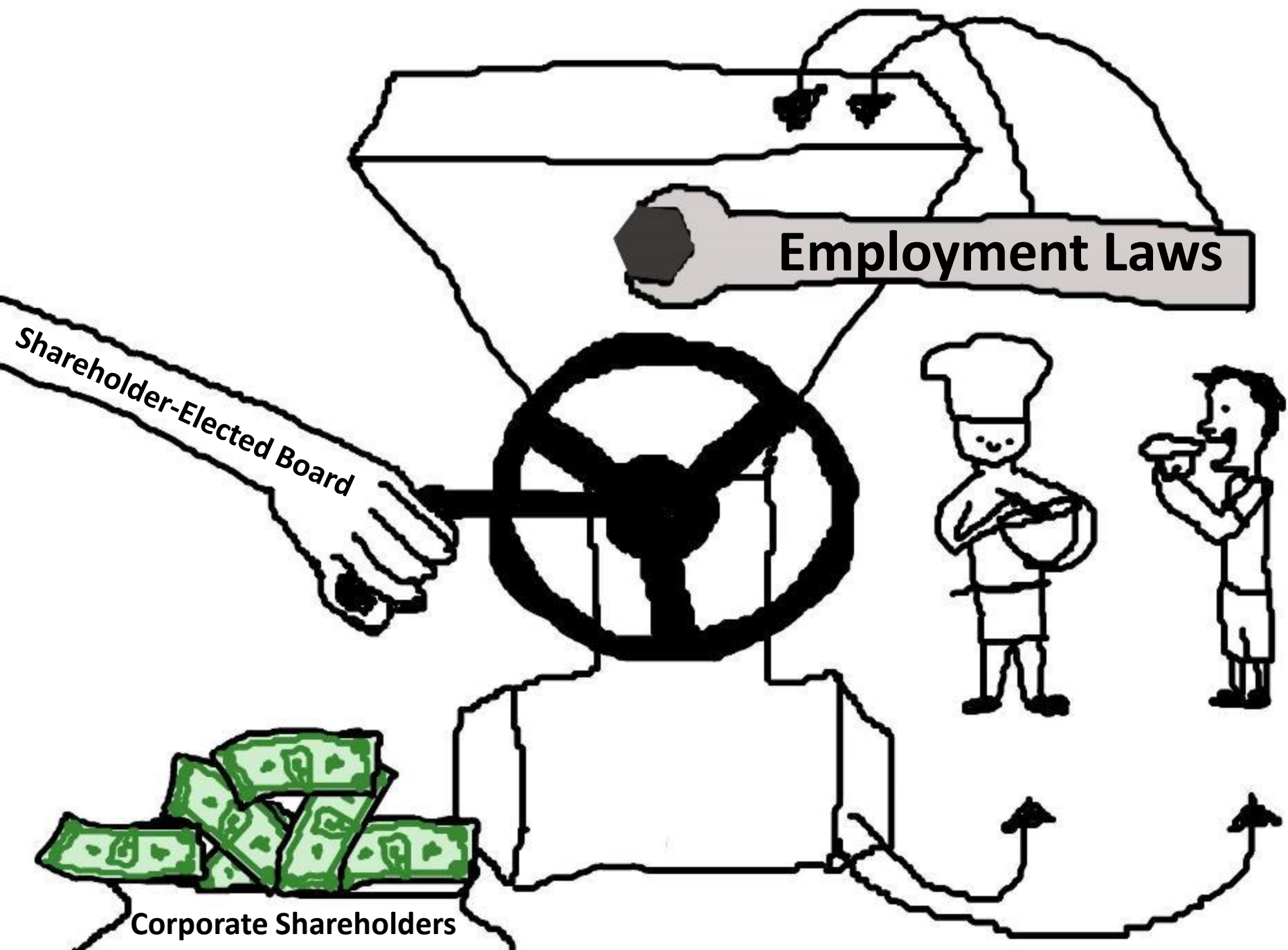






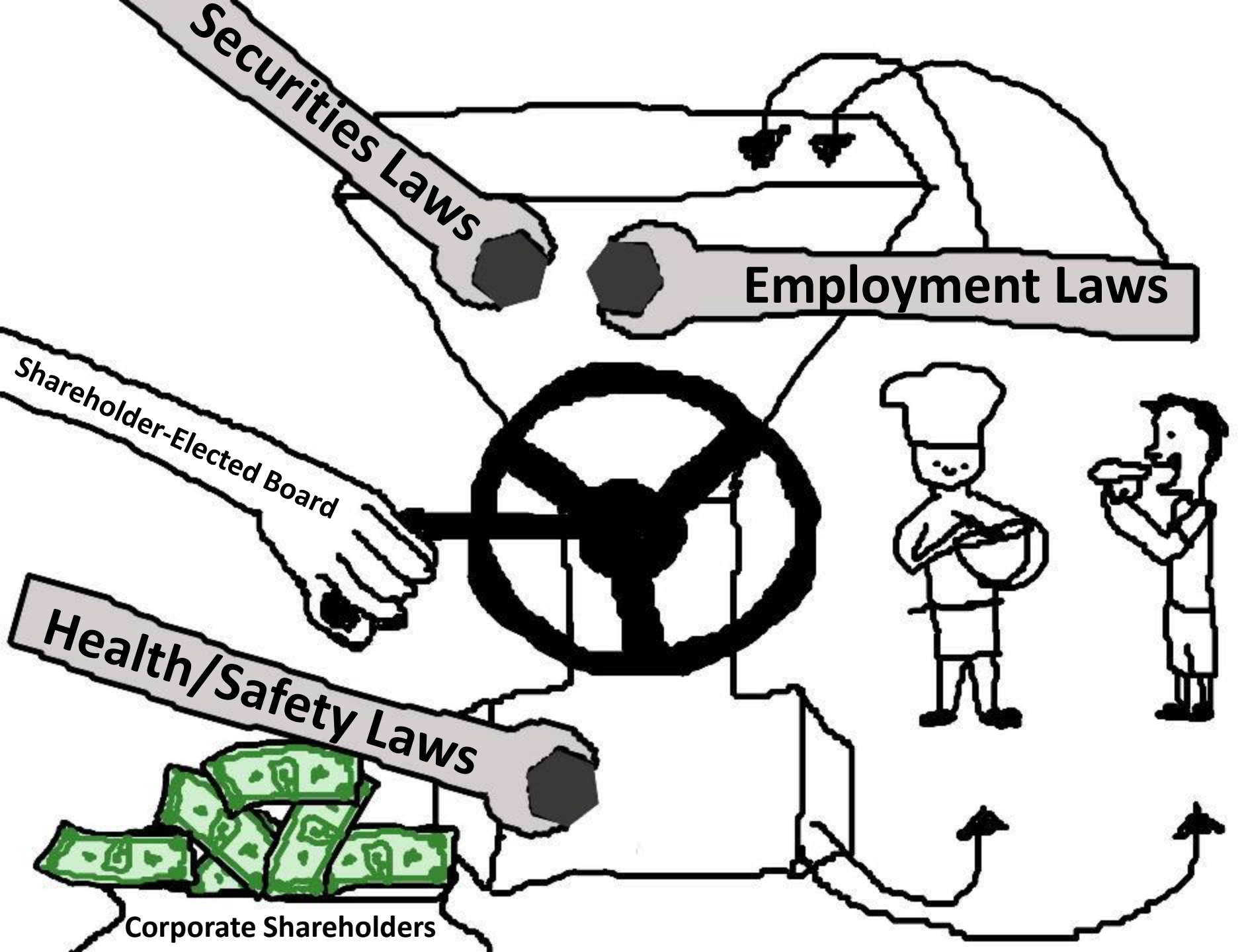
Congress and the  
Supreme Court  
around 1937:  
“Uh oh! This  
relationship seems a  
bit too imbalanced.”

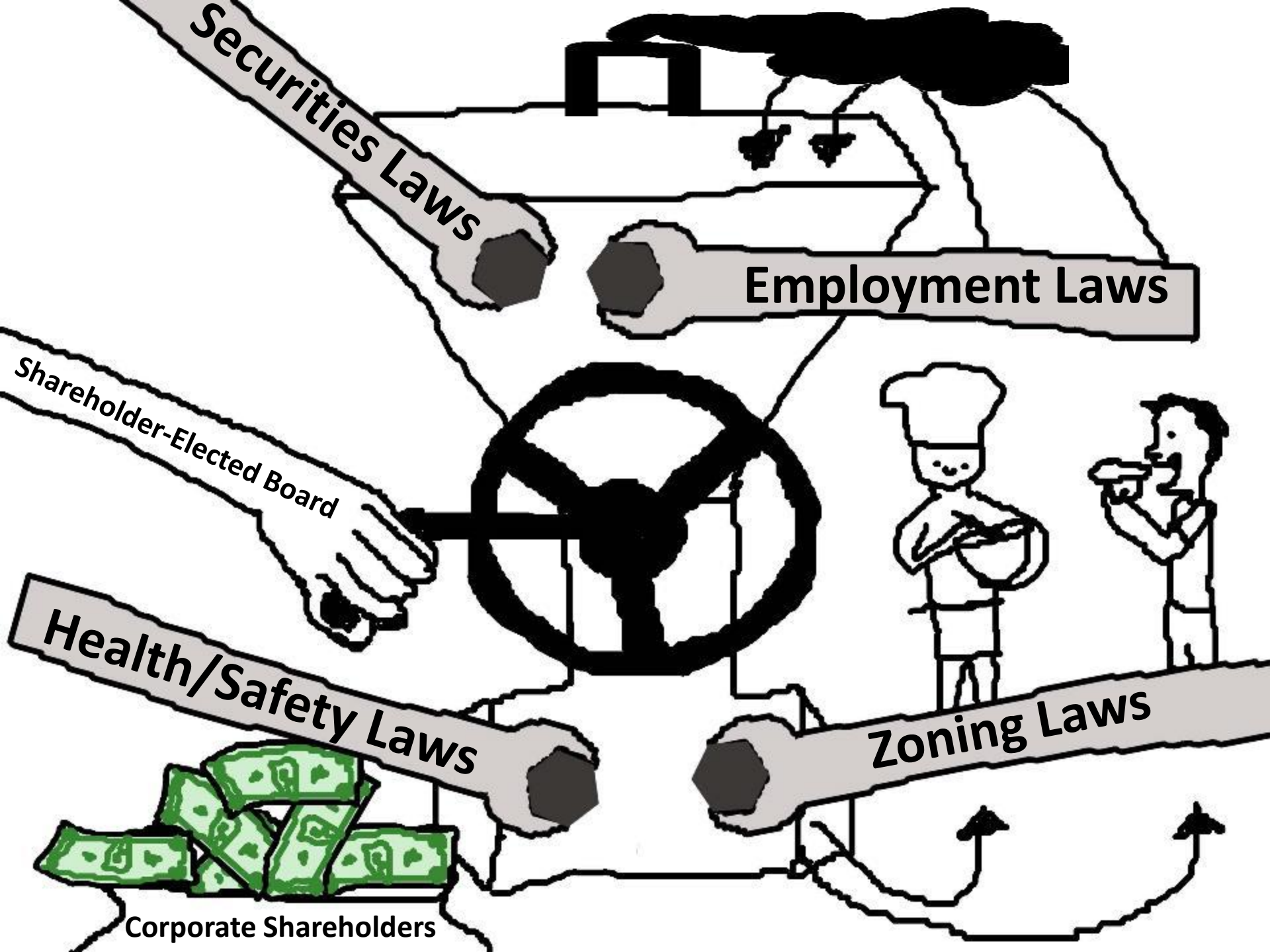


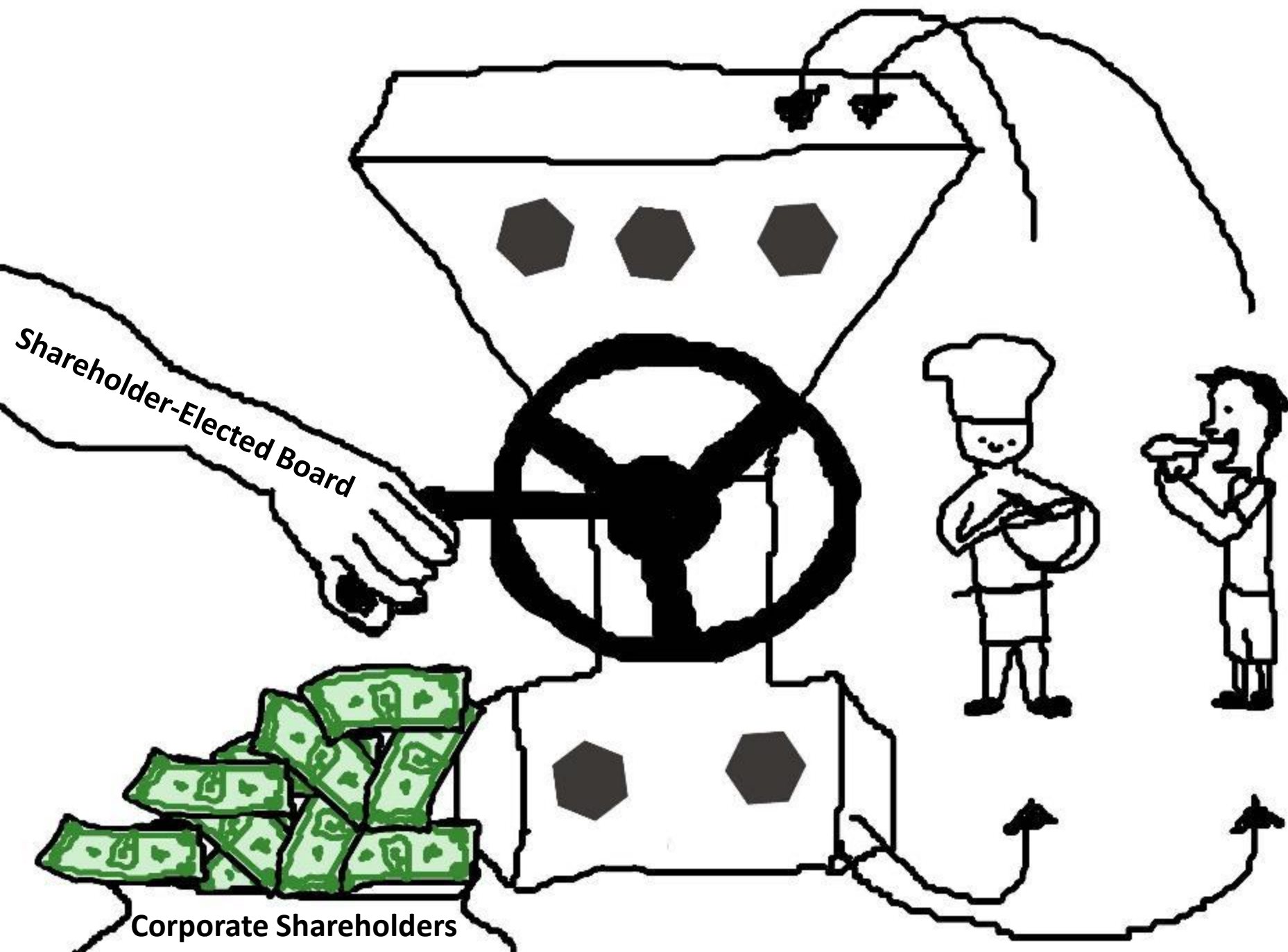


















**Hostess  
Brands**

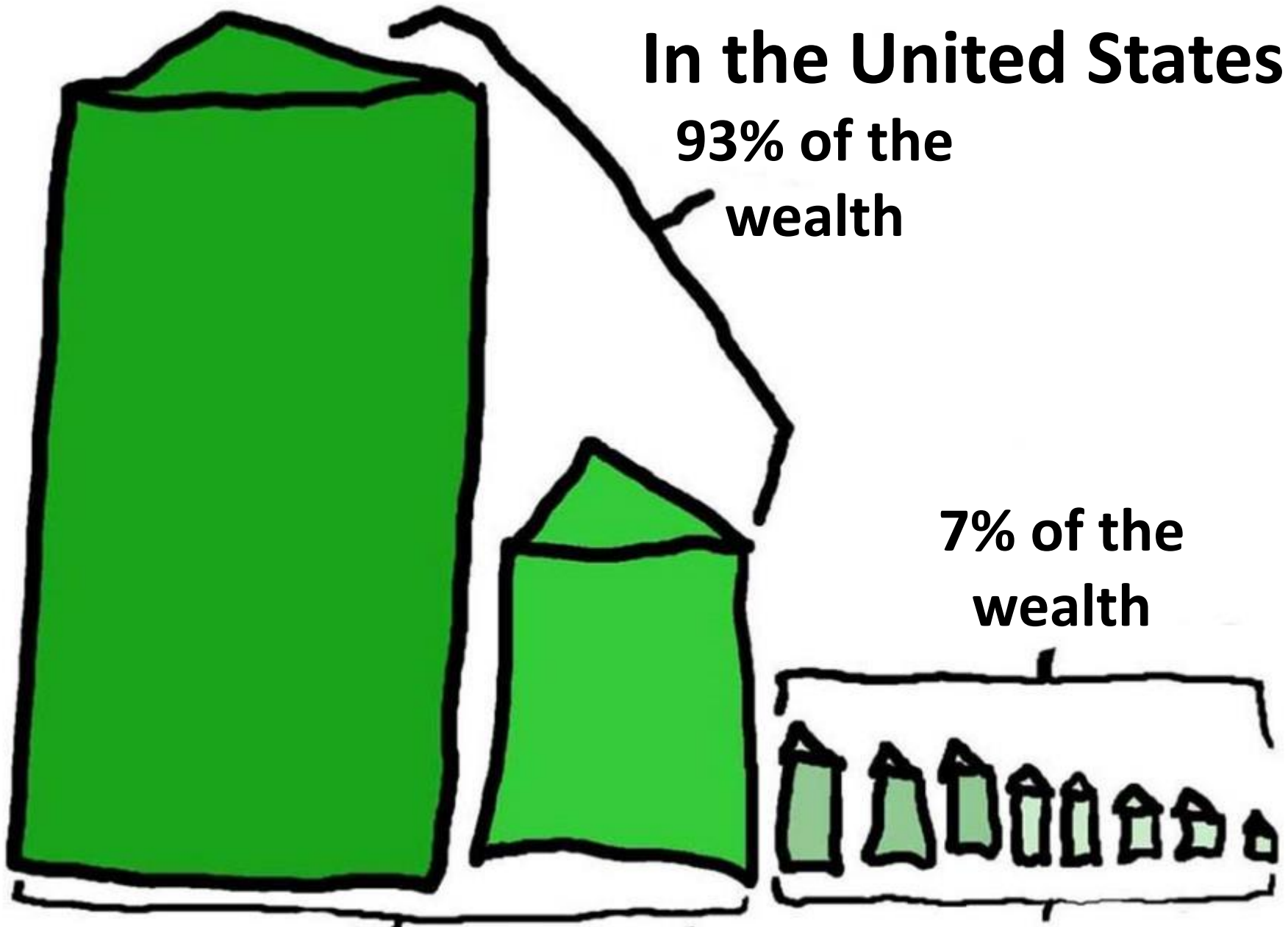
**Bimbo  
Bakeries**

**In the United States:**  
**93% of the**  
**wealth**

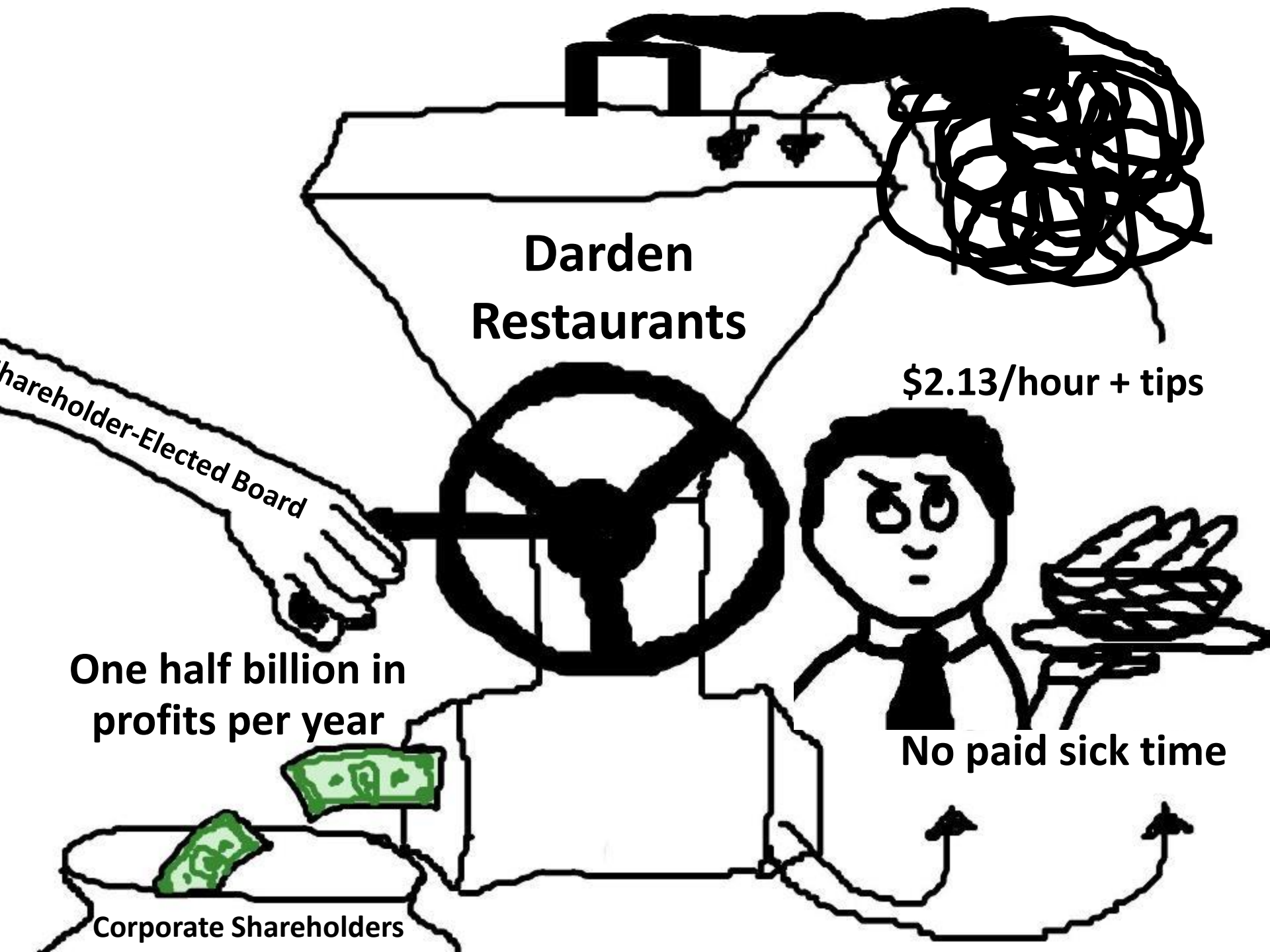
**7% of the**  
**wealth**

**20% of the people**

**80% of the people**







# Darden Restaurants

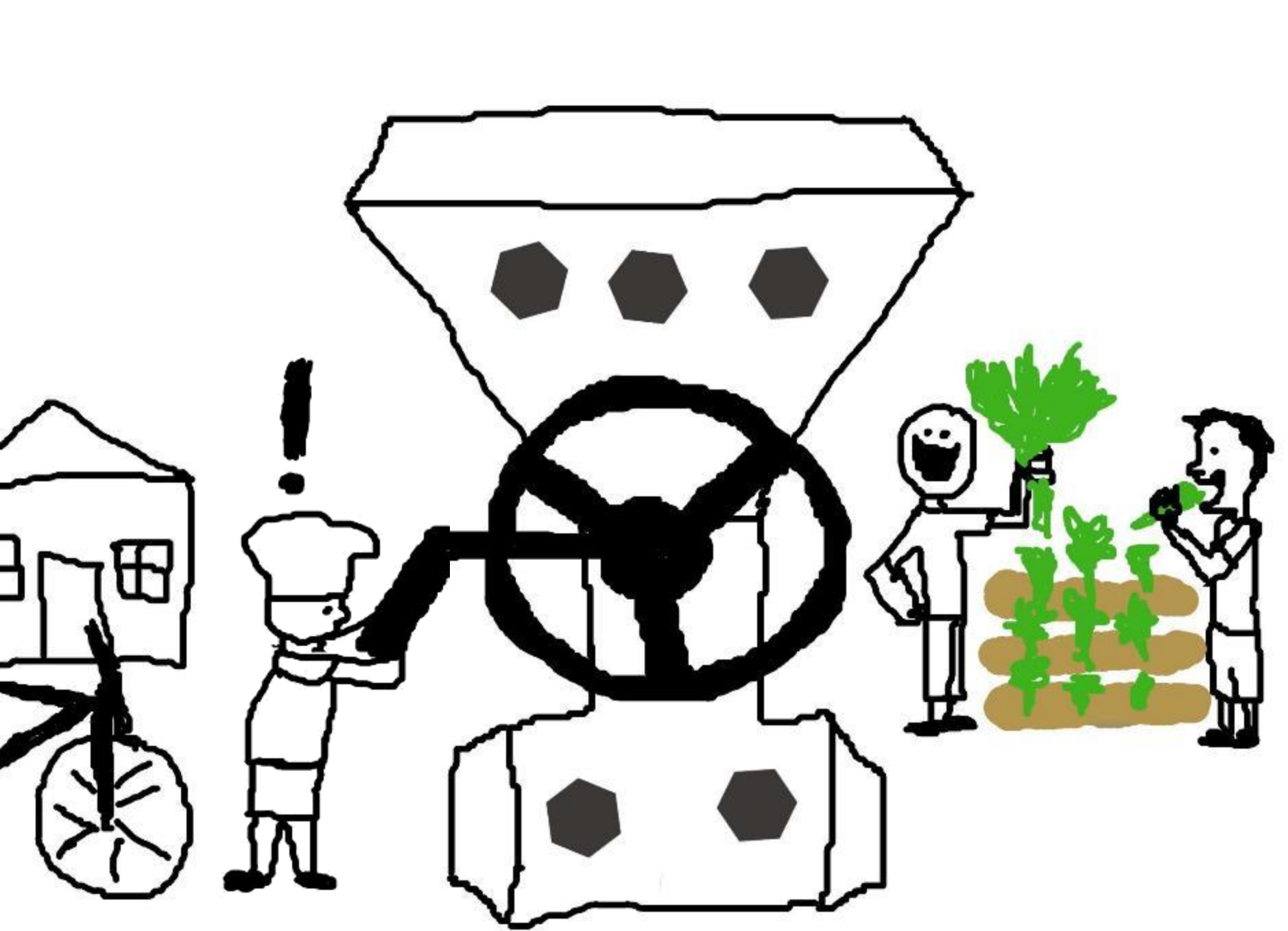
Shareholder-Elected Board

\$2.13/hour + tips

One half billion in profits per year

No paid sick time

Corporate Shareholders





**Food &  
Agriculture  
Laws**



**Zoning  
Laws**



**Employment  
Laws**



**Health &  
Safety Laws**



**Securities  
Laws**





**Food &  
Agriculture  
Laws**



**Zoning  
Laws**



**Employment  
Laws**



**Health &  
Safety Laws**



**Securities  
Laws**





**Food &  
Agriculture  
Laws**



**Zoning  
Laws**



**Employment  
Laws**



**Health &  
Safety Laws**



**Securities  
Laws**







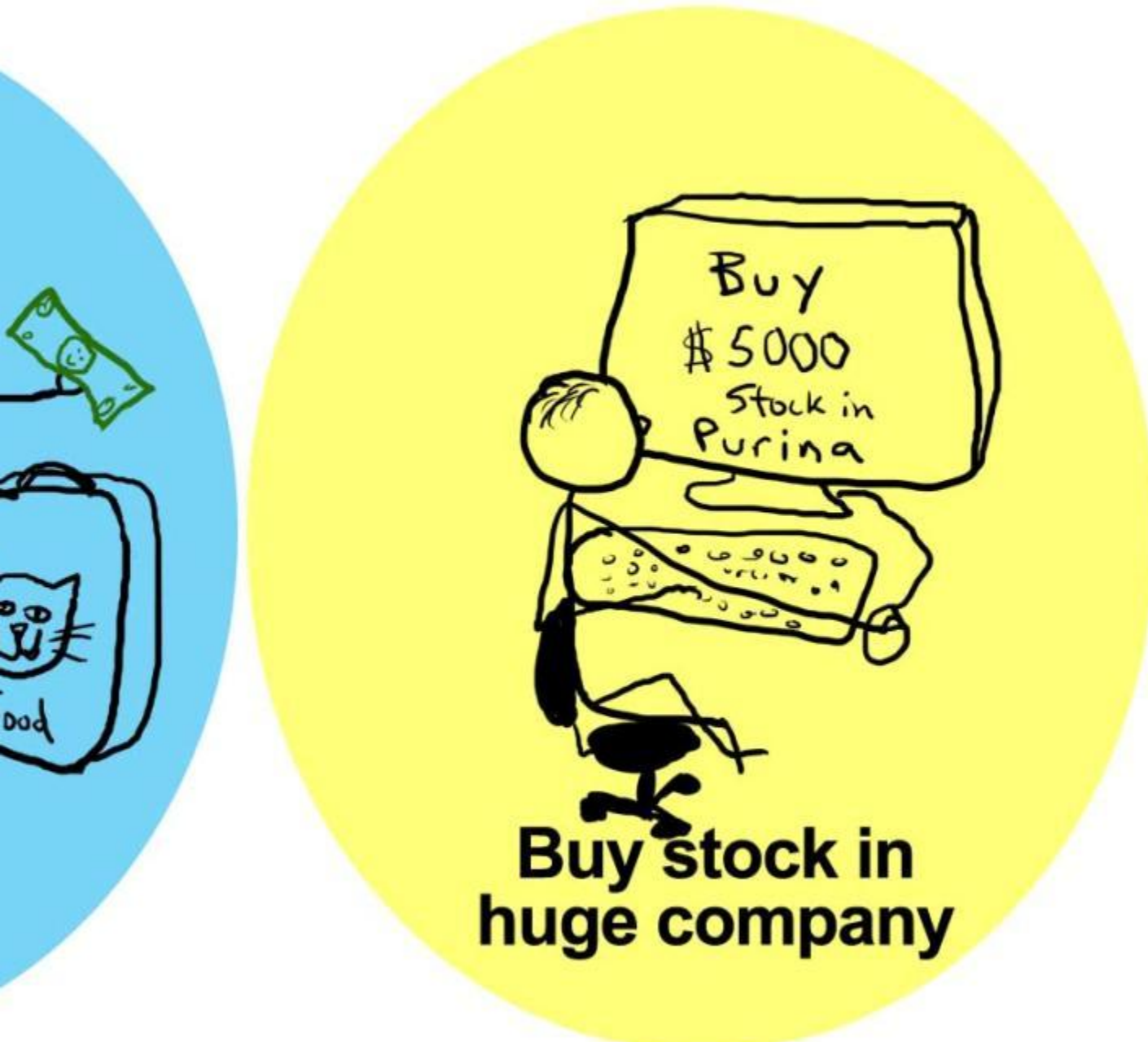
Seeking  
Loans



Seeking  
Loans

CRIME SCENE

# Securities/Offerings Regulations



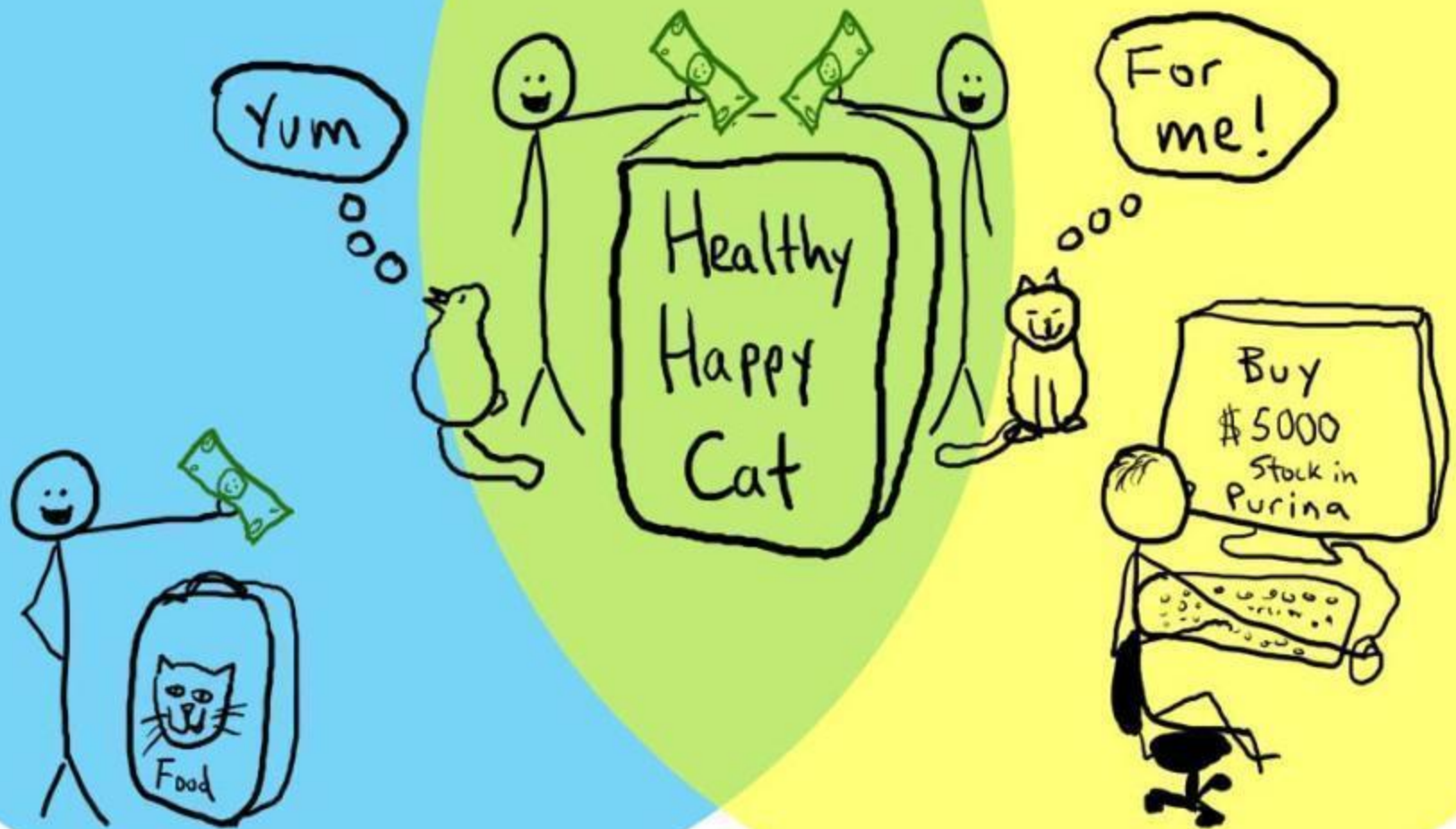
# Securities/Offerings Regulations



**Buy catfood**



**Put in \$1000 to start a  
natural catfood coop with  
30 other cat people**

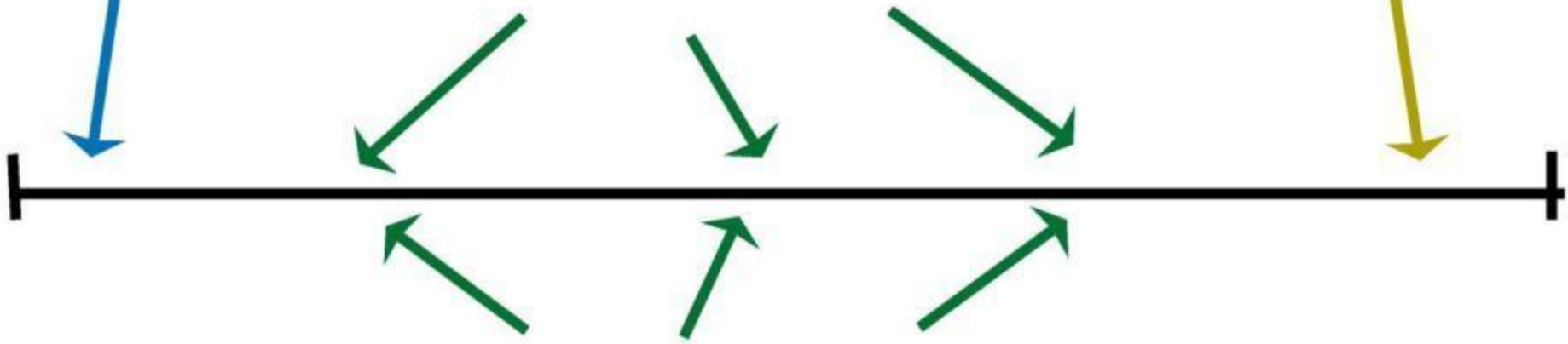


**Private  
Personal  
Domestic  
Realm**

**A lot of our  
sustenance and  
livelihoods will  
emerge from here:**

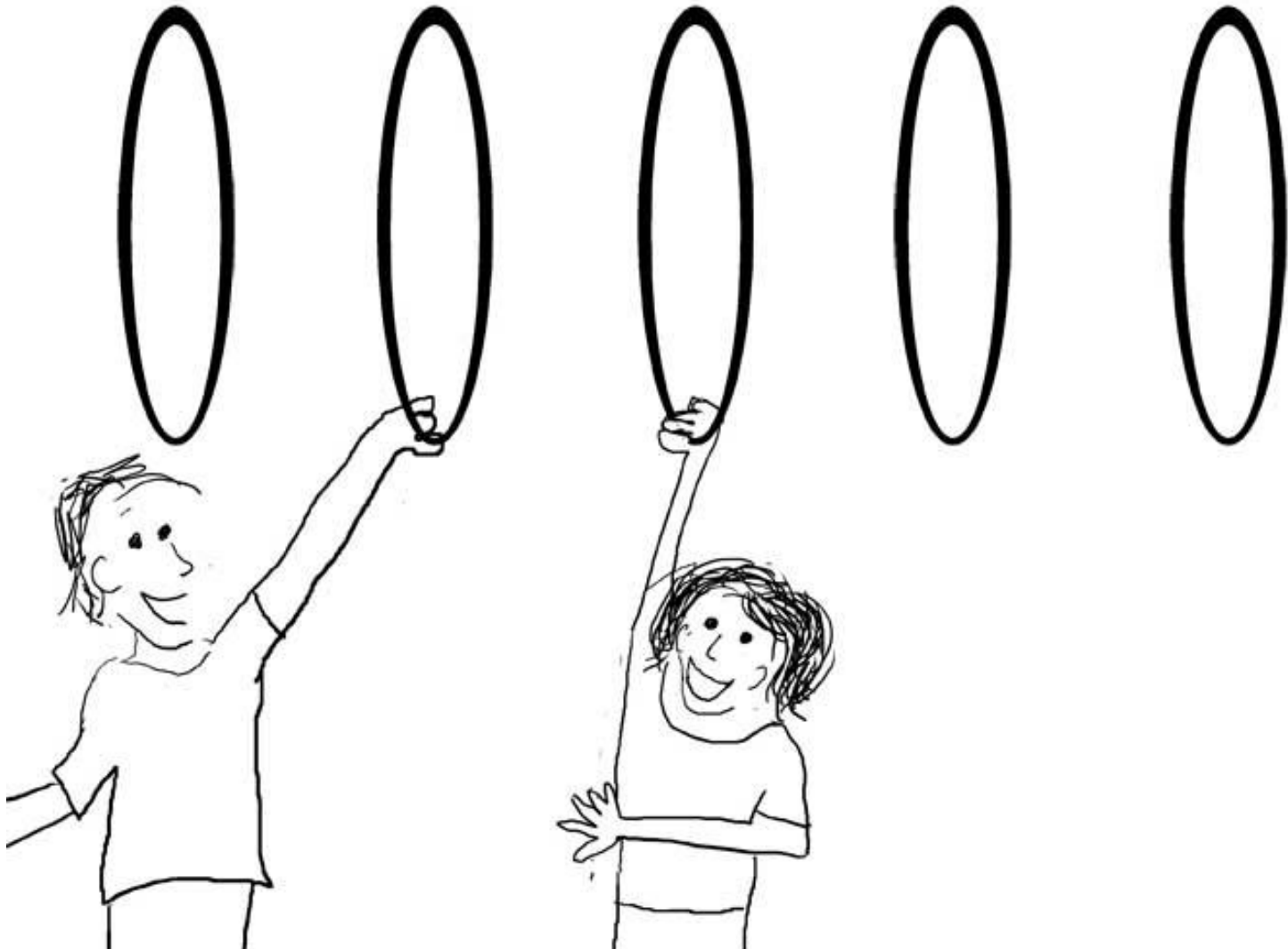
**Commercial  
Realm**

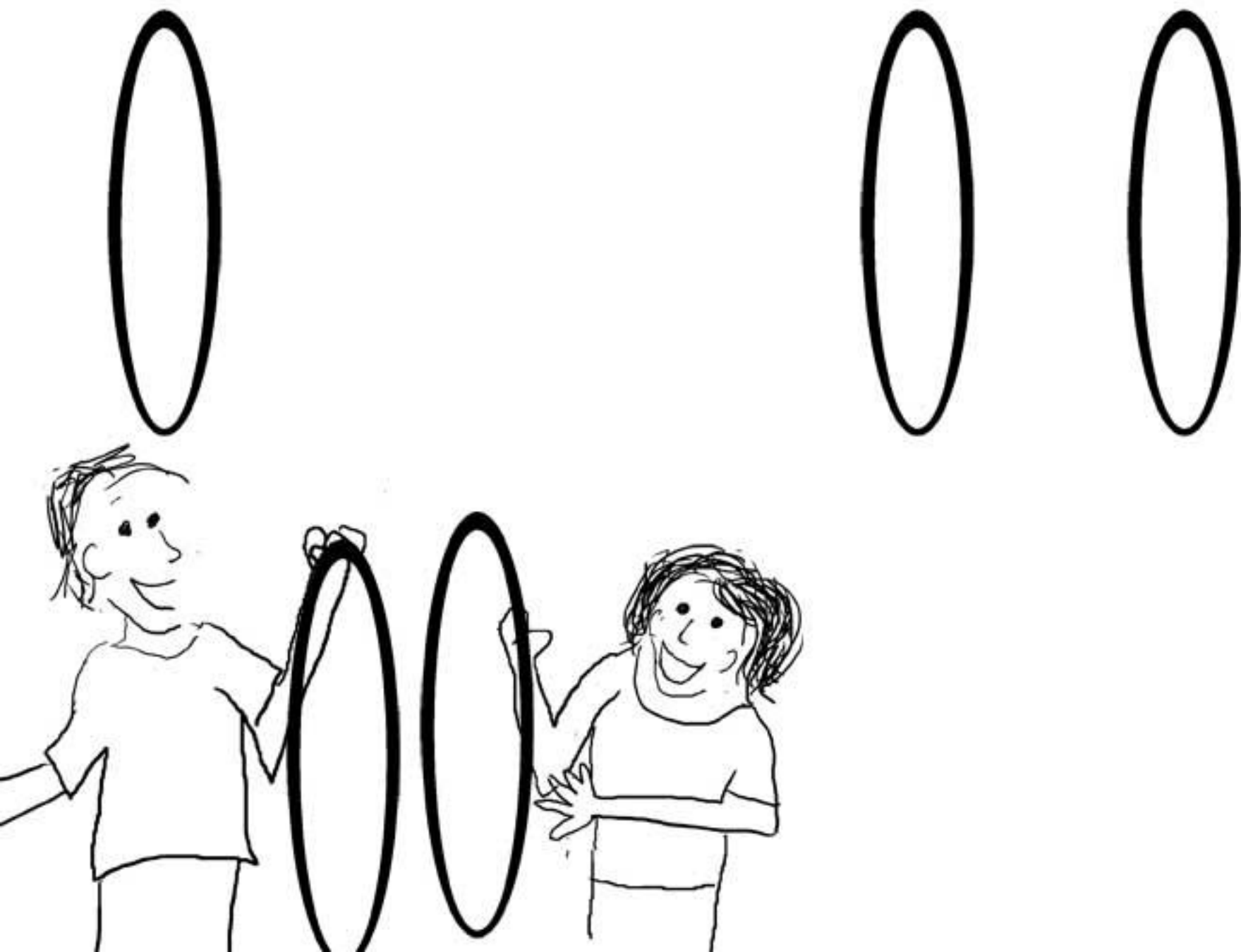
**And Everything  
In Between!!**



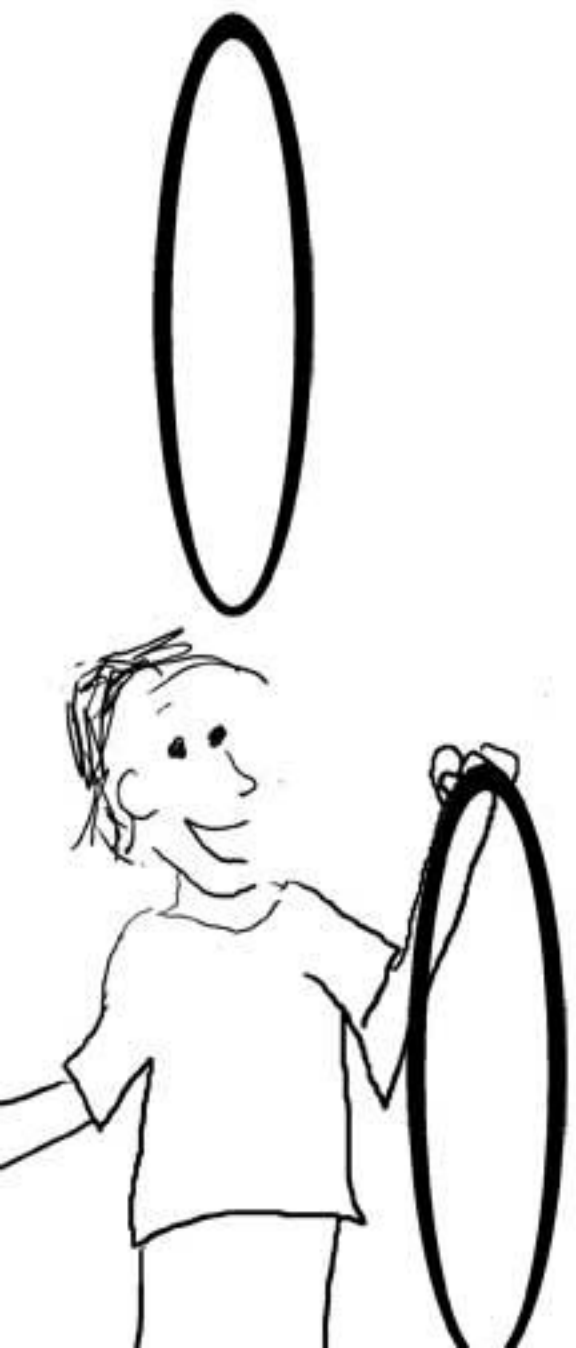
**(The part our legal system is still confused about)**

**We are ALL policy-makers!**

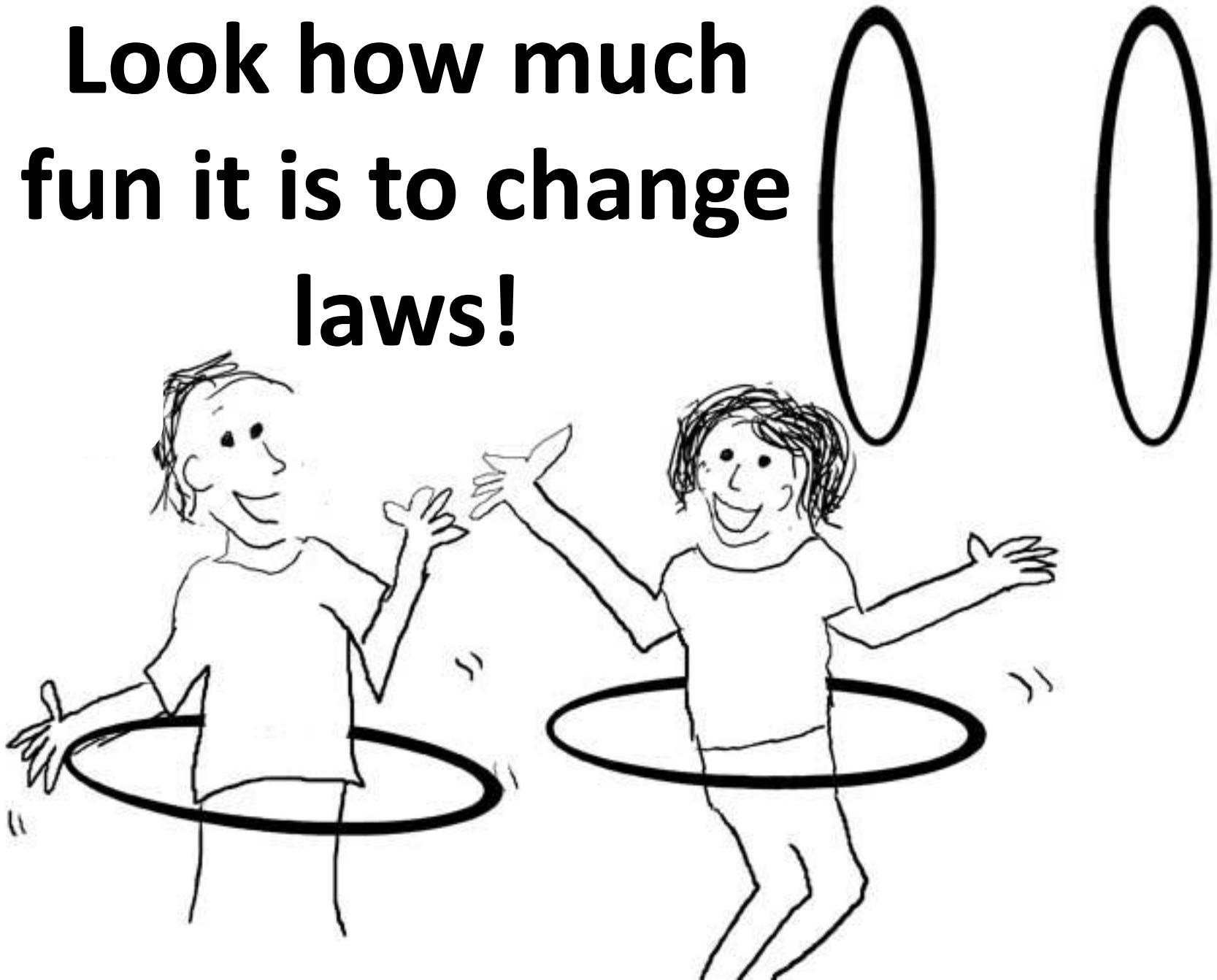








**Look how much  
fun it is to change  
laws!**



## **Add to your to-do list:**

Set a goal to change at least one law!

Local ordinance?

State legislation?

Regulatory change?

Federal legislation?

Maybe one of each? :oD

# **We can create exemptions for:**

- Small scale activities
- ....

Seeking Itsy  
Bitsy Loans



# **We can create exemptions for:**

- Small scale activities
- Low risk activities
- ....

Seeking Itsy  
Bitsy Loans



# **We can create exemptions for:**

- Small scale activities
- Low risk activities
- Activities confined to a small region
- Face-to-face transactions and transactions where consumers have enough info or power to protect themselves.
- Transactions between people with pre-existing relationships.
- ....



**Personal**



**Grocery  
shopper**

**Commer**

**Personal**



**Grocery  
shopper**

**Commercial**



**Grocery  
Store**

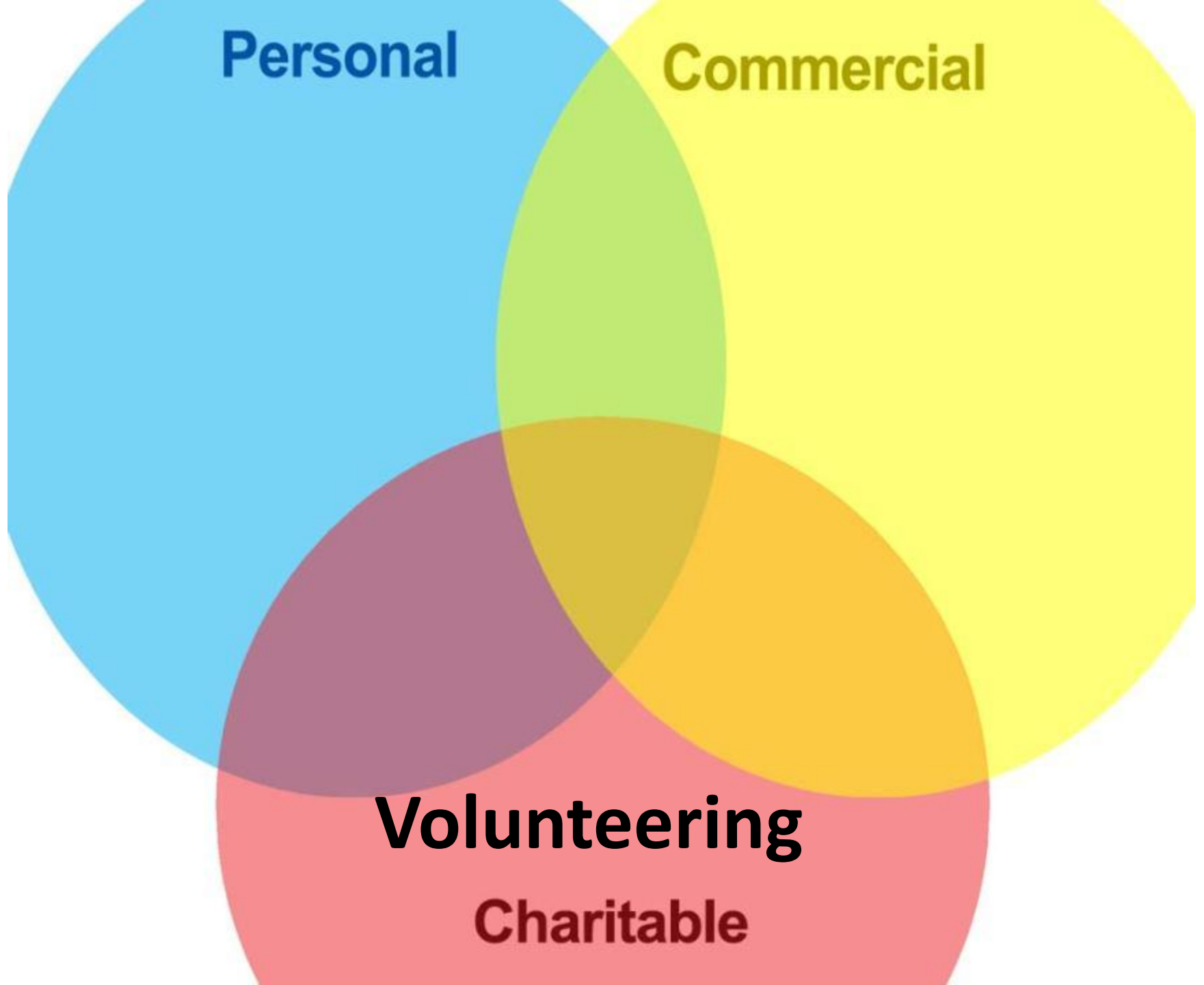
# Buying Club

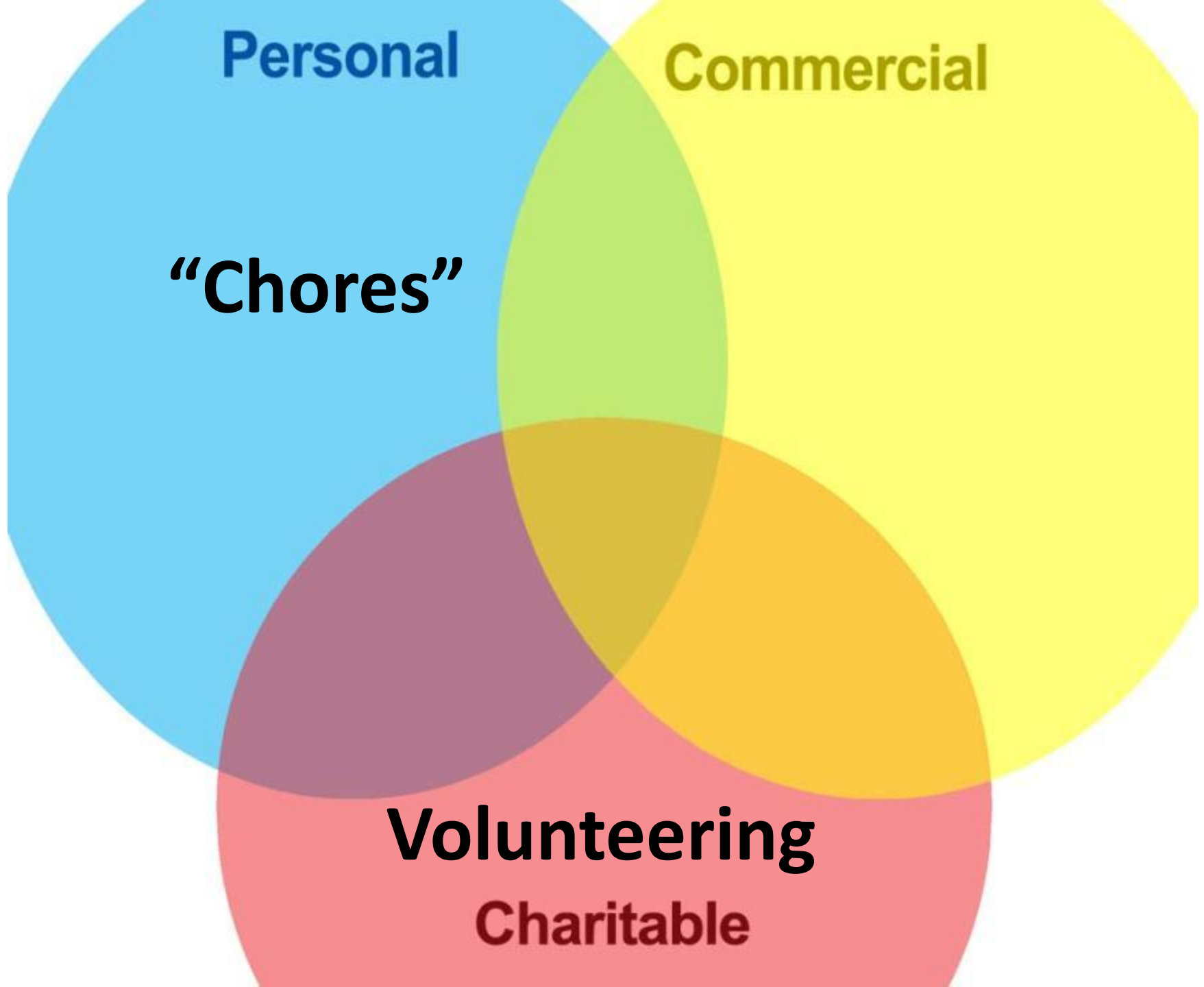


# But Are They Employees of Their Own Buying Club ??

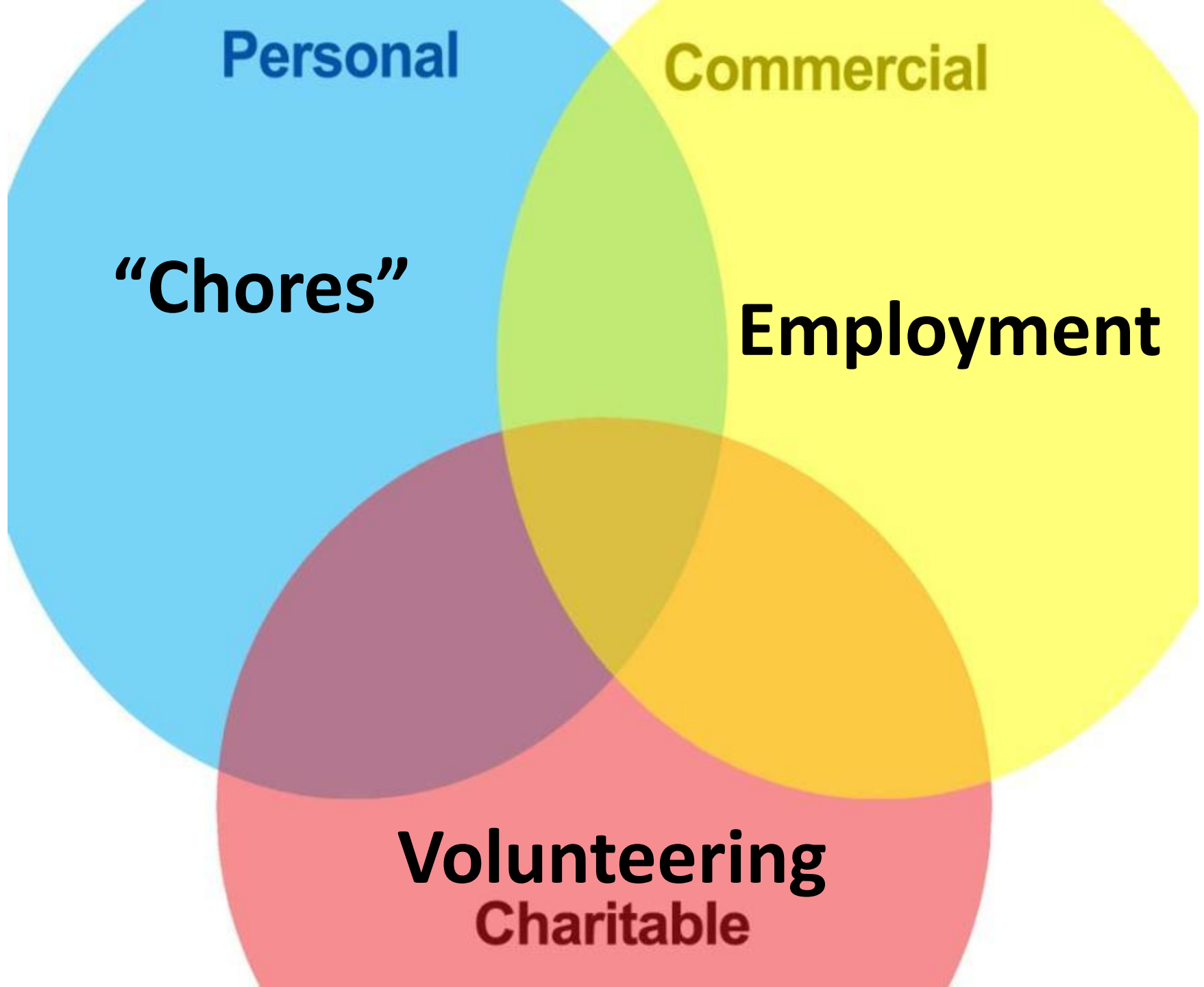












**Personal**

**Commercial**

- **Worker Cooperatives**
- **Consumer Cooperatives**
- **Mutual Aid**

**Charitable**



**Minimum  
Wage**



**Workers'  
Comp**



**Overtime  
Pay**



**Payroll  
Taxes**



**OSHA  
Compliance**





**Minimum  
Wage**



**Workers'  
Comp**



**Overtime  
Pay**



**Payroll  
Taxes**



**OSHA  
Compliance**





**Minimum  
Wage**



**Workers'  
Comp**



**Overtime  
Pay**



**Payroll  
Taxes**



**OSHA  
Compliance**



# New Worker Cooperatives:

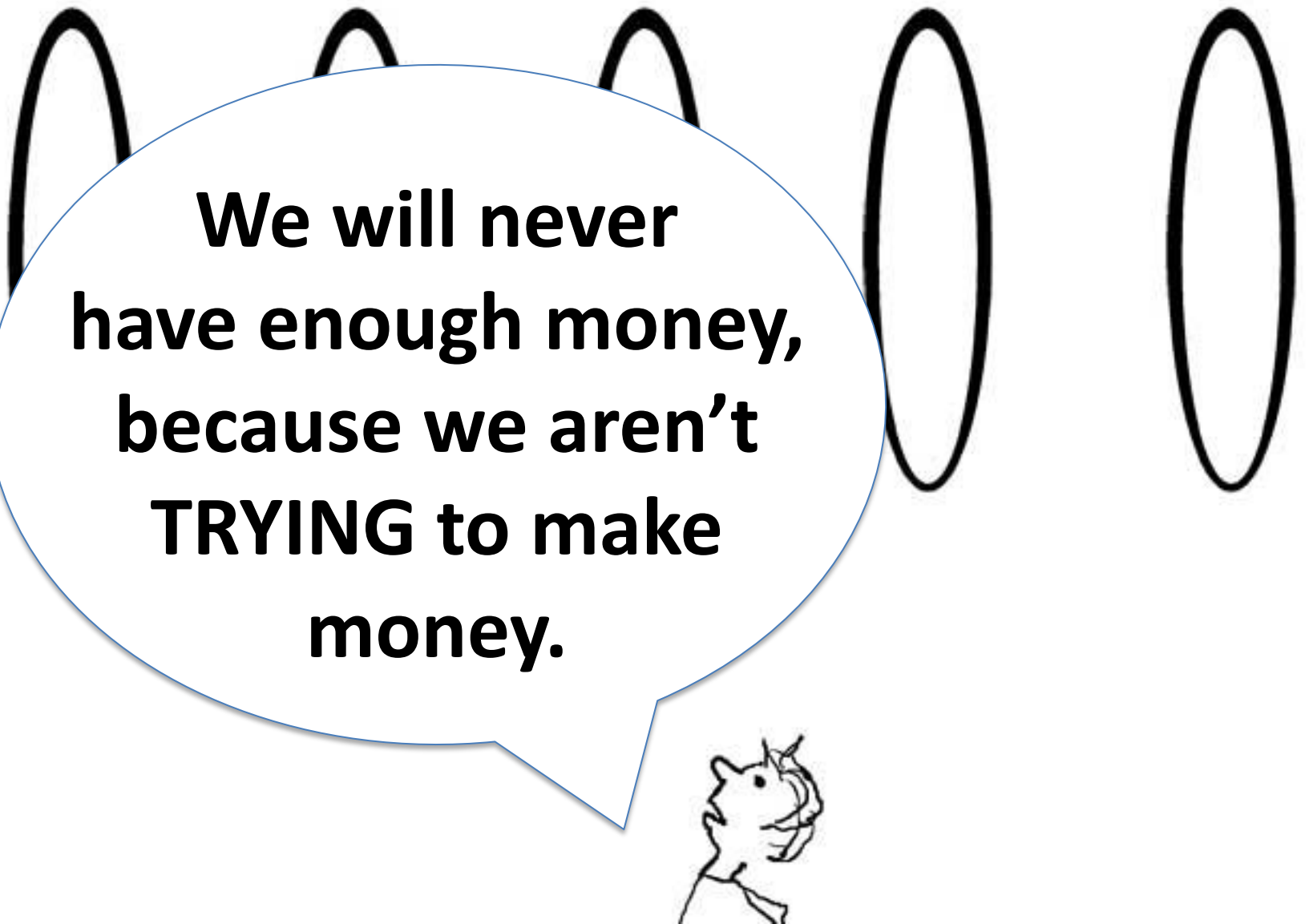


**We don't have  
any money yet!**





# Food Cooperatives



**We will never  
have enough money,  
because we aren't  
TRYING to make  
money.**

**How could we create exemptions in  
the law for these things?  
Hmmm....**

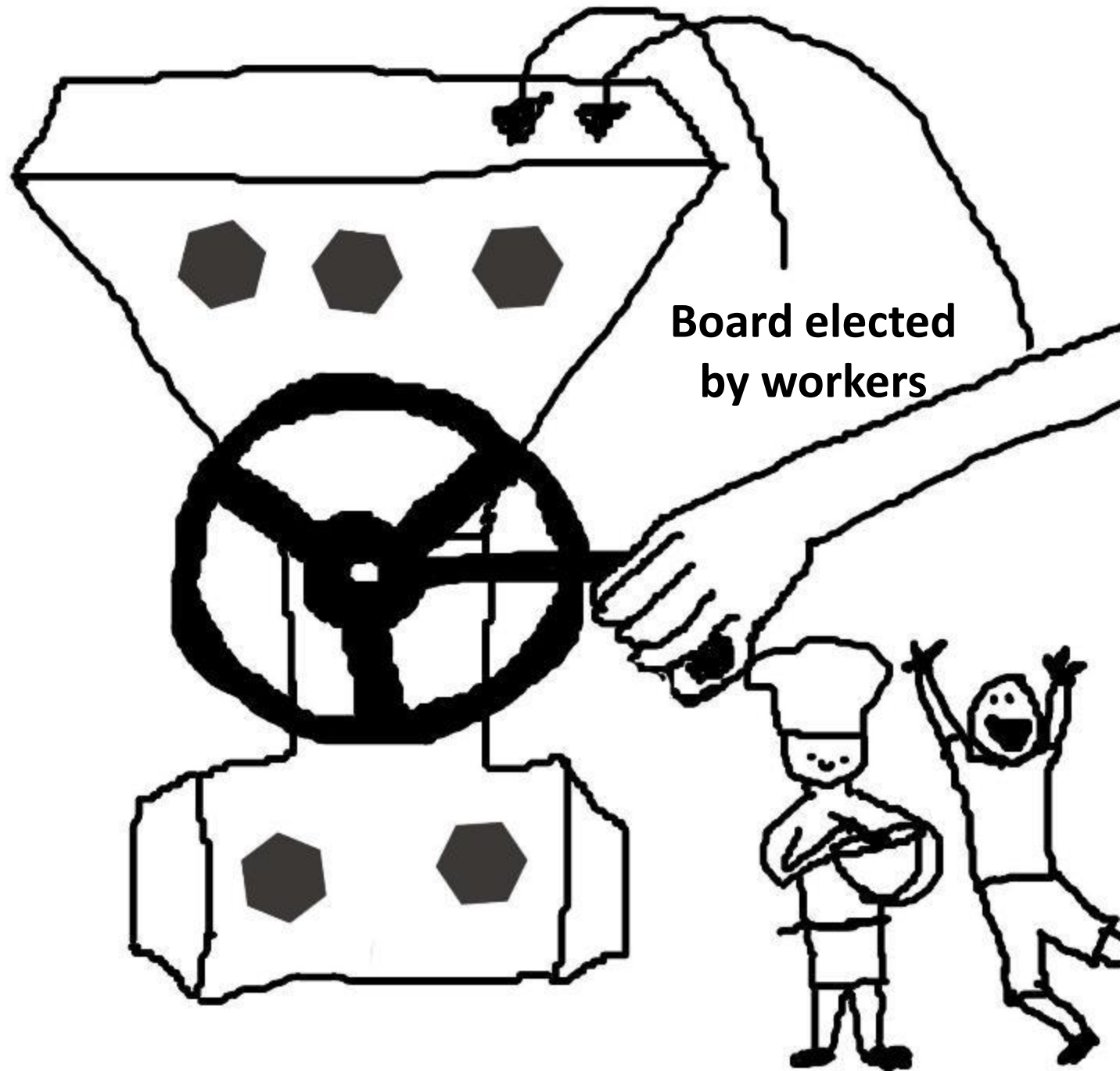
This is a **flawed system** and it's dangerous to  
loosen many of the laws.  
Let's try a **new system** instead.



Seeds™

This entity is  
designed to  
extract.





**Board elected  
by workers**

**Profits distributed  
to workers on the  
basis of the value  
or quantity of their  
work.**





Psst....this  
is called  
a **cooperative**.



# Cooperatives don't have to be this:

That reminds me  
of something related  
that happened when  
I was a kid.....

**OMG! What  
time is it???**



# The 2 things to know about cooperatives:

1. Board elected on a one-member, one-vote basis.  
**Capital investment doesn't determine voting power.**



2. Profits distributed on the basis of patronage.  
**Capital investment doesn't determine profit share.**



## **Also very important:**

- 1.** What happens when a cooperative member leaves?
- 2.** What happens if the cooperative business is sold or dissolves?



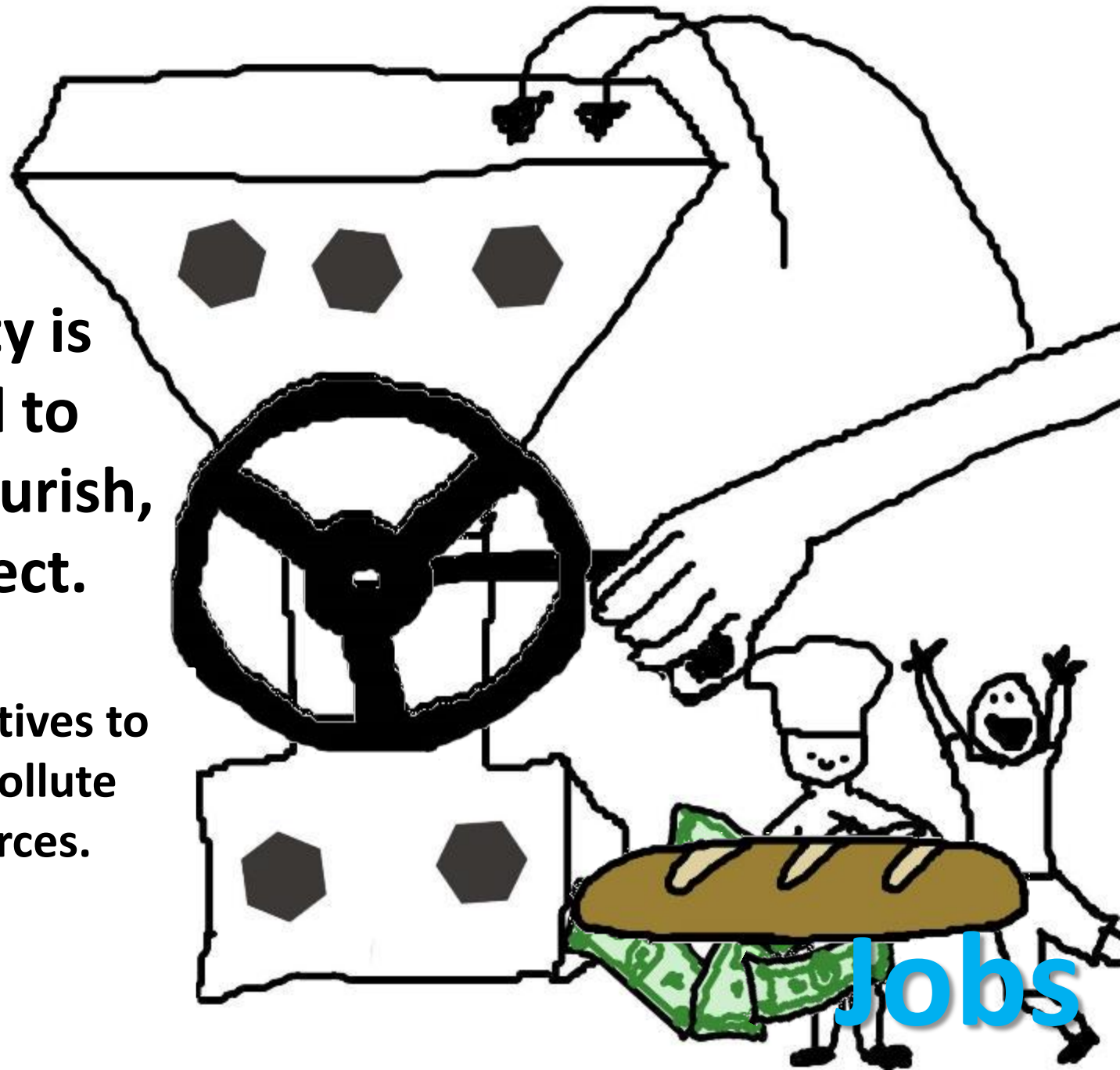
Seeds™

This entity is  
designed to  
extract.



**This entity is  
designed to  
provide, nourish,  
and protect.**

**With disincentives to  
deplete or pollute  
*local* resources.**





**That's  
our legal  
wedge!!**

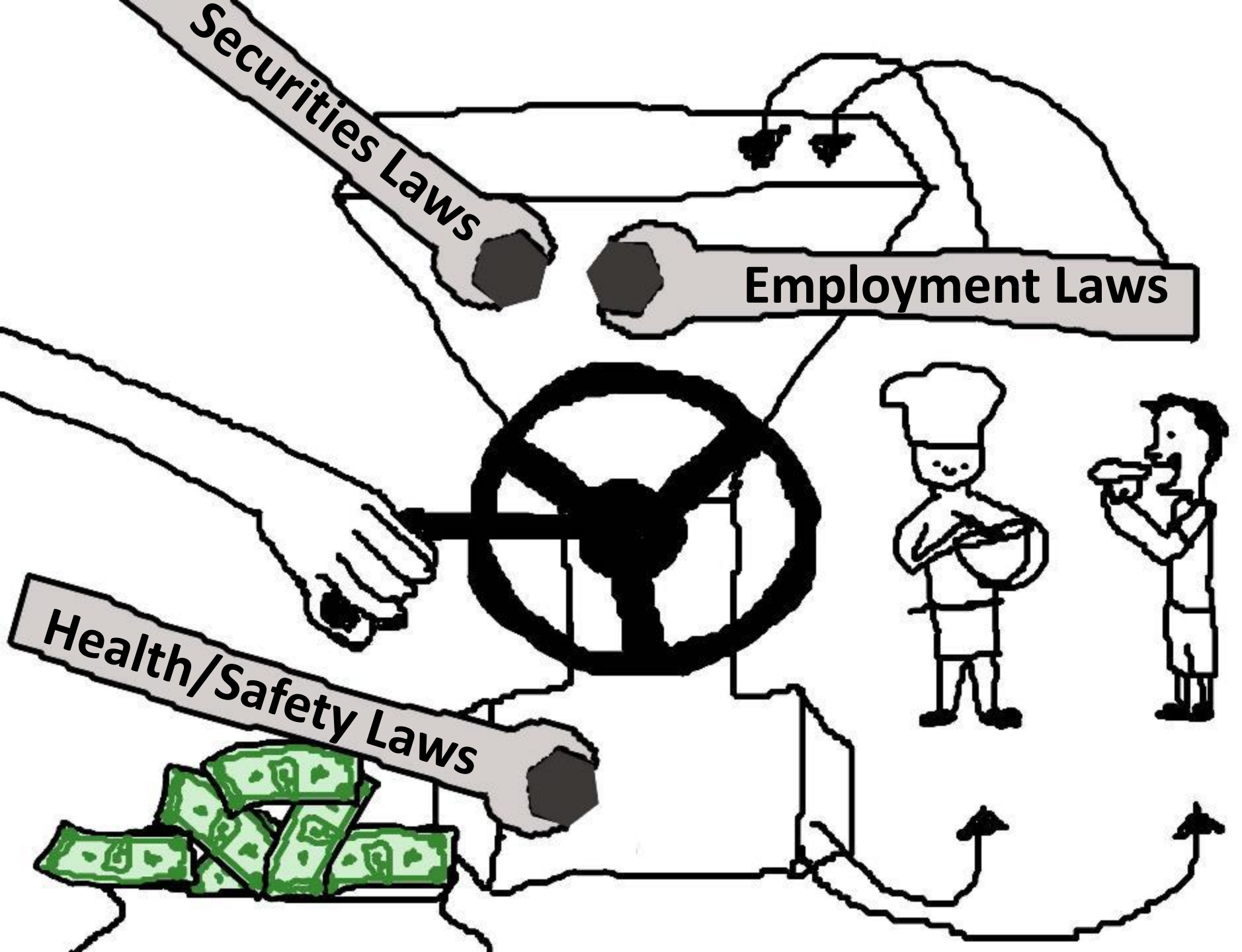


**Market Economy**

**Commons /  
Cooperative Economy**

**This entity is  
designed to  
extract.**

**This entity is  
designed to  
provide, nourish,  
and protect.**



**Let's not just  
remove barriers.**

**Let's create  
incentives!**

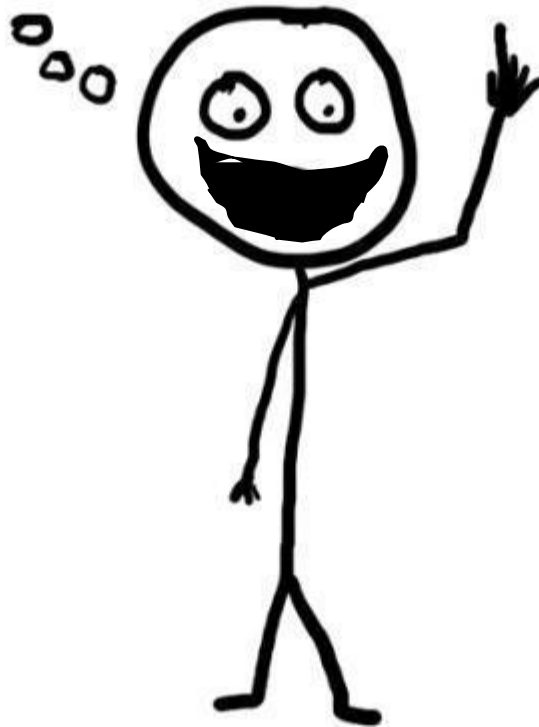


Your Honor,  
I present evidence that  
times have changed.



# The moral to the story:

**COOOOOOOOPERATIVES!**



**We can't change  
the economy  
without them.**

**We can't change  
the legal system  
without them.**

**Also:**

## **Nonprofits without tax exemption**

**Governed democratically or by a financially disinterested Board.**

**It can't pay dividends. Taxed like a regular corporation.**

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PINT**

---

**CHANGE THE  
WORLD**





**v.**



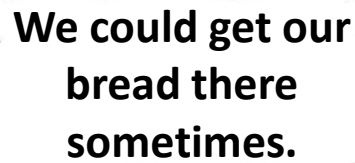
**?**

# Community Supported Bread



## Community Supported EVERYTHING!

- Share CAPITALIZATION
- Share PROFITS/BOUNTY
  - Share RISK
- Share WORK/LABOR
- Share INFORMATION
- Share DECISION-MAKING



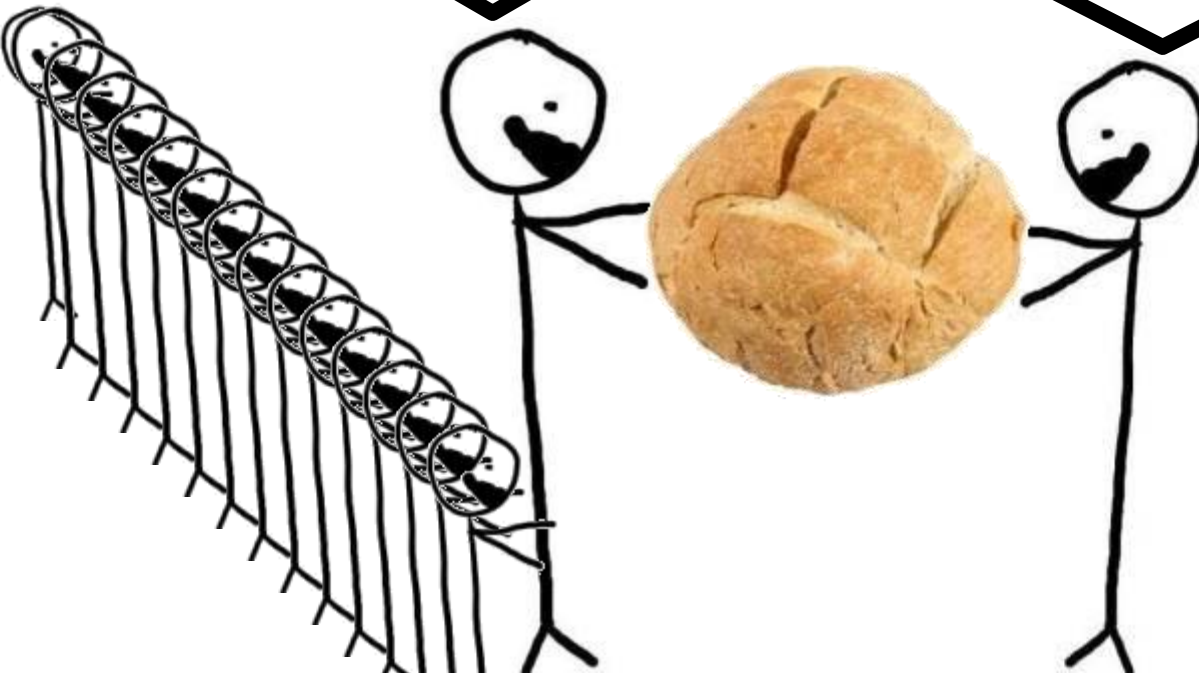
# **Make *agreements!***

## **It's community-supported enterprise!**

**We all agree to  
buy one loaf  
per week.**

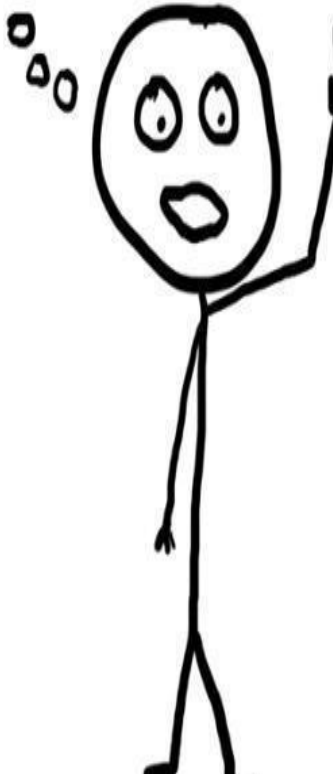
**And I agree to:**

- Use healthy whole grains
- Buy from local farmer co-ops
- Deliver by bicycle, and
- Spend 10% of my earnings in the neighborhood.

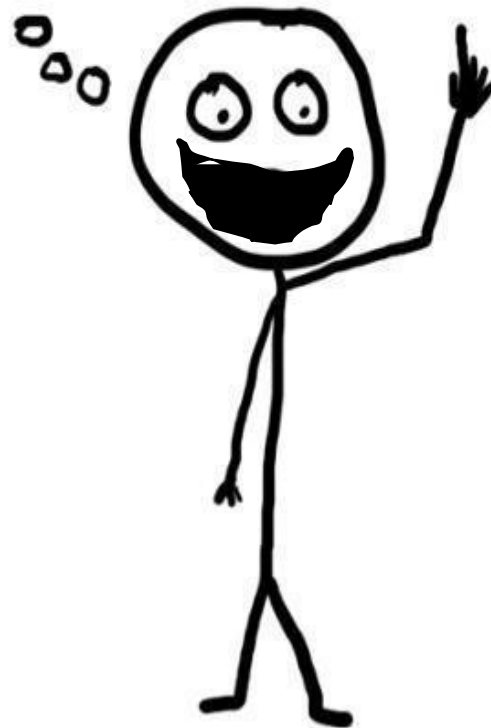


# A Community-Supported Cooperative Video Store

Why should we care  
about video stores? They  
are going to go out of business!



We should care **EXACTLY BECAUSE** they  
are all going to go out of business!



# The User Communities of My Favorite Video Store:

- **Owner:** Not making much money anymore.
- **Workers:** Love their jobs. Or, at the very least, are grateful to have a job.
- **Customers:** Love that video store! LOVE IT!
- **Neighboring Businesses:** Glad the video store is there, because it's the primary thing that brings traffic to that strip.
- **Independent Filmmakers:** Video store DVD purchases are an important income stream.



# Beware of the Tyranny of Structurelessness Rex



# Designing the New Commons:

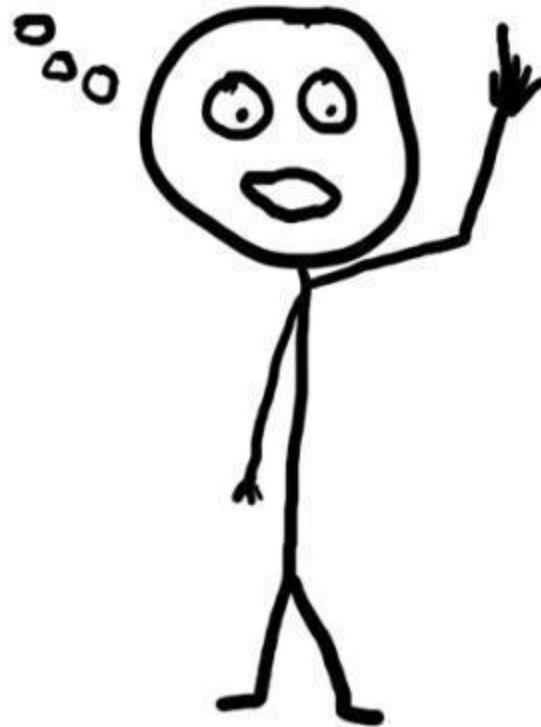
**Elinor Ostrom's principles for the management of common pool resources can even be applied to worker cooperatives, producer cooperatives, etc.!**



1. Clearly defined boundaries
2. Rules regarding use of common resources
3. Participatory decision-making
4. Monitoring by people who are accountable to group
5. Graduated sanctions for exploitation of resources
6. Accessible conflict resolution methods
7. Recognition by the authorities of group autonomy and self-governance
8. For larger groups: Multiple layers of nested enterprises (to keep group sizes small)

# Three Things I Realized About Governance

**Whoa! It's all about governance!**



## **Thing #1:**

**Everyone participating in governance of organizations and enterprises is key to ensuring that the economy provides for everyone.**

## Thing #1:

**Everyone participating in governance of organizations and enterprises is key to ensuring that the economy provides for everyone.**

How do you ensure your grocery store will make decisions that benefit workers?



Put the workers in charge!!





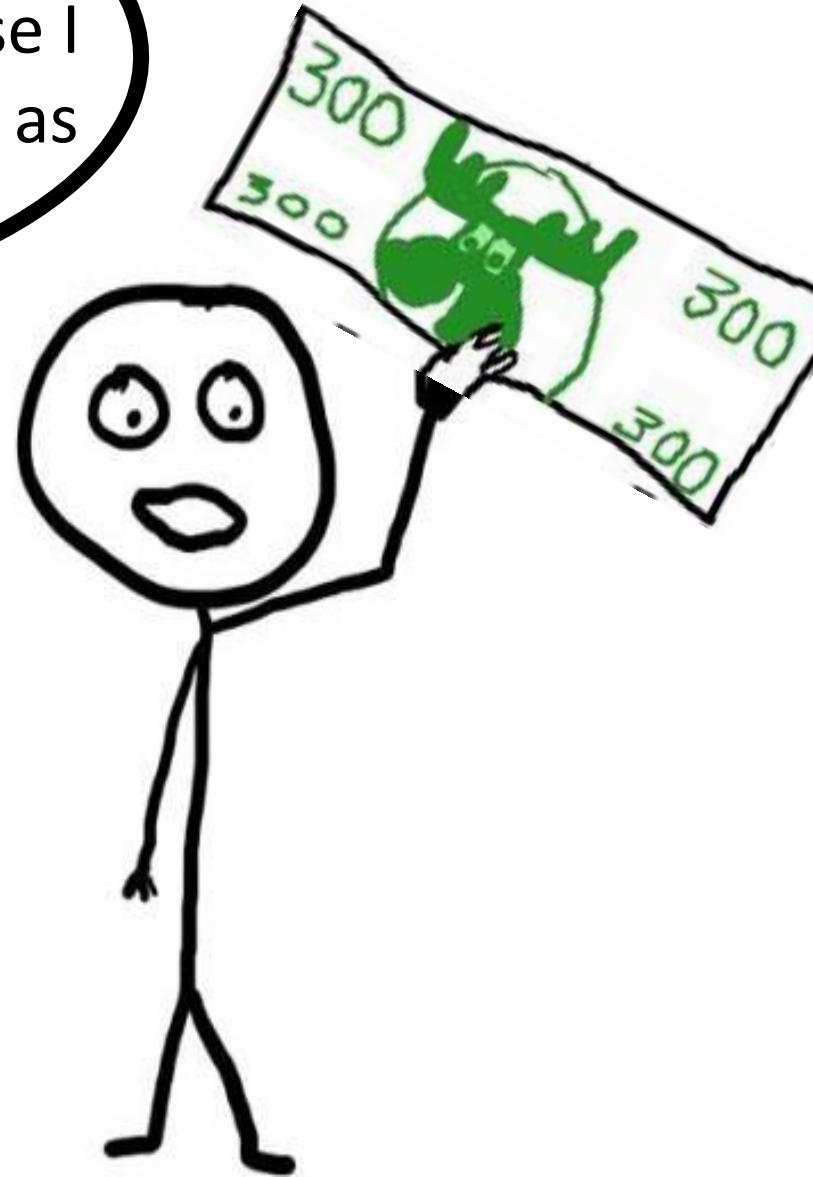
## **Thing #2:**

Organizations of in a resilient economy will be fueled **less by big money incentives...**

**...and more by individual inspiration, engagement, enjoyment, and meaningful social connection.**

This mandates that we involve everyone meaningfully in governance.

I'm going to get a job creating local resilient economies because I can make twice as much money as the average person!



I'm going to work in an organization where **my voice matters**, I have **control** over my work, I can use my **creativity**, build **community**, and have fun!



**Everyone is  
behind the  
wheel!**



## Thing #3:

Without participatory governance, a lot of what we do in the sharing economy is ILLEGAL!

**Too many  
legal hoops!**



**Health  
& Safety**



**Fire  
Code**



**Labor  
Laws**



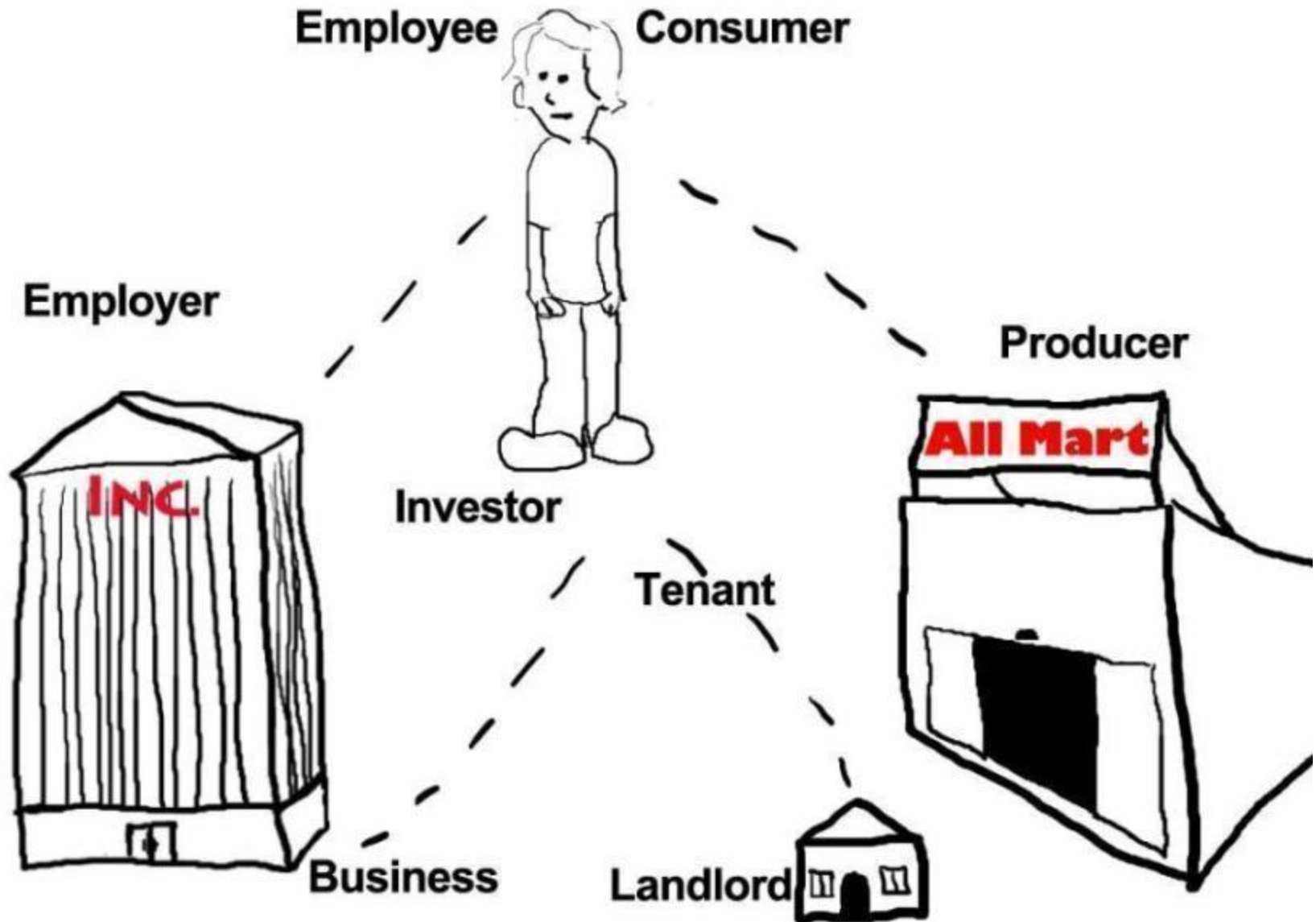
**Zoning**



**And a  
Whole  
Lot  
More...**



# Laws designed for the Us and them economy ...but what is Them is Us??





# #1: Make Governance Happen Here and Here!



# #2: Give Governance Models Some Legal Teeth


Need to be quite specific about stuff like:

- Procedures for decision-making, AND
- Spheres of decision-making, management, and operations
  - Committees, Circles, Spheres, Managers, etc.
- Composition and election of governing bodies/committees, etc.
- Place, time, process for meetings
- Process for giving notice and creating agendas
- Voting rights
- Procedures for amending governing documents
- Conflict of interest policies

**But this stuff is partially limited  
by the statute that governs the entity.**



# #3: Documents can't look like this:



**“heretofore,  
theretofore,  
blah, blah, blah!”**

# #4: Meetings can't feel like hell.

That reminds me  
of something related  
that happened when  
I was a kid.....

**OMG! What  
time is it???**

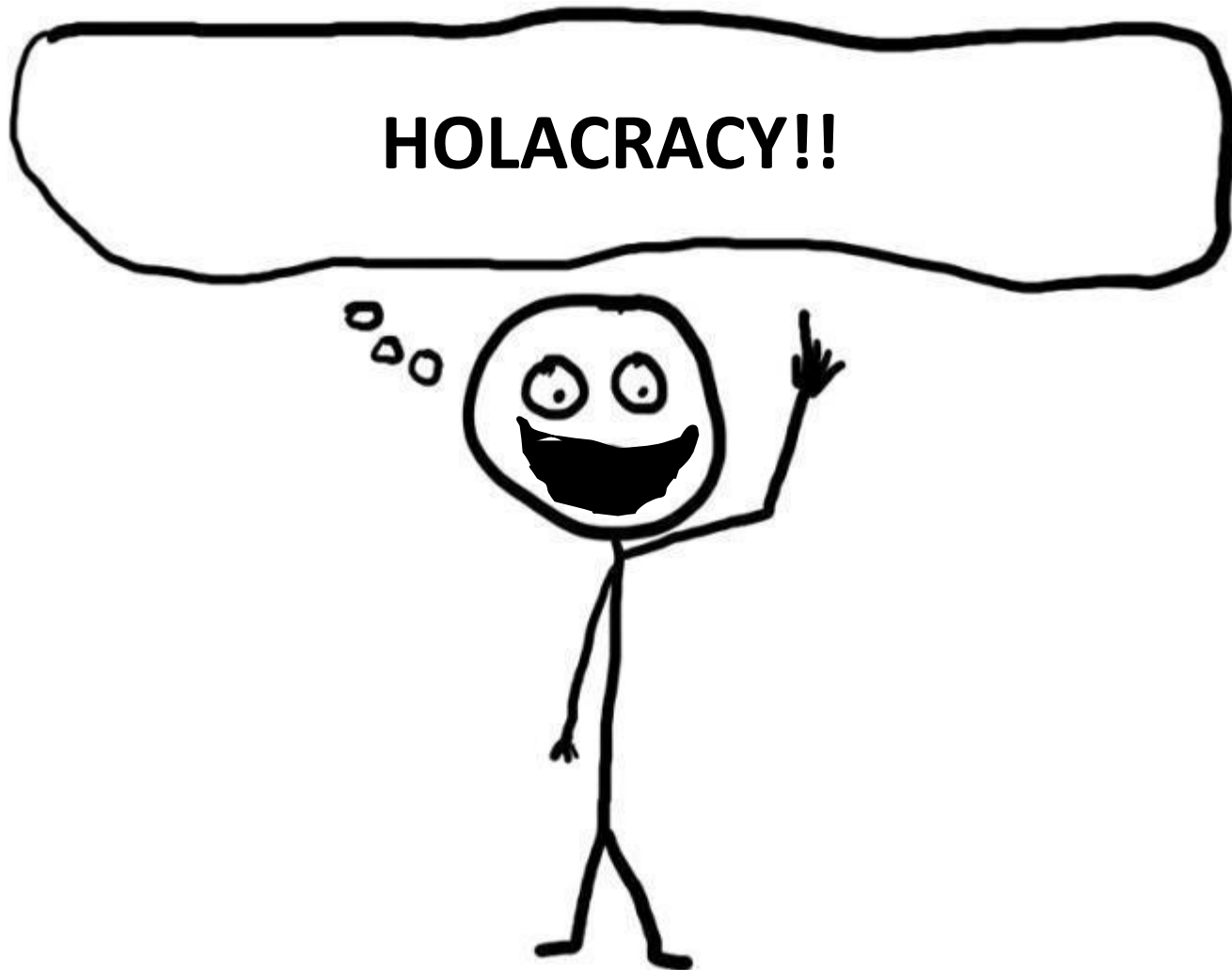




# **#5: Get trained. Learn the system. Practice it. Grow to love it.**



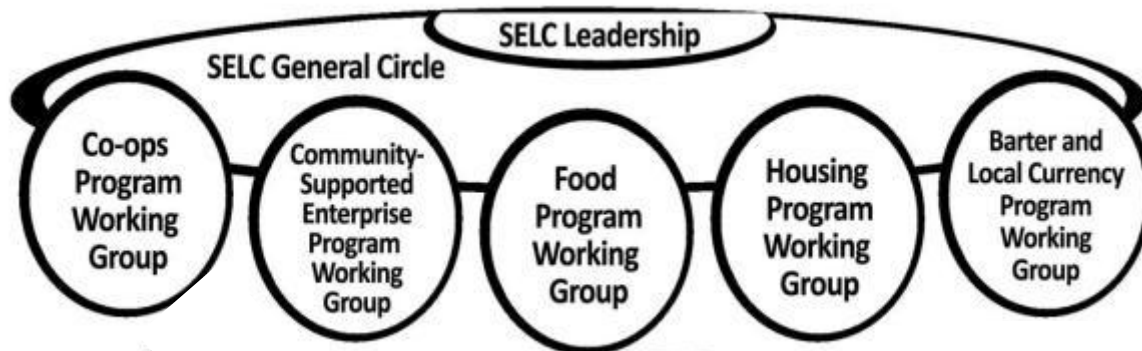
**Honorable mention:**





# Some worker cooperatives are exploring Holacracy ([www.holacracy.org](http://www.holacracy.org))

- 1. Distributing Governance Throughout the Organization,** rather than requiring that all decisions flow up the chain of command. Division of the organization into semi-autonomous circles that are strategically interlocked to ensure communication flows up to a general circle.



## 2. Roles:

Each person in the organization fills multiple roles and can move in and out of the roles somewhat flexibly, rather than filling a single position with a single job description. Within a role, people have a lot of autonomy.

## 3. Accountabilities:

Each role is accountable to a circle of people - i.e., they report to that group on how they are doing with the tasks required of that role.

### Role:

Recycling

Grant Writer

Cartoonist

Window Washer

Legal Advice

Happy Hours

### Accountable to:

Building Management Circle

Fundraising Circle

Communications Circle

Building Management Circle

Legal Services Circle

Fun Circle



## 4. Highly Structured Meetings!

- **Everyone Has a Voice:** Most meetings are held by going in a series of circles, which helps to ensure that everyone has a voice. Everyone can bring a proposal.
- **Keeps Personality Politics at Bay:** The high level of structure keeps personality politics from dominating organizational culture, and keeps individuals from taking up too much space with too much talking.
- **Different Meeting Process for Different Types of Meetings:** Governance meetings, strategy meetings, and tactical meetings.

## 5. Proposals Move Things Forward!

- **Anyone can bring a proposal.** In fact, everything discussed in the context of a governance meetings is discussed in the context of a proposal.

**This allows everyone to follow their passions and inspirations, and also have a voice in the direction of the organization.**

- **Proposals are adapted** through a structured feedback process.
- **Proposals are accepted if no one objects** to the proposal on the basis that it moves the organization backward in its mission or harms the organization.
- **Accepted proposals can be revisited and adapted at any time.** This allows the organization to be nimble, experiment, shift course quickly, and adjust to small changes, all while moving forward.

# **So many interesting questions:**

- **What is the role of governments/states?**
- **How technology will reshape governance (e.g., Holacracy, Liquid Democracy)?**
- **New ways of measuring value / patronage in cooperatives?**
- **How will technology change risk management?**
- **How to create a sharing economy that grows wealth across the socio-economic spectrum?**
- **What laws should apply to the platforms/brokers/facilitators of the sharing economy?**
- **How to re-envision legal education to ensure that lawyers can meet the legal needs of the sharing economy?**
- **What does legal service provision look like?**
- **...**
- **And how do we change the laws to allow for such a broad spectrum of economic activities?**

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