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Department of Political Science

Written Testimony for Philadelphia City Council

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To: Committee on Commerce & Economic Development, Philadelphia City Council

From: Craig Borowiak, Associate Professor of Political Science, Haverford College

Thank you Chairman Jones and other members of the Committee for hosting a public hearing regarding the development of co-ops in Philadelphia, and thank you for the opportunity to submit written testimony for this hearing. My name is Craig Borowiak. I am an associate professor of political science at Haverford College. For the past 8 years I have been researching the international cooperative movement. Since 2011, I have been studying cooperatives in the Philadelphia area. This includes research funded through a three-year grant from the National Science Foundation (grant# 1339974). I am also co-editor of a forthcoming book titled Exploring Cooperatives: Economic Democracy and Community Development in Pennsylvania and Wisconsin being published by the University of Wisconsin Extension. This book includes case studies of 20 cooperatives, including 11 in the broader Philadelphia region. Additionally, I was the supervisor for a documentary short film called "Capitalish" that featured Philadelphia's worker cooperatives.

Many of the other testimonies you will certainly read and hear will attest to the qualitative impacts that cooperatives have on individuals and neighborhoods. As a complement to such testimonies, I would like to share some *economic* and *geographic* findings from my research. Between 2013 and 2015, I generated an inventory of local cooperatives, credit unions and collectives and mapped their locations relative to racial and income patterns in the city. During this time period, I also co-administered a series of economic impact surveys to assess their economic footprint. I have enclosed detailed maps and statistics as an Appendix to this document. Allow me to summarize some key observations.

1) The size and economic footprint of Philadelphia's cooperative sector is significant

- *There are at least 75 coops in the region (including start-ups and collectives that are cooperatively run but don't qualify as a cooperative in the legal technical sense)*
- *There are at least 82 credit unions, with approximately 195 branch offices in the region. At least 54 credit unions with 107 branches can be found in the Philadelphia city limits. This is a spectacular number of credit unions. By comparison, Los Angeles has only around 25 credit unions in a city well over twice Philadelphia's size.*
- *Philadelphia-area coops and credit unions employ over 2,300 full-time and 600 part-time employees, pay over \$161.5 million in employee compensation, and generate over \$418 million in revenue. These are conservative estimates based on surveys of only a fraction of the overall cooperative sector.*
- *Existing scholarship suggests that start-up worker coops have a higher survival rate than conventional start-up businesses due to the loyalty of workers and lower monitoring costs and that coops tend to pay above market living wages and have higher workplace satisfaction than conventional firms. This seems to be born out in Philadelphia.*



2) **The cooperative sector in the city is vibrant and growing**

- *The presence of cooperatives in the city has grown rapidly since 2011*, at least a half a dozen new cooperatives coming on the scene in just the past couple of years and several more in the pipeline. Much of this can be attributed to the launch and success of the Philadelphia Area Cooperative Alliance (PACA), which is a national exemplar of cooperative networking.
- *The growth and outreach of the local cooperative movement is particularly pronounced in areas grappling with social and economic justice concerns*, as exemplified by PACA's pioneering 20 book club → 20 cooperative program (<https://philadelphia.coop/20bookclubs/>)

3) **The cooperative sector is particularly conducive to addressing racial and class divides.**

- *Geography is important.* As City Council undoubtedly knows, Philadelphia is a city with deep poverty and a high degree of both racial and class segregation. These patterns are on full display in the maps I've enclosed in the Appendix. The maps show low income levels throughout much of the city and sharp contrasts between highly concentrated White, Black, and Latino neighborhoods. The maps also show the wide geographic spread of coops and credit unions in the city. Several things in particular stand out about these maps.
- *Cooperatives tend to be located in mixed neighborhoods where different races and classes co-exist.* Evidence does not support claims that coops are a predominantly rich or White thing. The maps show clusters of cooperatives along border zones between racially concentrated neighborhoods and in areas where wealth concentrations are low to moderate. This suggests cooperatives' potential as crucial "contact zones" where people with different backgrounds and races can interact, learn, and overcome prejudgments and social barriers.
- *Many cooperatives are laboratories of diversity.* Racial and class bridge-building is demonstrated by the diversity of people employed and served by some of the region's most prominent coops. Coops such as Childspace, Home Care Associates, and Alliance Taxi both employ and serve lower income individuals from diverse racial and ethnic backgrounds. Additionally, almost a third of the region's credit unions have a membership base that is over 50% Black, Latino or Asian. And at least six of these are community development credit unions (CDCUs) with an explicit mission of serving low- and moderate-income people and communities.
- *Both individual coops and PACA have been taking very proactive measures to confront issues of racial and class equity through outreach, internal trainings and dialogue.* This is in fact encouraged by the cooperative principles (including education and outreach to community) that underlie all cooperative businesses. This is not to imply that cooperatives always have it easy in this regard and that tensions don't exist. But the values-driven nature of cooperatives help to optimize the chances of building solidarity and mutual understanding across deep social divides.

4) **There is room for improvement**

- *Coops can do more to reach deeply poor neighborhoods.* As the enclosed maps reveal, although coops and credit unions are present in many of the city's poor neighborhoods, they, like many other forms of commerce, are relatively absent where poverty is the deepest.
- *Coops can do more to reach neighborhoods with the most highly concentrated Black populations.* As the maps reveal, coops have only a limited presence in the predominantly Black neighborhoods of North, South and West Philadelphia, though credit unions have a

greater presence than other types of coops. This is so despite the long history of cooperation and mutual aid among the city's African American population, a history that includes champions of cooperatives such as W.E.B. DuBois and Samuel Evans.

- *Coops also have a relatively weak presence in neighborhoods with the most highly concentrated Latino populations.*
- *The city's cooperative movement is deeply aware of these patterns and these challenges—challenges that extend to conventional businesses as well—and is very actively taking measures to address them.*

Given the findings I've presented above, I strongly encourage City Council to take measures to support cooperative development in the city. Cooperatives are a very bright spot in a city with many challenges. Because cooperatives often stem from the grassroots and with passionate commitments, they also make the most of even small investments—that is, they are efficient! Using city funds to provide technical assistance, seed grants for cooperatives working with high-need communities, cooperative loan funds, and education about conversions from conventional businesses to worker cooperatives will go a long way. If you have any questions about my research, I can be reached at cborowia@haverford.edu (610-896-2988).

Sincerely yours,



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