Annals of the American Association of Geographers ›

Volume 110, 2020 - Issue 4

Articles

The Place of Common Bond: Can Credit Unions Make Place for Solidarity Economy?

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Pages 1278-1299 | Received 14 May 2018, Accepted 30 Aug 2019, Published online: 20 Dec 2019

Cite this article https://doi.org/10.1080/24694452.2019.1685368 Check for updates

Abstract

About 6,000 financial cooperatives, called credit unions, with more than 103 million members manage over $1 trillion in collective assets in the United States but are largely invisible and seen as inferior to private banks. In contrast to banks that generate profit for outside investors and do not give voice to customers, these not-for-profit institutions have a democratic governance structure and a mission to provide good services to their members. We use diverse economies and critical/feminist geographic information system (GIS) approaches to theorize them as noncapitalist alternatives to banks and possible sites of social transformation toward a solidarity economy. Using the case of cooperative finance in New York City, we analyze spatial patterns, characteristics, and placemaking practices of credit unions with different kinds of the common bond, a principle that unites a financial community, and in relation to urban geographies of class and race. We find that credit unions provide a historically proven mechanism for collective resistance to marginalization by racial capitalism and, depending on the common bond type, make place by (1) providing financial inclusion in poor and minority neighborhoods; (2) scaling up solidarity finance through participation of middle classes; and (3) diverting assets from capitalist investment into social reproduction and livelihoods. Credit unions express the racialized wealth of their communities, however, and create spatial exclusions that pose a challenge to postcapitalist movements such as solidarity economy. These findings are applicable to other places marked by segregation and call for further inquiry into possibilities and barriers to solidarity finance. Key Words: credit unions, financial geography, New York City, placemaking, solidarity economy.

[illegible] 6,000 [illegible] 1.03 [illegible] 1 [illegible]/[illegible] GIS [illegible]1[illegible]2[illegible]3[illegible]

Alrededor de 6.000 cooperativas financieras, denominadas cooperativas de crédito, que sobrepasan 103 millones de miembros, manejan más de un billón de dólar es en activos colectivos en Estados Unidos, aunque son en gran medida invisibles y se consideran inferiores a los bancos privados. A diferencia de los bancos, que generan ganancias a inversionistas externos y no les otorgan voz a los clientes, estas instituciones sin fines de lucro tienen una estructura de gobernanza democrática y la misión de proveer buenos servicios para su membresía. Usamos diversos enfoques económicos y sistemas de información geográfica (SIG) crítico/feministas para teorizarlas como alternativas no capitalistas a los bancos, y como posibles sitios de transformación social hacia una economía solidaria. Usando el caso de finanzas cooperativas en la Ciudad de Nueva York, analizamos los patrones espaciales, características y prácticas de construcción de lugar de cooperativas financieras con diferentes tipos del vínculo común, principio que une la comunidad financiera, y su relación con las geografías urbanas de clase y raza. Descubrimos que las cooperativas de crédito proveen un mecanismo históricamente probado de resistencia colectiva a la marginalización por el capitalismo racial y que, dependiendo del tipo de vínculo común, construyen lugar, (1) proveyendo inclusión financiera en vecindarios pobres y de

minorías; (2) fomentando la solidaridad financiera mediante la participación de las clases medias: y (3) desviando activos de la inversión capitalista a la reproducción social y los medios de subsistencia. Sin embargo, las cooperativas de crédito expresan la riqueza racializada de sus comunidades y crean exclusiones espaciales que plantean un reto a movimientos poscapitalistas, como el de la economía solidaria. Estos hallazgos son aplicables a otros lugares marcados por la segregación y claman por indagación adicional sobre las posibilidades y barreras a la solidaridad financiera.
Palabras clave: Ciudad de Nueva York, construcción de lugar, cooperativas de crédito, economía solidaria, geografía de las finanzas.

Acknowledgments

The authors thank students who participated in Dr. Pavlovskaya’s GIS for Social Justice class in fall 2011, fall 2015, and fall 2017 for their enthusiasm about the solidarity economy and stimulating intellectual environment. We particularly appreciate the research assistance of Hunter Geography MA students Robert Eletto, Jordan Leff, and Gabriel Schuster and the editorial help of Chelsea Richardson from Haverford College. We are grateful to Matt Herman, Hunter Sociology MA graduate student, for research assistance and comments on an earlier version of the article. Many thanks to Dr. Emily Kawano from the U.S. Solidarity Network. We are grateful to three anonymous reviewers whose comments have helped us to sharpen our arguments and made the article considerably stronger. All mistakes are those of the authors.

Notes

1 Calculated by authors using 2014 NCUA and census data for the population fifteen to sixty-four years old.

2 Nonprofit enterprises survive through philanthropy.

3 Local businesses often cannot take loans from credit unions because of these restrictions. Low-income or Community Development Financial Institution status

provides more opportunities for investment and using additional capital (Pavlovskaya and Eletto 2018).

4 For 2015, we calculated the share of credit union members in the economically active population aged fifteen to sixty-four years at 50.3 percent and their share in the labor force at 65.4 percent counting those over sixteen years of age and employed or seeking employment (World Council of Credit Unions 2012; Bureau of Labor Statistics 2014).

5 Calculated using NCUA data (see https://www.ncua.gov/newsroom/Pages/news-2017-june-ncua-releases-q1-credit-union-system-performance-data.aspx).

6 Community wealth is measured by dividing total deposits by membership.

7 Although people might also have accounts in major banks, the point is that they chose cooperative finance nevertheless.

Additional information

Funding

This work was supported by research awards from the National Science Foundation (#BCS-1340030, “Mapping the Solidarity Economy in the United States”) and PSC-CUNY (#67762-00 45 “Mapping the Invisible Solidarity Economy of New York City”).

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