

Guest commentary: Oakland set to be a leader in workplace cooperatives

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Oakland will be one of the first cities in the country to integrate tailored support for worker cooperatives into its business assistance center.

This resolution is a first step toward a broader worker cooperative development strategy. Following this event, the Sustainable Economies Law Center and partner organizations will work with Councilwoman Annie Campbell Washington and others in the city to pass an ordinance that creates meaningful incentives and investment in worker cooperatives.

Oakland needs a new kind of economic development that puts people before profits and builds local, sustainable wealth that stays in the community. Too often, cities give tax breaks and other incentives to corporations that are structured to extract wealth from communities and concentrate it in a few hands.

This problem deeply affects Oakland communities: Income inequality in Oakland ranks as the seventh worst in the country among large cities, according to the Brookings Institution. Economic development as usual is not working.

In contrast, paving the way for worker-owned businesses promotes shared entrepreneurship and shared, local wealth creation. It fosters democratic workplaces, where all workers have a voice in governance and people predominate over money, not the other way around.

Cooperative members typically report higher job satisfaction, receive more leadership and business skills training, and enjoy better wages and benefits than industry standards.

There are also benefits for business owners who sell their companies to employees, as they can earn a substantial tax benefit and ensure their businesses stay open and rooted in the community.

Oakland already provides evidence of the benefits of worker cooperatives. For example, Oakland-based Arizmendi Association bakers make more than double the national median wage for bakers and receive health insurance, paid vacation, and a share of the profits.

A local cooperative development nonprofit, Prospera, reported in 2013 that worker-owners of their green cleaning businesses saw their incomes increase by 158 percent since they joined a coop, and their average initial investments multiplied by 22 times.

Cities have begun to take the lead on increasing the visibility of worker cooperatives as more and more municipal governments recognize the benefits of employee-owned businesses and have launched initiatives to support their development.

New York City led the way, investing \$1.2 million and \$2.1 million in its fiscal year 2015 and 2016 budgets, respectively, toward local cooperative developers. The city is also considering policy changes to bring down barriers to worker cooperatives and increase their participation in city contracting and procurement.

In California, the city of Richmond invested \$50,000 in worker cooperative development, which led to the creation of a worker cooperative loan fund.

This resolution will make Oakland the first city in California to codify its support for worker-owned and

democratic businesses.

Oakland residents can demonstrate their support for a people-centered approach to economic development by coming out in force at 5:30 p.m. next Tuesday at Oakland City Hall, in Frank H. Ogawa Plaza, to celebrate the city's recognition of worker cooperatives, and by encouraging the city to take the next steps in its support for the development of equitable, democratic workplaces.

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