

# 11.S950 Economic Democracy

Fall 2019

Tuesdays and Thursdays, 5:00 to 6:30 PM

Room 9-450

Prerequisites: none

Units: 3-0-3

## Instructors

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**TA: TBD**

## STELLAR SITE:

<https://learning-modules.mit.edu/class/index.html?uuid=/course/11/fa19/11.S950>

**First class will meet on Tuesday, October 22, 2019.** The class will run for seven weeks.

## COURSE OVERVIEW

The US today is one of the wealthiest societies in human history. It's wealth is derived from centuries of extraction and exploitation via genocide of First Nations, enslavement of Africans and colonial conquest in Latin America and elsewhere. The great wealth amassed through these means has generated tremendous racialized inequality. Though not as extreme, even whites are facing growing wealth and income gaps. Working people in the US are becoming more impoverished. Across key sectors of the economy – banking, manufacturing, housing, healthcare, energy – economic arrangements often deplete, rather than generate, shared wealth. Creating wealth for the top 10% by limiting consumption, also undermines the health of the economy overall. Growing inequality and economic instability threaten democracy. What is more, ecological crises spurred by an economic system that demands perpetually accelerating growth – and considers nature a commodity and inequality and ecological destruction as externalities – threaten the survival of the planet.

Economic democracy is a framework for rethinking how our economy is organized and coordinated. It posits a system of governance that prioritizes community agency and puts capital and resources under citizen control and ownership. Economic democracy reimagines the specific roles of civil society, the private sector and government in shifting economies towards human flourishing and ecological stewardship. This course will introduce students to major concepts in economic development, political economy, and concepts of economic democracy: labor, finance, ownership, and nature. It outlines a democratic approach to economic community development. We will explore how democracy can shape the economy and how societies might move towards democratic economic systems.

## COURSE REQUIREMENTS

**Class meetings:** The class will meet for 1.5 hours every Tuesday and Thursday from 5:00 to 6:30 PM from **October 22** through **December 12**. Students are expected to attend all class sessions and participate actively in class discussions and activities.

**Reading Assignments:** This class seeks to promote critical thinking about significant gaps in mainstream US economic analysis, particularly in relation to racialized economic exclusion. To this end, we include both mainstream readings and critical texts that fill in erasures. This approach can make for longer reading assignments. Readings will be available on Stellar. **Please check the stellar site and email communications from the teaching team on a regular basis;** additional readings and materials may be posted as the semester progresses.

**Assignments & Expectations:** Students are expected to come to class prepared to critically discuss readings in class. Active class participation is encouraged. All students will be required to do a group project that will be presented in class and documented as a paper or in an alternative format of the students' choosing pending approval by the teaching team. Students will also be required to submit two short individual reflective assignments.

1. **Reflective papers (2 pages): What's your best understanding of the Economic System?**

Please reflect briefly, but deeply, on the way our economic systems operate today. What are the structures that support these systems? What are the underlying assumptions and thoughts that have created these structures? You will submit two of these reflections, one at the beginning and one at the end of the semester.

1st version: Monday, October 28 at noon.

2nd version: Monday, December 9 at noon.

2. **Forum: Share and Comment**

Each student is required to post at least once on the Stellar Forum, and reply to other students' posts at least once during the course of the semester. Topics will be timely; events and discussion will focus on analysis of our contemporary economic systems. Posts should be between one and two paragraphs long.

3. **Group Assignment: co-creating an alternative body of Economic Democracy knowledge.**

Each group will focus on one of the following core concepts, which we will analyze in depth throughout the course of the semester: **1. Finance, 2. Labor, 3. Ownership, 4. Nature.** In addition, two more groups will deliver a proposal that explores the following topics: **5. Alternative History, 6. Alternative Future.**

CoLab is seeking to build a set of resources available to colleagues in the field interested in Economic Democracy concepts. In groups of up to 5 members, students will deliver a proposal that, first, serves as an intellectual resource that grounds the understanding of the concept of Economic Democracy, and second, includes insights for current organizations and practitioners who are interested in implementing economic democracy projects. In order to be accessible to all of our partners, the proposal should be in plain language, possibly with graphics, or otherwise made attractive and appealing. We will also encourage students to rely on "other ways of knowing" while coming up with their definitive proposal.

The proposal will be structured into two parts: **analytical and speculative**. The first part of the deliverable will offer an in-depth analysis of the state of the art, and the second will consist of a creative exploration of what could have been done in the past or could be done in the future to create more fair social and economic systems. The proposal can include specific strategies and tools to be implemented in the short term.

1st draft: Sunday, November 10 at noon

Final proposal: Sunday, December 14 at noon

Further directions for each of these assignments will be given in class.

**Grading: TBD**

Active participation:	30%
Reflective papers:	30%
Group project:	30%
Post on Forum:	10%

**Office Hours:** Office hours with members of the teaching team are available by appointment. Please reach out via email to schedule a time.

- Dayna: Wednesdays from 11am to 12am
- Katrin: Thursdays from 3pm to 4pm
- Toni: Mondays from 2pm to 4pm

**Disabilities:** If you have a documented disability or any other problem you think may affect your ability to perform in class, please see one of the instructors early in the semester so that arrangements may be made to accommodate you.

**Academic Misconduct:** Plagiarism and cheating are both academic crimes. Never (1) turn in an assignment that you did not write yourself, (2) turn in an assignment for this class that you previously turned in for another class, or (3) cheating on an exam. If you do so, it may result in a failing grade for the class, and possibly even suspension from MIT. Please see Dayna Cunningham if you have any questions about what constitutes plagiarism. Anyone caught cheating will be reported in line with recognized university procedures.

**Final Exam:** There will be no final exam.

# Syllabus

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## INTRODUCTION

### **The relationship between society and the economy: inequality and systemic barriers to economic democracy**

Inequality, structural violence and climate change are dire consequences of the current economic system that threaten democracy, and, indeed, our very existence. The two introductory classes examine the historic roots of racialized economic marginalization in the United States. In the first class we explore how the history of genocide, slavery, and colonialism impacted the economic evolution of the United States and shaped capitalism as we know it. We ask how the particular features of US capitalism align with or contradict basic values of democracy. We also introduce more generative concepts that could support economic democracy.

### **CLASS 1. Tuesday, October 22**

#### **Reading**

- Winkler, A. (2018) “In the Beginning, America Was a Corporation,” In: *We the Corporations*, pp. 4-25
- Desmond, M. (2019) “[In Order to Understand the Brutality of American Capitalism, You Have to Start on the Plantation.](#)” In: *The 1619 Project (The New York Times)*
- Acuña, R. (2010) “Legacy of Hate, the Conquest of Mexico’s NorthWest,” in *Occupied America: A History of Chicanos*. (2010) pp. 39-61.
- Moss, D. (2017) “Democracy, Sovereignty, and The Struggle over Cherokee Removal.” In *Democracy, A Case Study* (2017) pp. 70-82.

#### **Optional**

- Deloria Jr, V. (1970) “[This Country Was a Lot Better Off When the Indians Were Running It](#)” In: *The New York Times*.
- Parkinson, R. (2016) “[Did a Fear of Slave Revolts Drive American Independence?](#)” In: *The New York Times*.

### **CLASS 2. Thursday, October 24**

#### **Reading**

- Scharmer C. O, and K. Kaufer. (2013) “On the Surface: Symptoms of Death and Rebirth.” In: *Leading from the Emerging Future. From Ego-System to Eco-System Economies*. (San Francisco: Berrett Koehler), pp. 27-44.
  - McDuff, P. (2019) “[Ending climate change requires the end of capitalism. Have we got the stomach for it?](#)” In: *The Guardian*.
  - Woods, N. (2017) “[The Case Against Free-Market Capitalism.](#)” In: *Project Syndicate*.
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**CORE CONCEPT: FINANCE**  
**The key entry point to the economy**

What is money and how does finance need to change in order to serve the well-being of society? Access to finance is the key entry point to the economy. We will have two classes in which we discuss systemic barriers in finance that hinder equal access to financial services and create inequality in society. We will look at the role of money in the economy and feature several guests from international values-based banks that use finance as a tool for addressing societal challenges. The guests will form a panel and will present examples of innovative new forms of banking. Students will have the opportunity to engage with the speakers in small groups to better understand how their banks operate and whether there is something to be learned from their examples for how to redesign the financial system.

**CLASS 3. Tuesday, October 29**

**Reading**

- Johnson, S. (2009) “[The Quiet Coup](#)” In: *The Atlantic*.
- Jasper, J. (2019) “[Just How Ethical Is Ethical Investment?](#)” In: *The Guardian*.
- Kaufer, K, and L. Steponaitis. (2019) “Just Money: Finance as a Tool for Change” In: *Just Money: From Ego-to Eco-system Finance*.

**CLASS 4. Thursday, October 31**

**Guests (Banking as if Society Matters)**

- David Reiling, CEO Sunrise Bank, USA
- Els Verhagen, Head of HR Triodos Bank, Europe
- Janina Zajic, HR manager, GLS Bank Germany
- Robert Farmer, Clear Water Credit Union, USA
- Sonia Reinhard, Bank Australia

**Reading**

- Kaufer, K, and L. Steponaitis. (2019) “The Anchoring Triangle: Rethinking Governance, Organization, and Leadership.” In: Katrin Kaufer, and Lillian Steponaitis: *Just Money: From Ego-to Eco-system Finance*.
  - [Global Alliance for Banking on Values](#)
  - About the banks
    - [Sunrise](#)
    - [Triodos Bank](#)
    - [GLS Bank](#)
    - [Clear Water CU](#)
    - [Bank Australia](#)
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**THE RETHINKING THE ORIGINS OF OUR ECONOMIC SYSTEM**  
**Historical and conceptual foundations of economic thinking and democracy**

Classical and neoclassical economic theory laid the foundation for how we think today about the economy and its relationship to society. Yet, the urgent social and ecological crises we now are confronting challenge this foundation and force us to rethink our current models. These two classes discuss core assumptions of our current economic model and ask how to rethink these assumptions in light of our current challenges. What might more democratic models of economies look like?

**CLASS 5. Tuesday, November 5**

**Reading**

- Viner, J. (1927) "[Adam Smith and Laissez Faire](#)." In: *Journal of Political Economy*.
- Friedman, M. (1970) "[The Social Responsibility of Business Is to Increase its Profits](#)." In *The New York Times Magazine*.
- Dewey, J. (1927) "The Eclipse of the Public" & "Search for the Great Community." In *The Public and Its Problems*.

**CLASS 6. Thursday, November 7**

**Guest**

- [Evan Casper-Futterman](#), Director, Economic Democracy Learning Center at BCDI

**Reading**

- MIT CoLab (2013). [Development Study for the Bronx Cooperative Development Initiative: A Model for Economic Transformation](#)
  - Bronx Cooperative Development Initiative (2019) [Our Model](#).
  - Casper-Futterman, E. (2019). [We Are What Comes Next. Organizing Economic Democracy in the Bronx](#) (Dissertation). Please read the introduction and skim through the rest.
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## CORE CONCEPT: LABOR

### Who is the Value Creator? Colonialism and Labor as a commodity.

This class retraces the commodity fiction of labor and its particularly violent expression in the context of slavery and colonialism against Mexico. It asks how labor might be re-thought from the perspective of human development and well-being, and explores the impact of the idea of human creativity on economic thinking.

#### **CLASS 7. Tuesday, November 12**

##### **Reading**

- Marx, K. & F. Engels (1848) [\*Manifesto of the Communist Party\*](#) Pages 56-57: Demands of the Communist Party in Germany
- Flores, L., (2013) “[A Town Full of Dead Mexicans: The Salinas Valley Bracero Tragedy of 1963, the End of the Bracero Program, and the Evolution of California's Chicano Movement](#)” *Western Historical Quarterly*, Vol. 44, No. 2, pp. 124-143
- Thompson, J. P. (2018) “Forging a Unified Proletariat: Relocating Working Class Agency.” In: Hayter and Goethals (Eds), *Reconstruction and the Arc of (In)Justice*

##### **Optional**

- Bracero Program Archives <http://braceroarchive.org/items> (recorded interviews with bracero workers (Spanish and English language))

#### **CLASS 8. Thursday, November 14**

##### **Guest**

- [Paula Finn](#) (TBC)

##### **Readings**

- TBD
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## CORE CONCEPT: OWNERSHIP

### Why, what, and how do we own? Rethinking Ownership and the role of Corporations

Capitalism is built on private ownership. The understanding of the legal foundation of ownership has changed throughout history, and alternative models such as cooperative ownership, non-profit corporate ownership (e.g. Bosch, Triodos Bank) have emerged. This class looks into different models of ownership, especially into ownership of corporations. Again, the class will identify historic roots of slavery in our current ownership models. We will discuss practical new ideas around ownership with two guests who work on creating new ownership models in business.

#### **CLASS 9. Tuesday, November 19**

##### **Reading**

- Hannah-Jones N. (Ed.) (2019). "[The Land of Our Fathers.](#)" In: *The 1619 Project (The New York Times)*
- Winkler, A. (2018) "Introduction" In: *We the Corporations*, pp. xiii-xxiv
- Crouch, C. (2011) "The Corporate Takeover of the Market," & "Private Firms and Public Business." In: *The Strange Non-Death of Neoliberalism*

#### **CLASS 10. Thursday, November 21**

##### **Guest**

- [Armin Steuernagel](#)
- Ernst Valery (TBC)

##### **Reading**

- (VIDEO) Steuernagel, A. (2018) [Transforming Ownership to Create a Better Economy](#)
- Makkonen, J. (2018) [Steward-ownership is capitalism 2.0.](#)
- Purpose Foundation. (2019). [Steward-Ownership. Rethinking Ownership in the 21st Century.](#) Pages 6-19
- Baron, J. (2019) "[Is Your Company's Strategy Aligned with Your Ownership Model?](#)" In: *Harvard Business Review*
- The Young Foundation (2017). [Humanity at Work. MONDRAGON, a social innovation ecosystem case study](#) (Please read the Executive Summary and skim through the rest of the document)

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#### **CLASS 11. Tuesday, November 26**

##### **GROUP WORK**

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## CORE CONCEPT: NATURE & THE COMMONS

Our planet is limited, our economic models are based on unlimited growth. Economic theory treats nature as a commodity, and the impact of our economic action on nature as an externality. How can we rethink The climate crisis and the How can we rethink the role of nature in our society today. This class looks into the role of nature in economics and how to rethink the commons as a central foundation for societal well-being.

### **CLASS 12. Tuesday, December 3**

#### **Reaching**

- Garrett Hardin. (1968) "[The Tragedy of the Commons.](#)" In: *Science*, New Series, Vol. 162, No. 3859, pp. 1243-1248. Published by: American Association for the Advancement of Science
- Chief Seattle (1854). [Letter To All](#)
- Polanyi, K. (1957) "The Self-regulating Market and the Fictitious Commodities: Labor, Land, and Money." In: *The great transformation*

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## INTENTIONAL ECONOMIES

### **Transforming Economy and Society: Economic Democracy**

CoLab has worked for more than 10 years on projects that aim to create a more just and equal society. This class will introduce examples from CoLab's work and the learnings from this work on economic democracy. The class will also introduce and discuss a concept called "Eco-system Economics" that claims that a shift in our thinking about economics is core for moving from an ego-system to an eco-system economy.

### **CLASS 13. Thursday, December 5.**

#### **Reading**

- Scharmer, C. O., and K. Kaufer. (2013) "Transforming Thought: The Matrix of Economic Evolution" & "Leading the Institutional Inversion: Toward Eco-System Economies." In: *Leading from the Emerging Future: From Ego-System to Eco-System Economies.*
  - (VIDEOS) Presencing Institute. (2019). [The Ego to Eco Framework](#)
  - MIT CoLab (2018) *Community Collective Bargaining*
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## **GROUP PRESENTATIONS**

### **Creating a body of knowledge to advance Economic Democracy**

In being part of this class, students are entering into a broader conversation around Economic Democracy. We intend that throughout the course of the semester, we will co-produce valuable resources that can be used as a reference to advance the still unexplored field of Economic Democracy. We expect that those resources will contribute to laying the theoretical foundations of the concept, as well as provide insightful guidelines and tools that organizations and communities can implement to move forward with their own processes.

#### **CLASS 14. Tuesday, December 10**

##### **Presenters**

- TBD

##### **Reading**

- TBD

#### **CLASS 15. Thursday, December 12**

##### **Presenters**

- TBD

##### **Reading**

- TBD
-