

# Reaching the Underserved

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## Outline

- Context/background – why we want to reach the marginalized and under served.
- Cooperative opportunities to address such needs – why co-ops can.
- African American cooperative ownership – example of how co-ops serve communities that have been oppressed.
- Lessons learned.
- Other presentations.

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## Context/Background

Many populations do not fare well in the economy, even during relatively prosperous times.

The limitations of the so-called “new economy,” for example, illustrate the inconsistencies and failures of our traditional economic strategies for bringing, at the least,

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### limitations:

- equal economic opportunity to low resource, marginalized populations, and
- sustained prosperity to inner cities and other areas of poverty and underdevelopment.

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### background demographics:

A larger proportion of Blacks, Latinos, Native Americans, and some Asian American groups compared with Whites in the U.S. are

- poor and unemployed,
- have lower wealth levels and
- lower business ownership,
- poorer health, and
- higher incarceration levels,

in good times as well as bad.

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### model insufficiency:

Most economic development models serve segments of the population, usually favoring the "haves", and leaving behind others.

Additional strategies are needed to cast a wider net, that will provide economic options, stability and prosperity for all.

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## Shipp:

Sigmund Shipp (1996) suggests that purely entrepreneurial, single proprietor, strategies narrow the focus of economic development from the community to individuals.

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## Shipp cont'd:

Such strategies only help a small group, with limited impact on the entire community.

This in turn limits the entrepreneur's ability to expand the service area and be self-sustaining enough to reinvest in the community.

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## Cooperative Opportunities

- Cooperatives can address market failure, and the need to focus on both anti-poverty strategies and community building strategies.
- Brett Fairbairn, June Bold, Murray Fulton, Lou Hammond Ketilson and Daniel Ish (1991) contend that

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## Fairbairn et. al.:

"For decades, cooperatives in market economies have arisen where there are market deficiencies - imperfect competition, excessive concentrations of power and unmet needs. They have arisen, too, where the costs of adjustment to economic change have threatened to destroy communities, where local people needed power to control the pace and direction of change in order to preserve what they valued."

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## Chancellor Williams:

Ghanaian intellectual Chancellor Williams (1961) advocates cooperative economics as the "natural solution to the social condition of underdeveloped peoples." He contends that "cooperation was one of nature's more important schemes for survival."

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## Why Co-ops/Worker Ownership?

- Cooperative ownership helps address underdevelopment and economic isolation and marginality.
- Co-ops anchor the local economy;
- Worker co-ops increase
  - production and productivity,
  - flexibility and innovation;
  - self-management and "labor"- management inter-cooperation.

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## Why Co-ops cont'd

- Co-ops lead their industries in providing living wages, and often benefits.
- Skills developed from cooperative ownership are transferable to other economic, political and social situations,
- And increase civic participation.

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## re-circulation:

Co-ops (especially worker) re-circulate resources in a local economy:

- local wages stay in community,
- use of local suppliers (buying local and the local suppliers' activity stay in community),
- surplus returned to members,
- direct dollars to community and to community development.

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## special importance:

- All these elements are especially important to low income, low resource, and under served communities.
- They help provide control over economic resources and activities, assets and productive capacities, and increased income and wealth.

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## African American Example

- African American co-ops have a long and strong but often hidden history.
- They were often formed in response to market failure, and racism and discrimination in the marketplace – labor, housing, and capital markets.
- No good statistics about how many (since Du Bois found 154 in 1907), but I am in the middle of compiling the research.

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## AA Example cont'd

- Sectors: farming, fishing, marketing, transportation, caulking, insurance, brick laying, house cleaning, home care, quilting, crafts, grocery, credit unions, and more.

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## AA Example cont'd

- Many Black-owned cooperatives were/are successful, particularly as strategies to
- save costs,
  - provide quality goods and services,
  - increase income,
  - combat racial discrimination, and
  - increase Black economic stability and self-sufficiency.

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## AA Example cont'd

Many of the processes have been similar:

- join together in the face of a need or a problem,
- start small and spread the risk widely,
- use mutual group self-help as motivation, and
- continuously engage in education and training.

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## AA Example cont'd

Important components:

- internal education, study circles, public education, and publicity;
- reaching and incorporating youth;
- empowerment of women;
- adequate resources, training and financing; and
- need to create alternative sustainable economic activity in the face of discrimination.

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## Conclusions

- Black-owned co-ops saved and created decent jobs in their communities, increased income and economic stability,
- Often allowed members and employees to control their work environment.

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## Conclusions

- Through their modest economic empowerment efforts, many of the groups were able to win greater battles against white landowners, white unions, and general economic underdevelopment and sabotage

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## Conclusions

- The cooperatives facilitated leadership development.
- Team building, consensus building, problem solving, and other skills gained were transferable.
- Many co-ops engaged in policy advocacy to help institutionalize gains.

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## Conclusions

- Many co-ops engaged in the larger strategy of networking and building federations of small local units (often starting with buying clubs).
- They recognized the importance of attendance at and affiliation with national conferences and associations.

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## Conclusions

- Even when short lived, these enterprises had far reaching consequences for the members and their communities, who were usually better off because of these efforts.

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## Conclusions

- Many of these organizations and enterprises viewed cooperative economics as a tool or strategy of a larger movement – toward the elimination of economic exploitation and the transition to a new social order.

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## Presentations

- The presentations that follow will provide examples from Canada and the U.S. of how cooperatives are serving the underserved.

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