

Introducing the core economy and co-production, Edgar S. Cahn

I have met that person whom you just heard introduced. We have a nodding acquaintance. But that's not who I am. Because the person speaking to you today is a troublemaker, a malcontent. My guess is that there is some of that in every one of you. That you chose the career you did because you too are troublemakers. You want to make a difference. You want to leave this world changed for your having been here.

You are here because you have been devoting yourself to helping people who are having problems, people who are at risk, people who are vulnerable or fragile. To me, they are like a canary. Not just any canary, the canary that miners carry into the mine along side of them. You know why they take that canary with them. It's because the canary has a fragile respiratory system that will collapse from toxic gases long before human beings are affected. And that alerts the miners to danger.

Well the children, the young people, the families, the elders you help care for are like those canaries. They are the fragile ones, the at-risk ones. And the question is: what do we do if we see them starting to keel over?

I'll tell you what we do. We put respirators on them. We rush in all kinds of services. Intensive services. That's expensive – and we never seem to have enough respirators or enough experts who know how to use them or to put everyone on life support.

And so, I'm here to say to you: isn't it time we stopped just putting respirators on canaries? Isn't it time we asked: where does the toxicity come from? How do we get at it? How do we stop it, clean it out, restore health? And who can best do that? Is it just professionals? Or is it professionals and the community working together?

That's when I came up with the concept Co-Production. It's my way of saying, if we can enlist the community as partners, maybe we won't have to worry about putting canaries on artificial life support. Maybe it's time we realized that all the specialized professional intervention and professional programs cannot supply

an extended family	a peer group
a best friend	a network
an informal support group	ongoing help after the program ends

Co-Production is a hypothesis:

To realize its full potential, a program must enlist those being helped as partners, co-workers and co-producers of the intended outcomes.

Co-Production requires

A partnership on two levels: between professionals and those that they serve

And between two economies: the monetary economy and the core economy

- The first is monetarized and has 2 major components: the private, market economy & the public purpose economy (government & philanthropy)
- the second is **not** monetarized: Family, neighborhood, community, civil society

Aristotle called that second economy Oekonomika. Economists took the term (or more precisely, hijacked it), then expressed their appreciation by demoting the household economy with a negative and calling it the **non**-market economy. Neva Goodwin, a noted environmental economist, reversed the hierarchy by calling it the Core Economy. We have adopted her term: the Core Economy.

Economists ranging from Nobel winner Gary Becker to MacArthur “Genius Award Winner” Nancy Folbre estimate that at least 40% of economic activity takes place in the Core Economy and is not reflected in the GDP.

The Core Economy is critical – and it is vast:

Redefining Progress, a nonprofit organization based in San Francisco, has pegged the value of household work in 1998 at a total of \$1.911 trillion – about one quarter the size of the U.S. gross domestic product (GDP) that year.

The national value of informal care giving in 1997 was \$196 billion, a “figure [that] dwarfs national spending for formal home health care (\$32 billion) and nursing home care (\$83 billion).”

A multi-million dollar, multi-year study undertaken in Chicago concluded that poverty and joblessness could not account for the differences in crime they found in largely black neighborhoods. “By far the largest predictor of the violent crime rate,” the study concluded, “was *collective efficacy*” – a willingness by residents “to intervene in the lives of children.”

What does this Core Economy do? What DOES any economy do? It produces and it distributes. So what does this economy produce and what does it distribute?

- Infants, Children, teenagers and peer groups, families, care for seniors.
- It produces safe vibrant neighborhoods, community, democracy, civil society
- It produces love and caring and coming to each other’s rescue and sharing 24-7.

That economy, the Core Economy, uses a different production model and a different distribution model from the Market Economy

Production

- Specialization and Division of Labor (Market) versus Interdependence, self sufficiency

Distribution

- Pricing (Market) versus equity, need, contribution, love, reciprocity, moral obligation – guilt

There is no family that I know where someone holds up a drumstick and asks: what am I bid for this – or divides the mashed potatoes based on the market value of the tasks performed (walking the dog, putting the garbage out.)

Our real job, our real challenge is to rebuild that Core Economy, to make it healthy. But how do we do that, how do we rebuild and restore the **Core Economy**? What does that really mean: rebuilding the Core Economy? When the Core Economy breaks down, when families, neighborhoods and civil society cannot do what we count on them to do, charities, foundations and government are called upon to pick up the pieces.

How can we best restore the Core Economy to health? That answer is NOT exclusive concentration

on massive professional service programs to meet needs and to rescue at-risk groups and individuals. That's putting respirators on canaries. We need to take a different approach.

An Analogy --

Computers run powerful specialized programs: spread sheets, word processing, data base, graphics. Behind those programs is an operating system.

No matter how powerful the specialized programs, if the operating system crashes, none of those powerful specialized programs works. They can't fix the operating system and they can't function at peak capacity if the operating system is on overload.

Like computers, society has specialized programs: schools, police, courts, prisons, mental health agencies, gerontologists, drug detox agencies, hospitals and, of course, all the specialized industries that comprise the private sector.

Like computers, society has an operating system. That operating system is family, neighborhood, community, civil society. The Core Economy.

The problems stem from the malfunctions of the operating system – the Core Economy.

But, if we are going to be candid, the operating system that is still sputtering along ran on free and cheap labor – exacted from the **subordination** of women, **exploitation** of immigrants, and **discrimination** based on ethnicity. So we can't just go back to the old operating system and we can't just do a patch job. We need a strategy for rebuilding and upgrading society's operating system – based on valuing all human capacity, honoring all contributions, generating reciprocity, and building social assets.

4 Operating Principles for the New Operating System –

A. DEFINITIONS

1. Assets. The real wealth of this society is its people. The real wealth of any community is people. Every human being can be a builder and contributor.

2. Redefining Work. Work must be redefined to include whatever it takes to rear healthy children, preserve families, make neighborhoods safe and vibrant, care for the frail and vulnerable, redress injustice, and make democracy work.

3. Reciprocity. Giving is most powerful when it becomes a two way street. One-way acts of helping and largesse must become two-way transactions. To avoid creating dependency, acts of helping must trigger reciprocity: **Giving back by helping others.** "You need me" becomes "*We need each other.*"

4. Social Capital. "*No man is an island.*" Informal support systems, extended families, social networks are held together by trust, reciprocity and civic engagement. Progress in any context requires a social infrastructure generated by investments of trust, reciprocity and civic engagement.

B. EXAMPLES & EXPLANATION

ASSETS: Do we really value as contributors the very people whom we are charged with helping? I can't accept this statement a senior gave me. She declared: I have nothing left to give – except love. As if that wasn't the most precious thing in the world. Or the teenager charged with UUV

(unauthorized use of a vehicle – or joy riding) who had come before a youth court run by other teenagers. When the jury was out deliberating, I went to talk to him. I said: your community really needs you – and he looked at me as if to say, “White man, what planet are you from? Don’t you know why I’m here?”. Then I asked two questions, “Do you know how to tie your shoes? Don’t you think a child in pre-school would rather learn that from you than from me?” and “Do you have a grandmother or grandfather you know how to hug? Did you know there are seniors in nursing homes who haven’t had a visitor in six months – who would give anything for a visitor to come and hug them?”.

He knew I knew something he couldn’t deny, that he had the capacity to help someone else in a way that mattered. Until I asked those questions, his father could not look me in the eye. He was ashamed of his son. Now he was looking at his own child in a new way. Both knew the youth had value. We – all of us -- have value far beyond those skills that the market values. What percentage of the real you do you put in your resume? 5%, 10% at most.

REDEFINING WORK: What does that mean? One example: the five year old with pigtails who went up to a gang leader (complete with gold teeth, chains and tattoos) after a truce had been negotiated and said: “We have trash cans here – and we use them”. That was her Time Dollar job – Time Dollars or Time Credits are the currency that Time Banks use to reflect the work that we really need and that we can honor, even if we don’t have “real money” to pay them. (She could get the dancing lessons she wanted with those Time Dollars.) Martin Simon from Timebanks UK can tell you about how Timebanking has been used in the UK to cover the services involved in a wedding, a funeral and in the US for a child birth by midwives. We are talking about hundreds of thousands of hours of real work paid for with Time Credits, provided by people whom the economists don’t consider to be in the work force.

Or in both your country and mine, there is a very special organization called the Youth Advocate Program that works with teenagers who otherwise would be in some institution. There’s one 13 year old, returned home from a secure detention facility for possession of a firearm. He was too young to be eligible for supported work but not too young to develop an orientation program in the language of a 13 year old. Like my colleagues in Time Banking, the YAP staff can load you down with stories about the offenders who are now emerging as youth leaders, or who are advising other young people about what path not to go down. Others are proving themselves experts who can actually lead workshops and discuss community alternatives to custody.

Redefining work means honoring people for what they can do, recording it, validating it and rewarding it. That doesn’t mean paying market wages. But it does mean developing incentives that send the message: by helping others you can shape your own destiny. In Chicago and Washington DC, youth with special learning problems are tutoring younger children in the first and second grade and so far, 4,500 have earned recycled computers by tutoring. Grades have gone up; test scores have gone up; attendance has gone up and the fighting after school has stopped because we didn’t realize we were also creating a protection system. Apparently you don’t beat up your tutee and you don’t let anyone else beat them up either.

Before going on to the next “Core Value”, I need to say something about what it means to rebuild the Core Economy and why Time Banking is working out to be just the right tool to use to do that. It’s because of a characteristic of money that we take for granted without realizing what the consequences are. All of us know that money has something called price built in. We just assume that’s how money should be so when I first developed a kind of money that treated all hours equally,

people (I mean my mentors at the London School of Economics) thought that was crazy. But think about how price works in the market. It means that things that are in short supply cost more and things that are plentiful cost less. If they are scarce, they are valuable. If they are abundant, they are either dirt cheap or worthless. But take a look at what that means. It means that everything that defines us as human beings is worthless. Because we all are human beings. Except I guess for the Martians in the audience. So all of us can reach out to each other, care for each other, come to each other's rescue, come together to reach an agreement, celebrate together, and teach each other the basics. In market terms, that abundance brings price down. It is worthless. But we know it is *priceless*.

So the basic things that the Core Economy requires is something we all can do for each other. I know it comes as a surprise that it was possible for our species to bring forth children without a gaggle of PhD's in child development being available or that people actually could get old without guidance from gerontologists. But if we let price determine value, then we have to devalue everything that enabled our species to survive. Maybe, just maybe that's why we're in a bit of trouble now as a species.

Time Banking reverses that. It honors those skills, those universal capacities that define us as human beings; our willingness to come to each others rescue, to care for each other, to share, to help out, to listen, to hug, to pay for others who are less fortunate, and to reach agreement. Time Banking says: it's possible to honor that, value it, reward it – regardless of what the market says. That's what we need to rebuild the Core Economy. That's why those of us in Timebanking have recently adopted the saying, "We have what we need – if we use what we have." Now I come to the third Core Value, the third principle.

RECIPROCITY: We need to rethink how we go about helping others. We need to ask them to give back in some way, not necessarily to us, but to someone else. Some of you may have seen or heard about the movie Pay it Forward. It's that idea. We can always pay it back because there is always someone else out there we can help.

This is probably the most controversial principle to implement because we think help should be given based on need and that it is somehow wrong or inappropriate to ask a person who needs help to help someone else. All of us went into the helping professions in order to help, and no one taught us that we needed to ask people to give back, unless they had money and could afford to pay. But think of the message we are sending. Without meaning to do so, we are saying to people, "I have something you need but you have nothing I need or want or value". And we are also saying, "the way you get more of my time, help and resources is by having more problems and being less able to take care of yourself". So we are really sabotaging ourselves without meaning to.

I confronted the consequences of doing things this way in the mid-nineties. I had been the co-creator and founder of the national legal services program. For the first time, the U.S. federal government expended large amounts of money to provide free legal services to people who could not afford a lawyer. And then in the nineties, Newt Gingrich and a conservative congress tried to kill the program. By that time, over 30 years, we had helped over 100 million families, really dedicated lawyers doing all they could to stop an eviction or overturn a bad ruling or stop spousal abuse. We barely survived that fight but not a single family we had helped turned out to help us in that fight. I realized that for all the valiant effort, we had not created a constituency for justice and for all the money we spend on helping people, we have not created a constituency for social justice in my country.

There's a Time Banking program that enlists prisoners to fix bicycles that are then sent to third world countries and the Time Credits earned can then be spent by their families to get help. Likewise, in the Youth Advocate Program I described earlier, young people who have committed offenses are helping out on a community bus, ensuring that young people with learning difficulties get to school safely. And in another community, the Youth Advocate Program has youth who have been in serious trouble helping local fire fighters to distribute fire alarms and teach fire prevention to local residents. In return, the local parks and recreation department has just agreed to expand a skate park for neighboring teens. In still another community, youth who committed offenses take jobs that earn a small wage, half of which goes to a victim support fund.

But I learned, in meeting with the Strategy Unit in the Home Office, that there is another kind of bias, and even greater bias, against asking people to give back in this country. People on disability cannot participate in Time Banks without losing their benefits. The "contributory principle" has been abolished. Yet, even if disabled, they can visit nursing homes and orphanages.

We have to find a way to have a different set of rules apply in different contexts. The Core Economy is NOT the market economy. So why can't we let people contribute to rebuilding the Core Economy even if they are legally disabled and cannot work in the market economy. That's one place where your help and creativity will be critical if we are going to expand reciprocity and enable everyone to contribute in any way they can.

Fourth, and finally, comes the concept of **SOCIAL CAPITAL**. We have to invest resources in helping rebuild a sense of community, that you above all know enabled communities to survive World War II. In Washington DC, we are creating a club for the youth who were in the Youth Court, so they can create a peer culture based on helping others. I am working with the Youth Advocate Program in Houston to create an alumni club so that these youth and their families can provide help to each other, after the funded services end. In Seattle, a group of families with children who suffer from Severe Emotional Disturbances, who may be violent or suicidal have banded together to provide mutual help and to form a new kind of extended family where no one need be ashamed of their problems and everyone can provide each other with mutual support. In Texas, the families who have formed a Time Bank called Banco del Barrio are now teaching each other about everything from health and diabetes to how to become a citizen. They are now engaged in voting registration and turning out the vote. They earn Time Credits and the health clinic provides some funding for monthly socials and pot lucks and for the first time, families are developing a knowledge of how to cook healthy meals and are exercising together to lose weight or to control diabetes.

That's the kind of world we need to rebuild. You have in your a kind of self-assessment instrument that enables you to assess whether and to what extent your agency is putting these values into practice. It asks simple questions:

- Do you ask your clients what they like to do?
- How do you record contributions?
- Does your program/agency budget funds to create special programs and/or to provide goods and services as rewards or incentives for clients to contribute.
- How do you reward contributions by clients?
- Do you require, request or encourage clients to help others in return for services you provide?
- How do you support clients in finding ways to help others?
- Is there a key person who is responsible for helping to see that it happens?

- Does the organization help to create mutual self help, or social action groups as an expression of agency mission?
- In what ways does your organization support client-based membership groups which can function as an informal support group, peer group or extended family?
- What supports and resources are provided for social events and celebrations that are organized by client-based membership and peer groups.

Rebuilding the Core Economy can actually help you further your agency's mission and statutory purpose. Co-production can

- (1) supply a critical missing element
- (2) change relations with clients from dependency to empowerment and contribution
- (3) create a constituency that will fight for your program and generate additional resources
- (4) create feedback loops and early warning systems that amount to real system change
- (5) advance social justice by empowering disempowered groups and reducing barriers based on national origin, gender, age, language or ethnicity.

We are talking about genuine system change, change that formally enlists the clients you serve as co-producers, as partners and co-workers. That's a big step. It involves major system change but if you go down this road, new possibilities will emerge. Co-Production expands the range of the possible. If this is undertaken systematically, problems that have long remained intransigent will suddenly become manageable.

That's my message to you today.

Co-Production means we can stop lamenting the fact that we don't have enough money to put respirators on all the fragile canaries. But maybe, just maybe, if we clean up the toxicity, if we enlist our clients and the community in getting at the sources of the problem, we won't need all those respirators and those who do need respirators can be taken off in a shorter period of time. That's the message; that's the hope. Let me end with a passage that says it all better than I can:

*When the Stranger says: "What is the meaning of this city?"
Do you huddle close together because you love each other?"
What will you answer? "We all dwell together
To make money from each other"? or "This is a community"?
And the Stranger will depart and return to the desert.
O my soul, be prepared for the coming of the Stranger,
Be prepared for him who knows how to ask questions.*

(T.S. Eliot, Choruses From the Rock)

In case you hadn't noticed – the Stranger from the desert has arrived. What happened on September 11 has profound implications and the bottom line is what will we answer?

We all dwell together to make money from each other.

Or

This is a community?

Co-Production provides that answer. It declares unequivocally:

This is a community. We are a community. I think that's why we are here. Not just here, here. But here, on this planet.