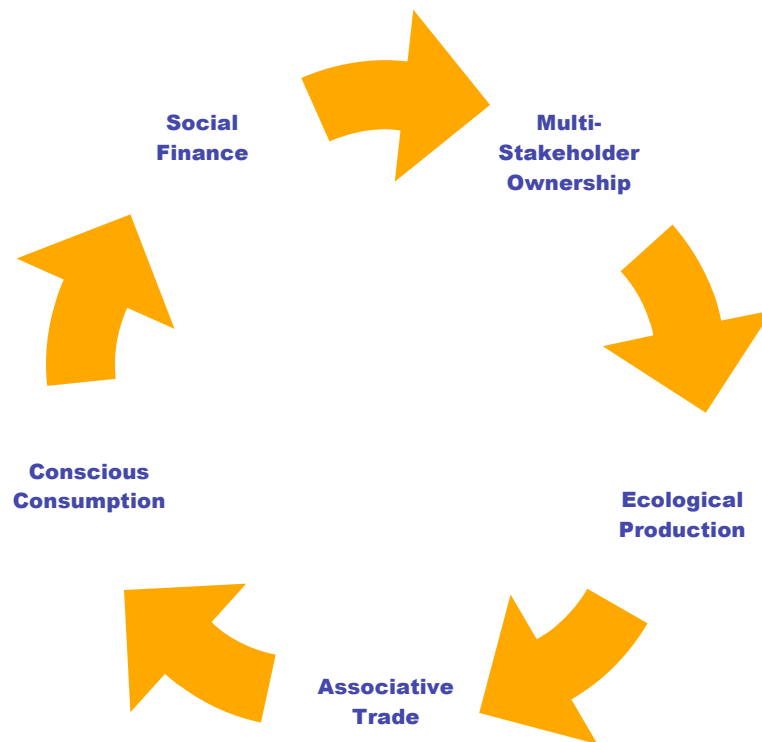


# Toward an Associative Economy



in the **Sustainable Food**  
and **Farming Movement**

Robert Karp



Toward an  
Associative Economy  
in the Sustainable Food  
and Farming Movement



*New Spirit Ventures*

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## **Preface—Are We a Movement?**

In this essay I use the term *Sustainable Food and Farming Movement* to refer to the diverse efforts of individuals, businesses, agencies, associations, cooperatives and non-profit organizations involved in the domain of local, natural, sustainable, organic and fair trade food production, distribution, consumption, advocacy, education, research and economic development. I recognize that from an academic standpoint this collection of activities may hardly qualify as a movement and I myself will be the first to admit that these wide ranging activities are lacking anything resembling a cohesive or commonly shared vision. The word “industry,” from this perspective, might be a more suitable term.

And yet it could well be argued that what creates a movement, in the first place, is not agreed upon visions or leaders, but rather deep, underlying constellations of values and ideals, such as, in this case: sustainability, community, healthy food, social justice, organic farming, etc. These underlying values and ideals—they could even be called spiritual longings—are the real forces that, I believe, create a sense of community and commonality among those involved in such widely disparate efforts. Though less academic, it is this more instinctive definition of a movement that seems to be widely shared by the people actually working in this field of endeavor.

Recently, for example, I had the privilege to attend the *Food and Society Networking Conference* organized by the WK Kellogg Foundation, which was attended by more 600 farmers, academics, business people and community organizers working as leaders in the domain of sustainable food and farming. On the first day of this event, a real time survey was conducted with the help of computer technology, and one of the questions asked on the survey was “are we a movement?” To this question 99% of the participants responded in the affirmative.

As this essay is addressed not to the general public, who indeed may not consider us to be a movement, but rather to people working actively in this field of endeavor, who do seem, by and large, to consider themselves to be part of a movement, I have chosen to use the term “movement.” I have also chosen to include under this umbrella everyone from profit driven organic business people to ardent local food activists because of what I have experienced as a substrata of shared values and ideals among these differing individuals.

The truth of the matter, I think, is that we are a movement struggling to find itself, to realize and manifest its true purpose. In this sense, we are a bit like a teenager that oscillates back and forth between passionate idealism and crass selfishness. To come of age as a movement will require us to bring our idealism and our pragmatism together in a fully integrated way, in a higher synthesis, if you will. If there was another term that captured this idea of a higher synthesis between our idealistic movement and our pragmatic industry, I would certainly have used it, as it is toward this goal that this essay is directed.

## Foreword

The thesis of this essay is that there is a new economy emerging in the world at this time, an economy based on a fundamentally different set of principles than those which most of us have been raised to think of as the driving forces behind economic life. I suggest, on the one hand, that this new economy has started to manifest in North America in a particularly promising way in the Sustainable Food and Farming Movement and, on the other hand, that this very movement is facing a crisis because of the lack of a comprehensive understanding of this new economy and of what it is asking of us. This essay is a modest attempt to remedy this lack.

As my credentials lie far from the field of economics, I have no expectation that this essay will be read in mainstream circles. My hope, rather, is to contribute to an ongoing dialogue among a wide ranging group of farmers, business people, academics, foundation staff, social activists, non-profit leaders and others working as leaders in the Sustainable Food and Farming Movement at this time. It is to these colleagues that this work is directed.

In seeking to articulate the principles and demands of this new economy, I draw significantly on the social and economic insights of the Austrian scientist, philosopher and seer Rudolf Steiner (1861-1925). Some in our movement will likely be aware of Steiner as the inspiration behind what is called *biodynamic agriculture*, one of the earliest forms of organic farming which claims a large group of practitioners around the world, especially in Europe, where the Demeter certification mark for biodynamic products is as ubiquitous as organic labels in the U.S. Others may be aware of Steiner as the founder of Waldorf education, which is one of the fastest growing independent school movements, with more than 870 schools across the world.<sup>1</sup> Still others may be aware of Steiner's contributions to medicine, the arts, philosophy, or biology. One of the least known aspects of Steiner's work, however, is his remarkable contribution to social and economic life, and it is here that I have found much inspiration and guidance for the current challenges facing the Sustainable Food and Farming Movement.

I suspect few are aware, for example, of Steiner's bold effort in the midst of World War I to articulate, demonstrate and promote an alternative social order (or 'social organism' as he preferred to call it) that could have charted a course between the extremes of western capitalism and eastern communism for post-war central Europe, a course that would also have inoculated Germany against the disease of Nazism. His book on this topic (now published as Toward Social Renewal) was according to one commentator at the time "perhaps the most widely-read of all books on politics appearing since the war."<sup>2</sup> Or, that he was treated as a serious and deeply insightful social thinker by reviewers of his work in such influential publications as the *New York Times Review of Books*, the *London Quarterly Review*, the *Journal of Political Economy* and the *American Economics Review*.<sup>3</sup> Or, that Steiner's ideas are the inspiration for the Community Supported Agriculture movement,<sup>4</sup> as well as the basis for a host of innovative businesses and financial institutions throughout the world.

I acknowledge that Rudolf Steiner presents a particular challenge to many because of the degree to which he incorporated recognition of spiritual realities in his thinking. I am aware, for example, that people with little familiarity with Steiner or those with a strong materialistic worldview may regard him as little more than a 'far-out' mystic. And yet I like to think that in

the early years of the third millennium, the members of a movement with deep roots in a holistic conception of life can recognize the possibility that insights into spiritual realities need not disqualify one as a serious scientist or as a practical economist. Indeed, it is hard to think of a guiding light of the Sustainable Food and Farming Movement who has not been a profoundly spiritually-minded person. The time has come, I would suggest, for reasons I hope to show in this essay, to fully embrace Steiner as one of our guiding lights, and in particular, to begin to draw deeply from his social and economic insights for the sake of the health of our movement.

The purpose of this essay, however, is not to present a detailed exposition of Rudolf Steiner's social or economic ideas or his historical context, but rather to use Steiner's insights to help us make sense of the social and economic impulses that are emerging, in part, within the Sustainable Food and Farming Movement in North America, and to help us understand what form these impulses need to take in the future if we want to both grow our industry and maintain the deeper values of our movement.

I recognize that this essay would have additional value if I had pointed to the many people besides Steiner, many of whom are alive today, whose ideas support or resonate with the perspectives shared here. My primary purpose in this essay was not academic or popular, however, but rather practical: to seek insight that can help each of us who are positioned as leaders in this movement to take wise, creative action in the coming years. While I acknowledge that today there is a whole chorus of voices calling out for and seeking to understand this new economy, I feel that Steiner's contribution is unique and remains relevant enough (and unknown enough) to be worthy of the effort to add his voice to the chorus in the modest fashion I have attempted here. I must leave it to the reader to make the many worthwhile connections and comparisons with other writers and thinkers that deserve to be made.

Another limitation of this essay derives from its primary focus on the economic aspect of our work, whereas the Sustainable Food and Farming Movement clearly consists of work at many levels—economic, political, and cultural. I recognize, for example, that the type of work I propose here will require a parallel effort in the policy domain. As the reader will see from the introduction, my original intent was to look at our movement from an even broader lens, whereas it so happened that the economic aspect alone tuned into a substantial essay and consumed all my time. While I do, in the last section of the essay, begin to touch on the cultural and political dimensions of our work, I would ask the reader to consider this but a first installment in a three part analysis of the economic, cultural and political aspects of our movement.

Lastly, please note that I am actively involved in trying to realize these ideas more fully in the activities of our movement and am keenly interested in being in dialogue with anyone who would also like to explore how to move in this direction, in whatever context. To correspond or request additional copies of this essay please contact:

Robert Karp, New Spirit Ventures  
2118 N. Hi Mount Blvd.  
Milwaukee, WI 53208  
414 445 4964, robertkarp@sbcglobal.net

## Introduction

During the last fifteen years we have witnessed remarkable growth and development in the Sustainable Food and Farming Movement in the United States. For example:

- There are now over 1,000 Community Supported Agriculture projects (CSA's) across the country.<sup>5</sup>
- The number of farmers' markets in the United States has more than doubled from 1,755 in 1994 to 4,385 in 2006.<sup>6</sup>
- The amount of farmland under organic production in the United States has gone from just under 1 million acres in 1992 to over 4 million in 2005.<sup>7</sup>
- Since 1997 organic food sales have averaged 20 percent annual growth, while total U.S. food sales increased only about 3 percent.<sup>8</sup>
- According to a survey conducted by Food and Wine Magazine, 66% of U.S. consumers report they use organic products at least occasionally; that number is up from 55% in 2000.<sup>9</sup>
- Organic products are now available in nearly 20,000 natural food stores and 73% of conventional grocery stores.<sup>10</sup>

This is not to mention the recent flurry of growth in the local food aspect of our movement as evidenced, for example, in the growth of *Buy Fresh, Buy Local* chapters<sup>11</sup> across the country or in the spate of new books and articles on the topic in the mainstream media.<sup>12</sup>

During this same time period, I have had the privilege to be actively involved in this growth as a community organizer, non-profit leader and consultant. I have helped start and manage a wide range of projects focused on fostering new social and economic relationships between farmers and local communities. In addition, I have worked to address the production, business and market needs of mid-sized, diversified grain and livestock farmers in the Midwest, many of whom were serving niche markets in the natural and organic food industry. Much of this work was accomplished while serving as executive director of Practical Farmers of Iowa, one of the leading organizations working for change in the food and farming system at the state level. This work and its growth the last decade have been both exhilarating and rewarding.

As inspiring as all this has been, I find myself with a growing concern about what I experience as a lack of in-depth discussion in our circles of the larger cultural, social and economic trends within which our efforts are embedded. For example, do we really think we can create a just and sustainable food system without a clearer vision of the future society within which this food system would find its home? What forms of ownership and finance characterize the economic system of this future society we are working toward? What is our vision of the role of government and government programs in our preferred future? Is our movement part of a larger awakening of 'new spirituality' in North America, as some would suggest, and if so, towards what social or economic ends?<sup>13</sup> As Michael Schumann asked already in 1998 regarding the entire progressive movement:

Too little is being invested today in answering a fundamental question: What exactly are we organizing *for*? Many of our pat "answers" are obsolete. State socialism lies in ruins, and Great Society liberalism is increasingly outmoded. One unanswered question looming large, for example, is how to provide decent

work to everyone without destroying our ecological base. Can anyone say, with confidence, what *our* economic program is? <sup>14</sup>

While the Sustainable Food and Farming Movement prides itself on a form of analysis drawn from *systems thinking*, we nonetheless lack, I would suggest, a truly holistic and comprehensive understanding of the social, economic and cultural trends within which we work and of what these trends might be asking of us if we wish to maintain our integrity and viability as a movement. Is not the growing industrialization of organic, documented so vividly in Michael Pollan's recent book *Omnivore's Dilemma*, the result of trying to fit our movement and our ideals too readily or too naively into the prevailing governmental and economic structures of the day? Or as Allen Nation has put it: "The biggest problem with alternative agriculture today is that it seeks to incorporate bits and pieces of the industrial model and bits and pieces of the artisanal model. This will not work. . ."<sup>15</sup>

Our movement currently offers farmers a clear and compelling vision for new ways of farming and stewarding natural resources. We also offer consumers a clear and compelling vision for new ways of shopping, cooking and eating. It seems to me, however, that we are lacking an equally clear and compelling vision for economic life as a whole and for trade in particular, a vision that is aligned with the values of the movement, in harmony with our goals, and as sensible and holistic in nature as organic farming and healthy eating.<sup>16</sup>

I believe if we did more work in this direction, it would help us better grow our movement at the national, regional and community levels, and better forge partnerships with a host of other social change movements. Without more work in this direction, I am concerned that our diverse businesses, projects, organizations and constituencies will become ever more specialized and fragmented, and, therefore, more readily marginalized or compromised. I am also concerned that we will begin to experience increased infighting at both the for-profit and non-profit levels of our work. This sentiment is shared by some of the leading academics in the movement who have put it thus using their own terms:

. . . we contend that the agri-food systems change community needs to develop proactive and shared visions of what "should be" and a firm agreement on the fundamental steps to make things right. . . These shared visions are essential to produce master frames with sufficient mobilizing capacity. Their absence is due to the multiplicity of issues and groups within the food systems change area. . .<sup>17</sup>

### **Methodology**

I approach this challenge using a methodology I first learned from Rudolf Steiner but which has begun to be articulated by a number of more contemporary thinkers as well.<sup>18</sup> For Steiner, healthy social change does not result by imposing ideas or ideals onto others or onto the existing 'system,' but rather of recognizing what is already emerging, or trying to emerge, within the social life of our times, and then working to support and shape these strivings so they can come to healthy expression and find a proper form. Steiner has characterized this methodology in the following way:

There are two ways of thinking about what ought to happen in the social sphere or in any other field. We may present a program, may form programmatical concepts; we . . . think out how the world should develop in a certain field; this can be presented in beautiful words. We can swear by these words, take them as dogmas, but nothing will result from them, nothing at all!

. . . In contrast to this, we can do something else, and many a person does it without any special clairvoyance: we may simply through a naïve, intuitive knowledge of the times ask ourselves. . . What is it that in our times wishes to become a reality? Then, if one has discovered [this] . . . one can say to oneself: Now we can choose; people can either come to their senses and guide the course of events in the direction it must take in any case; then matters will turn out well. Or they can fail to do this by being asleep and simply allowing matters to run their course: in which case that which must take place will be brought about by catastrophes, revolutions and cataclysms. No statistics, no programs, however well thought out, are of any value. Only the observation of what wills to appear out of the hidden depths of the times is of value. This must be taken up into consciousness; by this the intentions of the present must be governed.<sup>19</sup>

The question, then, one must always ask in practicing the art of social change from Steiner's perspective is: what is already emerging or trying to emerge in the world "out of the hidden depths of the times" that bears within it positive seeds for the future, and how can I rightly shape, nurture or participate in this emergence, this unfolding? Such an approach should resonate with organic and sustainable farmers who often speak of the need to cooperate *with* nature rather than seek to aggressively impose ideas and methods *onto* nature.

And yet to gain genuine insights into what is trying to emerge in the social order is, in truth, an enormous task. Thus Steiner points to what we could call his second principle of social change, namely, the need to understand, to familiarize oneself with the spiritual laws governing the evolution of the human being and the evolution of human societies. To convey this point he once compared social change to building a tunnel:

The building of a tunnel is something eminently practical. Someone might well say: building a tunnel is simple; one has only to start digging into a hill from one side and to excavate away until one emerges at the other side. Everyone can see that it would be foolish to think in this way. But in other realms of life that is not always perceived. . . . Whoever wishes to build a tunnel must, of course, first of all have a command of higher mathematics. . . . It would be just as foolish to believe that one could begin building human society from the point of view of ordinary life. . . . Thus there are movements for reform in all spheres of life. But everything done in this way is just the same as if someone were to try to cut a tunnel with hammer and chisel. This is all a result of not knowing that great laws exist which rule the world and spring forth out of the life of the spirit. The real problem of our day consists in the fact that there are great laws for the building of the state and of the social organism, just as there are for building a tunnel, and one most know these laws . . . just as in building a tunnel one must understand the interaction of all the forces of nature.<sup>20</sup>

Steiner could just as well have made this analogy to farming and asked: *what farmer could be successful who was not aware of the laws of the seasons, of soil fertility, or plant and animal growth and reproduction and who could not work with these laws creatively on their individual farms?*

Rudolf Steiner's entire life was thus devoted to articulating and explaining what he saw as the spiritual laws and guiding impulses that underlie and come to expression in the evolution of human beings and of human societies. He hoped that by coming to understand these laws we could train our ability to recognize what was seeking to emerge in the social life of our time and work to help and cooperate with, rather than hinder or manipulate, this emergence. Steiner saw it as especially important in our time that human beings begin to consciously shape the social order out of this deeper knowledge and insight, rather than rely on the old racial, ethnic, cultural, religious and national instincts that have guided humanity for many thousands of years. These instincts, he suggested, are in the process of dying and becoming corrupt and if they are not replaced by fresh, holistic insights into the spiritual laws underlying reality, western civilization will increasingly sink into an abyss of unbridled nationalism, out-dated religious and scientific dogmas, and short-sighted economics.

Rather than further develop Steiner's ideas in this regard, I wish to plunge now into the actual conditions, needs and challenges of the Sustainable Food and Farming Movement, and begin to use some of the insights and concepts I have learned from Steiner to make sense of these phenomena, hopefully in a fashion that will help us more effectively understand and shape this movement into the future.

### **The Emergence of a New Economy**

In the first place, I would like to suggest that our movement is as much about helping give birth to a new economy in North America as it is about creating a new food system—a new economy which alone could make possible the flourishing of a new food system. And I believe we would do well to begin to understand and articulate the features of this new economy, which is already emerging here and across the world.

Students of Rudolf Steiner sometimes call this new economy an *Associative Economy*<sup>21</sup> and I will also use this term in this essay. Other writers, whose ideas certainly have some overlap with Steiner, have used a number of other terms, such as *Solidarity Economy*<sup>22</sup> or *Natural Capitalism*<sup>23</sup> or *Local Living Economy*.<sup>24</sup> For the purposes of this essay, however, I have chosen to coin another term which I feel is more descriptive of the ideas I wish to share, and that is to speak of an *Altruistic Stakeholder-Managed Economy*.

By the word 'altruistic,' in this context, I am referring to economic activity where the primary motivation is not profit but rather the desire to meet human needs, strengthen communities, and care for the planet—that is, economic activity where profit is an important and natural *by-product* of economic activity, but where it is not the motivating force or goal. We need only reflect on the origin of most businesses to realize that these almost always arise from an impulse to serve the human community in some fashion or another, even if these original impulses

eventually get lost or undermined under the weight of the current system's forms of trade, ownership and finance.

Steiner suggested that it is an urgent task of our time to make conscious or explicit the inherent altruism of economic life so that it can be strengthened and become an actual guiding impulse and principle of organization within the economy. He went so far as to suggest that self-interest or egoism, which we have come to consider as the guiding principle of economic life, is actually that which must be continually overcome for the sake of the health of the economy, especially a global economy based on the division of labor, which necessarily puts all people, communities and nations into an inter-dependent relationship with one another:

Meanwhile it is absolutely true—and indeed self-evident—that the more the division of labor advances, the more it will come about that one man always works for the rest—for the community in general—and never for himself. In other words, with the rise of the modern division of labor, the economic life as such depends on Egoism being extirpated, root and branch. I beg you to take this not in an ethical but in a purely economic sense. Economically speaking, egoism is impossible. I can no longer do anything for myself; the more the division of labor advances the more must I do everything for others . . .

Ladies and Gentleman, this might easily be taken for a piece of idealism, but I beg you to observe once more: In this lecture I am speaking neither idealistically or ethically, but from an economic point of view. What I have just said is intended in a purely economic sense. It is neither a God, nor a moral law, nor an instinct that calls for altruism in economic life—altruism in work, altruism in the production of goods. It is the modern division of labor—a purely economic category—that requires it . . .

The social conflicts are largely due to the fact that, as economic systems expanded into a world economy, it became more and more needful to be altruistic, to organize the various social institutions altruistically, while in their way of thinking, men had not yet been able to get beyond egoism and therefore kept on interfering with the course of things in a clumsy, selfish way.<sup>25</sup>

Steiner is not suggesting here that people have to somehow become saintly before they can become economically active in a healthy way. Rather he is suggesting that the modern economic life, through the division of labor, already involves us in processes in which our self-interest must be continually overcome and blended with the interests of others in service to a larger whole. And he is suggesting that this capacity (to shape economic life out of an interest in others and in the needs of the wider community) must become much stronger and much more conscious as we evolve toward a more and more inter-dependent, global economy. In other words, the assumption that a healthy economy is based on self-interest must be entirely overcome.

By a 'stakeholder-managed' economy I mean an economic system that is neither managed by the state in order to achieve some semblance of justice (state socialism) nor left to its own devices and the invisible hand of the market to regulate itself (laissez-faire, neo-liberalism), nor some

dysfunctional “third way” combination of these two as we now have in the United States and most western countries. I mean rather an economic system which is managed collaboratively by its primary economic stakeholders—consumers, producers, traders, workers, etc.—toward socially responsible ends. From a ten thousand foot perspective, present day economic life already reveals itself as an immense web of collaborative, inter-dependent, supply chain relationships. These supply chains span the globe, producing and processing and distributing the products and services human beings need to carry out their lives. Looked at up close, however, we can see that these supply chains are usually controlled by relatively few of the actual economic players involved. We also see that much of the genuine economic progress that could result from this global economic cooperation is undermined by self-interested goals and aims on the part of these few players.

What we need is a method of cooperation or ‘association’ that allows the many stakeholders involved in the economic life of particular regions and products to work together out of their common goals and ideals. Their purpose would not be to form political coalitions but to rather to conduct, facilitate and regulate trade together. These collaborative economic networks, however, cannot be imposed by governments; they must be carried out freely by economic actors who share social motivations and who have come to recognize the logical necessity for this form of economic management. Steiner explained this idea as follows:

Economic life is striving to structure itself according to its own nature, independent of political institutionalization and mentality. It can only do this if associations, comprised of consumers, distributors and producers, are established according to purely economic criteria . . . Not laws, but men using their immediate insights and interest, would regulate the production, circulation and consumption of goods. They would acquire the necessary insights through their participation in the associations; goods could circulate at the appropriate values due to the fact that the various interests represented would be compensated by means of contracts.<sup>26</sup>

Note here Steiner’s phenomenological tone: he is not imposing the idea of economic associations as an abstract program; he is rather suggesting that economic life is striving to take an associative form in our time out of its own inherent logic and needs.

I realize that in our present business climate it may seem naïve to suggest that business people might be motivated by altruistic goals or might cooperate on an altruistic basis to provide people with their basic needs and manage the earth’s resources wisely. Yet, is this not exactly what has been emerging, or trying to emerge, in our Sustainable Food and Farming Movement for the last thirty years and in related movements in locales across the world? I believe our movement in North America bears witness to hundreds and thousands of examples of this emergent approach. Examples abound at every scale including:

- Community Supported Agriculture (CSA’s) and other forms of direct marketing where consumers and farmers form loyal economic relationships in order to preserve small farms and produce healthy, nutritious food.<sup>27</sup>

- Businesses like *Country Natural Beef*,<sup>28</sup> *Organic Valley*<sup>29</sup> and *Equal Exchange*<sup>30</sup> that were started to benefit farmers, rural communities and the environment, and where the management and ownership structures continue to reflect these values and goals. Mission driven businesses like these, both cooperatives and non cooperatives, in the hundreds and thousands, are the very backbone of our movement.
- The *Oklahoma Food Cooperative*, a multi-stakeholder coop of farmers and consumers that has created an effective distribution system for locally grown food throughout the state of Oklahoma.<sup>31</sup>
- The *O-Farm* organization which brings together a wide range of organic producer groups in order to set prices and develop markets through a rational, cooperative process.<sup>32</sup>
- The network of member-owned, natural food, retail and distribution cooperatives that have successfully embodied the principles of the cooperative movement in more than 300 stores and businesses throughout the United States.<sup>33</sup>
- The Fair Trade movement, which is driven by consumer interest in food with social justice and ecological attributes, and which is quickly moving toward a seal and set of domestic standards for the organic and natural food industry in North America.<sup>34</sup>
- The *Association of Family Farms*<sup>35</sup> and the *Value Chain Partnerships for Sustainable Agriculture*<sup>36</sup> project which are attempting to facilitate cooperation among supply chain partners (farmers, traders, retailers, etc) based on trust, transparency and interest in the success of one another's businesses.

The basic insight which has taken shape in these businesses and organizations is that to serve real human needs in a non-exploitive manner our economy requires socially-motivated, rather than profit-driven, businesses. The other insight emerging in these efforts, though much less developed, is that a truly healthy economy requires these businesses to work together collaboratively to manage supply chains and manage particular sectors and regions of the economy. In other words, we must extend the altruistic principles that have begun to be embodied within our individual farms, businesses and organizations, so that our entire method of trade, of managing supply and demand, of setting prices, is transformed. This, I would suggest, is the great challenge facing our movement.

Imagine, for example, how milk production, consumption and prices could be actively managed and harmonized, not by the government nor by the invisible hand of 'market forces', nor even simply by farmer groups, but rather by regional associations made up of representatives of farmer groups, consumer groups, traders, retailers and other logical stakeholders who have the mandate to work together to regulate, out of economic insight and shared values, this important commodity in a fashion that benefits all.<sup>37</sup>

Rather than clamoring for the government to create new programs for farmers, our movement might consider a completely different approach: namely, getting the government to stop managing the farm economy and instead mandate to specific groups of stakeholders the responsibility to actually undertake this management themselves. This could only be accomplished, however, if these stakeholders could come to the table on the basis of altruistic goals and values, bringing their idealism and expertise to the table, but leaving at the door, as much as possible, their economic fears and narrow self- and group- interests. As hard to imagine as this is, is it not in line with the natural trajectory of our movement? And is it not intimately in

accord which the original impulses of the movement, which Michael Pollan has described so well:

. . . the early organic movement sought not just to establish an alternative mode of production (the chemical-free farms), but an alternative system of distribution (the anti-capitalist food coops) and even an alternative mode of consumption (the “countercuisine”). These were the three struts on which organic’s revolutionary program stood; since ecology taught “you can never do only one thing” what you ate was inseparable from how it was grown and how it reached your table.<sup>38</sup>

Steiner is also helpful in pointing out the deeper economic reasons we need associations of stakeholder groups to work together to manage the economy. These reasons reside in the inherent complexity and fluidity of a global economy based on the division of labor. This complexity prevents any one person, business or organization from having a total grasp of the complex conditions and factors impacting the production, distribution and consumption of any particular product at any particular time. Only when the many players involved in the economic life of particular products and regions come together and associate can such a holistic picture emerge, along with insights on how to best work together for the good of the whole. Through this coming together and the trust it engenders, decisions can emerge regarding all aspects of a product, including appropriate prices, that simply would not otherwise be possible, even with the best intentioned governmental policies or the most idealistic fair trade agreements. Or as Steiner put it:

The only way of arriving at . . . real judgments on these things [supply, demand, prices, etc.]—not a theoretical but real judgment—is by way of association. In practical economic life there is no other effective way of knowing what is going on in trade, for example, except to be engaged in trade oneself. You must be in the midst of it, you must be trading. There is no other way. Theories may be interesting, but theories are natural science. The point is not that you should know about trade in general, but that you should know how the products circulate in the process of trade in Basel and its immediate neighborhood. And if you know that, you do not thereby know how they circulate in the Lugano district. The point is not that we should know about things in general, but that we should know something of a particular region. Likewise, if you can form an effective judgment as to the higher or lower prices at which scythes or other agricultural implements can be manufactured, you do not thereby know the prices at which screws can be manufactured. . . The judgments that have to be formed in the economic life must be formed out of immediate, concrete situations. And that is only possible in this way: for definite domains or regions (whose magnitude as we have seen, will be determined by the economic process itself) Associations must be formed, in which all three types of representatives will be present alike. From the most varied branches of economic life, there must be the Representatives of the three things that occur in it—Production, Consumption and Circulation.<sup>39</sup>

We could say that it is a new human need and capacity, stimulated by the complex conditions of modern life, to come to a real picture of the economic processes at work in particular regions and

in the lifespan of particular products. This need and capacity comes to expression in the concept of *the food system*, which has had such a deep impact on the Sustainable Food and Farming Movement in the last fifteen years. And yet this need, as Steiner suggests, is also economic in nature and cannot be fulfilled by mere research, idealism and activism—it can only be fulfilled when people actively at work in producing, distributing and consuming specific products come together to learn about one another’s needs, harmonize their efforts and see together how to best serve the needs of the wider community. It is only in this way that the self-interest which naturally attends human life and economic life in particular, can be transformed into interest in the other, that is, into altruism:

. . . The moment the life of associations enters the economic process, it is no longer a question of immediate personal interest. The wide outlook over the economic process will be active; the interest in the other fellow will actually be there in the economic judgment that is formed. In no other way can a true economic judgment come about. Thus we are impelled to rise from the economic processes to the mutuality, the give and take, between man and man and furthermore to that which will arise from this, namely, the objective community spirit working in the associations. This will be a community spirit, not proceeding from any “moralic acid” but from a realization of the necessities inherent in the economic process itself.<sup>40</sup>

Most of us have probably experienced this remarkable ‘community spirit’ in various meetings or groups where diverse people who share a common set of values come together in a spirit of openness; meetings where self-interest naturally evolves into interest in the other and in the wider community; meetings where this selfless interest in the other allows synergies to arise that were heretofore unseen or unexpected and where these synergies lead to the emergence of new ideas, perspectives and resources. What fewer of us have probably experienced is this community spirit working in the economic aspect of our lives, and yet this is precisely where Steiner is suggesting it is most needed in our time.

For me, the beauty of the ‘local food’ aspect of our movement is that it has allowed just this kind of community spirit to arise in connection with economic transactions, giving producers, retailers, chefs and consumers alike the chance to experience the wisdom, common sense and community that emerges when the economy brings them together rather than separates them. The question now facing us, however, is whether we can take this kind of work to the next level so that this heightened spirit of cooperation that is being learned at the local level can also begin to live in our longer distance, higher volume trading relationships.

Of course, work in this direction faces enormous challenges, not the least of which is that most of the farmers, traders and retailers that form the core of our movement have to function within an intensely competitive, profit-driven and legalistic economic system—though, I would suggest, their inherent values tend in a different direction. And yet this is clearly also our strength as a movement: namely, that we have a foot in the existing system, even while we are trying to change it. It is a strength, that is, if we have the wherewithal to create the culture, structures and support systems that can help our farmers, food companies, traders, retailers and consumers work together in an associative manner even in the midst of the market as it is currently organized.

One of the great questions facing our movement is thus: how can a new economy unfold and spread its wings while interacting with an economic system often dominated by self-interested forms of trade, finance and ownership, by a fear of scarcity, and by a government often under the sway of these same values? We will, however, never be able to effectively answer this question if we are not aware of the fact that a new economy *is* needed, and is, in fact, already emerging in our movement and in many others, and if we are not in some kind of conversation about how to take the next steps needed to make this way of working more and more a reality.

If, on the other hand, we were clear about the need for and the shape of this new economy in broad outlines, we could then begin to envisage how our diverse efforts fit into a larger puzzle. We could discern how, when and where we could pull together and what kinds of projects, organizations, knowledge, capacities and resources are missing in order to make this approach work. And we could recognize where, when and how to partner with other movements along the same lines. For we are not in this alone: these strivings toward an Altruistic Stakeholder-Managed Economy are emerging throughout the world, from the tiniest micro-enterprises in the developing world to supply chains managed by large corporations. In the following sections, I address several areas where I feel new thinking and social structures are needed in order to support the promising emergence of an Altruistic Stakeholder-Managed Economy within the Sustainable Food and Farming Movement.

### **The Need for Consumers' Associations**

One of the necessary but not yet fully realized 'organs' of an Altruistic Stakeholder-Managed Economy are associations or organizations that provide a means for consumers to engage as active stakeholders in the food system. Consumers wield immense influence on the food system; this has been acknowledged universally, but this influence has not yet been fully channeled and expressed. We market to consumers, we focus group them, we educate them; we even involve them in political activity on behalf of our movement. However, short of a few 'local food system' projects, we do not yet engage consumers in collaborative economic processes in meaningful ways—even, I would argue, in our consumer-owned health food coops. But what exactly would this look like?

Let us imagine that in a major U.S. city, a group of consumers come together who share a commitment to natural and organic foods as well as to issues of fair trade and support for local farmers and companies. Imagine that these consumers form an association and use interactive web and mail surveys, trade shows and face to face meetings to engage their members in a process through which they identify a set of products, farmers, and food companies that meet their needs and are aligned with their values. And imagine that these consumers make a commitment to purchase from these farms and companies and promote their products with other consumers, on a loyal basis, over a three year period. And let us also imagine that they identify the approximate quantity of each product that each member in the group will purchase in a given year as well as the financial constraints their members face in terms of price. Clearly, this would be difficult to accomplish with all the products their members buy, but it could be done with a set of core products.

Through this process, this consumers' association will come into direct dialogue with the farmers and companies that they are considering supporting. In this process, much will come to light about the ability of these companies to get product to the region where these consumers live, about the quantities and supply available, about the challenges of working with different retailers, and about various price-related issues. A very rich supply of knowledge and information will now be in the hands of a group of people who have an immense influence on the shape of the food system. Furthermore, participating in the creation of this knowledge will begin to satisfy the deep longing of a growing number of consumers to understand and connect more deeply with the producers, distributors and retailers of their food.

This process will also require the consumers' association to see deeper into the realities of farming and economic life than those that are conveyed by labels such as "organic," "local," or "cage free." Indeed, the association will find it has to be far more precise about the relative weights of their members' different values and the implications of their choices in the face of the real world challenges faced by farmers and food companies. Let us imagine, however, that they actually do this work and succeed, as an association, in identifying a set of farmers and companies that they would like to support through loyal, long term, relationships—and let us imagine that through these processes this association grows to include as many as say 1,000 members—what would this make possible?

Imagine several leaders of this association sitting down with the managers of small and large food retailers where their members shop or where their members would like to shop in this major city. In these meetings, they share information about their members, the companies they want to support, the products they want to buy and actively promote among other consumers, and even the quantities they want to purchase. What store owner or manager in their right mind would send these consumers packing off to a different store? Basically, I am suggesting that this consumers' association is now in a very real position to impact which suppliers the store will buy from, in what quantities, how the products will be marketed (shelf space, etc), and even, in some cases, what prices will be charged. The motivation of the association, however, will not be to manipulate the store or control prices, but rather to forge a cooperative relationship with the retailer, and between the retailer and the suppliers, so that prices and other decisions can be arrived at cooperatively in a manner that serves the needs of all parties.

Another possible activity of the association is as follows: Imagine that this consumers' association has identified a product that it wants but which is not yet available. Let's say it is grass fed beef raised within a 300 mile radius. Imagine the role they could play by beginning to network with a group of farmers, a processor, distributor and retailer who might wish to collaborate to supply this product to them and others. The association could even play a role in helping secure funding to capitalize the venture through their own resources or by guaranteeing loans with local banks. Such activity is not unheard of; for example, we know of cases where CSA members have helped secure the purchase of land for their CSA's.<sup>41</sup>

All this represents just the barest beginnings of what is possible if consumers were properly organized on an altruistic basis. Indeed, existing computer technology would allow a consumers' association such as this to form a dynamic on-line community and to engage in these kinds of processes very efficiently. One can imagine, for example, how with the right website and

technology, consumers could communicate their purchasing needs and desires on a weekly basis to the stores where they buy, and on an annual basis to the companies and farms whose products they want to buy. They could also give continuous quality feedback to the farmers, companies and retailers they are supporting as well as engage in new product development in heretofore unimagined ways.

Imagine the efficiencies that would become possible through an economic system in which farmers and companies begin to produce products, and retailers sell products, based on known needs and demands among consumers rather than on speculative assumptions about demand? Consider, for example, how much of the “profit motive” in the present economy is actually a form of “risk management” resulting from the fact that farmers, companies and retailers currently produce products for a market that is not certain, and thus run a continual risk that their products will not sell. Consider how many marketing dollars are also spent mitigating this risk.

If the overriding purpose of the economy is altruistic, that is, if its overriding purpose is to steward, transform and share the earth’s resources in order to provide human beings with the opportunities, goods and services they need to lead meaningful lives, why should companies compete in a speculative market, rather than produce and distribute, whenever possible, for known needs? When farmers and companies produce for a known need, their success becomes less a question of who can market themselves most persuasively or somehow gain a competitive advantage over another, perhaps very similar, company, and more about which company’s products and values are *actually* most aligned, or could become most aligned, with those of a given group of consumers—as well as which company is most willing to work with these consumers and other companies in the supply chain on an associative basis.

Indeed, the efficiencies in such an economic system are enormous, and it is these very efficiencies that are leading almost every industry in the world toward some form of “integrated supply chain” or “lean manufacturing” approach wherein much closer and more collaborative relationships are established among those involved in the production, distribution and marketing of discrete products.<sup>42</sup> Numerous benefits have been identified for these integrated supply chains in economic literature.<sup>43</sup> However, heretofore, these efforts have almost never included, in the way I have suggested above, the consumer or end-user of the product or service. Furthermore, the benefits of these efficiencies have primarily accrued to those larger companies who have had the resources and wherewithal to establish and manage the complex information flows and relationships that are necessary to create an integrated supply chain. Indeed the largest corporations have often accomplished these efficiencies by purchasing and thus controlling the other companies in their supply chain, creating a “vertically integrated” supply chain and fostering, in the process, what has come to be called “corporate consolidation.”<sup>44</sup>

Not only has the desire emerged in recent decades to integrate supply chain processes and harmonize supply and demand via lean manufacturing, but so has the desire and possibility emerged to put the consumer more and more in charge of the supply chain. Thus has arisen what has come to be called the “pull economy” which one observer has described as follows:

A push economy—the kind of economy that was responsible for mass production in the 20<sup>th</sup> century—is based on anticipating consumer demand and then making

sure that needed resources are brought together at the right place, at the right time, for the right people. A company forecasts demand, specifies in advance the necessary inputs. . . . and then pushes the final product into the marketplace and the culture, using standardized distribution channels and marketing.

By contrast, a “pull economy”—the kind of economy that appears to be materializing in online environments—is based on open, flexible, production platforms that use networking technologies to orchestrate a broad range of resources. Instead of producing standardized products for mass markets, companies use pull techniques to assemble products in customized ways to serve local or specialized needs, usually in a rapid or on-the-fly process . . . Small niches of consumer demand, long dismissed or patronized by sellers, are a growing market force unto themselves. They can increasingly induce sellers to develop specialized products and services to serve narrow and time specific market demands.<sup>45</sup>

Steiner spoke already during World War I of need for greater integration and cooperation among those involved in the production, distribution and consumption of goods and services. He suggested that the best way to accomplish this would be through freely cooperating associations of consumers, traders, and producer/manufacturers working together to identify actual consumer needs and to produce for those needs through a relationship-based, integrated process. This process could also result in something he called “true prices,” which are, among other things, prices that reflect the needs of all participants in the supply chain to be able to produce and distribute and consume another like product.<sup>46</sup> Again, Steiner did not come up with this idea as a utopian theory but rather through insight into the invisible trends working beneath the surface of social and economic life, trends which can just as well be manipulated to serve an agenda of power and control as to serve an agenda of sustainability and community.

This is the great irony of our movement—that we decry corporate consolidation and vertical integration, but do not seem to have fully grasped the positive opportunity before us: namely to practice a kind of *horizontal integration* among associating groups of producers, traders, retailers, consumers, and other stakeholders active in our movement. Protests, laws, lawsuits, regulations and government programs are certainly necessary at times to fight, address or ameliorate the excesses and distortions of our current economic system, but these alone will not change the inherent problems—indeed they sometimes make them worse. These problems can only truly be transformed by beginning to put in place a horizontally integrated economy of altruism and cooperation, in other words, a *pull economy* coordinated by informal associations.

While we do see some hopeful efforts in this direction within our movement at the local and regional levels, as well as in the work of groups like the *Association of Family Farms* and in the *Value Chain Partnerships for Sustainable Agriculture Project*, mentioned above, as well as in the increasing academic appreciation of the importance of this topic,<sup>47</sup> I believe it will only be possible to accomplish this goal with the assistance and cooperation of active consumers’ associations of one kind or another. For only when all three representatives of economic life (producers, traders and consumers) meet and freely work together shall it be possible to begin to overcome the financial pressures and power dynamics that attend modern day economic life.

In summary, for an Altruistic Stakeholder-Managed Economy to take hold, we must begin to re-imagine the role of consumers in the food system and in the whole economy. The above is just one example of how this could occur. One can imagine multiple other points of departure. For example, consumers' associations could be built on the foundation of member-owned natural food stores or on the foundation of a group of CSA's within a specific region, or through the memberships of a host of NGO's within a given region. Between these and other foundational entities, such as buying clubs, local food and local fair trade projects, and the work of national organizations like the *Organic Consumer Association*, *FoodRoutes* and the *Business Alliance for Local Living Economies*, we already have the beginnings of an infrastructure that could empower consumers locally, regionally and nationally, in the manner described here. Figuring out how to take these efforts to the next level is an important direction for our work. All of this, however, requires that we begin to think of the economy as something that can be cooperatively, intelligently and altruistically managed by human beings rather than by inexorable "market forces" or "the government."

### **Transforming Capital and Finance**

The new economy trying to take shape in the world and in our movement clearly requires a new approach to both finance and ownership. It is one thing to decry the sale of independent organic food companies to investor groups and transnational corporations, or the industrialization of organic farms. It is another thing to understand and address the underlying financial and structural realities, which produce these results. Efforts to think creatively about these issues have been hindered by the fact that our movement tends to be divided between activists who are skeptical of large businesses and large capital flows of any kind, and savvy business people who are very idealistic but who are often too embedded in current economic realities to have the time, interest or ability to conceive of significant structural changes.

From my own perspective, our task is not to eradicate capitalism, industrialization, globalization or even corporations for that matter, but rather to *transform* these realities from within, to learn how to bring them to a point where they serve human ends rather than human beings serving *their* ends. Accomplishing this task, however, is going to take a more profound level of cooperation among the various players in our movement and a deeper rethinking of economic assumptions than we have yet to practice. Only in this way can we meet the challenges posed by the increased cooperation and economic integration among those in our society who do not, or do not *yet*, share a set of altruistic social, ecological and economic values.

As regards financial capital, historical solutions to the problem of its concentration, misuse or lack of widespread availability have generally taken three forms. One has been to place responsibility for it entirely in the hands of the state. Another has been to trust entirely the wisdom of the marketplace and the economic virtues of individuals to manage capital. And the third, most common at the present, has entailed a combination of these two: private ownership of capital tempered by government regulation, taxation and redistribution of wealth.

In an Altruistic Stakeholder-Managed Economy, however, another alternative emerges which is the formation of altruistic financial entities that make available grants, loans and equity investments to businesses and non-profits that are delivering significant social and environmental

benefits to their communities. These non-governmental financial entities, while paying attention to the bottom line, are primarily focused on maximizing these social and environmental returns rather than on maximizing the financial returns for their investors. As idealistic as this may sound, there are actually quite a number of such entities now in existence, which have begun to be loosely referred to as Social Finance Organizations SFO's.<sup>48</sup> Below are a few examples:

- *ShoreBank*, a vibrant financial institution with banks and affiliated non-profits in over a half dozen communities in the United States and nearly 5,000 individuals, corporations and non-profit organizations supporting its work as depositors. Shorebank focuses its wide array of investment, lending and technical support services on businesses and organizations working to create strong, sustainable communities from a social, economic and environmental point of view.<sup>49</sup>
- *RSF Social Finance* is a non-profit social finance service organization with over 100 million in assets. It serves investors, borrowers, donors and grant recipients through its social enterprise lending and philanthropic services programs. Investors earn a consistent return on money loaned to non-profit and for-profit organizations. RSF serves donors through grant-making services and grants, both nationally and internationally, to charitable tax-exempt organizations.<sup>50</sup>
- *The Calvert Social Investment Fund*, which pools money from a wide array of individuals and institutions who are willing to place capital on softer terms to finance affordable homes, fund small and micro businesses and to make available essential community services. The Calvert Foundation describes its broader objective as creating "community investment as a new asset class in the financial services industry."<sup>51</sup>
- *Local Initiatives Support Corporation*, a national non-profit organization that provides capital, training and technical assistance to local Community Development Corporations (CDC's), of which there are some 3,600, across the country. CDC's are small non-profit, community-controlled business development organizations dedicated to the revitalization of poor neighborhoods. They undertake physical revitalization, particularly of housing, as well as economic development, social services, and organizing and advocacy activities.<sup>52</sup>
- *Community Development Venture Capital Alliance*, a network of over 60 funds around the country that use equity capital as well as entrepreneurial and management assistance to promote economic development and job growth in economically distressed communities.<sup>53</sup>
- *The North Country Cooperative Development Fund*, a cooperative financial intermediary that gives loans to consumer- and worker-owned cooperatives and cooperative housing projects, using the financial strength of the cooperative movement and many other socially motivated institutional and individual investors.<sup>54</sup>
- *The Investor's Circle*, a network of angel investors, professional venture capitalists, foundations, philanthropic investors, entrepreneurs and others who are "using private capital to promote the transition to a sustainable economy." Investor's Circle has helped a number of companies in the organic and natural food sector and is currently working to put together a special fund focused on early stage food companies.<sup>55</sup>

- *New Profit Inc*, a ‘venture philanthropy’ organization, uses funds from a wide array of individual and institutional donors to invest in a small portfolio of innovative social change organizations.<sup>56</sup>
- *Capital Missions Company*, which works to create networks of investors, business leaders and philanthropists who work together with visionary thinkers and practitioners to catalyze sustainable economic development.<sup>57</sup>

While none of these entities and efforts is yet functioning at a scale or with a focus that will profoundly impact the Sustainable Food and Farming Movement in the short term, they do bring to expression, in a very modest way, the potential of an Altruistic Stakeholder-Managed Economy in the domain of finance. They represent, I would suggest, the beginnings of where we need to be turning as a movement, if we do not wish the good work of the last thirty years to be turned into simply another commodity within our current economic system.

Underlying these financial entities are three tacit ideas that go well beyond the concept of socially responsible investing; three ideas that I believe need to become more and more explicit and conscious for the sake of the health of our society and our movement. The first idea is that the surplus value generated by the economic life of society can ultimately be administered the most wisely and to greatest social benefit by creative, altruistic individuals and organizations acting together in free partnerships, rather than by the government. I hope to elaborate further on this idea in a future essay.

The second idea, closely connected to the first, is that there is great power in forming real relationships between the providers and recipients of capital. Just as we need grocery stores that connect rather than separate producers and consumers, so we also need social finance entities that work to connect, rather than separate, lenders and borrowers, investors and companies, and donors and recipients, so that along with financial resources can flow the wisdom of relationships and community.

The third idea, which I will elaborate on further, as it is so essential to the emergence of an Altruistic Stakeholder-Managed Economy, is that financial capital should be stewarded and managed primarily for the purpose of bringing forth new economic, social and cultural values rather than for securing profit for the investor or lender. In other words, we need an approach to finance that gives lenders and investors modest returns while bringing their capital into widespread circulation on behalf of altruistically minded individuals, organizations, businesses and other social ventures. Why is this? Why is it best for the economy and for society if investors and lenders do not seek to profit to the highest possible degree from their financial resources? A good place to start might be to ask ourselves: what really is capital, how does it arise, what is its role in the world? Drawing freely on the ideas of Rudolf Steiner, let me venture a few thoughts on this far-reaching topic.

To address these questions it may help to first look at the role capital plays when it is made available to others in the form of investments, loans, gifts and grants. Here is revealed the profound connection between financial capital and human creativity. How would children develop without the freely given support of their parents, which is in truth a kind of gift and investment in the future? How would any new business get started by anyone who was not

already wealthy, unless someone gave an entrepreneur a loan or partnered with him or her as an investor? How would most non-profit organizations carry out their work without at least some form of gifts or grants? Certainly most of us can recognize that the health of a community or society depends on the degree to which its members have the opportunity to unfold their inherent creative capacities. What is less recognized is the role that financial capital, in the form of investments, loans and gifts, plays in this process.

From this perspective, capital, shared widely and *wisely* through finance and through gifts, is like the yeast in the dough of the *body social*, the ferment that makes it possible for human beings, regardless of their racial, cultural or class backgrounds, to have the opportunity to develop themselves and realize their gifts and creativity. It is thus through the widespread availability of capital, wisely administered, that our society can ensure the long term health of the economy as well as the long term vibrancy of the culture as a whole. This reality is being modestly demonstrated at this time in the developing world through the micro-credit movement.<sup>58</sup> Rudolf Steiner described it this way:

Whatever a person's situation in life, it is in his interest that nothing be lost of what flows from the sources of human nature in the form of individual abilities, by means of which the goods are produced that purposefully serve human life. The development of these can only ensue when their possessors are able to activate them with their own free initiative. The welfare of mankind is, at least to a certain extent, deprived of whatever is not able to flow from these sources in freedom. Capital is the means by which such abilities are made effective for wide areas of the social organism.<sup>59</sup>

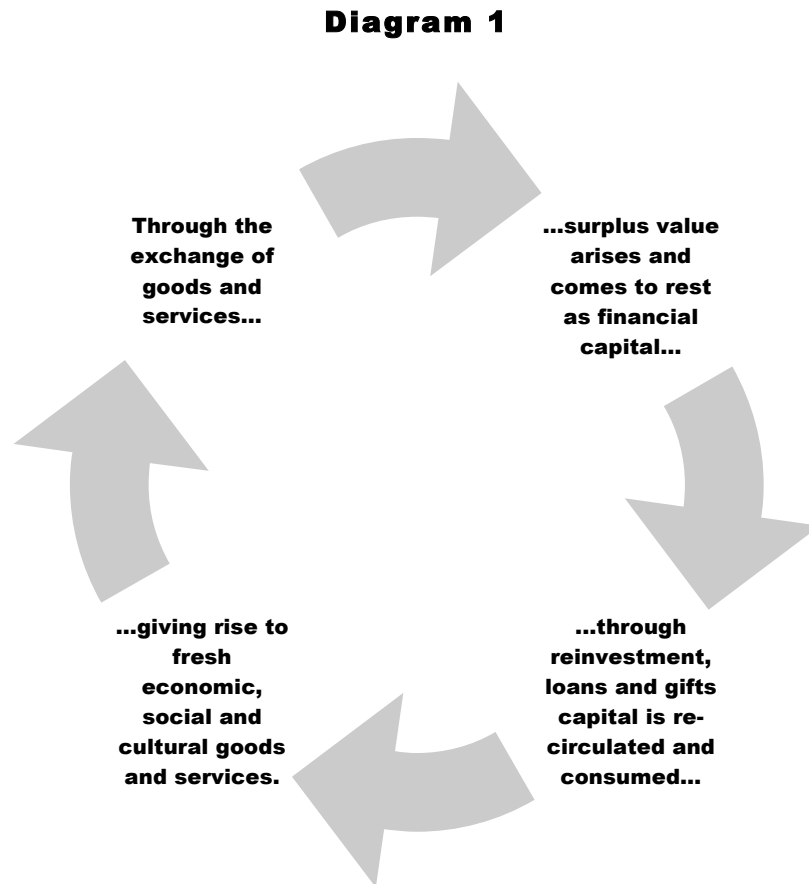
With these ideas in mind, we can begin to form a picture of the healthy circulation of capital in a society as follows: Through the creation and efficient exchange of goods and services, surplus value (profit) naturally arises. Here it is important to note that this surplus value arises even among companies that are not externalizing their social and environmental costs. In other words, we need not think of the origin of surplus value as having anything to do, intrinsically, with the exploitation of workers or of nature, which is not to say that some or even most of the surplus value in our current system is not created this way. The real source of surplus value lay in the abundance of nature and of human culture and the efficiencies created by the division of labor that brings people selflessly together to invent, produce and distribute goods and services that are needed by others.

When this surplus value comes to rest in sufficient quantities, it forms what we call financial capital. This is money that has been freed from its original relation to the goods, services and means of production from which it arose and that can thus be deployed for new purposes. In a healthy economy, this capital begins a new cycle of movement, moving from accumulation to distribution and consumption, ideally in the following ways:

1. Some of the capital is reinvested in the business or company where it first accumulated for the sake of its own growth and development;
2. Another portion becomes available for loans and investments to help other creative ventures grow or get started;

3. And finally, another portion becomes available for those cultural and educational activities (including, for example, the retraining of workers) that require gifts for their development and sustainability, but which ultimately support the economic life, too, through the human capacities and community assets that are fostered thereby.

When accumulated capital passes back into circulation and is used up in this way, new productive activity arises which naturally leads to further capital formation. Thus we can think of a kind of ideal circulation of capital in a healthy economy as portrayed here in Diagram 1.



This capital flow already happens quite naturally to a degree within our current economy. For example, when individuals and companies put their surplus money in banks who in turn use it for lending purposes, or when individuals and companies form charitable foundations or make charitable gifts. This healthy flow is nonetheless continually hindered by a host of policies, habits and structural realities that foster a very different kind of relationship to capital. While space does not permit me to elaborate upon this fact, the end result is that much of the surplus value in our society is not in healthy circulation, but rather is tied up in investments (in real estate, stocks, commodities, insurance, pensions and securities, as well as in money itself) that are by and large not producing new economic, social or cultural values. Furthermore, much of the ‘gain’ made on these investments is purely speculative in nature rather than being a reflection of real economic productivity. The government, in the meantime, is left to address the

social diseases created by this lack of a healthy circulation of financial capital in society, a task which it simply cannot do effectively—any more than a government can produce and circulate food effectively, as we learned from communist Russia.

What we can learn from considering the above picture of an ideal flow of capital is that it is in the creation and exchange of actual goods and services that we should seek the healthy accumulation of surplus value in society. The zealous profits made on investments themselves, on the other hand, have the effect of restricting the healthy movement of capital which, in turn, fosters economic disparity between those in society who have access to the appreciation of capital values and those who must subsist purely through their labor and intelligence. Investments, loans and gifts thus do the most good when they are offered as freely and as affordably as possible, and as directly to the individuals and businesses receiving them as possible. Then capital can circulate as widely as possible and be taken hold of as creatively as possible, letting the true return on investment (ROI) arise from the social, cultural and economic benefits generated thereby.<sup>60</sup>

This is not, of course, an argument for making precious sums of capital available to anybody or everybody without cost or without the due diligence and relationship building required to ensure there is a good chance it will be used wisely. It is, however, an argument for monetary policies and a monetary system that fosters and rewards capital circulation rather than capital accumulation and stagnation. Rudolf Steiner had a wealth of innovative ideas in regard to such monetary policies, some of which are beginning to emerge in the complimentary currency movement but which need to find their way, eventually, into the mainstream. It is also an argument for socially-minded businesses, institutions, foundations, consumers and other stakeholders to come together as Social Finance Organizations to facilitate the healthy formation, distribution and consumption of capital in society.

Just as we need stakeholder groups working together to intelligently harmonize the production, distribution and consumption of goods and services out of practical, grassroots economic insights, so we also need stakeholder groups to work together so that capital can be responsibly generated and wisely distributed based on shared insights as to where, at any given time, there is a greater or lesser need for investments, loans or gifts. Only in this way can capital begin to act as the social ferment for which it is destined. In the present, these processes are rarely coordinated, which is one of the reasons why our movement is so fragmented and under capitalized.

These ideas about the healthy circulation of capital should sound familiar to those involved in the Sustainable Food and Farming Movement, which is ultimately based on the idea of building up the health of the soil through the proper recycling of animal manures and plant residues. This soil building cycle on the farm finds its perfect complement in the community building cycle that needs to be undertaken through the wise, conscious “recycling” of surplus value in society. I believe our movement would do well to put some considerable focus on this community building cycle, as we are clearly suffering from a lack of capital on at least three important levels:

- 1) While we have been growing exponentially in the number of food service outlets, retailers and consumers wanting sustainable and organic food, we have not been

growing sufficiently at the farm level to be able to meet this need while maintaining appropriately sized farms and genuinely humane and ecological farming practices. There is thus an urgent need to find the capital to properly invest in those organizations, partnerships and associations that are focused on carrying out the following activities:

- Training new and existing farmers
  - Organizing and facilitating farmer cooperatives and marketing associations
  - Facilitating associative relationships between farmer groups and trader and consumer groups
  - Helping researchers and farmers carry out ongoing agricultural research and demonstration projects
  - Acquiring and holding in trust farmland and farm equipment so that these costs can more and more be removed from the farm economy and from individual farmers (more on this later)
- 2) We also lack enough capital, provided on affordable enough terms, for our food businesses working at the product development, processing, and distribution links of the food chain, so that new ventures can get started, so that small companies can become midsized, midsized companies grow larger, and so on, while also maintaining their independence and integrity. If we ask the question why our large companies are selling out to multinational corporations, the simplest answer, I believe, lies in the lack of available capital for the growth of these companies as well as a form of capital that does not seek total ownership or control of the company.
  - 3) We also lack sufficient investment in the retail and consumer end of our movement, so that we can begin to organize consumers in the fashion described above, expand other 'local food' organizing efforts, and foster the development and expansion of independent and cooperatively owned retailers in our movement, especially those willing to work on an associative basis with consumers and suppliers.

While as a movement we are not yet in a position to change many of the macro-economic structures and government policies that result in the lack of available investment, loan and gift capital in our movement, we are in a position to begin to articulate and promote a vision of capital and capital circulation that is in harmony with the rest of our movement. And we are in a position to begin in earnest to start to grow a host of Social Finance Organizations (SFO's) at the local, regional and national levels of our movement. These organizations could tap the immense sources of wealth and idealism in our society on behalf of our vision for the future. And this in turn could allow us to form common cause, on a practical level, with a host of other movements and the organizations serving those movements.

Indeed, there could be no better time for this effort. Experts have predicted that in the next fifty years there will take place the largest inter-generational transfer of wealth in the history of this country.<sup>61</sup> This event has the potential to transform society in many positive ways as this capital comes into the hands of idealistic individuals who can recognize the need to bring this stagnant capital into greater circulation in order to generate new social, cultural and economic benefits. The next section will provide further details on exactly how these new SFO's could function in

close partnership with businesses and other stakeholders to ensure the long term health and sustainability of our communities.

### **The Need for Multi-Stakeholder Ownership**

In the previous section I pointed to the emergence and need for new kinds of financial entities that work in partnership with businesses and other stakeholders to ensure a healthy circulation of capital in society. In this section I would like to show how, through partnerships between these social financial entities and the businesses and farms with which they work, there could emerge new types of ownership structures in our movement that would, among other things, encourage investors to practice the kind of social finance described above. For just as our economy in the areas of finance and trade could be managed cooperatively by its diverse stakeholders, so too could the individual businesses that make up the economy be increasingly owned and governed by their diverse stakeholders. What exactly would this look like?

Here we arrive at one of the great conundrums that has continually plagued our society—how to fashion forms of ownership that honor the important roles of the individual entrepreneur and the investor without losing sight of the equally important roles of other stakeholders, such as workers, farmers, consumers, as well as the wider community or “commons” in which a business is situated and on which it depends. At the present, our ownership models tend to place all power and control either:

- In the hands of entrepreneurs and/or investors through traditional corporation, partnership or sole proprietorship ownership forms;
- In the hands of one particular group of stakeholders, (i.e. farmers, workers, consumers, etc.) via the cooperative ownership model;
- Or in the hands of the community, as it were, through non-profit ownership of revenue generating activities.

What we need, however, and what I believe is trying to emerge in our movement, are forms of multi-stakeholder ownership and governance that leverage the best features of all three of these approaches. The truth is that all these stakeholders—individual entrepreneurs, investors, workers, consumers, cooperating businesses and organizations that represent the wider interests of the community—have an important role in every business venture. What exactly would such a business entity look like?

To illustrate, let us imagine a particular community where some enterprising individuals have the desire and see the need and opportunity to start a natural food store. Currently, these individuals have pretty much two choices. They can, on the one hand, if they are capable, write a business plan, raise the money and start a private enterprise, in which case they (along with any partners or investors they have brought in) become the sole beneficiaries of the financial gain of the business as well as the sole risk takers in the case of a failed venture. Their second choice is to find a larger group of people who also want to see the community have a natural food store. With these people they can put in hundreds of volunteer hours forming a member-owned natural food store and perhaps, eventually, become the founding managers. Or they could then simply walk away and feel good about having brought into being a new consumer-owned business.

Multi-stakeholder ownership, however, offers a third possibility. Namely that our enterprising individuals partner with one or more other stakeholders (consumers, suppliers, a non-profit Social Finance Organization) to start a store in which all have a part in the ownership and/or governance of the enterprise. Imagine, for example, that our enterprising individuals partner with a local SFO which has pooled financial resources from the local community in order to help start the store. What could emerge from this partnership is a business in which ownership is shared between our individual entrepreneurs and the SFO.

The beauty of this arrangement is that by maintaining an ownership stake and a board role, the SFO could a) ensure that over time that some portion of the surplus value arising from the business go directly back into helping other ventures in the community get started or grow, b) provide technical assistance, via a board seat, to support the growth of the business and c) maintain the right to have a say in any decisions that pertain to the sale of the business. In a sense the SFO could become a real partner in the enterprise as well as a kind of guardian of the mission of the business over the long haul, should any of its other owners become tempted to sell the business in a fashion that would compromise its values or the community's investment.

By maintaining a strong ownership stake for the founder/manager, however, one is also protecting the entrepreneurial spirit of the enterprise, the wisdom and commitment that comes from individual initiative, as well as acknowledging the hundreds of "volunteer hours" and sleepless nights that always go into starting and running a successful business or initiative of any kind. Often, our most idealistic organizations (cooperatives and non-profit organizations) take this kind of idealistic volunteerism and commitment for granted. The result is burn-out of social sector leaders who then channel their creativity into less idealistic ventures so that they can make a living or have more creative freedom.

Such a business could also make provision for an ownership and/or governance role among other stakeholders such as consumers, workers or suppliers. As fanciful as this idea may seem, I am pleased to report that at the time of this writing there are to my knowledge at least three successful natural food stores or buying clubs, organized as multi-stakeholder coops in North America,<sup>62</sup> and I believe we can expect many others in the future particularly among cooperatives of all kinds, which may find this idea to be a logical next step, philosophically speaking.

Alternatively, imagine a CSA farm which is owned by a multi-stakeholder coop consisting of a farmer, consumer investors and a local non-profit organization, community foundation or SFO. The farmer could have a lifetime lease on the land that could even be transferable to his or her children, provided they remain committed to the ideals of the cooperative farm. The consumers could sell their shares to others when they leave the area. And the non-profit could provide ongoing technical assistance and serve as a conduit for ongoing donations and grants to support educational activities on the farm.

Multi-stakeholder ownership forms provide many points of flexibility which can suit a wide variety of needs and companies. For example, not all stakeholders need to be given board seats or the same number of board seats. For example, in the case of the hypothetical natural food store described above, it may in a given situation create too much of a conflict of interest to give

supplier members board seats. But it would make sense to give them an ownership stake. Conversely, certain stakeholders might have board seats even if their capital investment is small or non-existent. For example, a food company that has adopted a certain non-profit or community to which it makes ongoing charitable gifts might create a board seat specifically for a community stakeholder. Or, if they were working with a consumers' association of the kind described above, they could create a board seat for one or more consumer representatives.

Furthermore, percentage of ownership share in such an entity does not have to correlate to certain kinds of management rights. For example, in our imaginary natural food store, the SFO could maintain veto rights over any proposed sale of the business, while giving up any actual ownership, thus choosing to treat the original financial investment as a loan rather than as an equity investment.

Indeed, ownership share need not be correlated to dividend share either. For example, in our imaginary CSA farm, while the consumer members may own fully 75% of the coop and have a corresponding percentage of board seats, they and the non-profit investor owner, may establish the coop in such a way that any dividends that would ever accrue to them are automatically put into the coop's reserve fund for the upkeep of the farm or for the purchasing of additional land.

As complex as all this may seem, the point is simply to show that the unique character of any circumstance and set of players offers a variety of ways to work toward creating a forum within individual businesses, farms and enterprises where the unique gifts and perspectives of different stakeholders can come together, complement one another and find common ground. While Rudolf Steiner did not speak of multi-stakeholder ownership quite along these lines, he did point to the need to find a way to balance individual freedom and initiative in the economic life with the community's need to have a role in ensuring that the means of production are not misused and can be placed in the best person's hands at any given time. Steiner spoke of this as follows:

One sees that in society two things are bound together which have quite different significance for the social organism: the free disposition over the capital base . . . and the legal relationship through which he who exercises this disposition, by means of his right of disposition, precludes others from the free utilization of this capital base . . . It is not the original free disposition that leads to social damage, but only the prolongation of the right of disposition when the appropriate conditions which connect individual human abilities to this disposition have ceased to exist.<sup>63</sup>

In other words, the problem with modern capitalism is not that individual entrepreneurs and their investors gain the right to freely make use of physical, financial and intellectual capital for economic purposes. The problem is that through these rights, they also gain a form of legal ownership of these assets, in perpetuity. This form ownership, in turn, prevents the larger community from having any say in to whom these rights shall be passed on when the original entrepreneurs are no longer interested in the business or are no longer serving the best interests of the community. Steiner continues:

The possibility of free disposition over the capital base through individual abilities must exist; it must be possible to change the property rights [however] as soon as they become a means for the unjustified acquisition of power. We do have a facility in our time which partially fulfills this requirement in respect of so-called intellectual property. After a certain time after its creator's death, it becomes community property. This corresponds to a truly social way of thinking. Closely as the creation of a purely intellectual property is bound to an individual's talents, it is at the same time a product of society and must, at the right moment, be handed over to this society. It is no different with respect to other property.<sup>64</sup>

What I am suggesting here, then, is that multi-stakeholder ownership may provide the possibility, within the constraints of our present day legal and economic environment, to begin to find a healthier relationship between individual initiative and community stewardship. Through this balance, the possibility arises to wisely steward and keep in healthy circulation the physical capital of society, just as earlier I described the need to wisely steward and keep in healthy circulation financial capital.

To clarify these ideas further, it may be helpful to describe how the process of multi-stakeholder ownership might arise through the initiative of a small Social Finance Organization (SFO) rather than through the initiative of an entrepreneur, company or farmer, as in the above examples. Let us imagine a number of individuals and stakeholder groups in a small rural region who come together with the desire to strengthen their local economy, with a special focus on sustainable development related to food and farming. And, let us say that this group has identified a number of key things that would be needed to foster a vital food economy in their region, such as: a small meat processing plant; more farmers and more farmland available for sustainable production; a bakery/cafe; etc. Now let us imagine that this group takes the step of forming an SFO and that they eventually succeed in creating a pool of capital from a variety of sources—local individuals and institutional investors, local businesses, larger regional banks and financial institutions, local and regional community foundations, etc.

Let us now imagine that the first priority of the SFO, because of already existing markets and needs, is to start up a now defunct local meat locker. This SFO is now in a position to approach this project in a very unique way that could both accomplish its goal of economic development as well as ensure the wise use of its limited pool of capital. For example, it could seek an entrepreneur to own and run the meat processing plant in partnership with the SFO through a shared ownership arrangement. There are several ways this could work:

1. In one model, an LLC, partnership or share corporation would be formed with ownership shared by the SFO and the entrepreneur. The SFO would purchase the meat locker, capitalize the improvements and provide business planning and other forms of technical assistance to the entrepreneur. Unlike a typical venture capital arrangement, the SFO would structure this partnership in a fashion that would allow the entrepreneur to gain more and more ownership share over time. The SFO would likely always remain a partner, however, in order to a) ensure that a portion of the net profits, once the business is established and successful, go to serve other new ventures in the community and b) to maintain a say in any

proposed sale of the business to ensure that it is in the best interests of the community.

2. Alternatively, the SFO could, after purchasing and improving the meat locker, simply sell the meat locker to the entrepreneur on very good terms, while maintaining ownership of the land under the meat locker, which it would lease to the entrepreneur along with an agreement that the lessor shall have the right to veto any proposed sale of the business that it feels would not be in the best interests of the community. Such a lease could even include other social benefit stipulations, such as a role for worker ownership in the business, or certain environmental practices.

Clearly, in our complex legal world we can imagine many ways to structure these types of multi-stakeholder ownership relationships, but whichever method was adopted, the goal would always be the same, namely that a portion of physical and/or social capital represented by the meat locker be held in trust by the local community through the SFO at the same time that it is freely deployed by an entrepreneur to create economic opportunities for the local community.

A very similar approach to this has proven to be highly effective in the housing sector through Community Land Trusts (CLT's). These are non-profit organizations that purchase or build homes or housing developments, retain ownership of the land beneath and around the homes as a community asset, and sell the homes to buyers along with a 99 year lease agreement on the land. These lease agreements, in turn, include a limited equity formula that ensures that the home, upon resale, will remain in the affordable housing market. This creates a win-win situation wherein: homeowners are able to purchase homes well below the usual cost because the price of the land is not factored in; the local community gains permanent, affordable housing; and the investors, lenders and donors to the CLT see their capital stewarded extremely prudently. The local community also gains a measure of inflation protection because the homeowner, upon sale, gains a profit that is actually connected to their improvements to the home, rather than to the ongoing inflation in capital values. There are now more than 100 successful CLT's throughout the country with an incredible track record of demonstrating the benefits of multi-stakeholder ownership with regard to housing.<sup>65</sup>

The SFO could adopt a similar approach with regard to its need for farmers and farmland. For example, the SFO could form, and be a member of, a *Cooperative Conservation Land Trust* organized through one of the new LLC/Coop hybrid statutes that several states have pioneered.<sup>66</sup> It could then acquire farmland and place it in the trust, which would in turn provide long term leases to farmers, who would also become members of the conservation coop along with the SFO itself. Through this effort, the SFO could draw enterprising farmers to their region through affordable land costs while also ensuring the long term social benefit of their investment by holding the land in trust in perpetuity, and through conservation easements and lease agreements that stipulate a commitment to sustainable farming practices. This innovative model has been researched and analyzed by the *North Country Cooperative Development Fund* and is being seriously considered by at least one land trust known to the author.<sup>67</sup>

### **Multi-stakeholder Ownership and the Commons**

While multi-stakeholder ownership need *not* include a role for an SFO or other non-profit along the lines described here, I have emphasized the potential for this role because of the way in which it provides a means to resolve, within the microcosm of an individual business, one of the greatest problems with modern capitalism. That is the inherent tendency of capital to become detached from the social, cultural and environmental assets in which it is embedded—the *commons* or the *commonwealth*. As the idea of the commons is growing in significance among those interested in alternative social and economic thinking, it perhaps deserves some further attention in this essay.

Put briefly, the idea of the commons is that no business exists in a vacuum but is rather embedded within certain very real, though often intangible, assets, which Peter Barnes, a leading commons theorist, has categorized as *ecological* assets, such as air and water, etc., *community* assets, such as libraries, museums, and political institutions, etc., and *cultural* assets such as language, the broadcast spectrum, and various intellectual and cultural legacies.<sup>68</sup> Take, for example, a business that is based on a new technological invention. The truth is that every scientific and technological achievement builds on the works of others over hundreds and hundreds of years. And yet, most businesses, unless there are patents still in place, do not have to pay for this history of technological achievement, rather they can draw from it freely and profit from it greatly.

Based on this insight, Barnes and others have conceptualized a wealth of new social institutions or ‘commons trusts’ that would be mandated by the government and managed by private citizens acting as trustees to steward the commons. Businesses would have to pay the trusts for the right to make use of these assets, which in turn would create new sources of wealth for communities and would encourage companies to think more carefully and conscientiously about how they employ these assets in their economic activities.<sup>69</sup> That is the idea anyway.

While I accept the basic notion of the commons and see great value in some of these proposals, I also feel that Barnes has not addressed the inherent relationship between capital itself, both physical and financial, and the commons. For if goods and services are indeed the fruit of the working of human intelligence and labor upon these ecological, community and cultural assets, *and* if capital is the fruit of the exchange of these goods and services, than capital itself, both physical and financial, is a penultimate expression of the commons and should be stewarded, in part, by a community of stakeholders.

The larger social problem, from this perspective, is not that businesses freely create surplus value from the commons. Rather the problem is that, once created these values and assets have not circulated properly due to a lack of multi-stakeholder forms of ownership and due to a lack of consciousness of the importance of this circulation for the health of society. From this perspective, a Social Finance Organization, is itself, par excellence, a “commons trust,” which has been freely created by human beings who have recognized, either consciously or intuitively, that a portion of the surplus value created by the economy actually belongs to the community and, for the sake of social health, should be re-invested in the commons in the form of philanthropic loans, grants and gifts.

This is also the reason I have proposed extending the role of SFO's and like entities to include acquiring an actual ownership stake in land and the means of production of farms and businesses. This way they can become not only stewards of financial capital but also stewards of some of the physical assets of the economy, which from this perspective should also be stewarded wisely by the community rather than bought and sold to the highest bidder.<sup>70</sup>

Imagine, for example, an entire business district in a small town in which all the land (and perhaps some of the buildings themselves) are owned by a non-profit SFO, and leased to various businesses. Through such an arrangement, the community could finally have a rightful role in shaping the business district *in partnership* with the entrepreneurs. Currently, most communities try to shape the life of business districts *from the outside* through various laws, codes, policies, and incentive programs, rather than from within, through economic, multi-stakeholder partnerships. If this downtown district, for example, had an unoccupied retail space that would ideally be occupied by a café, the community must no longer simply hope that such an entrepreneur appears and approaches the owner of the building; rather the SFO can go seek such an entrepreneur and help facilitate his or her success.

In this essay, I have thus emphasized the role of SFO's, multi-stakeholder ownership and healthy capital circulation as solutions to some of the problems of modern capital's detachment, or flight, from the commons. This approach allows us to begin to embody the idea of the commons in our immediate work and day-to-day lives, rather than wait for the government to mandate macro-solutions of the kind proposed by Peter Barnes, much less the kind of monetary system and policies proposed by Steiner, which is not to say these are not worthy efforts. Furthermore, this approach builds on an understanding of the positive role businesses can play in society. Barnes, on the other hand, seems convinced that greed will always have the upper hand in the economic life and thus focuses on the need to enclose selfish corporations within the strong boundaries of "commons trusts."

### **Multi-stakeholder Ownership and Larger Scale Businesses**

A further question we could ask ourselves is whether multi-stakeholder ownership has any relevance for larger companies in our movement, or for circumstances in which much larger sums of capital are needed, than in the examples I have provided here. As it is often at this stage of a company's growth when the problems of mission drift and the danger of "sell out," or simply under-capitalization has most often occurred.

Interestingly enough, multi-stakeholder ownership of the kind I have described here is not unheard of in large-scale businesses, especially those founded by the idealistic businessmen of another era. A controlling share in Hershey Corporation, for example, is actually held by the Hershey Trust, a charitable organization which endows and manages a number of long standing social and educational institutions in the community of Hershey, Pennsylvania. It was essentially the result of long standing ties of this Trust to the local community that prevented the Hershey Corporation from selling out to a multi-national corporation in 2002—a fascinating story of both the power and challenges of multi-stakeholder ownership.<sup>71</sup>

The real question, I would suggest, is one of scale and imagination. Could we, for example, imagine a national level SFO serving the Sustainable Food and Farming Movement? This

organization would pool funds from thousands of committed individual and institutional investors and depositors, both small and large; hundreds of existing companies in the movement; dozens of large, private foundations and from an array of other banks, financial institutions and NGO's who partner on specific projects. Can we imagine this SFO acquiring an ownership stake in a wide range of companies small and large, a stake which also gives this SFO a say in decisions involving the sale of the company? Would not such an SFO function, essentially, as a kind of "commons trust" for the Sustainable Food and Farming Movement, assuming the SFO itself was organized in a fashion that provided for multi-stakeholder ownership and governance?

Alternatively, could we imagine that in the future, socially responsible investors begin to use multi-stakeholder ownership as a factor as important as environmental practices in looking for businesses to invest in? Just as the idealism of consumers has the power to change what companies produce and how farmers farm, so does the idealism of investors have the power to impact how companies are organized. In this light, it is worth mentioning two initiatives taking place in this country that are not off the ground yet, but that have the potential to have a far reaching effect on our movement and on the whole field of social finance and socially responsible investing, particularly at this larger scale.

The first of these is an initiative called "B Lab" that is being incubated by the Investor's Circle Foundation, (a kind of think tank associated with the Investors Circle, an organization described above on page 35). B Lab is based on the emergence and growth of the kind of altruistic companies which I have described in this essay, companies focused on social benefit that have incorporated active involvement by stakeholders in their ownership or governance. Based on this growing reality, B Lab envisions:

. . . a new sector of the economy, the For-Benefit sector, which harnesses the power of private enterprise to create public benefit. The For-Benefit sector, sitting between the for-profit and non-profit sector, is comprised of a new type of corporation – the B Corporation. B corporations are unlike traditional responsible businesses because they 1) institutionalize stakeholder governance; and 2) meet a set of social and environmental performance standards. The mission of B Lab, a non-profit organization, is to build the For-Benefit sector by 1) creating and promoting a unifying brand; 2) certifying and rating B corporations; and 3) developing and disseminating a legal framework to institutionalize stakeholder interests within existing corporate law.<sup>72</sup>

The second initiative, similar in some respects, is that of Michael Schumann and colleagues to create an alternative stock exchange at the state level in Maine, a stock exchange that would be organized on altruistic principles and that would allow locally-owned businesses to expand more readily by going public and being capitalized by, among others, non-professional investors like you and me who are committed to the vitality of their local economies. Imagine, for example, being able to invest in a small but growing chain of locally-owned natural food restaurants in your state. Schumann has described this initiative in his recent book, The Small-Mart Revolution, as follows:

We envision our first major step to be the creation of an underwriting company that helps LOIS [locally owned, import substituting] businesses, maybe a dozen each year, go public, within the state. Only Maine residents will be able to buy the stock, which effectively will keep ownership of participating firms local. . . And unlike existing stock exchanges, this one might have the kinds of reforms many experts have been suggesting—without a prayer of success—for the New York Stock Exchange and the NASDAQ. A Tobin Tax—as small fee, between a tenth and a quarter of a percent, placed on all stocks held for less than, perhaps, six months—might be imposed to discourage speculation. No business might be allowed on the exchange unless it paid living wages and met certain sustainability criteria. Any firm guilty of fraud or other felonies might be banned.<sup>73</sup>

While these two efforts face enormous hurdles, through them, I believe, it is possible to begin to peer into the future of capital flow and ownership forms in an Altruistic Stakeholder-Managed Economy, a future in which the synergies created by thousands of altruistic companies and millions of altruistic investors and consumers, begins to make possible the transformation of society from within the belly of the beast of our modern economic life.

### **Non-Profit, For-Profit Cooperation in an Associative Economy**

Anyone reading this essay carefully—and anyone paying attention to current social trends—will quickly realize that in the emerging Altruistic Stakeholder-Managed Economy the dividing line between so called for-profit businesses and so called non-profit organizations begins to disappear both organizationally and culturally. And well it should, for it is certainly a strange and sad irony of our society that our for-profits, which are not legally bound to serve altruistic goals, afford almost unlimited freedom to individual entrepreneurs and investors, while our non-profits, which are legally bound to serve community interests, place almost all control in the hands of boards of directors composed of stakeholders, from which staff are typically excluded. Clearly what we need are for-profit businesses that are altruistically motivated and have active involvement by their stakeholders and non-profit organizations that see themselves as social entrepreneurs.

A wonderful organizational model for such a new type of non-profit is currently thriving in the social services sector in Quebec, where much of the home-based care of the elderly is managed by multi-stakeholder coops, called Solidarity Coops. Their boards of directors consist equally of caregivers, consumers (recipients of care), and external stakeholders such as church groups and advocacy groups.<sup>74</sup> In this country, much progress has been made along these lines through the growth of the *social entrepreneurship* concept, wherein it is recognized that non-profit leaders can and do act as entrepreneurs and wherein non-profit ownership of mission related businesses is fostered.<sup>75</sup> While social entrepreneurship is still primarily viewed as a new approach to revenue generation by non-profits, its greater significance, I would suggest, lies in the fact that it is demonstrating the need for altruism in economic life as well pioneering multi-stakeholder forms of ownership in the for-profit sector.

In our own movement, we can also witness how a very dynamic form of cooperative activity has begun to emerge between farms, businesses and consumers on the one hand, and the non-profit organizations who are serving their growth and development on the other. Just as I pointed to the way in which non-profit SFO's can work in partnership with for-profit businesses to facilitate a

healthy circulation of capital in society, so are there a host of non-profits working at the grassroots level to create opportunities for different constituencies, stakeholders and companies to come together, find their common interests and work together on behalf of those common interests. Below are some examples of this dynamic associative activity all along the food chain:

1) At the **farm level** of our movement we no doubt find the greatest amount of associative activity, where there are a wealth of non-profit organizations and projects that are working to:

- Help farmers form cooperatives and marketing associations
- Bring farmers and processors together to establish more cooperative working relationships
- Bring farmers together with other farmers and with scientists to conduct agricultural research in partnership with one another
- Bring cooperatives and marketing associations together to seek markets and set prices
- Engage farmers in helping provide training for new and beginning farmers
- Help farmers market directly to consumers, retailers, restaurants and institutions in their local communities
- Organize a host of conference and workshops to keep farmers connected to one another and connected to the latest developments in the movement that pertain to their livelihood

2) Moving to the level of our **processors, food marketers and distributors**, we can also find various trade associations and business development organizations working to foster cooperation and networking among these businesses as well as their start up and expansion. A wonderful example of a new type of associative effort at this level of our movement is the *Pork Niche Marketing Working Group*, which fosters information sharing, cooperative research and development efforts among a host of agencies and more than ten businesses and companies, many of them competitors, who are involved in marketing niche pork products in the natural and organic food industry.<sup>76</sup>

3) At the **consumer level** of our movement, we again have a host of trade associations and other organizations facilitating cooperation and shared learning among our natural foods stores and coops, among restaurants and chefs that are committed to organic food and local foods, as well as among universities, hospitals and other institutional food buyers who are beginning to embrace local and organic foods. One relatively new and exciting example of this kind of association has been made possible through a multi-stakeholder owned company called CoopMetrics.<sup>77</sup> CoopMetrics has developed a remarkable data sharing tool called “CoCoFiSt” that is allowing the natural food coops in our movement to work together as a virtual chain, by sharing their financial data and best practices with one another.<sup>78</sup> We also have a plethora of organizations working directly with consumers, from national consumers’ associations, to “buy local” projects and campaigns, to community food security projects working to empower poor communities to create and partake in a healthy food system.

These are just a few examples of real associative activity taking place in our movement today. I call these efforts “associative” because, in a limited fashion, individuals are moving past their own personal self-interest in order to work together on behalf of common interests, in just the

way Rudolf Steiner described as being so essential in our time. And in most cases, it is with the help of non-profit organizations that this altruistic cooperation becomes possible.

As dynamic and encouraging as the above efforts are, I would be remiss not to point out that the non-profits facilitating much of this work are continually hindered and constrained by lack of funds, by the fragmentation and ‘project’ focus of funders, and by the current methods of grant-making. As someone who has worked for years at the non-profit level of our movement, I can say that there is almost nothing that saps as much time and energy away from the our real work as the lack of funds and the hoops and administrative requirements created, with all good intent I might add, by grantmakers. What these budding associative efforts need in order to function effectively are groups of funders who come together with them on an annual basis to cooperatively identify needs, set priorities and capitalize the growth of the movement in specific regions or sectors, at both the for-profit and non-profit levels of the movement. This is one of the reasons I have emphasized the need for SFO’s in this essay, because I believe that this is exactly how these SFO’s could and should begin to work in the future. Finding ways to bring an associative and cooperative process to bear on non-profit funding could not be more necessary or urgent.

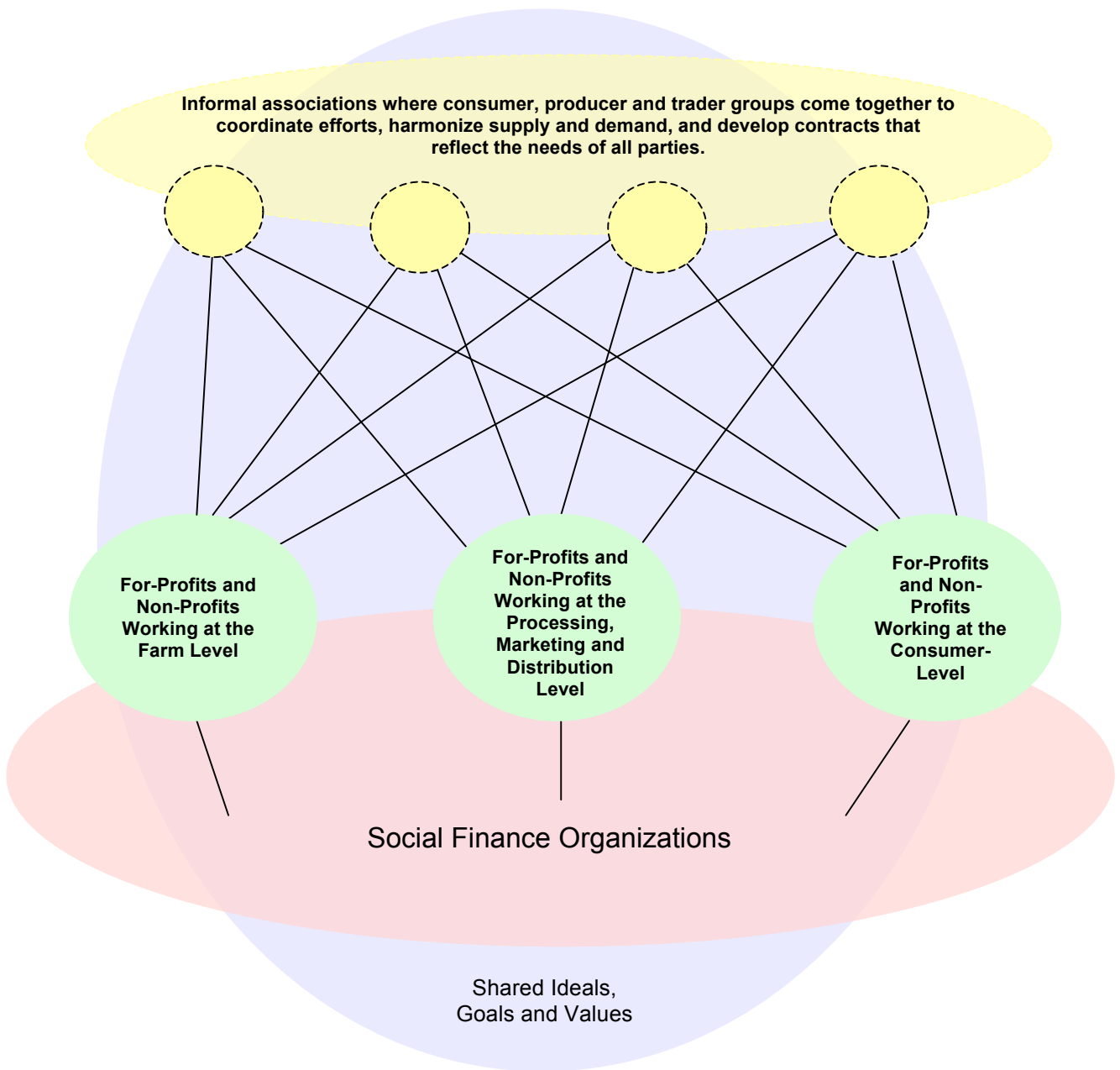
What we can see from all of the above, in spite of these funding challenges, is that there is already a wealth of associative activity taking place in our movement, and that this activity draws very much on the dynamic relationships that are growing between non-profits, on the one hand, and farmers, food businesses and consumers on the other. Through the co-working of these efforts along with the proper support of SFO’s, I believe we can see how our movement could gradually move in the direction of the kind of associative trading relationships which I described earlier in this essay—that is, trade wherein representatives of all three aspects of economic life (production, distribution, and consumption) come together to gain insights into economic needs and work together to meet those needs in a fashion that allows all parties to thrive. I picture these as fluid, informal associations that would not take on a legal status but would rather change, grow and evolve in a dynamic fashion in order to address the ever changing landscape of social-economic life and the ever changing needs of the different stakeholders. Nonetheless, I picture that agreements of various kinds would be reached in these associations which would get formalized, when necessary, as contracts and memoranda of understanding between the entities involved, as needed in any given circumstance. In Diagram 2 on page 40 below, I have attempted to summarize pictorially these different layers of associative activity in our movement and show how they could form the basis for an associative form of trade.

The great question facing our movement then, is whether all our current associative activity is going to be placed purely in the service of helping one set of stakeholders or constituents or businesses gain a competitive advantage over another set, or whether we are going to take this work its logical next step, by beginning to weave these efforts together and in doing so create associative forms of trade as the basis for our movement. In this direction, I see the only hope that our movement will ultimately overcome the forces of commodification, industrialization and corporatization that presently infect any and all forms of economic activity that reach a certain scale. Indeed, even with the adoption of a wide ranging set of social justice and social responsibility type certification systems, I believe it will prove impossible to embody the deeper

values of our movement without forms of associative trade of the kind described here, which will, in turn, require alternative forms of finance and ownership to be fully realized.

For surely it is the case, and I believe many of my colleagues reading this essay will concur, that the only *real* competition remaining in the world-wide economy is the competition between those who share an altruistic set of social, ecological and economic values and those who do not *yet* share such values. What I am suggesting here is that this real competition can only truly be *won*, in a fashion that does not compromise our values and our movement, when those who share these altruistic, ecological values stop competing amongst themselves and begin properly cooperating and associating—and do so more effectively and more creatively than those who do not yet share these values.

**Diagram 2**<sup>79</sup>



Having said this, I recognize that there is no royal “we” in our movement to make this quantum leap. I am not recommending that we somehow get all the movers and shakers in our movement together in a room and get them to agree on some kind of strategic plan for our movement. Nothing fruitful could possibly come from such an effort. An associative economy cannot be imposed; it can only arise through real economic relationships of trust between individuals of great integrity. What I thus imagine as a more likely scenario is that a few people, here and there, representing different non-profit organizations, farmer groups, retailers, distributors, food companies and financial entities active in our movement, begin to come together to explore these ideas and to move in this direction in a fashion that suits the unique context and stakeholders with whom they are working and representing, as well as their unique constraints and assets. If a few begin to work together successfully, it will then grow and spread, quite naturally, just as did Community Supported Agriculture, taking many unique forms based on the unique needs and contexts of the people involved.

My guess is that these first efforts will likely come from representatives of those parts of our movement that are neither so large as to be completely entrenched in the current system nor so small that the relevance and motivation are yet lacking. No fanfare need be associated with such efforts, nor any special labeling scheme to reward the work, nor even any special fair trade or value chain covenants to guide them, which is not to say that any or all of the above could not somehow play a role. But these efforts will only grow and develop if they meet a real, logical economic need among those involved, if they tap into the grassroots intelligence of the movement, if they create new efficiencies and thus prove manageable, and if, through the work, the participants experience the satisfaction that comes when one’s deeply held values begin to find outer expression in a way of working economically that enhances rather than compromises their integrity.

Much could also be accomplished in this direction, I believe, if the non-profit organizations serving our movement were to create more opportunities for the diverse stakeholders in our movement to come together and explore how to cooperate more fully. For example, networking conferences or meetings could be organized on a national, regional and local basis in which both for-profit businesses, non-profit organizations, investors and diverse stakeholders in the movement could be brought together not only to hear inspirational speakers or attend workshops or trade shows, but also to explore in small groups, perhaps through an ‘open-space’ networking format, how to build new social and economic connections between them. This could amount to a kind of Associative Economics Congress or Symposia. Learning how to facilitate these sorts of meetings and conversations is an important capacity to be developed for the future our work.

In addition, business associations could be formed that are less about trying to help one group of stakeholders seek a competitive advantage over another, and more about creating a learning community wherein a variety of mission-based business could come together regularly to continually enhance their capacity to implement the principles of the new economy while remaining economically viable. Indeed, the farmers in our movement have been practicing this kind of cooperative information sharing with regard to organic and sustainable farming practices for decades, and it is time our distributors and retailers begin to do the same thing with regard to holistic business practices.

Facilitating these kinds of learning communities among the businesses in our movement could also greatly enhance the work of those organizations which are working toward some type of social justice or fair trade business standards for the domestic organic and natural food industry. For these certification efforts would have more value and be much less fragmented, I believe, if they had as their basis a more comprehensive understanding of the new economy that is trying to emerge in our movement, and if they put more focus on engaging their members in a learning community process focused on how they could help one another to more fully embody these principles, year by year. I also think they would benefit if they considered certifying entire companies rather than, or in addition to, certifying discrete product lines. What is ultimately needed are entire food companies committed to gradually embodying the principles of the new economy. A similar approach could also be considered in production related certification, namely to certify farmers rather than, or in addition to, farms.<sup>80</sup> This step would immediately create a gold standard among those farmers and companies who are working at the highest levels of creativity, trust and integrity and still leave plenty of room for those to be recognized and certified who for whatever reasons are moving more slowly or cautiously in embodying these principles. For in the end, if these efforts are going to be true to their intent, they should be less about preserving or gaining market share and more about realizing the inherent, socially transformative values of our movement.

### **Conclusion: Toward Convergence**

One of the most remarkable things Rudolf Steiner said about the emergence of the kind of associations I have described above is that they will only be able to succeed if those who create, shape and participate in them feel a spiritual bond with one another—that is feel connected and inspired by a higher sense of purpose and by a sense of community:

. . . if any man works for the community, he must perceive and feel the meaning and value of this community, and what it is as a living organic whole. . . . It must be informed by an actual spirit in which each single person has his part . . . the whole communal body must have a spiritual mission. All the vague progressive ideas, the abstract ideals, of which people talk so much, cannot present such a mission. If there be nothing but these as guiding principles, the one individual here, or one group there, will be working without any clear comprehension of what use there is in their work, except its being to the advantage of their families, or of those particular interests to which they happen to be attached. In every member, down to the least, this Spirit of the Community must be alive and active.<sup>81</sup>

When contemplating these ideas of Steiner's, I realized that this feeling of being a part of a community of shared purpose, in a deeply spiritual way, is what I have invariably felt when attending the larger sustainable or organic or food systems conferences which bring together so many diverse stakeholders that form the core of our movement. What a deep sense of community rises up, a deep sense of shared purpose and inspiration, which I have also seen in the faces and heard in the voices of others. Several farmers in Iowa, for example, have told me how the annual conference of Practical Farmers of Iowa is their annual touchstone, their spiritual inspiration giving them the strength to keep pioneering sustainable farming in the midst of all the difficulties

and loneliness of the Iowa agricultural landscape. I have experienced this same feeling in staff and board meetings of the non-profit organizations I have worked in and with—a feeling of deep unspoken camaraderie that comes from the sense of a shared, urgent, important, spiritual task. I have had these experiences while shopping at our local natural food coop and while picking up vegetables from our CSA farmer and while preparing this food with my family and friends—a feeling of connection to all the people, farms, plants and animals that have given something of their life and their substance for me to be able to buy and enjoy this food.

Indeed, the more I have reflected on this, the more convinced I have become that the Sustainable Food and Farming Movement is actually a spiritual community of the kind Rudolf Steiner described above, a community of people that feel deeply united in the effort to bring a transforming influence upon our current civilization. Though as a movement we have largely left communes behind, we are still a *communal* body of effort, of striving, of ideals—though each formulates for him or herself in a completely free way how they understand this task and how they choose to act upon it.

Is it not this shared sense of purpose that has kept our movement from becoming completely fragmented amidst all the different certification and marketing schemes, all the different organizations, agendas and production methods, all the different needs, geographies and places in the food chain that we occupy, not to mention political differences? And is it not this shared sense of purpose that makes us, ultimately, more than a “single cause” movement based on one or two passionate, progressive ideas, such as “organic” or “local” or “sustainable,” but rather a profoundly holistic movement concerned with the transformation of the whole of human life? And isn’t it possible that as our movement grows and becomes ever more diverse and ever more part of the mainstream, this shared sense of purpose will need to be cultivated and strengthened, so that it can also grow, evolve, become clearer, more articulate—so that as a movement we can become a voice for something that ultimately can never be commodified or regulated, labeled, compromised or copied?

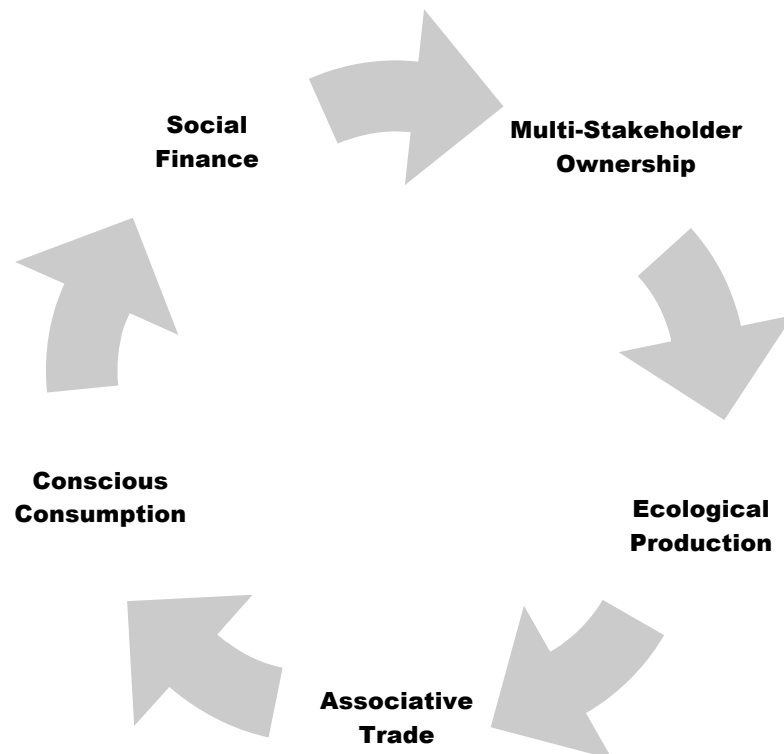
And is it not this shared sense of purpose that links us, after all, with the hundreds of other movements working for social change in different arenas and different locales but of out of a similar sense of purpose, that is, with those Paul Rey and Sherry Anderson refer to as the *Cultural Creatives* and who they estimate make up a quarter of the population of America?<sup>82</sup> In their ground breaking work *Culture Creatives: How Fifty Million People are Changing the World* Rey and Anderson point to fact that in the 1960’s two distinct but closely related movements emerged that are beginning to have a real effect upon American culture. They call these two movements: the *Social Movements* and the *Consciousness Movements*, the one focused more on social, political, environmental and economic change and the other focused more on psychological growth, spirituality and a change of consciousness. And they make a compelling argument that the great opportunity at this time is for these two sister movements to converge, to unite their perspectives and their strategies in order to spark a cultural revolution. As one writer puts it:

The New Age stereotype is that it is all about changing ourselves internally and the world will take care of itself. The political activists’ stereotype is that we ignore our inner selves to save the world. Neither works!....the Cultural Creatives

are about leaving that dichotomy behind and integrating the evolution of the self and the work on the whole.<sup>83</sup>

I point to this here because I have witnessed over the years that when the conversation in our circles turns to how to grow and expand our work—whether to bring in more farmers, or penetrate more markets, or scale up local food systems, or change policy, or reduce pesticide use—we often forget the degree to which our movement is actually based first and foremost on a deep change of heart, on a transformed way of understanding the world and on deep seated values of cooperation and altruism. Thus we are led to think that if we can just frame the issue in the right way, assemble the right facts or arguments, the right marketing materials, the right number of constituents or votes, adopt the latest corporate business strategies or acquire the necessary resources we will be able to accomplish our objectives. But in fact these are extremely short-sighted strategies if they are not coupled with an awareness that deep spiritual longings and values form the foundation of our movement.

My point here is not to suggest that we should try and grow our movement through evangelizing our values but rather by challenging ourselves to understand and live these values more fully and more deeply in our economic practices with one another. And this to me calls us to look at how we can begin to weave together and bring into harmony the different components of the new economy that have begun to emerge in and around our movement, components such as conscious consumption and empowered consumers, ecological forms of production, associative forms of trade, social finance, multi-stakeholder forms of ownership and many other aspects that time and space have not permitted me to describe here [see Diagram 3].



**Diagram 3**

To me this means that after a decade of enormous outer expansion of our industry, in which we have proved that we can play ball with big business and big government and get local food on the cover of *Time*, it is perhaps time to reconnect with the deeper sources of our movement and to look again at the big picture of where we might be heading and of how we can all work together to get there.

By beginning to practice the art of economic association, and thus to weave together these different components of the new economy at the local, regional, national and worldwide levels, we can both strengthen the core of our movement and begin to demonstrate to others, in a way no propaganda effort ever could, the life-affirming values and holistic worldview that inspire us and the benefits these make possible when embedded in economic practices—that is, we could begin to properly align or converge the values of our movement with the practices of our industry.

Furthermore, until we begin to converge our movement with our industry in this way, I believe our efforts to gain political traction will continually be lamed. This is because we will always be lacking a common vision of what we are working toward and therefore of what we need and don't need from the government. And without this, those in power will always be able to cause division in our ranks by appealing to our self-interested perspectives of what we think would be best for *our* particular organization, business, community or cause. This is not a call to avoid political activity but it is a call to step back as a movement and gain a bigger picture of where we have come from, where we are now, and where we might be going—a picture which could serve as a basis for a mature, long-term, political vision, philosophy, and strategy.

In striving to accomplish these most difficult tasks, I have attempted in this essay, with the help of Rudolf Steiner, to articulate the need for a number of new concepts, creative capacities and organs of cooperation. I have attempted to show, on the one hand, that these concepts, capacities and organs are already beginning to arise of their own accord in society and in our movement. And I have suggested that nonetheless these developments need to be taken hold of and shaped more and more consciously if we wish to realize the deeper mission and purpose of our movement at this decisive moment in time.

### **Appendix: Guiding Insights of Associative Economics**

*I am aware that this essay has not covered some of the immensely important aspects of our movement and of our work, not only at the policy level, but also at the economic level, for example, the whole issue of labor and labor practices. As mentioned in the preface to this essay, my hope is to address these topics in future writings. I have, however, included here an Appendix that attempts to provide a more comprehensive summary of Steiner's social and economic ideas which may be helpful to the reader whose feels some of the gaps in this essay.*

Looked at from ten thousand feet, the global economy reveals itself as a dynamic, living organism formed by immense webs of cooperation between creative individuals, businesses, consumers, investors, lenders and all manner of other stakeholders. Money, raw materials, goods, ideas, knowledge and services flow through this global organism like blood coursing through veins, bringing life to the far corners of the globe . . .

From ten thousand feet this economic organism also reveals itself as inherently altruistic in nature, in that its overriding activities involve stewarding, transforming and sharing the earth's resources in order to provide human beings with the opportunities, goods and services they need to lead meaningful lives. It also reveals itself as an organism that fosters social and communal bonds between people with differing capacities and world views; people from different walks of life, cultures, nations and races. From this ten thousand foot perspective, we could say that the true nature of economic life reveals itself as the will to steward the earth, to express creative capacities, and to cooperate and share with others.

Unfortunately, looked at up close, we can see that our economy does not yet have an understanding of itself nor a manner of organizing itself that allows it to truly embody these values. Rather, the true nature and mission of economic life is continually being hindered, distorted and undermined by ideas, habits, sentiments, practices, institutions and theories that are not in service to its real task in human life. This leads to disease within this organism: the living blood of the economy does not circulate properly and the result is spiritual, social and economic fragmentation that at best leads to inefficiencies, unemployment and low productivity and at worst leads to corruption, environmental degradation, poverty, social unrest, violence and war.

Heretofore, modern societies have sought either to 'tame' the excesses of this diseased economic organism through government regulation and redistribution of wealth or to 'trust' that the 'invisible hand' of providence will produce social harmony out of self-interested behavior. An alternative approach would seek to understand, foster and give wings to the altruism, cooperation and socially creative processes and behavior that are already active and inherent in economic life. An alternative approach would seek to strengthen the ability of human beings to permeate their economic motivations and actions with greater selflessness, creativity and practicality. An alternative approach would seek to research and demonstrate new social-economic forms, practices and policies that are in harmony with the dignity of the human being and with true nature of economic life, as well as eminently practical and capable of realization.

It was to lay a foundation for such an approach to economics and social transformation more broadly speaking, that Rudolf Steiner gave in July and August 1922 a series of fourteen lectures on the nature of economic life. These lectures, published as World Economy, along with his

lectures and writings on social economic issues, in particular his work on the Threefold Social Organism, (now published as Towards Social Renewal), form the foundation of what has come to be called Associative Economics, the key insights of which I attempt to describe below.

Associative Economics is not a utopian model of society or an economic paradigm to be imposed upon existing conditions, but rather a method of insight and of action that that can allow one to work helpfully and insightfully in any given situation to improve the lives of human beings and the circulation of resources.

**1. The World as a Single Economy:** Associative Economics sees the whole earth as a single, closed, economic organism—regions and countries are like cells within this organism. Goods, knowledge and services flow through this organism like blood through the veins of the human being. It recognizes that through globalization and the division of labor, all countries and all human beings, are now interdependent: the economy has evolved into a single closed economic domain encompassing the whole earth. No sector, region or country can suffer or prosper without this impacting the rest of the world and the problems in one sector, region or country cannot be solved without understanding their relationship to the wider whole. Understanding how a worldwide, closed economic domain has emerged in the course of history from what used to be trade between individual nations and what this demands of us in the present and future is an essential task of this era of civilization.

**2. The Inherent Altruism of Economic Life:** Associative Economics sees within economic life an inherent altruism and spirit of cooperation and sharing, and it recognizes that these qualities must become stronger and more conscious in order for there to be a healthy creation and circulation of values of a kind that brings well being to all people. It recognizes the need for economic motivations, practices, skills, and policies that transcend personal and national self interest as well as fears of scarcity or the desire to benefit at the expense of others. And it sees the need for forms of economic organization and management, implemented by economic actors themselves, which foster the healthy circulation of goods, services and capital within communities and throughout the economic organism of the world.

**3. The Need for a New Economic Science:** Associative Economics recognizes that this worldwide economic organism needs for its health a new economic science that is not limited by materialistic assumptions about the nature of reality and that can grasp through living insights, concepts and pictures the dynamic forces involved in social life as a whole and in the creation and circulation of values. It sees the need for an economic science that can strengthen altruistic economic behavior among human beings and that can demonstrate new economic forms, policies and practices that are both in harmony with the dignity of the human being and eminently practical. This is a science that must increase knowledge and understanding as well as provide practical guidance and means to address today's social-economic problems.

**4. Harmonizing Labor and Capital:** Associative Economics recognizes that values arise in the economy from two primary sources, these are:

1. The transformation of nature through human labor, and
2. The transformation of labor through human intelligence or creativity.

Our economy is a reflection of the multitudinous ways in which these two value creating processes impinge on, intersect with, and flow into, one another. Through these two and through their interaction, commodities and capital come into being. Economic health, from one

perspective, consists in bringing into right relationship the values created primarily through labor and the values created primarily through intelligence and creativity. Providing insights and demonstrating methods that help foster the right relationship between these value-creating processes is an essential task of Associative Economics.

**5. The Need for True Prices:** Associative Economics recognizes that in the process of buying and selling the economic life becomes real for every single human being and it recognizes that in the formation of price the most varied factors influencing the creation and circulation of values come together. A ‘true price’ from the standpoint of Associative Economics is a price that allows all those who have participated in the creation and distribution of any given product to be able in the future to provide the same services so that another such product can be produced, distributed and consumed. A true price also reflects the reciprocal relationships between products and their values existing at any given time in the economy. A true price is thus ever fluctuating and arriving at true prices is a matter of creative insight which is only possible when human beings who have been involved in the production, distribution and consumption of a given product or service work together to understand one another’s needs and to understand a product’s rightful value at any given moment in the life of the economy. The ability of economic actors to arrive at true prices in an ongoing manner is essential for the health of the economy and for the well being of human beings.

**6. The Need for an Associative Form of Economic Life:** Associative Economics recognizes that the complexity and fluidity of the modern economy and the justified and unique needs and perspectives of its different participants (producers, workers, traders, consumers, etc, etc.) demands an associative form of economic life: that is, a form wherein the diverse participants in the economy work together cooperatively to coordinate the processes of production, distribution and consumption, to guide flows of money and capital and to set, in a flexible, ongoing manner, prices that support the economic health of all. These associations can take many forms. They can form on the basis of a specific region, a specific commodity, a specific sector or need of the economy. Or they can form on the basis of some combination of these. The size and character of an economic association must arise organically based on the actual needs and possibilities of a given situation and group of stakeholders. Associative Economics thus points to the potential and the need for the economic life to be rationally and altruistically managed by associations of economic actors themselves, and it sees this form of economic self-management as an alternative to both neo-liberalism and state socialism.

**7. Transforming Money:** Associative Economics is especially concerned with understanding the true nature of money and facilitating its healthy use and circulation. Associative Economics recognizes three types of money active in economic life, these are: purchase money, loan money and gift money. There is a natural evolution of money over time from purchase to loan to gift money but this natural process or aging of money is continually being disrupted by current economic ideas, practices, policies and realities. A key feature of Associative Economics therefore involves gaining insight into the nature of money and identifying, articulating and demonstrating ways to foster a healthy monetary system, at the local, national and worldwide levels. Some of these features of a healthy monetary system include:

- Understanding and facilitating the aging of money and its healthy passage from purchase to loan to gift money and back again to purchase money

- Managing money as a medium of exchange rather than as a commodity in and unto itself
- Using innovative means to keep money from getting ‘congested’ in investments in land and other physical assets
- Tying the value of money to the values created through agricultural production in a given region

**8. Freeing Work and Education:** Associative Economics recognizes that the health of society is dependent on the degree to which each person can unfold his or her inherent gifts, capacities and talents. It recognizes that the economy should take its shape from human creativity rather than human creativity being tethered to economic interests. In this light, it sees it as an urgent need to free human beings to be able to work more and more out of a recognition of social needs and out of a personal sense of mission, task or talent rather than to simply work to ‘earn a living.’ In this respect, it also sees the necessity to free the life of education from the imposition of goals and standards that derive from narrowly conceived economic and national interests. Associative Economics thus seeks to research and demonstrate new social forms, policies, practices and institutions that can both free education and de-commodify human labor, thus freeing the human spirit to shape rather than be shaped by economic life.

**9. Stewarding Land and Capital:** Associative Economics recognizes that a healthy economic life requires fundamentally new ways of conceiving of and practicing ownership and finance. Specifically, Associative Economics recognizes that land (and other forms of natural capital), the means of production, and financial capital need to be creatively stewarded in a fashion that provides the widest possible social benefits, rather than their use being arbitrarily determined by financial means, profit motive, and historical precedents. Associative Economics thus points to an important role in society for new types of organizations (which in some cases already exist or are emerging) whose task is to steward and make available land, other forms of natural capital, the means of production and financial capital to those whose creative capacities put them in a position to provide the greatest social benefit from these community resources. Associative Economics does not conceive of these institutions as organs of the government or of the economy, but rather as organs of the social sector (see #10 below) that serve the economy and that serve the goal of ‘democratizing’ the availability of these resources. Associative Economics thus sees the de-commodification of land, labor, and capital (including physical, natural and financial capital) as essential for the healthy circulation of money and for a healthy economic life in general.

**10. Understanding and Balancing the Three Processes and Sectors:** Associative Economics recognizes three primary processes and associated sectors whose interactions comprise human society and human institutions. These are:

- 1) Economic processes, which comprise all those activities related to transforming and distributing the earth’s resources, and managing the circulation of values, in order to provide human beings with the goods they need to lead meaningful lives.
- 2) Spiritual, Cultural and Social processes, which comprises all those activities and institutions that give expression to the human striving for meaning, for

knowledge, for self-development and self expression, as well as for community, cultural belonging and for physical and mental well being.

- 3) Political or Rights processes, which comprise all those activities related to establishing and upholding human rights and responsibilities which in turn provide the ground rules or the framework within which the economic sector on the one hand and the spiritual cultural (or social) sector on the other, conduct their activities.

Associative Economics recognizes the need to find the right role, relationship and modus operandi for each of these sectors within society as a whole. It also sees the need to understand and facilitate the right role and relationship between these processes within the microcosm of the economic life proper and within particular economic and social institutions.

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<sup>8</sup> Braunstein, Michael “All Things Organic: A Trade Show with the Right Ingredients,” Organic Trade Association, March 2007, <<http://www.ota.com/TheReader.html>>

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<sup>29</sup> For more information see: Organic Valley, March 2007, <<http://www.organicvalley.coop/index.html>>

<sup>30</sup> For more information see: Equal Exchange, <<http://www.equalexchange.com/>>

<sup>31</sup> For more information see: Oklahoma Food Cooperative, March 2007, <<http://www.oklahomafood.coop/>>

<sup>32</sup> For more information see: O-Farm, March 2007, <<http://www.ofarm.org/>>

<sup>33</sup> For more information see: The Cooperative Grocer, March 2007, <http://www.cooperativegrocer.coop/index.html>

<sup>34</sup> For more information on Domestic Fair Trade see: "For Health, Justice, Sustainability: Principles for Domestic Fair Trade," Domestic Fair Trade Working Group, Rural Advancement Foundation International USA, December 2005, <<http://www.rafiusa.org/programs/DFT.principles.12.05.pdf>>

<sup>35</sup> For more information see: Association of Family Farms, March 2007, <<http://www.associationoffamilyfarms.org/>>

<sup>36</sup> For more information see: Value Chain partnerships for Sustainable Agriculture, March 2007, <<http://www.valuechains.org/>>

<sup>37</sup> For a description of this approach to managing major commodities, see: Nye, Christopher, "Pulling Together: A New Way to Think about the Farm Price Problem" 1987.

<sup>38</sup> Pollan, Michael, The Omnivore's Dilemma: A Natural History of Four Meals, (New York: Penguin 2006) page 143.

<sup>39</sup> Steiner, World Economy, pages 106-07.

<sup>40</sup> Steiner, World Economy, page 133.

<sup>41</sup> See for example: The Real Dirt on Farmer John, dir. Taggart Siegel, perf. John Peterson, Collective Eye 2006, a movie about CSA farmer John Peterson and Angelica Organics CSA, soon to be released on DVD.

<sup>42</sup> Peterson, Christopher H, "The Learning' Supply Chain: Pipeline or Pipedream?" American Journal of Agricultural Economy 85 (Number 5, 2002) pages 1329-1336

<sup>43</sup> Peterson, Christopher H, pages 1329-1336.

<sup>44</sup> Peterson, Christopher H, pages 1329-1336.

<sup>45</sup> Bollier, David, When Push Comes to Pull: The New Economy and Culture of Networking Technology, a Report on the Fourteenth Annual Aspen Institute Roundtable on Information Technology, (Washington, D.C: The Aspen Institute, 2006) page 4.

<sup>46</sup> Steiner, World Economy, page 72.

<sup>47</sup> See for example: DuPuis, Melanie “Civic Markets: Alternative Value Chain Governance as Civic Engagement,” March 2007, Plant Management Network, September 2006.

<<http://www.plantmanagementnetwork.org/pub/cm/symposium/organics/DuPuis/#note1>>

<sup>48</sup> See, for example: Hammel, Laury and Gun Denhart, Growing Local Value: How to Build Business Partnerships that Strengthen Your Community, (San Francisco: Berrett-Koehler 2007) page 38.

<sup>49</sup> For more information see: Shorebank, March 2007,

<<http://www.shorebankcorp.com/bins/site/templates/default.asp>>

<sup>50</sup> For more information see: RSF Innovations in Social Finance, March 2007,

<<http://www.rsfsocialfinance.org/>>

<sup>51</sup> For more information see: Calvert Foundation, March 2007,

<<http://www.calvertfoundation.org/about/index.html?source=>>>

<sup>52</sup> For more information see: Local Initiatives Support Corporation, March 2007,

<<http://www.lisc.org/section/aboutus/>>

<sup>53</sup> For more information see: Community Development Venture Capital Alliance, March 2007, <<http://www.cdvca.org/>>

<sup>54</sup> For more information see: North Country Cooperative Development Fund, March 2007, <<http://ncdf.coop/>>

<sup>55</sup> For more information see: Investor’s Circle, March 2007,

<<http://www.investorscircle.net/>>

<sup>56</sup> For more information see: New Profit, Inc. January 2007,

<<http://www.newprofit.com/>>

<sup>57</sup> For more information see: Capital Missions Company, January 2007, <<http://www.capitalmissions.com/>>

<sup>58</sup> See, for example: Smith, Phil and Eric Thomas, A Billion Bootstraps: Micro-credit, Barefoot Banking, and the Business Solution for Ending Poverty.

<sup>59</sup> Steiner, Towards Social Renewal, page 96.

<sup>60</sup> The irony here is that if one were to examine more deeply the drive for the acquisition of wealth by individuals, one would discover that what is genuine in it is the desire to capitalize ones own creative development, this being, for example, the ultimate purpose of leisure. For the economy to be healthy however, self-capitalization must more and more be replaced by altruistic financial organs that facilitate our ability as a society to capitalize one another’s gifts, talents and creative impulses.

<sup>61</sup> Havens, John J. and Paul G. Schervish, “Millionaires and the Millennium: New Estimates of the Forthcoming Wealth Transfer and the Prospects for a Golden Age of Philanthropy,” March 2007, <<http://www.bc.edu/research/swri/meta-elements/pdf/m&m.pdf>>

<sup>62</sup> For information on these see: Coop la Maison Verte, March 2007 at <<http://www.cooplamaisonverte.com/en/eng/index.html>>, Weaver Street Market, March 2007, <<http://www.weaverstreetmarket.com/>> and Oklahoma Food Cooperative, January 2007, at <<http://www.oklahomafood.coop/>>

<sup>63</sup> Steiner, Towards Social Renewal, page 99.

<sup>64</sup> Steiner, Towards Social Renewal, page 100.

<sup>65</sup> For more information on Community Land Trusts see: Institute for Community Economics, March 2007, <<http://www.iceclt.org/about.html>>

<sup>66</sup> For more information on this new organizational structure see: Kennedy, Tracey and Donald Frederick, Use of the LLC-Cooperative Statutes: Status of New Business Formation in Wyoming, Minnesota, Tennessee, and Iowa Organized Through 2005, March 2007, <<http://www.cooperatives.ucdavis.edu/news/Frederick%20LLC-Coops.pdf>>

<sup>67</sup> Lund, Margaret, The Use of Minnesota Cooperative Statute 308(b) for Farmland Conservation. North Country Cooperative Development Fund, October 2006.

<sup>68</sup> Barnes, Peter Capitalism 3.0: A Guide to Reclaiming the Commons (San Francisco: Berrett-Koehler 2006) page 5.

<sup>69</sup> Barnes, page 84.

<sup>70</sup> See for example: Steiner, World Economy, page 183.

<sup>71</sup> Savitz, Andrew W, with Karl Weber, The Triple Bottom Line: How Today's Best Run Companies are Achieving Economic, Social and Environmental Success—and How You Can Too (San Francisco: Wiley 2006).

<sup>72</sup> “B-Lab” Investor’s Circle, March 2007, <<http://www.investorscircle.net/index.php?tg=articles&topics=27>>

<sup>73</sup> Schumann, Michael, The Small-Mart Revolution: How Local Businesses are Beating the Global Competition, (San Francisco: Berrett-Koehler 2006) pages 129-130.

<sup>74</sup> For more information see: Simard, Paul and Johanne Mennie, Cooperatives and the Social Economy, The Co-operatives Secretariat Government of Canada, March 2006, <[http://www.recherchepolitique.gc.ca/doclib/PE/PS\\_PE\\_Simard\\_Mennie\\_200603\\_e.pdf](http://www.recherchepolitique.gc.ca/doclib/PE/PS_PE_Simard_Mennie_200603_e.pdf)>

<sup>75</sup> See for example: Fulton, Katherine, “The Past, Present, and Future of Social Entrepreneurship: A Conversation with Greg Dees” Center for the Advancement of Social Entrepreneurship, Duke University, The Fuqua School of Business, <<http://www.fuqua.duke.edu/centers/case/articles/0506/casecorner.htm>>

<sup>76</sup> *The Pork Niche Market Working Group* is a project of the *Value chain Partnerships for Sustainable Agriculture* project, a partnership between Practical Farmers of Iowa, the Leopold Center for Sustainable Agriculture, and Iowa State University, For more information see: <<http://www.valuechains.org> or <http://www.pnmwg.org/>>

<sup>77</sup> For more information of see: CoopMetrics, <<http://www.coopmetrics.coop/Home.aspx>>

<sup>78</sup> Jagiello, Joseph, “CoCoFiSt Data Sharing Strengthens Co-ops” Cooperative Grocer, #85, November-December 1999 <<http://www.cooperativegrocer.coop/articles/index.php?id=249>>

<sup>79</sup> In the spirit of the methodology described at the start of this essay, please note that I am not trying to impose this diagram as a fixed structure onto the dynamic realities of our movement. I fully recognize that our work is no where near this clear cut; many organizations are at work in multiple areas, engaging in multiple activities. Rather this as just one way to picture the multiple levels of our work and direction in which this work could evolve.

<sup>80</sup> I would like to thank my colleague Christopher Houghton Budd for first suggesting to me the idea that organic certification should focus on farmers rather than farms.

<sup>81</sup> Steiner, Rudolf Anthroposophy and the Social Question (New York: Mercury Press 1982) pages 25-26.

<sup>82</sup> Ray, Paul, and Sherry Ruth Anderson. The Cultural Creatives: How 50 Million People are Changing the World, (New York: Three Rivers Press, 2000).

<sup>83</sup> Sarah Van Gelder quoted in: Ray, Paul, and Sherry Ruth Anderson. The Cultural Creatives: How 50 Million People are Changing the World, (New York: Three Rivers Press, 2000), page 93.