



Changing the World's Mind: Community Wealth Building as an Alternative to Neoliberal Economics

Prepared by pfc social impact advisors



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Introduction

“I think actually one of the problems with inequality in this country is that we don’t see the connection between [democracy and economics] and we don’t understand, for example, that in order to really have an active consequential voice in politics, in policy making...in order to have power, you have to have economic strength. As a result, our democracy I think is very thin because you don’t have a lot of resources on the side of people who are not corporate elites to influence and drive politics. What I like about The Democracy Collaborative is it is presenting a set of options for strengthening ownership of assets by communities, and using government to democratize access to ownership.”¹

— Dayna Cunningham,
The Democracy Collaborative

Introduction



Nearly forty years ago, Margaret Thatcher articulated what may be her most famous slogan, “There Is No Alternative,” and the slogan’s acronym, TINA, and that has colored the western economic landscape ever since. The slogan asserted that unfettered free markets, free trade, and global capitalism were the only proven way to grow successful economies and prosperous communities. Embraced by Ronald Reagan, and supported by the fall of the Soviet Union, the concept became entrenched in Western economic policy and culture, taught in high schools and universities, celebrated in popular media, and, for decades, left largely unexamined by the mainstream press.²

Since the mid-1970s, policymakers and economists in large capitalist economies have made the following assumptions about value and values:

- The market will always correct itself, when left to its own devices (free markets).
- Free markets can achieve a state of equilibrium where supply and demand are matched, making the market highly efficient.
- What is best for the individual is what is best for society as a whole; “rational self-interest” is ultimately good for everyone.
- Individuals define “what is rational” in the same way, and individuals always make rational decisions when given full information.
- It is possible to have complete information to make a fully-informed decision about every economic decision made as an individual, an organization, or a country.
- Whatever generates the greatest utility or profit in a short period of time is the most rational and valuable course of action.

These assumptions originated in the early Industrial Revolution and are now part of what’s called neoliberal or orthodox economics. Neoliberal economic philosophy had opponents, but for the past forty years, and with the help of Thatcher’s TINA, the belief that free markets ensure prosperity better than any other has become the prevailing belief of the public, private, and third sectors.

“There is an alternative that is building within the uber-structure of the main economy. There is a role for people with capital and means to help invest in that and expand that wellbeing economy.”³

— Ted Howard , The Democracy Collaborative

Despite this, neoliberal economic ideals are still leaving many searching for alternative models. In the US and globally, neoliberal capitalism has played a significant part in creating a looming climate crisis, a housing crisis followed by a deep recession, a failing healthcare system, and continuously growing inequality. Locally, long histories of relocation and disinvestment caused by gentrification created racially- and economically-segregated neighborhoods. Those neighborhoods composed predominantly of Black and Latinx populations suffered the most under COVID-19. In Chicago, for example, the disparity is represented in the data:⁴

- Blacks represented almost half of all deaths, despite only representing 1/3 of Chicago’s population
- 59% of Black Chicagoans and 50% of Latinx Chicagoans held jobs requiring them to work in person, compared to 29% of whites
- 24% of Black Chicagoans and 16% of Latinx Chicagoans did not have reliable internet access at home, compared to 4% of whites
- 27% of Latinx residents and 26% of Black residents reported missing urgent medical appointments, compared to 9% of whites

In sum, many believe that unquestioned commitment to the values and tenets of neoliberalism have created untenable results at the community level.

This case study is intended to provide a fresh perspective on this subject, encouraging the reader to question what they’ve been taught to see as incontestable, and to consider new alternatives. We begin with a summary of frameworks that can be applied to any complex question, beginning with the definition of Wicked Problems that don’t lend themselves to simple solutions, followed by a summary of Deliberate Leadership principles that can be instrumental in solving Wicked Problems. We will explore the history and groundwork of Community Wealth Building (CWB) as a proven and viable alternative to neoliberal economics, including tactics for implementation within a community and at scale. Finally, we will focus on The Democracy Collaborative, an organization committed to the philosophy and implementation of CWB in communities all over the world.



Frameworks for Case Analysis

Frameworks for Case Analysis



Though there are a number of ways to examine important issues, some topics such as inequities in global economies are particularly perplexing. An understanding of the theories of Wicked Problems and Deliberate Leadership will provide a foundation for analysis.

Wicked Problems

The 2008 global financial crisis, the ongoing global climate crisis, and the COVID-19 pandemic have all revealed the interconnectivity and interdependence of our human and environmental systems. An over-leveraged and under-regulated real estate market in the United States can crash world economies. The warming of our oceans by just one degree can decimate marine diversity, destroy coastal cities and island countries, and prompt consideration of “climate refugees” –a new category of displaced people. A pandemic that starts in one country can kill hundreds of thousands of people around the world, and simultaneously disrupt economies across the globe. To the positive, however, decades of consistent academic, government, and private sector research into the nature of pandemics and vaccines can concurrently initiate the rapid development of a safe and effective vaccine.

These challenges are all examples of “Wicked Problems,” the kind of challenge that doesn’t lend itself to simple solutions. Wicked Problems are messy, systemic and large. They are not problems we have seen before, and so we don’t have ready-made answers. In fact, the solution to one problem may be unacceptably detrimental to another one. Rittel and Webber have set out ten characteristics of Wicked Problems that point to potential approaches (see Table 1).⁵ They point out that these problems may never be completely solved, and that every solution can be the symptom of another problem. Every course of action taken or not taken will have consequences. Moreover, how one chooses to define a problem determines how it will be resolved. Potential reactions, ripple effects, and trade-offs must be carefully considered when determining how to address shared challenges.

Table 1: Rittel and Webber's ten characteristics of Wicked Problems

Characteristics of wicked problems:

1. They have no definitive formulation.
2. They have no stopping rule, or are never completely solved.
3. Their solutions are not true-or-false, but good-or-bad.
4. The repercussions of a Wicked Problem's solution can never be fully appraised.
5. Every attempted solution counts significantly, leaving traces that cannot be undone.
6. They do not have an exhaustive set of potential solutions and it is not possible to prove that every solution has been identified and considered.
7. Each one is essentially unique.
8. Each one can be considered a symptom of another problem.
9. One's choice of explanation for a Wicked Problem determines the nature of the problem's resolution.
10. Those who attempt to solve them are held liable for the consequences of the actions they generate.

Deliberate Leadership

Deliberate Leadership is a response to the challenges of Wicked Problems, and is based on proven business and social sector theory and practice. Its framework blends recognized adaptive leadership strategies that create lasting positive impact within the communities most affected by systemic challenges and within the organizations addressing them.

Deliberate leaders must consistently display the following seven core characteristics (the 7Cs) to maximize learning and demonstrate flexibility:

- **Courage**—They embrace risk and live with ambiguity. Deliberate Leaders recognize that simple solutions are insufficient to address complex challenges. They also realize that risk is inherent to Wicked Problems; solutions must be tried, tested, and allowed to evolve.
- **Collaboration**—They seek out and listen to divergent viewpoints. Deliberate Leaders recognize that collaboration may be slow and uncomfortable, but that it is essential to understanding options, gaining new knowledge, and building powerful solutions.

- **Community**—They build solutions together from the ground up. Deliberate Leaders recognize that answers to tough issues may already reside in Positive Deviants. They seek uncommon answers to difficult situations, identify those who offer fresh and unique perspectives, and place people at the center of decision making.
- **Candor**—They speak and hear the truth about what is working and what isn't. Deliberate Leaders embrace failure and success equally—internally and among partners—to manage risk and allow for recalibration and innovation.
- **Creativity**—They can imagine a new future and move beyond the constraints of the past. Deliberate Leaders look for “big ideas” and evolving practices through scenarios that envision a different future.
- **Capital**—They examine how financial and non-financial resources are invested and impact is analyzed.
- **Compassion**—They understand how deploying empathy and partnership, rather than ego, can positively impact the power dynamics within and surrounding an organization.

The 7Cs show some of the qualities that leaders need to exhibit to effectively address economic challenges at local, national, regional, and international levels. They must create, nurture, and continually reinforce an organizational culture dedicated to open and honest learning and adaptation, communication, and diverse stakeholder involvement. They also need to develop systems thinking rather than linear problem-solving. Feedback and the inclusion of multiple, diverse voices allows leadership to operationalize the 7Cs. As Donella Meadows, Academy for Systems Change, stated, the elements of the 7Cs gives leaders the “power to transcend paradigms,” a skill that Meadows considers to be the most powerful lever of systemic change.⁶

A roadmap showing the different steps of Deliberate Leadership can be found in Appendix B.



Community Wealth Building

Community Wealth Building



It is not difficult to see that centuries of systemic racism and economic inequity coupled with decades of neoliberal economics have created a wicked problem that could only be approached using a new way of thinking. In the United States, communities who were most heavily impacted during the pandemic are recovering at a slower rate. Businesses in lower-income communities and communities of color received less or delayed Paycheck Protection Program (PPP) funding that caused slower business reopening and increased unemployment.⁷ Community conversations in Chicago revealed high levels of stress, anxiety, and fear within these demographics exacerbated by ongoing struggles to meet basic needs such as food and housing. Pandemic-related government programs were helpful, but were unable to meet the entirety of the need, particularly for undocumented residents.⁸

It may be time to consider an alternative to the system that created these problems.

Alternatives to the neoliberal approach have been explored for decades, with Black mutual aid societies in the US going back to the 18th century and Black farm and worker cooperatives developing in the post-slavery South.⁹ The Civil Rights movement brought greater attention and action to economic challenges in the Black community. Dr. Martin Luther King, Jr. expressed concern about racial integration without changes to the economic system, and likened it to “integrating my people into a burning house.”¹⁰ Though some grassroots efforts were locally successful, they were never able to move beyond the immediate community. They needed to be expanded, shared, and scaled to achieve more than just one-off gains. These roots became the basis for the movement that is now known as Community Wealth Building (CWB).

Community Wealth Building is a term first defined by The Democracy Collaborative in 2005 as “an economic development model that transforms local economies based on communities having direct ownership and control of their assets.”¹¹ CWB builds on progressive economic concepts and combines, connects, and scales them to change the economic landscape of communities, and eventually, society. Where these ideas were originally led by individuals or groups, CWB engages and coordinates local governments, business leaders, anchor institutions, and organizations to create holistic change that impacts the residents of entire communities.

These relationships are guided by the eight basic principles of Community Wealth Building

Figure 1: Basic Principles of Community Wealth Building¹²



COMMUNITY WEALTH BUILDING: 8 BASIC PRINCIPLES

- 1. Labor matters more than capital.**

We need a local economy in which people matter more than just maximizing profits. For instance, when a crisis hits we need to act to preserve jobs rather than bailout the corporate bottom line. We can't let capital alone call the shots if we really want to build community wealth.
- 2. Local, broad-based ownership matters.**

A thriving local economy requires local ownership, where the control & economic advantages of that ownership are spread broadly (for instance through cooperative, community, or employee ownership). With concentrated and absentee ownership, the economy works to extract wealth on behalf of those at the top.
- 3. Active democratic ownership & participation matter.**

The neoliberal model sees communities as isolated individuals, engaged in civic life only as passive consumers. To build real community wealth, we need to rebuild the fabric of active community, with opportunities for real participation and collective decision making at all levels of the economy.
- 4. Multipliers matter.**

When a purchase is made locally, that money stays in the community longer, because local businesses are more likely to spend locally. This translates into greater local prosperity, greater community stability, and a tighter-knit network of local people and businesses—all key to building community wealth.
- 5. Localizing investment matters.**

There are vast pools of capital in the investment portfolios of local anchors, in personal and institutional bank deposits, and in our pension funds and retirement plans—imagine what's possible if these investments were put to work locally building community wealth, rather than fueling Wall Street and The City's extractive casino economy?
- 6. Collaboration matters.**

Building community wealth isn't just about more money locally—it's about the power that comes from building lasting relationships of mutual support. Fostering effective collaboration between anchors, local government, and neighborhood residents isn't just a matter of convenience or capacity, it's intrinsic to the project of community wealth building.
- 7. Place really matters.**

Don't expect wealth to trickle down. Without an intentional place-based strategy to make sure local assets work to build local wealth, there's nothing stopping wealth from leaving your community. And you need an intentional strategy to make sure that locally the hardest hit parts of your community are first in line for new opportunities: inequities won't undo themselves.
- 8. Community wealth is where the next system begins.**

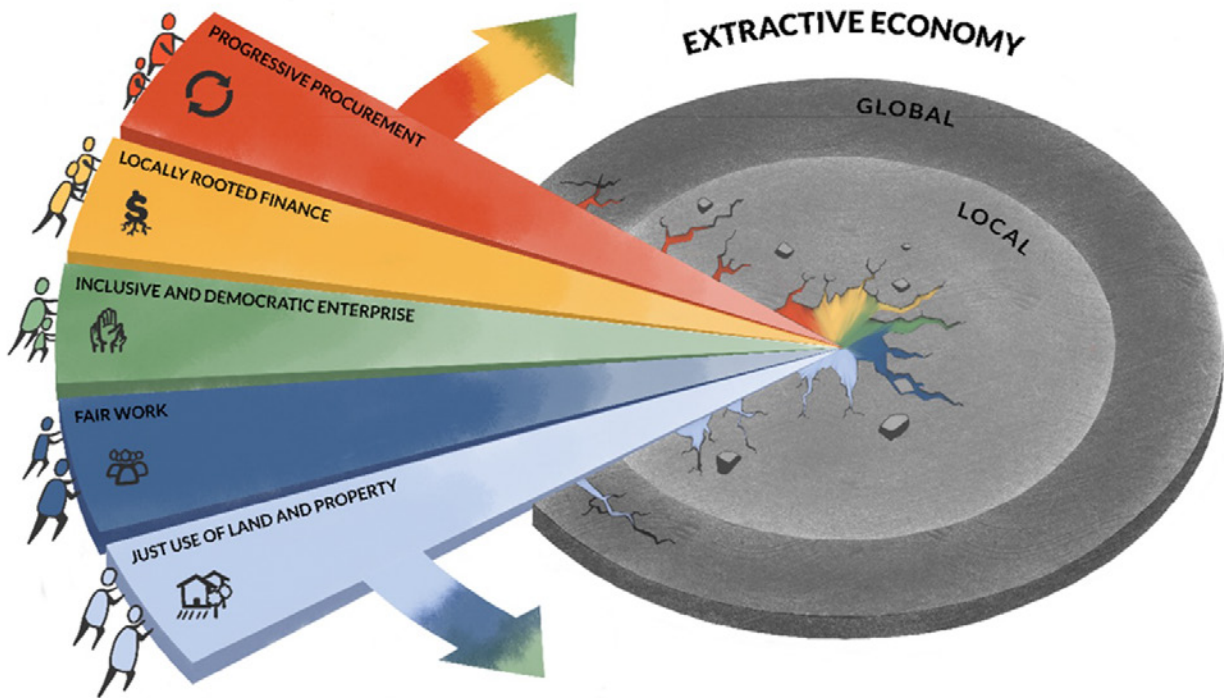
This isn't about one or two good projects, or a small corner of a procurement budget getting earmarked for local vendors while everything else remains business as usual. **It's about taking the first steps towards truly transforming our economy so that it works for the many, not the few.**

WWW.DEMOCRACYCOLLABORATIVE.ORG



Implementing CWB relies on five pillars that use a local, broad and democratic perspective to confront the trends of the current economic system. These five pillars used together create a “wedge” (Fig. 2) that drives the transformative power of CWB and creates a solid foundation for successful implementation. The five pillars are:

Figure 2: Five Pillars of Community Wealth Building¹³



These five pillars are defined as:

1. Progressive procurement.

- Local governments and place-based “anchor institutions” should lead with procurement practices that democratize economic activity, build local multipliers, and end leakage and financial extraction.

Tactic: Anchor Institution Initiatives

Anchor institutions are large organizations that are rooted to a specific community and unlikely to leave. These are most often hospitals, clinics, and universities, but can be corporations or larger businesses that are committed to a specific community. Anchor institution initiatives may include ensuring that local economies benefit from harnessing the large-scale spending of these local institutions, or using their political power to help implement policies that will benefit CWB efforts.

2. Locally rooted finance.

- Cities and local institutions should redirect money in service of the real economy through public and community banks, credit unions, and targeted public pension investments.

Tactic: Community Development Financial Institutions (CDFIs)¹⁴

CDFIs encompass a number of nonprofit and for-profit institutions whose goals include providing credit and financial services to populations that are underserved by mainstream banks. CDFIs can fund local small businesses and make housing more affordable for local residents. Many CDFIs have played a key role in promoting CWB within their communities.

Tactic: Impact Investing¹⁵

Impact investing is investing with the dual purpose of making returns while also creating some sort of “positive and measurable social or environmental impact.” There are a number of different impact investing tactics; those that support CWB could include investment and reinvestment in local job creation, small business development, and affordable housing.

3. Inclusive and democratic enterprise.

- Cities should have multiple forms of worker and consumer cooperatives, social enterprises, municipal ownership/enterprise, and more, based on the recognition that the ownership of productive capital is at the heart of where power lies in any political-economic system.

Tactic: Worker, Consumer, and Producer Cooperatives¹⁶

One of the oldest and most common CWB strategies, a cooperative is a business owned by a group of individuals and led by a “one member, one vote” process. An owner might be a worker, consumer, producer, or purchaser. Cooperatives are critical to CWB because they provide quality goods and services to underserved communities; they invest in local economies; they create and support community organization and conversation; they create jobs; and they help small businesses stay competitive within large markets.

Tactic: Employee Stock Ownership Plans (ESOPs)¹⁷

ESOPs and Worker Cooperatives are tactics that give a company's employees full or partial ownership of their companies. These not only help stabilize a local economy by supporting local workers, but they also help individuals who may not be able to afford real estate to create wealth through ownership.

4. Fair work.

Every worker must receive a living wage and the ability to start or join a union, and real power in, and control of, their workplace for decent jobs and working conditions.

Tactic: Setting Living Wage Minimums

Advocacy for policies that support and/or require minimum wage to be at a living-wage level can happen in a number of different ways. If change to minimum-wage laws is not likely, advocating for a minimum wage shift for government jobs or within large organizations can have a similar effect. When employers who pay a large percentage of workers in a community raise their wages, other local companies will follow suit or lose their best employees. Advocating to the leaders of individual organizations for a shift to a living wage can create an organic desire to shift legal policy to support living wages throughout a community.

5. Just use of land and property.

Cities should mobilize land and property assets to build real wealth in communities, bring local land and real estate development back under community control, and combat speculation and displacement.¹⁸

Tactic: Community Land Trusts (CLTs)¹⁹

CLTs are nonprofit, community-based organizations whose goal is to own land that can be stewarded by a specific community. The purpose of a CLT is to keep land affordable for development of all kinds, although CLT-designated land is most often used for affordable housing.

Tactic: Transit-Oriented Development (TOD)²⁰

TOD is purposeful development designed to create mixed-use communities around transportation nodes, and to thereby encourage local purchasing, decrease traffic, and lower environmental impact. Transit-oriented development impacts CWB by boosting municipal real estate values, creating vibrant communities, and increasing access to jobs.

It is important to note that when taken together, these five pillars maximize the power of the “Wedge”. But, Community Wealth Building is not a one-size-fits-all approach. Any one or combination of many of these tools will need to be implemented for individual efforts. Additional strategies exist, and new ideas are developed to address changes as the efforts expand. Each community brings its own history, politics, organizations, and issues to the table, and each strategy must be evaluated comprehensively based on these factors.

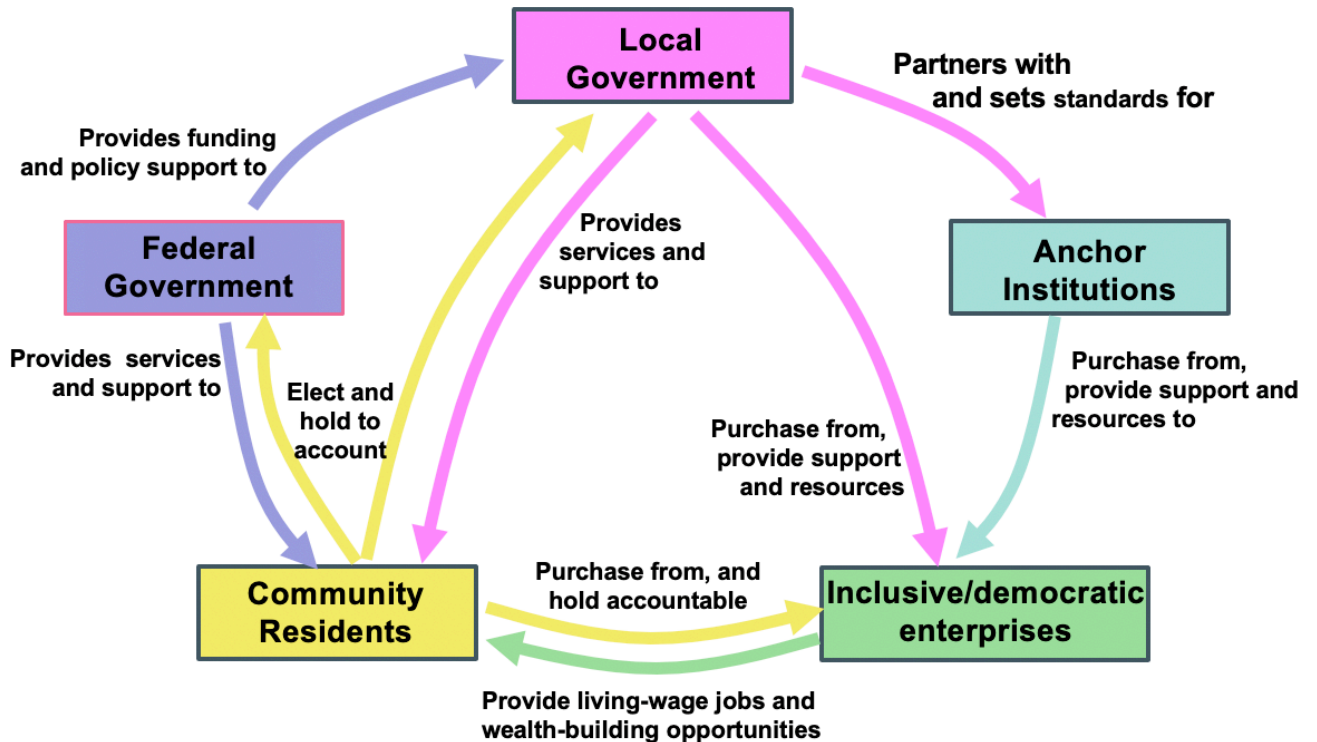
Community Wealth Building must leverage the power of a number of different players and the coordination of activities between them, including:

- Local governments
- Economic development teams
- Anchor institutions
- Labor unions
- Community leaders

Figure 3 highlights the inter-relationship between key groups in the Community Wealth Building environment.

Figure 3: Diagram of Community Wealth Building in Action²¹

These members work closely together to identify assets and needed elements while focusing on



large-scale change. Local governments play an important role in this process. Because of their particular ability to partner with other organizations, local governments are uniquely positioned to make investment decisions that impact local organizations rather than large corporations, to empower and fund grassroots organizations and their efforts, and to act as a convenor for efforts being made across the country. In the end, the success of local governments draws national attention, thereby encouraging CWB efforts at the national level.

One current example of national engagement in the United States is the inclusion of CWB provisions in the 2022 CHIPS and Science Act passed by the U.S. Congress and signed into law. (see Appendix C for a more detailed description).



The Democracy Collaborative

The Democracy Collaborative



We believe that building real democracy for the 21st century means developing new strategies that address the root causes of corrosive and pervasive economic inequality, and taking those strategies to scale so we can rebuild our communities and local economies along more just, equitable, and sustainable lines.²²

—The Democracy Collaborative

Community Wealth Building as a concept and a practice on a small scale has existed for many years. Individual communities have benefited from specific strategies and tactics, but these singular efforts could not create systemic change on their own. While a number of organizations worldwide are committed to CWB, The Democracy Collaborative has come to be known internationally as a “node” for knowledge, connections, and best practices for CWB endeavors.

History/Founding

The Democracy Collaborative (TDC) was co-founded in 2000 at the University of Maryland as a research center dedicated to the pursuit of democratic renewal, increased civic participation, and community revitalization. Over time, the Collaborative has gone beyond research to take on an advisory role to organizations and governments, to host field-building activities, to build awareness and knowledge around the CWB movement, and to assist in policy-making at local and state levels. The Democracy Collaborative, composed of two of the original founders and their team, currently defines itself as “a research and development lab for the democratic economy.”

The Democracy Collaborative co-founder Ted Howard and Distinguished Senior Fellow Marjorie Kelly define “the democratic economy” in their book titled *The Making of A Democratic Economy: Building Prosperity for the Many, Not Just the Few*.

A democratic economy is an economy of the people, by the people, and for the people. It’s an economy that, in its fundamental design, aims to meet the essential needs of all of us, balance human consumption with the regenerative capacity of the earth, respond to the voices and concerns of regular people, and share prosperity without regard to race, gender, national origin, or wealth. At the core of a democratic economy is the common good, in keeping with the founding aims of democracy in politics.²³

When comparing these ideas to the neoliberal free-market system guiding much of the world today, it is evident that convincing others of its value is not a small lift for its proponents. But local leaders are searching for new and improved solutions to problems they feel are created by the neoliberal system, and TDC strives to make these solutions available and viable.

“In terms of our economic inequalities, we’re at a crisis point that we literally can’t sustain a viable social compact with this level of economic inequality. We’re seeing that breakdown in our own politics, in our own polity.”²⁴

— Sarah McKinley, The Democracy Collaborative

Theory of Change

The Problem

The Democracy Collaborative identifies the modern tendency to equate democracy with the free market theories of neoliberal economics, and the consequences that this creates. Neoliberal theory promises opportunity for all, but the result of the current dominant form has extracted wealth and power from the many and put it in the hands of the few, who have used it to twist democratic ideals in their favor, further increasing the gap. This system has led to:

- Disinvestment from communities
- Attacks on labor and working people
- Degradation of our environment
- Deeply institutionalized social and racial injustice²⁵

The Vision

In response to this current state of the world, TDC has constructed a vision that it feels gives real opportunity for all while simultaneously protecting vulnerable groups and the environment.

Our vision begins and ends with community. It is through community wealth building—a bottom-up approach to economic development based on greater democratic ownership, participation, and control—that we can begin to develop and scale the democratic economy and displace the extractive economy.

— The Democracy Collaborative

The Democracy Collaborative’s vision of the democratic economy is:²⁶

- Wealth is broadly held—by workers, households, and communities—through a plurality of ownership forms that have become widespread across our political economy.
- Local economies prosper, building and maintaining wealth and value for themselves and society as that wealth and value recirculate.
- Humans live in balance with nature, and our energy and economic systems are decarbonized, localized, and democratized—owned, controlled, and operated for public benefit.
- Racial equity is deeply and substantively integrated into the democratic economy through reparative justice and through antiracist politics and practices that dismantle both individual and structural forms of racism and white supremacy;

- All people are valued within a culture of compassion, mutuality, solidarity, and respect.
- All institutions critical to resilience and wellbeing—from energy and food systems to healthcare and finance—are decommodified, widely accessible, and democratically managed for the public good.
- Governance structures operate on these principles on the basis of subsidiarity, decentralization, and participation

The Democracy Collaborative’s mission is to demonstrate in theory and in practice the principles of a democratic economy, offering a vision of what that economy can be, designing models that demonstrate how it operates, and building in coalition with others the pathways to a new reality. By making the democratic economy conceivable, visible, and practical, we open minds, ignite hope, and inspire action.

The Mission

While TDC began in 2000 as a research center in a university, it has evolved to also playing an active role in the work happening on the ground, and considers itself an “R&D lab for the Democratic Economy.” The way to operationalize CWB’s concepts and to then scale its impact is to set the conditions for CWB to succeed in such a way that it will initiate an international movement that creates global change. This must be accomplished by applying CWB’s ideas in practice, and creating examples from which others can learn and progress. This is clearly confirmed in the evolution of The Democracy Collaborative projects so far, but the practical work is far from easy.

Since CWB does not have a one-size-fits-all approach, and TDC cannot write each individual playbook, TDC’s goal is to create a clear definition of “Community Wealth Building” that others can use and follow. Over the years, TDC has created a number of resources to clarify and advance this definition including publications, websites, and conferences. It supports a number of specific projects that provide guidance in CWB tactics and implementation. In order to offer a true vision, TDC collaborates with and advises teams of leaders to design models that will spearhead this movement through TDC’s action planning process.

“What I like about the Democracy Collaborative’s approach is we’re thinking beyond single models, single portfolios, single companies, we’re thinking beyond even collectives of single models like cooperatives, we’re thinking what does the actual new system begin to look like when all the pieces are working together? I think that we’re pretty unique in doing that and we’re doing it not only in a theoretical way, but also in a practical way.”²⁷

— Marjorie Kelly, TDC



Key Projects

Key Projects



Evergreen Cooperative Initiative: The Cleveland Model

Initiated as the result of a DC-sponsored round table discussion in Cleveland, OH

The Evergreen Cooperative was established in some of Cleveland's poorer neighborhoods within the city limits, just four miles outside of downtown. The area is directly adjacent to six communities with a median household income of \$18,500 and where 25-30% of residents live in poverty, but has a concentration of anchor institutions including major education, cultural, and medical amenities. This combination of factors made this area an ideal candidate for piloting an innovative experiment in worker cooperatives designed to promote sustainable CWB initiatives.²⁸

Key Partners

- The Democracy Collaborative
- The Cleveland Foundation
- The Ohio Employee Ownership Center
- The City of Cleveland
- Major Cleveland hospitals and universities

Pillars

- **Progressive Procurement:** Hospitals and universities partnered with these efforts to evaluate their procurement practices, then shifted purchasing to the Evergreen Cooperative, a local provider of produce, clean power, and laundry services created for this purpose.
- **Fair Work:** The Evergreen Cooperative was created to meet these needs while also providing workers with a higher living wage, profit-sharing, health benefits and power in their workplace. The vast majority of the Cooperative owner/workers were previously unemployed, and nearly half were formerly incarcerated. Purposefully hiring from populations that often have difficulty finding living-wage jobs is essential, as it underpins the strategy of building wealth throughout the community.
- **Locally Rooted Finance:** The cooperatives are joined together in a non-profit holding company which gives them access to technical support, training, and low-cost revolving loan funds that built and supported the whole system.
- **Inclusive and Democratic Enterprise:** The cooperative model led to increased commitment as community members, who were also workers in and owners of the cooperatives, made key decisions that kept capital within their communities.

The cooperative strategy was important to ensure that the jobs, assets, and income stayed local. Evergreen coops are of two types: (1) start-up worker-owned firms explicitly designed to provide goods and services to local area anchor institutions and (2) local small and medium size businesses that have been converted to coops by Evergreen as an exit strategy for existing owners. Within the local cooperative, a number of important decisions are made democratically and directly by workers, so the benefits of the collective mission drive the decision making more routinely than the benefit to the individual efforts. The Evergreen Cooperatives have become a global model for innovation in creating more sustainable regional economies.

The Preston Model

Initiated by Preston, UK, City Council

Preston is a midsize town in the United Kingdom that was once an industrial center but had hit on economic hard times by the early 2000s. The Preston Model isn't a simple one-element strategy, but a holistic framework for integrating community, cooperative, and public assets into a mutually supporting system of local economic prosperity. The multi-pronged approach is a perfect example of creating the "wedge" to support ongoing CWB solutions.²⁹

Key Partners

- Preston City Council (led by Council Member Matthew Brown)
- The Democracy Collaborative
- Center for Local Economic Strategies (Manchester, England)
- Local anchor institutions
- Local businesses

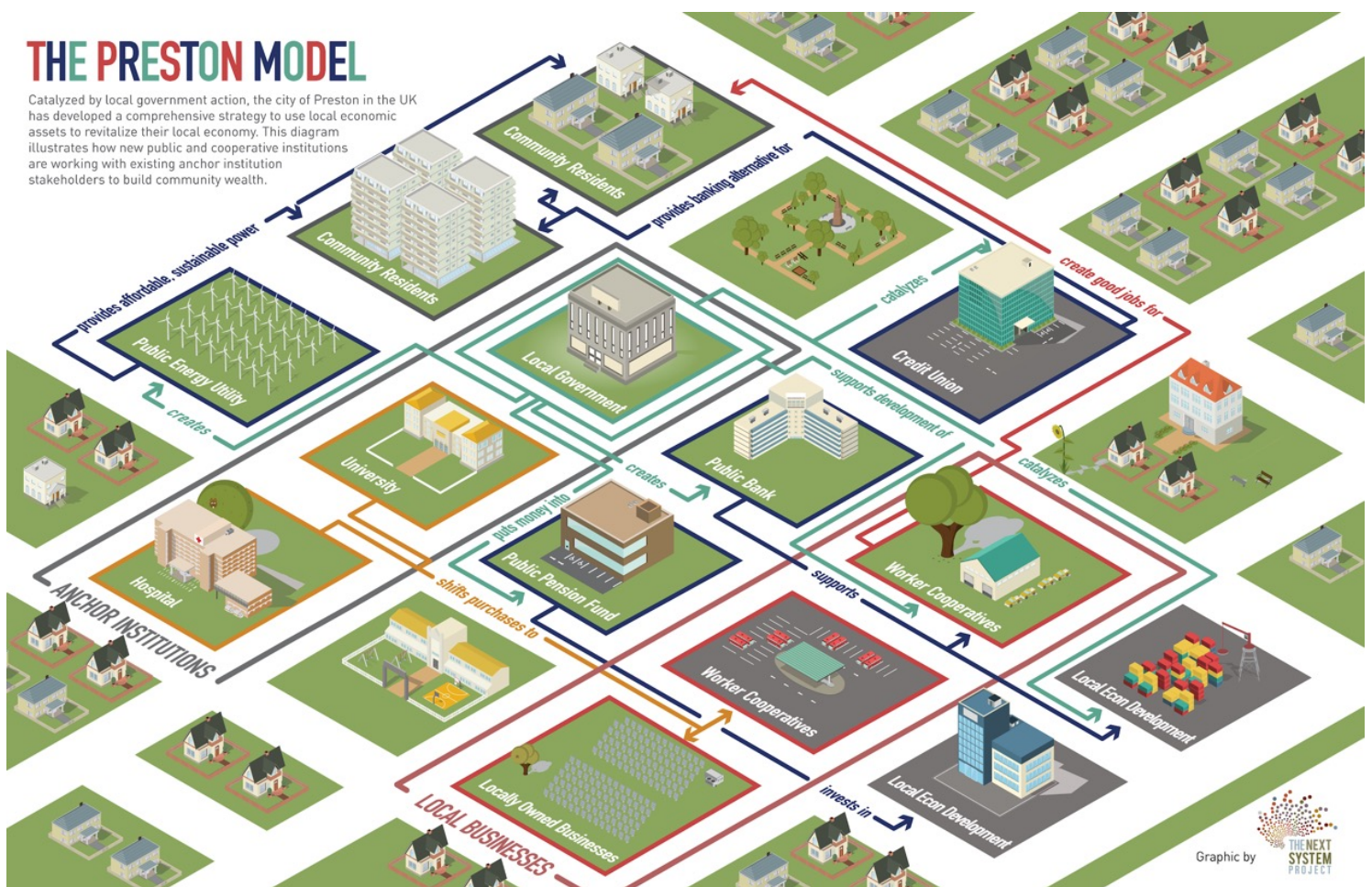
Pillars

- **Progressive Procurement:** Six original anchor institutions shifted their spending and locally spent an additional £70 million and added 4500 additional local jobs between 2013-2017.
- **Locally Rooted Finance:** A local credit union is in place, in partnership with an already-established credit union near Preston. . The creation of a public bank, capitalized by financial reserves of the city and county as well as other investors, is being actively explored.
- **Fair Work:** Brown began promoting CWB strategies in Preston by using his influence to convince the Authority to become a "real living wage employer," paying employees 20% higher than the national minimum. This leverage led local anchor institutions and many local businesses to implement the same living wage policies.
- **Inclusive and Democratic Enterprise:** A coop development center has been established at the University of Central Lancashire to catalyze new "gap coops" that meet local business needs.

The Preston Model is “a number of pieces of a jigsaw puzzle. Some of it is in place, other bits are in the process of being put in place.”³⁰

— Matthew Brown, Preston City Council

Matthew Brown now travels throughout the UK, advising and training others who are interested in implementing CWB strategies. Scotland has engaged with this work and invested in a “whole-nation approach” to CWB. Specifically, Scotland has attached CWB-related efforts to the national economic plan, created the position of Minister for Community Wealth, and is developing legislation that strengthens the legal basis for CWB as a driver of systemic change in the economic system. The legislation will be introduced into the Scottish Parliament in 2023.



Chicago

Initiated by Chicago’s innovative Office of Equity and Racial Justice (OERJ); tasked with achieving “equity in the city’s service delivery, decision-making, and resource distribution.”

“How can the city work differently with community, right? What does it look like to create a table that truly shares power with community members to tackle and address an issue?”³¹

— Nneka Onwuzurike, City of Chicago, Community Wealth Building Lead

In 2021, the Office of Equity and Racial Justice in Chicago made the decision to pursue innovative Community Wealth Building approaches on the South and West sides to combat system inequities and decades of community disinvestment. Mayor Lori Lightfoot supported the decision; “If we want true, transformative change, we must invest in new ideas that get at the root causes of the challenges our Black and Brown residents are facing.”³²

Key Partners

- Chicago Office of Equity and Racial Justice (OERJ)
- The Democracy Collaborative (consultant)
- Manufacturing Renaissance (consultant)
- LISC Chicago (consultant)
- Community Desk Chicago (consultant)
- World Business Chicago (consultant)
- University of Illinois, Chicago (consultant)

Key Pillars

- **Inclusive and Democratic Enterprise:** Cooperative ownership models are encouraged to create equitable, sustainable and dignified jobs. This tactic includes the development of worker cooperatives and a limited equity housing cooperative. Limited equity housing cooperatives give low-income residents the opportunity to purchase housing shares at a below market rate.
- **Anchor Institutions:** A network of anchor institutions will be established to build on current collaborative anchor institution partnerships. This network will work across pillars to promote CWB initiatives, including such things as identifying and diminishing barriers to progressive procurement practices.
- **Locally Rooted Finance:** Chicago is currently adding partners to an existing coalition of local philanthropic organizations to launch a Community Investment Vehicle. Next steps include centralizing resources for those who are interested in investing, with the goal of scaling a local financial ecosystem.

- **Just Use of Land and Property:** Chicago is exploring the use of various structures of ownership that will give the community an equity stake in the commercial property within the community. This will likely take the form of a Community Land Trust.

This “whole-city” approach helps to root local Economic Development plans in CWB principles. The approach also engages cross-sector collaborators and motivates them to implement whole-system change that serves as a model for other cities. The Mayor of Chicago has now committed \$15 million to an initial neighborhood-level community wealth pilot effort. (See Appendix D for more details.)

The Future: Full System Change

Shifting from decades of neoliberal thinking to a new model requires full-system change that will only come with the ability to think expansively and act intentionally. To meet this challenge, TDC is transforming itself into an “action-oriented think tank,” under the new motto “Think. Do. Change.” The ultimate goal is to offer leaders clear, collaborative direction on how Community Wealth Building is defined, how to accomplish it at scale, and ways to support efforts to implement comprehensive systems change while increasing awareness of community wealth building through continued research and analysis.

“The word economy comes from the Greek word Oikonomos, keeper of the household, it’s something that should be close to our hearts, close to our homes...The economy, at the end of the day, is a social construction and we can construct it any way we want. And we were just talking here about making an economy that works for us. Simple stuff.”³³

—Neil McInroy, The Democracy Collaborative



Discussion Questions

Discussion Questions

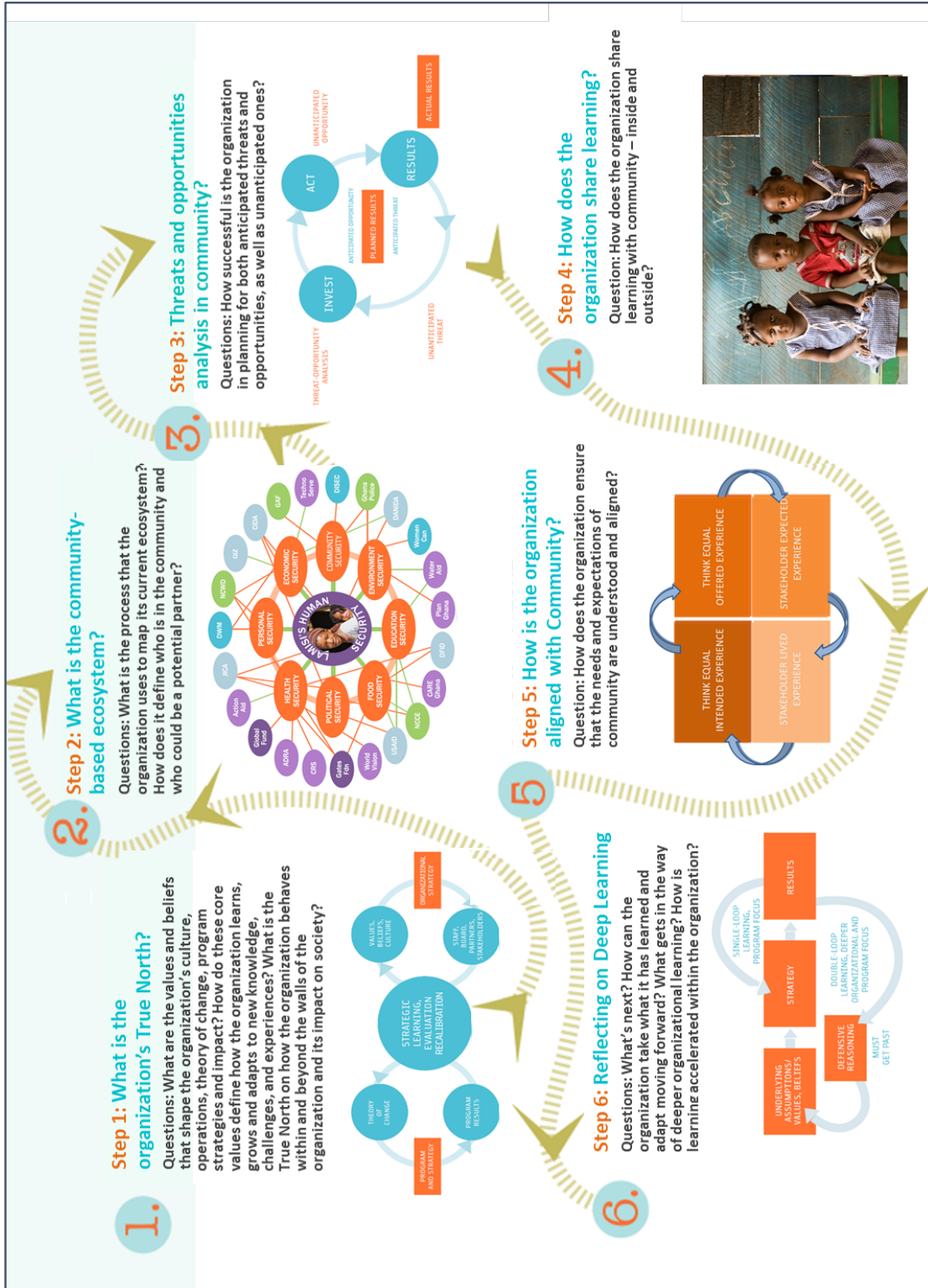


- 1. How can the more traditional business community be engaged to support community wealth building and eventually see these new approaches supporting their own interest? What is the business case for community wealth building?**
- 2. Achieving real scale in CWB will require substantial capital. Governments at various levels could be one source of that capital. What other sources may be considered?**
- 3. Economic development public policy is strongly biased toward mainstream trickle-down, neoliberal approaches. What are the types of public policies that could be put in place to provide a welcoming and supportive environment for CWB?**

Appendix A: List of Interviewees

Name	Organization	Title
Democracy Collaborative Team:		
Thomas Hanna	The Democracy Collaborative	Research Director
Leslie Harroun	The Democracy Collaborative	Senior Fellow for Strategic Initiatives
Ted Howard	The Democracy Collaborative	President and Co-Founder
Marjorie Kelly	The Democracy Collaborative	Distinguished Senior Fellow
Neil McInroy	The Democracy Collaborative	Senior Fellow
Sarah McKinley	The Democracy Collaborative	Director of Community Wealth Building Programs
Democracy Collaborative Board Members:		
Dayna Cunningham	Tufts University	Dean, Tisch College
Allan Henderson (Chair)	--	International Business Consultant
Community Wealth Building Implementers, Practitioners, Observers:		
Matthew Brown	Preston City Council (UK)	Councillor (Leader of City Council)
Joe Cullinane	North Ayrshire Council (UK)	Councillor
Nneka Onwuzurike	City of Chicago	Community Wealth Building Lead
Carolina Reid	University of California-Berkeley	Associate Professor of City and Regional Planning
Julie Wilson	Common Roots	President

Appendix B: Deliberate Leadership Roadmap



Appendix C: CWB Activity at a National Level



Memo: Community Wealth Building in the CHIPS and Science Act

July 29, 2022

The CHIPS and Science Act that passed the US Senate and House last week included **community wealth building provisions** that The Democracy Collaborative helped draft with our ally **Congressman Jamaal Bowman (NY-16)**.

The CHIPS and Science Act includes a new **Regional Technology and Innovation Hub Program** that was also part of previously-passed House and Senate bills (H.R. 4588, and S.1260). The final language drew heavily from the House version of the bill that contained the strongest version of these community wealth building provisions, thanks to an amendment written during the committee process in July 2021. These provisions clarify how the regional hubs can build community wealth in their regions by creating ecosystems of local small businesses and promoting employee ownership, making them genuine anchors of their communities.

Full CHIPS and Science Act text [here](#).

Key language from the final CHIPS and Science Act pasted in italics below:

- **Community Wealth Building Plans.** As part of a competitive application process, regional hub candidates are encouraged to include plans for how their institutions will build and retain wealth in their region, and then the Secretary of Commerce is instructed to consider (*shall consider*) those plans when awarding regional hub designation and awarding grants associated with the programs.
 - Regional hub applicants are encouraged to submit:
 - *A plan for partnering and collaborating with community development financial institutions and minority depository institutions, labor organizations and community groups, worker cooperative membership associations, local and state employee ownership and cooperative development centers, and other local institutions in order to promote employee, community, and public ownership in the clean energy sector, and advance models of local economic development that build and retain wealth in the region;*
 - Applications for regional hub designation, and grants, are then assessed based on:
 - *The likelihood of positive regional economic effect, including increasing the number of high wage domestic jobs, creating new economic opportunities for economically disadvantaged and underrepresented populations, and building and retaining wealth in the region.*

- **Equitable Local Procurement.** As part of a competitive application processes, each hub candidate (*eligible consortium*) is encouraged to include information about their local procurement goals, in line with the following:
 - *How the eligible consortium considers opportunities to support local and regional businesses through procurement, including from minority-owned and women-owned businesses.*

- **Worker Ownership.** As part of their competitive application process for economic development grants, regional hub candidates are explicitly encouraged to use funding to support institutions that expand worker ownership, like state worker ownership centers. The “Use of Funds” section includes:
 - *The development and growth of local and regional businesses and the training of entrepreneurs, which may include support for the expansion of employee owned businesses and cooperatives.*

- **Locally Rooted Finance.** Community Development Financial Institutions (CDFIs), Minority Depository Institutions (MDIs), and employee ownership centers are defined and explicitly included as eligible consortium partners eligible for regional hub designation.
 - *The term ‘covered consortium’ means an individual or group of individuals in partnership with a government entity including a State, territorial, local, or tribal government or unit of such government, and at least 2 or more of the following additional entities: ...*
 - *(I) a community development financial institution or minority depository institution;*
 - *(J) a worker cooperative membership association or state or local employee ownership or cooperative development center;*

For more information contact:

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 Policy Director
 The Democracy Collaborative
jkowalski@democracycollaborative.org

Appendix D: Chicago's Community Wealth Building Initiative Press Release

Appendix: Chicago's Community Wealth Building Initiative Press Release

September 22, 2021

Lightfoot proposes \$15 million to pilot economic development strategy focused on “local, democratic and shared ownership”

NEWS RELEASE

For Immediate Release

CONTACT: Isaiah J. Poole, Vice President of Communications; ipoole@democracycollaborative.org

Making a sharp departure from the usual economic development pledges made by big-city mayors, Chicago Mayor Lori Lightfoot this week made a historic commitment to the city's community wealth building strategy that is designed to support bottom-up efforts that root control as well as benefits in communities.

As part of her budget message to the city this week, Lightfoot proposed a \$15 million community wealth building pilot, which she said “will create a new economic development program to promote local, democratic and shared ownership and control of community assets.” That will include “pilot investment in shared equity models such as worker cooperatives, housing cooperatives, and community land trusts— giving historically disinvested communities more accessible and sustainable pathways to build wealth in their communities.”

The Democracy Collaborative defines community wealth building as a systemic transformation of local economies to bring about shared prosperity, racial equity, and ecological sustainability through greater democratic ownership and participation. TDC is currently working with the City of Chicago's Office of Equity and Racial Justice to advise and make recommendations on their development of a community wealth building strategy. TDC has previously played key roles in the development of the Evergreen Cooperatives in Cleveland and the northern England town of Preston's highly regarded model of using anchor institutions and local government procurement to support the growth of cooperatively owned enterprises.

City officials say money the city is receiving from the American Recovery Plan Act will be used to finance this project. The mayor's proposal will now go to the City Council for approval.

“Other cities should take note of what Chicago is doing,” said Ted Howard, president of The Democracy Collaborative. “With so much upended by the COVID-19 pandemic, there is no better time than now to rethink our approach to revitalizing our cities. Too often economically struggling communities are treated as opportunities for companies to

extract labor and profits, and whatever revitalization occurs is not for the people in those communities fighting for a decent life. Those residents and workers are demanding real power, control and wealth-building capacity, and we applaud the growing number of local officials who are addressing that demand.”

###

Endnotes

¹Transcript, pg 2-3

²<https://www.thenation.com/article/archive/thatchers-funeral-bury-tina-too/>

³https://www.chicago.gov/content/dam/city/sites/covid/documents/leroundtable/LE_GapData_1Pager_042522.pdf

⁴Kickoff Conversation Transcript, pg 15

⁵Horst W.J. Rittel and Melvin M. Webber, "Dilemmas in a General Theory of Planning," *Policy Sciences* 4 (1973): 155-169.

⁶Grint, Keith. "Wicked Problems and Clumsy Solutions: the Role of Leadership" *Clinical Leader* 1, no.11, (December 2008), <http://leadershipforchange.org.uk/wp-content/uploads/Keith-Grint-Wicked-Problems-handout.pdf>.

⁷<https://www.bloomberg.com/graphics/2021-chicago-ppp-loans-economic-recovery/>

⁸<https://www.cct.org/stories/for-the-economy-to-recover-the-people-must-recover/>

⁹<https://www.foodcoop.coop/blog/2020/6/19/a-short-history-of-black-cooperatives-in-america>

¹⁰https://democracycollaborative.org/sites/default/files/2021-11/Community-Wealth-Building-Hanna-Kelly_Final.pdf

¹¹<https://democracycollaborative.org/cwb#:~:text=What%20is%20community%20wealth%20building,and%20control%20of%20their%20assets.>

¹²democracycollaborative.org/learn/blogpost/community-wealth-building-eight-basic-principles

¹³<https://democracycollaborative.org/sites/default/files/2022-06/new-era-for-cwb-final.pdf> pg 9

¹⁴<https://community-wealth.org/strategies/panel/cdfis/index.html>

¹⁵<https://community-wealth.org/strategies/panel/sri/index.html>

¹⁶<https://community-wealth.org/strategies/panel/coops/index.html>

¹⁷<https://community-wealth.org/strategies/panel/esops/index.html>

¹⁸<https://democracycollaborative.org/sites/default/files/2022-06/new-era-for-cwb-final.pdf> pg 8-9

¹⁹<https://community-wealth.org/strategies/panel/clts/index.html>

²⁰<https://community-wealth.org/strategies/panel/tod/index.html>

²¹<https://democracycollaborative.org/sites/default/files/2022-06/new-era-for-cwb-final.pdf> pg 8

²²<https://democracycollaborative.org/history>

²³Book, pg 3

²⁴Sarah McKinley transcript, pg 7

²⁵<https://democracycollaborative.org/sites/default/files/2022-06/new-era-for-cwb-final.pdf> pg 5

²⁶<https://democracycollaborative.org/sites/default/files/2021-07/TDC-Theory-of-Change-Final.pdf>

²⁷Marjorie Kelly Transcript, pg 2

²⁸<https://community-wealth.org/sites/clone.community-wealth.org/files/downloads/article-wang-filion.pdf> p. 32

²⁹<https://democracycollaborative.org/preston-model>

³⁰Matthew Brown interview, pg 3

³¹Nneka Onwuzurike Transcript pg 3

³²<https://democracycollaborative.org/learn/blogpost/chicago-shifts-focus-community-wealth-building>

³³CWB: An Economic Reset documentary 18:22 <https://www.youtube.com/watch?v=sFglwyazXhE>