A Cooperative Framework: A Way to End Extreme Poverty in the Next 30 Years

(full plan here, Co-op Framework here)

Introduction

What is "extreme poverty"? In 2011 the World Bank defines extreme poverty as living on less than US$1.50. A broader examination of "extreme poverty" is had by looking at "quality of life" data. This data includes; life expectancy, infant mortality rates, access to quality health care, housing and food security. The goal of ending extreme poverty should focus on quality of life issues as opposed to merely dollars and cents. Case in point, a homeless man in America most often has more than $1.50 go through his hands every day, but would you consider his quality of life beyond that of "extreme poverty?"

The goals for the improvement in quality of life should include;

1. Make sure every natural person has access to quality health management, regardless of where they live.

2. Make sure every natural person has food security, by ensuring access to an affordable and healthy food supply (including fresh water), regardless of where they live.

3. Make sure that every natural person has access to quality affordable housing.

4. Bridging the "Digital Divide" by increasing access to communication and information technologies.

5. Make sure every natural person has access to the education necessary to maintain and improve upon the quality of their life.

6. To buttress and maintain the foregoing, there should to be a "commons" where all community property (intellectual, real, productive and other capital) is mutually owned and inaccessible to misappropriation.

How do we begin to accomplish the aforementioned goals? What institutions, distribution, communication channels and financial facilities are needed? How should they be deployed and how will they be maintained sustainably?

Institutions

Only a cooperative is at the DNA level, legally organizationally, operationally and financially designed to mutually benefit of its members and the community at-large. But to facilitate a holistic approach to achieving the outcomes previously enumerated, there needs to be more than one cooperative identity, all working together as one organization, capitalizing on economies of scale and scope.

This framework will be compliant with local and international nonprofit tax law and working to become increasingly efficient, in terms of resource allocation and conservation. The goal of this framework is to accrue the maximum value of products

and services to its members and to continuously reduce cost over time.

Given all those requirements, what type of corporate structure is needed?

<u>The Solution: A Cooperative Framework</u>

The "Cooperative Framework" is a collection cooperative and non profits with the necessary organizational attributes to carry out the mandate of increasing the quality of life of its members.

Specifically, the following five (5) autonomous cooperative identities would be at its core;

1. <u>Credit Union</u> (Capacity-building needs: <u>1</u> and <u>2</u>)

2. "<u>Production Cooperative</u>" (Capacity-building needs: <u>1</u>)
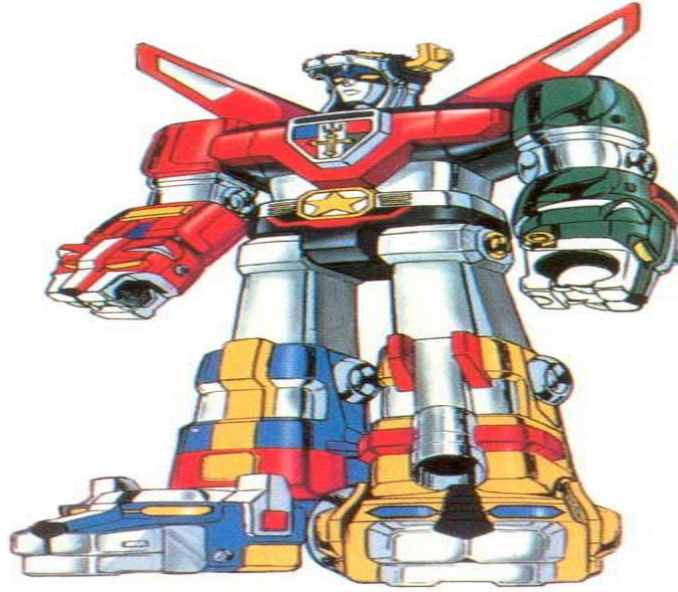

3. "<u>Service Cooperative</u>" (Capacity-building needs: <u>1</u>)

4. "Housing Cooperative" (Capacity-building needs: 1, 2, 3 and 4)

5. Omnibus Trust Company (Capacity-building needs: 1)

These five (5) separate cooperatives will be organized separately and respectively, but work together under the framework of a "Collective Agreement[1]";

1. "Credit Union;" a depository and credit providing cooperative (and certified CDFI) used to fund the activities of the "Collective Agreement[1]." The Credit Union will elect to be treated as a 501(c)(14).

2. "Production Cooperative;" a 501 (c)(5) cooperative of grouped producers of agriculture, industrial products and services for the members of the "Collective Agreement". The reporting deliverable of this cooperative is a "Production Plan," which will be the basis for initial and ongoing financing.

3. "Service Cooperative;" a supporting organization, whose bylaws are the "Collective Agreement." This cooperative will elect to be treated as a 501(c)(3) section 509(a)(3) cooperative, or an IRC Sub-chapter T under section 521 Exempt Farmer's cooperative, whose purpose is to increase efficiency in marketing the products and services of its members. The exemption will be

applied across the complete "Collective Agreement" via an accounting paradigm. The Service Cooperative will also support its members by giving access to the following facilities;

a. **Communications and computing,** which will be organized, operated and treated as a 501(c)(12). This co-op will offer utility-based pricing at cost of services to members. **CIP Database**[2]; a XML-based transactional/relational database for production and omnibus member transaction accounting.

b. **Insurance Cooperative** (501(c)(12); cooperative MET (Multiple Employer Trust) or a MEWA (Multiple-Employer Welfare Association) member-owned Insurance Trust. This cooperative will function as a nonprofit health management system.

4. Housing Cooperative 501(c)(3) Sub-chapter T cooperative employing shared and limited equity paradigms, in its identity as a CDHO

5. "Omnibus Trust Company;" holds legal title to all member assets (specifically Allodial title in land, w/all beneficiaries in common), electing to be treated as an 501 (c)(25) ("Service Cooperative" acting as Trustee). IRC 4947(a)(2) Charitable Remainder Annuity Trust (non-grantor CRAT).

The Collective Agreement is a superseding Agreement between the Cooperatives for complete mutual benefit of the members of each separate

cooperative.

Communication and Deployment Model

To visualize the previously-described "Cooperative Framework" and to describe the

function of each separate autonomous cooperative entity and their function as a system,

it is proposed to develop a programmatic model using UML with XMI connecting to the

underlying attribute and activity-specific XML schema (Legal, Tax, MISMO, XBRL and

stratML in the CIP Database[2], which will be populated, maintained and owned by the

members of the "Service Cooperative". The schemas will define each member entity's

attributes, functions and interfaces with other entities (Agent-based modelling), from

which the "Production Plan" ([Discrete Function modelling](#)) and "Collective Agreement" ([System Dynamics modelling](#)) can be derived ad-hoc.

This model will incorporate the primary market data collected by the "CIP Database" for the development of the "Production Plan" (transactional database), which then can be used by general morphological analytic tools integrated with visual modelling engine with [GIS](#) overlay to enable a geo-spatial representation of the present and future impact (state and flow) of the cooperative's initiatives and to use the feedback data to inform plan iterations that improve outcomes over time.

The CIP (Community Investment Portfolio) Database is a repository of XML schemas for relational and transactional queries, analytics and communication

Sustainability

The "Cooperative Framework" is designed to be operationally sustainable (minimize required throughput) by its modular and ad-hoc construction and provision of services. The "Framework" will be financially sustainable by that same demand-side utility. The framework is designed to meet the needs of the membership based on real-time market demand data which works recursively to regulate supply ("Production Plan") to maintain an equilibrium. This process creates a "Steady-State Economy" proposed by ecological economists such as John Stewart Mill[3] and later Herman Daly[4]. The "Cooperative

Framework" works to establish a "quality of life baseline" for local economies out of which, sustainable social and individual progress could be built upon. The framework's coverage will expand over time to include a global (but autonomous) membership community.

[3] John Stewart Mill In his magnum opus, *Principles of Political Economy*, he wrote:

...the increase of wealth is not boundless. The end of growth leads to a stationary state. The stationary state of capital and wealth… would be a very considerable improvement on our present condition.

[4] Herman Daly and his associates Robert Costanza, AnnMari Jansson, Joan Martinez-Alier, and others to create the field of

ecological economics.