

Funding Worker Cooperatives

A Solution

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Worker cooperatives have long been championed by anarchists, socialists, communists, Marxists, anti-capitalists, and post-capitalist types as a means to achieve worker-ownership and workplace democracy within capitalism. Not only does their internal structure of horizontal democratic decision making help to internally solve Hayek's local knowledge problem, but, according to Democracy At Work,

[w]hen workers have a say in the business they work in, they are more invested and innovative. When given the choice, workers will self-invest in the business rather than paying high salaries for a select few. They will take collective pay cuts instead of making layoffs in an economic downturn. They will not vote to offshore their own jobs, or to pollute their own communities. By democratizing the workplace, the business will make choices that are for the benefit of the many, not the few.

Their biggest hurdle? Funding. So let's explore three possible solutions that could be utilized individually or in combination: venture communism, cryptocurrency staking, and crowdfunding.

Venture communism is an idea proposed by Dmytri Kleiner and influenced by anarcho-syndicalist modes of organizing. It proposes the creation of venture communes to compete with venture capitalists. These venture communes, instead of providing startup capital in the form of cash in exchange for ownership stake, provide capital in the form of the means of production, buildings, and land in exchange for rent paid to the commune. This means that instead of compromising and creating a multi-stakeholder cooperative, the workers in each cooperative funded by the commune get to be 100% worker-owned and keep full control over the product of their labor as well as the profits derived from them.

And before you go complaining about the workers not owning the means of production in this scenario, that isn't the case. Each venture commune is collectively owned by each and every member of the cooperatives it funds. This means that the rent they pay goes into a fund that they democratically control. Said fund can be used to fund other cooperative startups with excess profits being shared by all collectively. So workers own the means of production and the product of their labor and have a means to fund more worker cooperatives into existence. Even just two property-owning cooperatives joining forces could help to create and fund a venture commune.

Even if they do not own the land and buildings they operate in, they can still collectively pool together their means of production and pay rent on that. Of course this model relies on the need for existing cooperatives to help fund the creation of new ones, but what do we do if we are starting from scratch?

This is where we can look towards the model provided by Breadchain. Breadchain is a collective federation of decentralized cooperatives. Members purchase BREAD with the stablecoin DAI. That DAI is then collected into an interest bearing AAVE lending pool with 100% interest earned automatically returning to the Breadchain in order to fund the cooperatives in the Breadchain Network. Members can retrieve the DAI they contributed at any point by trading in their BREAD, meaning that members can fund cooperatives purely off of interest without losing access to the funds staked. This allows people without much money to spare to still contribute money towards the creation of worker cooperatives without having to spend a single cent in the longrun, making it easier for working class folks to fund projects they wish to support. Pool together enough interested people, write up a similar smart contract, stake some cryptocurrency, and build up enough funding to start a cooperative together. But what if you don't have the funds to stake on a project in the first place?

That's where good old-fashioned crowdfunding comes to the rescue. Sites like comradery.co offer cooperative-focused crowdfunding services. Whip together a decent campaign with some fun perks for those who donate, anything from diy screenprinted shirts and patches to proof-of-donation NFTs, and promote the hell out of it. Partner it with a good promotional campaign and soon you'll have enough money to kickstart your cooperative with enough leftover to stake some cryptocurrency for sustained funding. Pretty soon you'll have a network of cooperatives ready to form a venture commune and build up the cooperative agora. Here's our chance to seize the means. Go forth and prosper.

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