

Community Wealth Building: The Path towards a Democratic and Reparative Political Economic System

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Conflict of Interest Statement

The authors are both employed by The Democracy Collaborative, a 501c3 not-for-profit organization that has an interest in the subject matter discussed in this manuscript. Specifically, The Democracy Collaborative works to advance the concept and practice of community wealth building and systemic change with policymakers, journalists, activists, academics and others. TDC is funded to do this work through philanthropic grants and consulting contracts.

Abstract

After a year of chaos and turmoil related to the Covid-19 pandemic and its social, economic, and political effects, we find ourselves faced with the question of what comes next. Down one path lies the notion of returning to business as usual, which in truth is a dangerous and impossible fantasy. Further shocks are inevitably coming, and an economic system bent on profit maximization, “free markets,” and endless economic growth cannot cope with them. Indeed, such a system is unlikely to survive them. There is another path, one that leads to a political economic system that might enable us all to live well and to do so within planetary boundaries. In embryo, this alternative already exists. It is being tested and proven in the many innovative models of the “social economy,” the “solidarity economy,” or what we term the “democratic and reparative economy.”

It is time to recognize these models as the seedbed of the future, the next system our world now urgently requires. How we get to this next system begins at the local level through “community wealth building” (CWB), a term that was first coined by The Democracy Collaborative in the mid-2000s. It refers to a bottom-up approach to community economic development that works to produce broadly shared economic prosperity, racial equity, and ecological sustainability through the reconfiguration of institutions and local economies on the basis of greater democratic ownership, participation, and control. CWB is more than just a new approach to economic development, poverty alleviation, or individual wealth accumulation; it goes far beyond isolated projects and institutions; and it should not be confused with “community building.” It is a full system approach that focuses on developing alternative economic institutions, approaches, and relationships and connecting them to each other; creating interventions at various scales throughout the system; and

making a conscious effort to reset social relations, build a new politics, and construct a counter-hegemony based on moving beyond corporate capitalism.

In this paper, we review and analyze the history and practice of CWB, including its origins in the tumult of the 1960s and '70s, how it has evolved over time, and how it has spread from the US to the rest of the world. We present some of its institutions and approaches – such as worker owned companies, community land trusts, community development financial institutions, and public ownership – and review their development and how they deliver superior results for workers and communities. We also discuss the opportunity and challenge of contesting for state resources and support and how, while this is critical to CWB, efforts must be made to embed community control and participation and guard against co-optation and co-dependence. Lastly, we discuss how CWB can lead to broader system change by presenting and analyzing Gar Alperovitz's concept of "evolutionary reconstruction", Erik Olin Wright's "logics of transformation", and André Gorz's "non-reformist reforms" as the basis for a coherent theory of change.

Keywords

capitalism, systemic change, crisis, economic development, community wealth building, cooperatives, democracy, community land trusts, social economy, community development financial institutions, democratic economy, public ownership, solidarity economy, anchor institutions, evolutionary reconstruction, worker ownership, non-reformist reforms

Introduction

After a year of unprecedented global tumult due to the Covid-19 pandemic and its damaging economic and social impacts, there is an understandable hunger around the world to get back to a sense of normalcy. However, after two major economic crises in a little more than a decade, the looming existential threat of runaway climate change, and increasing social and political instability, a return to the status quo of corporate capitalist hegemony and entrenched neoliberalism is not possible. Nor is it desirable. It is the manifest and compounding failures of that system that have led us to this moment of breakdown in the first place.

To best understand the opportunities and dangers of the current moment, it is instructive to step back and contemplate the possibility that capitalism may be experiencing the beginning of the end of a long period of crisis. Indeed, such extended periods are typical of this economic system, as the late Italian economist Giovanni Arrighi observed. In 1994, against the backdrop of capitalist triumphalism following the fall of the Soviet Union, Arrighi published his classic, contrarian take: *The Long Twentieth Century*. In it, he wrote that "long periods of crisis, restructuring and reorganization, in short, of discontinuous change, have been far more typical of the history of the capitalist world-economy than those brief moments of generalized expansion along a definite development path..." (Arrighi, 1994, p. 1). Arrighi suggested that capitalism was at that time in the midst of one of these long periods of crisis, with roots reaching back to the 1970s. Today, twenty-five years after Arrighi's insights, it appears that capitalism is not only still mired in this long period of crisis but seems to be entering into its concluding phases – defined by the increasing severity of systemic shocks, compounding and intersecting challenges, and declining legitimacy.

As we approach the potential end of this period, the question of what comes next is vitally important. Arrighi maintained that “in the past, these long periods of discontinuous change ended in a reconstitution of the capitalist world-economy on new and enlarged foundations” (1994, p. 1). However, there are reasons to believe that this enlargement and expansion process will not be possible in the current case. Capitalism now already reaches into virtually every corner of the globe and is running into planetary boundaries at an accelerated rate. As economic geographer David Harvey states, “we’re running out of both space and time right now,” which is “one of the big problems of contemporary capitalism” (2018).

One hopeful possibility is that, over the coming period, the long crisis of capitalism gives way – through great struggle and a powerful movement for change – to the creation of a more democratic and reparative economy, culture, and society.¹ In embryo, this political economic system already exists. It goes by many names, such as the social economy, the solidarity economy, and the democratic and reparative economy.² Its institutions, strategies, and approaches have been slowly developing for years in the “interstices of global capitalism,” to use Erik Olin Wright’s terminology, and at the edges of US imperialism and hegemony, to paraphrase Gar Alperovitz (Wright, 2010; Alperovitz, 2013).³

A key strategy for building this next economy is “community wealth building” (CWB). This term was coined by The Democracy Collaborative (TDC) in the mid-2000s to describe a new approach to community economic development which is now proliferating in the UK, the US, and elsewhere around the world. CWB “works to produce broadly shared economic prosperity, racial equity, and ecological sustainability through the reconfiguration of local institutions and economic strategies on the basis of greater democratic ownership, participation, and control” (TDC, no date). It involves developing community-owned and -controlled institutions that embed service to the public good at their core (rather than profit maximization) across the three related pillars of the economic system: land, labor, and capital. These institutions include cooperatives, worker owned firms, public enterprises and banks, community development financial institutions, community land trusts and social housing, and community-based non-profit corporations, among many others. CWB also includes supportive strategies such as linking these new institutions to the procurement power of large public and non-profit “anchor” institutions (hospitals, universities, and governments are examples of institutions that are anchored in place due to their organizational structure and mission). Other supportive strategies include redirecting public subsidies, incentives, and tax breaks away from large capitalist corporations that extract wealth from communities and into these alternate approaches and institutions; as well as experimenting with hybrid forms, linked models, networks, and other approaches to increase scope and scale, such as impact investing (investing for both social impact and financial return) (Guinan and McKinley, 2020; Gutierrez, 2018; Collard, 2019).

¹ We operate from the baseline understanding that capitalism requires inequality to function (in particular, racial inequality), that it creates greater inequality by its normal functioning, and that its history and development is infused, underpinned, and fueled by racism (and, in particular, anti-Black racism).

² For the purposes of this paper, we will use the terms “democratic and reparative economy” and “democratic and reparative economy movement” to describe this broader global effort to develop and achieve a more democratic, equitable, and sustainable alternative to corporate capitalism.

³ Gar Alperovitz is co-founder of The Democracy Collaborative where both Thomas M. Hanna and Marjorie Kelly are employed.

While many of these institutions and approaches are commonplace in communities around the world and throughout history, they have for the most part not yet reached the scale and level of coordination necessary to represent a viable systemic alternative to corporate capitalism. What makes CWB relatively unique is that it recognizes the need to go beyond isolated projects, institutions, and communities, moving toward integrating multiple models and approaches into interlinked systemic designs (Guinan and O'Neill, 2019). CWB aims to model and advance deep systemic change, not simply improve the lives and livelihoods of a small number of individuals at the margins of the system-as-is. It is a first-order attempt at advancing change that, as opportunities arise, will lead to larger scale transformation. In other words, it is a full-system approach that links community development with economic, social, cultural, and political interventions at a variety of scales to move toward a political economic system beyond corporate capitalism.

As Marjorie Kelly and Ted Howard proposed in *The Making of a Democratic Economy*, this next system can be envisioned as a democratic economy operating within planetary boundaries. Such an economy, they wrote, “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.” (2019, p. 3). Community wealth building is where this new democratic and reparative economy begins.

While a relatively new term, CWB traces its conceptual roots to the very beginning of the current “long crisis.” Section I of this paper reviews this history, demonstrating how a number of converging currents in the US during the 1960s and early 1970s led to development of prototypical CWB institutions and approaches. Among these currents were parts of the Civil Rights Movement beginning to turn attention to economic issues and community self-determination; increasing interest in participatory democracy (including its relationship to the economic sphere); the first waves of deindustrialization hitting US shores; the re-emergence of an emboldened business elite; the rise of neoliberalism; and the importation and adaptation of innovative community-based models and structures from around the world.

Section II takes a more detailed look at some important CWB institutions and approaches, such as worker-owned enterprises, public ownership, and community land trusts, and evaluates their strengths and limitations. It suggests that while they are generally efficient and effective, have long track records of stability, and deliver superior results for workers and communities, they are often limited (both in terms of power and ideology), isolated, and unable to scale without additional supportive public and community structures and integration with other strategies and approaches.

This latter point leads to a discussion of scale and the role of the state. Traditionally, many people involved with the democratic economy movement and certain CWB institutions have had a cautious relationship to the state, and, in particular, have had concerns about top-down government action. However, it is unlikely that CWB institutions can reach the scale and scope needed to displace corporate capitalism without state support or involvement. Thus, it might be best for CWB advocates and practitioners to view the state as polythetic (not monolithic) and contestable. This includes contesting for state resources and support at various levels (e.g. local, regional, national, and international) and in different geographies (i.e. places where certain political alignments and ideologies might allow for greater or quicker success). However, it also includes preserving

community control and pushing back against co-optation of principles. By doing both simultaneously, CWB can tip the balance of power between community economies and the corporatist state as it increases individual and collective voice, agency, and empowerment.

This leads to section III, which provides a more detailed analysis of CWB's theory of change. CWB suggests that there is an alternative path to a democratic and reparative economy beyond the traditional methods of reform or revolution. This is based on and adapts components of Gar Alperovitz's concept of "evolutionary reconstruction," Erik Olin Wright's analysis of ruptural, interstitial, and symbiotic "logics of transformation," and André Gorz's "non-reformist reforms," including displacing existing (and failing) institutions and approaches over time, plural forms of institutional design, intersectionality, and flexible methods and tactics (Alperovitz, 2017; Hahnel and Wright, 2016). This theory of change is not only inclusive and unifying, it is also empowering and actionable. This is critical because a democratic and reparative economy is not the only option ahead of us, and not the most likely. As the long crisis continues, and our intersecting challenges intensify, multiple paths are opening, many of them fraught with danger. While corporate capitalism is unlikely to be the last political economic system in human history, that does not guarantee that what comes next will be better. In order to avoid a dark future marked by authoritarianism, racism, xenophobia, social strife, and ecological decay, we must act decisively to create and scale the institutions and approaches of a democratic and reparative economy and society.

Section I: A History of Community Wealth Building

Community wealth building has its origins in the political and social tumult of the 1960s when activists and movements began to challenge two destructive mindsets that had long defined US society – white supremacy and racism on the one hand, and imperialism, expansionism, and military adventurism on the other. Over the course of the decade, it became increasingly clear that these mindsets were closely related to each other, and also to a third central US mindset: corporate capitalism. While the planter class and Jim Crow segregationists saw Black people as objects to be owned and to extract value from, and imperialism saw foreign lands and peoples as resources to be used for the economic and political benefit of home country, capitalism sees workers as units of input used to produce profit for wealthy owners and absentee shareholders. In each case the mindset is aggressive, elite, expansionist, and exclusionary, and is about benefiting a few at the expense of the many.

Thus, over time, demands for desegregation, civil rights, and an end to the war in Vietnam began to lead to calls for fundamental structural change to the political economic system. For instance, in 1967 Martin Luther King, Jr. famously stated that "the problem of racism, the problem of economic exploitation, and the problem of war are all tied together. These are the triple evils that are interrelated" (King, Jr., 1967) King also observed that racial integration by itself would not be sufficient. He told Harry Belafonte he feared that without change to the economic system itself, he would simply be "integrating my people into a burning house" (Jones, 2020). King showed this growing concern for all the economically dispossessed with his planned multi-racial "Poor People's Campaign." And it was in 1968, as he visited Memphis in support of striking sanitation workers, that he was assassinated.

In the months leading up to the assassination, Gar Alperovitz – a former Congressional staffer and then a fellow at Harvard’s Institute of Politics – had several discussions with King and his aides (including Andrew Young and Bernard Lee) about the turn towards economic issues and, in particular, “possible strategies that could go beyond anti-poverty and job training programs towards building new community-wide economic institutions that might also begin to build political power” (The Pluralist Commonwealth, no date).

Following King’s tragic murder, Alperovitz joined with the Congress of Racial Equality (CORE) – one of the oldest and largest civil rights groups which had, by that point, moved firmly in the direction of Black nationalism and self-determination – and other academics and policymakers to develop the Community Self-Determination Act (CSDA) (Shanahan, 1968). The CSDA called for the authorization of community-controlled organizations (called Community Development Corporations, or CDCs) that, in the words of leading proponent Senator Gaylord Nelson, “would operate businesses and use their profits to supplement badly needed social services in their own communities” (1968). Additionally, the CSDA conceived of “Community Development Banks” to provide capital to the community corporations as well as tax credits to private corporations to locate business facilities in these local communities and eventually transfer ownership to the CDC (Desiderio and Sanchez, 1969). Another key feature of the CSDA was a focus on community control and individual agency. “The ‘community corporation,’” Alperovitz explained in 1968, “recalls the spirit of the New England town meeting – the people closest to a problem are responsible for solving it; local leadership is recognized and in control” (1968, p. 4). This focus on community ownership plus robust and genuine democratic governance as ways to build both economic and political power makes the CSDA one of the first large-scale approaches to infuse into community economic development the concept of “participatory democracy” (which had emerged as both a popular rallying cry and a cross-cutting academic theory in the 1960s).

Although the CSDA framework had support from certain civil rights organizations and a bipartisan group of 33 Senators, it was opposed by various groups. This including some Black bankers and capitalists who were invested in the traditional private enterprise model, as well as some liberals and labor unions fearful of diverting attention and resources away from the centralized approaches of the “war on poverty” (Parachini, Jr., 1980).⁴ Ultimately, the legislation was never brought to a vote, despite initial support from Republican Richard Nixon, who had somewhat unexpectedly ascended to the presidency in the 1968 election.⁵ Despite this, however, the CSDA plays a

⁴ It is worth noting that subsequent events and economic trends prove that CSDA was far ahead of its time and critics. As the 1970s and 80s progressed, urban communities were hit with the double blow of, on the one hand, reduced federal attention and support as the “war on poverty” gave way to the crisis of the 1970s and the rise of Reaganism and neoliberalism; and, on the other, capital flight and economic dislocation as upper and middle class whites continued to flee to the suburbs to try and escape integration and racial equality laws.

⁵ A less radical and comprehensive version of the CSDA did ultimately take root in the United States via the Office of Economic Opportunity (created by the 1964 Economic Opportunity Act) and a 1966 amendment which created the Special Impact Program (SIP). Subsequently, OEO provided support for the development of a number of innovative early CDCs. “Initially,” former long-time Executive Director of the Center for Community Change Pablo Eisenberg recalls, “CDCs were to be more than generators of housing and economic development. Behind the Special Impact Program...lay the notion that comprehensive efforts were needed to attack the problems of low income neighborhoods and communities of color” (Eisenberg, 2000).

prominent role in the historical and ideological development of community wealth building through its groundbreaking vision of developing community-owned and controlled organizations as a way to gain control of capital, address systemic racism and economic exploitation, and, potentially, serve as the institutional basis for a thorough economic, cultural, and political transformation. Moreover, CDCs as a new institutional form did grow and proliferate in subsequent decades. There are now roughly 4,500 CDCs in the US, although many of them focus almost exclusively on providing affordable housing and are far less radical and comprehensive than they were envisioned in the CSDA (Erekaini, 2014).

One of the primary goals of the CSDA was to establish community control over capital and begin to direct it towards alternative models of ownership and community economic development. A few years later, another major step in this direction occurred with the creation of the nation's first Community Development Financial Institution (CDFI). In 1973, banking activists on Chicago's economically disinvested South Shore – angered by the racist lending practices of the South Shore Bank – stepped in and purchased the bank, turning it into the nation's first community development bank (Goldman, 1996). The bank played a critical role in stabilizing and rebuilding many of Chicago's low-income neighborhoods, and it helped develop other banks elsewhere in low-income communities of Detroit, Cleveland, the Pacific Northwest, and Arkansas. ShoreBank, as it was renamed, inspired the creation of hundreds of other similar community-based financial institutions and helped secure passage of the Community Development Banking and Financial Institutions Act in 1994.⁶ That legislation created the federal CDFI Fund, which today provides critical equity grants to CDFIs nationwide.

Around the same time, the Civil Rights Movement's turn toward economic issues was leading to the development of another important CWB concept: community ownership and control of land and housing – and, in particular, a novel institution, the Community Land Trust (CLT) (Davis, 2010). CLTs are locally owned and controlled nonprofit organizations (often with multi-stakeholder governance structures) that “acquire and steward land in a ‘trust’ for the permanent benefit of low-income communities” (Green and Hanna, 2018, pp. 60-61). In the late 1960s, and inspired by contemporary and historical efforts around the world, a group of Black farmers and civil rights activists – including Slater and Marion King, Charles and Shirley Sherrod, Bob Swann, and Faye Bennett – created the country's first CLT, New Communities Inc., in a rural part of Southern Georgia (Davis, 2014). “The idea behind New Communities Inc. was to take civil rights one step further into economic independence and economic rights using agriculture as an economic base,” Mtaminikia Youngblood explains (2016). Subsequently, the CLT model spread into urban areas and

Over time, hostile elements within the Nixon Administration (including OEO Director and subsequent Iraq war architect Donald Rumsfeld) and in the philanthropic community succeeded in pushing CDCs further and further away from the initial vision (common to both SIP and the CSDA) of comprehensive, bottom up economic, social, and physical revitalization (Parachini, Jr., 1980). For a discussion of OEO and SIP, see also: Cohen, 2011.

⁶ ShoreBank itself unfortunately collapsed during the 2008/09 financial crisis when it was refused federal funds from the TARP program (which helped stabilize hundreds of other commercial banks). This lack of federal support (which many other banks in similar positions received) has been attributed both to a lack of urgency amongst regulators (the bank was not considered “too-big-to-fail”) and politicization, with Republican commentators (like Glenn Beck) and politicians angry that ShoreBank had political connections to the Obama Administration (Post and Wilson, 2011).

throughout the country, with more than 200 currently in existence in a wide range of communities (Grounded Solutions, no date). Community control of land and housing, which was also a component of the CSDA and a feature of the subsequent CDC movement, makes up the second of the three pillars of community wealth building.

The third pillar is labor, and in particular worker ownership or control of enterprises tied to community. Beginning in the late 1960s and early 1970s, the social contract that had defined US labor and economic relations since the New Deal and World War II began to break down (Kochan and Dyer, 2021). Economic growth began to slow, with the country slipping into a prolonged recession in 1969 (and again in 1973), and inflation and unemployment rising, with the former hitting 12.3 percent (year on year) in 1974 and remaining at elevated levels until the early 1980s (Solimano, 2020; Amadeo, 2020; NBER, 2020).⁷ At the same time, deindustrialization spread as the US economy became more and more exposed to global markets for labor, raw materials, and goods. “The first part of the 1970s brought a crushing blow to American industry,” David Dieterle writes. “It was the beginning of the end of America’s dominance in auto, steel, and rubber production...and what followed was the rapid deindustrialization of the American economy” (2017, p. 345).

The organized labor movement which, for the most part, had taken a decidedly anti-communist and “business unionism” orientation, was unprepared for these challenges (French, 1997). By the late 1960s, the union leadership was increasingly unable to control growing militancy amongst their rank-and-file members (especially younger Black workers). Driven by growing discontent over declining working conditions, the war in Vietnam, and heightened resistance to racism and segregation, strikes and other industrial actions began to increase (Koscielski, 1999). Similarly, in the 1970s, unions were largely unable to resist the wave of factory closures and their numbers in the private sector declined precipitously. In 1960, around 31.5 percent of non-agricultural workers were union members; by 1980, this was down to 22 percent – a loss of nearly 10 percentage points in just two decades, with the biggest year on year drop during this period occurring between 1972 and 1973, as the long crisis of capitalism was building (Mayer, 2004).

For their part, the business community and free market ideologues reacted to the social tumult and economic changes of the late 1960s and early 1970s by going on the offensive.⁸ In 1971, future Supreme Court Justice Lewis Powell wrote the now infamous “Powell Memorandum” (at the behest of the US Chamber of Commerce) where he castigated US companies for their complicity in the perceived “attack on the American free enterprise system” and urged them to organize and plan a concerted counter offensive (Powell, Jr., 1971). Money began to flow in earnest to established free-market and neoliberal think tanks such as the American Enterprise Institute (founded in 1938) and the Reason Foundation (founded 1968), as well as to an array of newly created institutions, including the Heritage Foundation (founded in 1973), the Cato Institute (founded in 1977), the Manhattan Institute (founded in 1977), and the American Legislative Exchange Council (ALEC; founded in

⁷ This phenomenon of slow growth combined with elevated levels of unemployment and inflation was coined “stagflation” by the media and experts starting around 1970.

⁸ The latter had been quietly organizing in groups like the Mont Pelerin Society since they had been driven from positions of influence and authority by the Great Depression and the New Deal (and the rise of Keynesianism as the dominant post-war economic consensus) (Bjerre-Poulson, 2014).

1973). The effort was so successful that by Ronald Reagan's first term, these organizations provided more than half of his presidential appointments (Wallison, 2004; Ward, 2012). With unions losing members and bargaining power and neoliberals and free-marketeers ascendent, the post war social contract lay in tatters by the mid to late 1970s. Wage and productivity growth (which had moved upwards in tandem over the previous decades) subsequently decoupled and income and wealth inequality began to rise again after reaching historic lows earlier in the decade (Kochan, 2007; Piketty, 2014).

The response to these economic, political, and ideological shifts varied greatly, but for some on the left the answer lay, at least in part, in resurrecting the idea of increased worker control and ownership over the means of production and greater worker voice in economic decision-making (often known as economic or industrial democracy). Such ideas had been popular in the US and around the world in the late 19th and early 20th centuries but had largely fallen out of favor by the dawn of the 1960s.

In the late 1960s and early 1970s, activists, union organizers, policymakers, and academics in a variety of fields began showing increased interest in worker ownership and control.⁹ For instance, with regards to cooperatives, John Curl writes that “the 1960s began with cooperatives in a state of dormancy and decline in America, but the explosion of movements for social justice in the 60s infused a great burst of new energy into the movement. Almost every social justice movement had a component of collective work and cooperation...[and] in the 1970s these movements peaked” (2009, p. 204). This resurgence of interest in cooperative models was inspired, in part, by events around the world – notably, the anti-colonial struggles for independence in Africa and the nascent post-colonial states emerging there. These included the autogestion experiment in Algeria, the Harambee movement in Kenya, and the Ujamma economic model advocated by Julius Nyerere in Tanzania.¹⁰

In 1974, this renewed interest in worker ownership and control led to the creation of an important new institutional form: The Employee Stock Ownership Plan (ESOP). ESOPs were the brainchild of Louis Kelso, a political economist and lawyer who believed that poverty, inequality, and economic instability were a result of how free markets, private property, and technological progress inevitably ended up concentrating income and capital in the hands of a small group of owners. Kelso's solution was to broaden the base of capital ownership in various ways, including through providing the financial means for workers to acquire ownership stakes in their companies.¹¹ While the idea of worker share ownership had been around for decades, it was not until 1973, when Kelso met and convinced powerful Louisiana Senator Russell Long (son of the famous left-wing

⁹ This included increased interest in important international experiments such as the Mondragon cooperatives in the Basque region of Spain, the Yugoslav system of worker self-managed socialism, and autogestion in Algeria; as well as discussion and debate with similarly interested parties in other advanced economies (such as the UK and Italy).

¹⁰ Gar Alperovitz, for instance, visited Tanzania in the mid-1970s to learn more about the Ujamma model and the cooperative villages being developed in the country.

¹¹ Kelso and his colleagues originally framed their ideas and proposals as a new theory of capitalism, with his early books titled: *The Capitalist Manifesto* (1958) and *The New Capitalists* (1961). Later in his life, Kelso began to refer to his theory as “Binary Economics”, with his last book titled *Democracy and Power: Extending the ESOP Revolution through Binary Economics* (1986).

populist Huey Long), that ESOPs became formalized in law, first through being given special status in the 1974 Employment Retirement Income Security Act (ERISA) and then through the establishment of a series of tax and other incentives to aid their development (Stumpff, 2009).

Thus, by the mid-1970s, prototypical community wealth building institutions, models, and concepts were emerging and developing in all three critical areas of the economy: capital, land, and labor. At the same time, a few theorists were starting to suggest ways in which these models could be scaled up and unified into a cohesive alternative political economic framework. For instance, in the early 1970s Gar Alperovitz joined with another prominent economic theorist, Jeff Faux, and formed the Exploratory Project for Economic Alternatives to advance these efforts. “There is a widespread sense that many traditional approaches to the problems of poverty, to rising taxes and declining services, to racial discrimination, to the ecological crisis, and to a number of other national challenges simply no longer work,” the project’s organizers wrote in a late 1972 planning document (Alperovitz, Gilles, and Hunter, 1972). As such, two of the primary objectives of the new project were to: 1) identify and evaluate “new economic structures” including “Community Development Corporations, employee trusts, worker-owned firms, new cooperative towns, new communities in old cities, land trusts, land banks, co-operatives (in such areas as food, housing credit, etc.), new community banking institutions, public utilities, regional public corporations, alternatives to national corporate ownership, etc.,” and 2) systematically develop support systems at various scales that would allow these nascent new economic forms to achieve the scale, coordination, and power necessary to alter declining economic, social, and environmental trends and point in the direction of a new political economic reality (Alperovitz, Gilles, and Hunter, 1972).

In many ways, theorists like Alperovitz, Faux, and others were decades ahead of their time. They recognized early on that traditional social democratic approaches (the countervailing power of organized labor, tax and spend strategies, and centralized, top-down approaches to reducing poverty and inequality) were both insufficient and rapidly decaying and that “fundamentally new approaches are needed” (Alperovitz, Gilles, and Hunter, 1972). However, the liberal establishment largely remained committed to orthodox economic thinking and the traditional social democratic framework through the 1970s and into the 1980s before essentially capitulating to neoliberalism with the “New Democrat” and “third way” posture of President Clinton in the 1990s (Hale, 1995).¹²

One example of this concerned the 1977-79 effort to stop the closure of a large steel mill in Youngstown, Ohio. Following the firing of 5,000 workers by its absentee corporate owners, Alperovitz and others were invited by a local coalition of rank-and-file steelworkers, religious leaders, and community groups to develop a plan to re-open the plant under a novel worker-community ownership structure and integrate it (and others like it) into a “comprehensive local economic plan” that included focusing on producing solar technology, light rail equipment, and

¹² In 1977, for instance, the Carter Administration rejected an appeal by numerous members of Congress, labor unions, and other groups to appoint Alperovitz to the Council of Economic Advisers. At the time, the *New York Times* reported that while Alperovitz had significant support from more liberal members of the Democratic Party “there was no chance” he would be appointed. The reason given was that Carter “calls himself a liberal in human questions but a conservative in financial matters” and Alperovitz “has studied such matters as consumer cooperatives in decayed urban areas, ‘neighborhood economic institutions,’ drastic energy conservation measures and other unconventional economic reforms” (Mohr, 1977).

housing (Alperovitz, 1978; Lynd, 1982; Wilkins, 1979). At first, the plan found sympathetic ears in the liberal Carter Administration, but after the 1978 mid-term elections, the promise of federal loan guarantees disappeared, and the effort collapsed. “I think the reason they turned us down is that they just don’t like new ideas,” Marsha Peskin, coordinator of the Ecumenical Coalition of Mahoning Valley, lamented at the time (Wilkins, 1979).

In retrospect, community wealth building was the path not taken when the capitalist system began to enter into crisis during the 1970s. Instead, the path taken was almost the polar opposite, that of neoliberalism – a variant/interpretation of capitalism defined by marketization, privatization, liberalization, financialization, and globalization.¹³ Here was a prime example of the phenomenon that Arrighi later observed, the attempted “reconstitution of the capitalist world-economy on new and enlarged foundations” (1994, p. 1).

By the dawn of the new millennium, however, it was becoming apparent to many observers that the 20-year neoliberal experiment to prop up the US capitalist system was failing, and a new approach was needed (George, 1999).¹⁴ Fortunately, beneath the permafrost of neoliberalism, the alternative models and approaches born in the 60s and 70s had continued to develop, proliferate, and grow in sophistication. In 2005, The Democracy Collaborative identified “a wide range of innovative, asset-based social and economic strategies that are being employed with great public benefit across the United States” (TDC, 2005, p. 3). This included (at the time) around 3,600 CDCs, 700 CDFIs, 9 million worker owners in ESOPs, 110 CLTs, thousands of cooperatives (with more than 100 million members), and tens of thousands of local, municipally owned enterprises and services.

Subsequently, TDC coined the term “community wealth building” to describe the process (previously attempted in efforts like the CSDA and Youngstown) of connecting and scaling these alternative models, institutions, and approaches into interlinked systemic designs that point in the direction of a political economic system beyond neoliberalism and corporate capitalism. One of the first major innovative CWB experiments began in the late 2000s in Cleveland, Ohio. As part of a

¹³ It also involved a doubling down on white supremacy and racism at home and imperialism and neo-colonialism abroad. For instance, it is often forgotten that Ronald Reagan’s first campaign stop after securing the Republican Party nomination in 1980 was Neshoba County, Mississippi, the location where, in 1964, three civil rights workers were murdered by the KKK. While in office, Reagan opposed creating a national holiday for Martin Luther King, Jr., opposed sanctions on apartheid South Africa, opposed expanding federal civil rights protections, and supported efforts to weaken the Voting Rights Act of 1965 (Herbert, 2007). Moreover, he presided over a massive expansion of mass incarceration, with the prison population doubling during his time in office. “This staggering rise in incarceration hit communities of color hardest: They were disproportionately incarcerated then and remain so today,” James Cullen writes (2018). Internationally, Reagan and Bush Sr. (first as Reagan’s Vice President, then as his successor) launched invasions of Grenada, Panama, and Kuwait (and funded right-wing rebels and death squads in Central America) to re-assert US military dominance around the world and banish the public’s wariness about foreign interventionism, often referred to as “Vietnam Syndrome” (Mead, 2009).

¹⁴ This was driven home by a series of events, including the 1997 Asian financial crisis, the bursting of the dot-com bubble, the continued hemorrhaging of manufacturing and union jobs following the 1994 NAFTA agreement (and other free trade agreements), the 2001 US recession (the first in 10 years), and the uprisings against globalization, market fundamentalism, and free trade (and the neoliberal international institutions backing these ideas) around the turn of the century.

wider philanthropic and non-profit hospital and university led effort (called the Greater University Circle Initiative), TDC was invited to develop a community-controlled worker cooperative network, financed in part by ShoreBank Cleveland, and based in extremely low income, disinvested, and predominantly Black neighborhoods. Loosely modelled on the Mondragon cooperatives in the Basque region of Spain (and resembling the model attempted at Youngstown), the cooperative enterprises are linked together by a community-controlled holding company, combining the concepts of job and wealth creation, worker ownership, and community control.¹⁵

The successes (and challenges) of the Evergreen Cooperatives sparked considerable national and international interest in community wealth building. Since 2010, dozens of communities in the United States and around the world have embraced the CWB concept and framework and have started locally led and designed CWB projects. One of the most comprehensive such projects was developed in Preston, a deindustrialized city in the north of England. Partly inspired by the Evergreen Cooperatives, leaders on the Preston City Council launched an ambitious CWB initiative after a traditional economic revitalization strategy collapsed in the aftermath of the 2008 financial crisis. The initiative has successfully redirected hundreds of millions of pounds of anchor institution spending (including investment from the local public pension fund) to local, cooperative, and publicly owned businesses and projects (CLES, 2019). It has also established a Cooperative Development Network to seed new worker- and community- owned businesses, is in the process of setting up a community owned bank (North West Mutual, Lmt.), and has ambitions to develop a publicly owned energy company (Hanna, 2019; Preston City Council, 2020). As a result of this effort, Preston saw unemployment cut in half, and the proportion of living wage jobs grew substantially. In a 2018 study, PricewaterhouseCoopers and the think tank Demos named Preston the most improved city in the UK (Partington, 2018).

Preston is one of the more comprehensive CWB projects attempted to date, and its success is at least partly due to its connection to politics and the prominent role of state actors and institutions – specifically, the local city council – in leading the effort (discussed further in Section

¹⁵ Today, the Evergreen Cooperatives consist of around 200 worker-owners (drawn from the local community) across a variety of new and acquired cooperative enterprises (including a large-scale commercial laundry and one of the largest urban greenhouses in the US), all of which are networked together by a community-controlled “corporation.” This prevents the cooperatives from unilaterally demutualizing (or being acquired by for-profit competitors), provides funds to scale the network over time, and, if necessary, allows for the re-allocation of workers to other cooperatives in poor economic times. The cooperatives are also incubated and supported by procurement and service contracts from the local public or non-profit hospitals and universities (anchor institutions), that have embraced an “anchor mission” to deploy their economic and other assets more consciously to benefit the economic and social health of the surrounding community (Rowe, Peredo, and Sullivan, 2017). In 2018, Evergreen launched the Fund for Employee Ownership to acquire local firms, convert them to employee ownership, and bring them into the supportive network. TDC also advised the project’s philanthropic and non-profit leaders to add a community land trust (or similar land and housing vehicle) to the overall effort in order to mitigate against potential displacement and gentrification pressures (and add another wealth building and community control component). However, at the time (during the 2008/09 housing and financial crisis), foreclosures and vacancies were seen as a bigger problem, and community control of land and housing wasn’t considered a project priority. Subsequently, displacement has continued in some of these neighborhoods as the universities and hospitals (especially the Cleveland Clinic) have continued to expand, leading to renewed (and continued) community criticism (Donnan, 2020).

II). This explicit connection to politics, and to the UK Labour Party – along with the active and energetic support of organizations such as the Centre for Local Economic Strategies (CLES) – has also enabled CWB and the “Preston Model” to spread rapidly to other Labour-led councils throughout the UK and to influence national economic policy discussions and decisions, though these political connections are not without limitations and dangers.

In sum, community wealth building can be seen as both a new idea, and one with a long intellectual and activist pedigree. It is a concept that is constantly evolving and maturing to face emerging challenges and opportunities, but also one that is underpinned by a clear, historically informed analysis of capitalism’s long crisis and the need to develop a new political economic system. And it is an approach to community economic development and system change that is flexible and adaptable, yet guided by a particular set of institutions and approaches that developed through decades of resistance to the racism, inequality, and exploitation inherent to corporate capitalism. It is the path not taken in the past which now holds promise as the path for the future.

Section II: CWB institutions & Questions of Scale and the State

Since TDC conducted the first comprehensive study of CWB institutions and approaches in 2005, many have continued to grow, proliferate, and develop both in the United States and around the world – especially as capitalism has been increasingly beset by intersecting and compounding crises, such as the financial crisis and Great Recession of 2008/09, the climate crisis, and the Covid-19 pandemic. Moreover, evidence has continued to mount regarding the effectiveness and positive impact of these institutions and approaches.

For instance, interest in worker ownership, and worker cooperatives specifically, has soared since the 2008/09 Great Recession and its aftermath. It is now estimated that there are more than 500 worker cooperatives in the United States, employing around 8,000 people (up from around 350 such entities and 5,000 workers just a few years ago) (USFWC, no date).¹⁶ This growth, and the proliferation of the worker cooperative model into new economic sectors, such as platform-based work, is being supported by a plethora of new and existing organizations such as the US Federation of Worker Cooperatives (USFWC; founded 2004), The Working World (founded 2004), Project Equity (founded around 2014), and Shared Capital Cooperative (founded 1978). With regards to ESOPs, around 250 are being created every year and cumulatively all ESOPs now involve a total of around 10.3 million active workers (NCEO, 2020).¹⁷

In terms of impact, research has consistently demonstrated that worker ownership – particularly featuring high degrees of worker participation – leads to increased enterprise performance on measures such as profitability, sales, and employment growth (NCEO, no date). This supports arguments made by Alperovitz and others in the 1970s that worker ownership, participation, and control would not only mitigate or reverse job losses, but lead to more productive and efficient enterprises. Beyond this, the Democracy at Work Institute (the research arm of USFWC) has found that worker ownership “has proven to be an effective tool for creating and

¹⁶ The larger cooperative movement has also seen a resurgence in interest, and it is estimated that around 1 in 3 US Americans (around 110 million people) are members of a cooperative (IWDC no date).

¹⁷ The latest ESOP figures are from 2018, and they show that total active participants peaked at 10.8 million in 2015 and have subsequently declined slightly (NCEO, 2020).

maintaining sustainable, dignified jobs; generating wealth; improving the quality of life of workers; and promoting community and local economic development, particularly for people who lack access to business ownership or even sustainable work options” (DAWI, no date).

Community Land Trusts have also seen considerable growth since the turn of the century, more than doubling in number between TDC’s 2005 estimate and today. Moreover, they have proven to be an important mechanism to build, preserve, and democratize wealth, especially in the United States, where a heavy emphasis on individual homeownership and market-based approaches to land and housing access has led to severe economic and racial disparities and inequities (Tenkin, Theodos, and Price, 2010; Wang, R., et al., 2019). Related to this, by keeping land and housing affordable for the long term and under non-profit community control, CLTs and other shared equity models have been shown to help to mitigate against displacement. This is critical because the current, market-based economic system is rife with real estate speculation and other displacement pressures that drive out a community’s most vulnerable residents such as lower income households and people of color (Thaden and Rosenberg, 2010; Velasco, 2020).

Community Development Financial Institutions have likewise enjoyed considerable growth, increasing from around 300 in 1995, to 718 in 2005, to 1,163 today (with around \$136 billion in total assets) (CDFI Fund, 2020; TDC, 2005; Donovan, 2019). These entities – which include member-owned credit unions, community banks, and a variety of loan and investment funds – serve as a conduit for public and private investment into housing, economic development, and financial services in low-income and disinvested communities. CDFIs are credited with creating and supporting hundreds of thousands of jobs and businesses, millions of housing units, and around ten thousand community facilities – all while sustaining losses on their loans of less than 1 percent (equivalent to mainstream financial institutions) (OFN, no date).

There is also increasing interest in both anchor strategies and creating publicly owned banks as a way to direct resources towards community benefiting projects (especially affordable housing, energy democracy, and worker ownership) (Hanna and Simpson, 2019).¹⁸ With anchors, in both the US and the UK, large public and non-profit institutions (such as hospitals, universities, and public agencies) are often major economic actors in local communities, spending hundreds of millions of dollars, owning real estate and other assets, and being major employers. In recent years, many of these anchors have increased efforts to direct their procurement, investment, and workforce development power toward community economic development. Examples include the Healthcare Anchor Network (HAN) in the United States, which consists of some 40 major healthcare systems that support this approach, and the Preston model in the UK which involves several large anchor institutions (Zuckerman and Pham, 2019; Jackson and McInroy, 2017). With regards to publicly owned banks, activists in California – inspired, in part, by the successful history of the publicly owned Bank of North Dakota – have developed a powerful grassroots public banking coalition supported by hundreds of social, political, and environmental groups representing millions of state residents. In 2019, this coalition – the California Public Banking Alliance – secured passage of state legislation (AB 857), which enables up to 10 public banks to be formed in the state (Hanna and

¹⁸ Recently, the Bank of North Dakota (and, in particular, its long history of supporting local businesses in the state) has been lauded for helping get federal Covid-19 relief funds (PPP) to small businesses more effectively and efficiently than any other state in the country (Van Dam, 2020).

Olson, 2020).¹⁹ Currently, there are concerted efforts underway in numerous jurisdictions, including Los Angeles, San Francisco, and Oakland, to establish such public banks.

More generally, interest in public ownership, and specifically (re)municipalization – the process of taking assets, services, and enterprises into public ownership – is increasing in the United States and around the world, partially in response to the failures and negative effects of privatization (a cornerstone of neoliberalism) and partially due to the magnitude of intersecting challenges ahead that the private sector seems incapable of solving. While the US, ironically, did not engage in the type of wholesale privatization seen in some countries (notably the UK) and imposed on countries in the Global South by international institutions such as the IMF and World Bank, there has, nonetheless, been considerable ideological and political pressure over the past four decades (often coming from free-market think tanks and conservative networks like ALEC) on state and local governments to sell assets, engage in extractive public private partnerships, and outsource public sector services to private companies (Hanna and Guinan, 2013).²⁰

Since the Great Recession, however, the tide has begun to turn against privatization. There are increasing activist efforts to take for-profit electric utilities into public ownership – building on the roughly 2,000 publicly owned electric utilities already in operation in the country – in order to accelerate the transition to renewable energy, mitigate the effects of climate change, and provide a just transition for workers and affected communities.²¹ There has also been a backlash against water privatization efforts, with numerous successful anti-privatization and remunicipalization campaigns in recent years.²² However, perhaps the most important area of public ownership in recent years concerns municipal broadband internet service (Hanna and Mitchell, 2020). As of January 2020, around 560 communities across dozens of states have established publicly owned broadband internet networks, and another 300 or so have set up cooperatively owned networks. This includes around 230 communities offering at least 1 gigabit service and 26 communities offering 10 gigabit service (Community Networks, 2020). In all three of these areas (and many others) – electric utilities, water, and broadband – research has shown that public ownership has been generally efficient and effective at solving pressing local concerns. Documented benefits include lowering costs for consumers, improving service quality, and delivering on economic development and ecological sustainability (Hanna, 2018).

Despite their growth and success, many CWB institutions and strategies remain relatively small and peripheral to the political economic system as a whole. For instance, at best there are around 11 million active worker owners in the United States, less than 7 percent of the total workforce. Similarly, public sector employment (excluding the federal government) accounts for

¹⁹ Similar efforts are underway in New York, New Jersey, Pennsylvania, and many other states.

²⁰ For instance, Robert Poole (2004), a pro-privatization advisor from the Reason Foundation, recalls that while Ronald Reagan “was generally positive about privatization, he viewed it mostly as a remedy for fixing what was wrong with socialist countries, not as a key pillar of economic reform in the USA.”

²¹ This includes campaigns in Boulder, Colorado, Maine, Rhode Island, Chicago, Illinois, New York City, and around the bankruptcy of PG&E in California. See, for instance, Kaufman (2019).

²² Despite privatization pressures in the 1990s and early 2000s, the vast majority of US Americans still get their water from a publicly owned supplier. Moreover, when privatization does occur, it usually takes the form of a private operating contract rather than the outright sale of assets from the public to the private sector. See: Hanna (2018) and Hanna and McDonald (forthcoming).

only 12 percent of the total workforce (BLS 2020). In many parts of the country, there remains an acute land and housing crisis with the number of affordable housing units far below what is needed (Aurand, 2017). Furthermore, most affordable housing units are rental properties, and the distribution of land and housing ownership remains highly inequitable, especially when it comes to race and ethnicity. CLTs and other community control strategies have not yet been able to reverse these trends (Haughwout, et al, 2020). Similarly, when it comes to capital, while approaches like CDFIs and anchor strategies, bring desperately needed resources into low-income communities, it is a fraction of what is needed to address decades of deliberate disinvestment and extraction. Moreover, community-based financial institutions remain relatively peripheral. For instance, even though some CDFIs are powerhouses, like the Local Initiatives Support Corporation (LISC) – which has around \$1 billion in assets – there are around 750 commercial banks larger than it. Moreover, it is dwarfed by some of the big Wall Street banks like JPMorgan Chase, which has upwards of \$2.8 trillion in assets (LISC, 2019; Fed, 2020). More generally, a recent report found that 94 percent of CDFIs “are small institutions when compared to more traditional financial institutions” (Corcoran, 2019). Unfortunately, these traditional financial institutions are often heavily engaged in speculative and extractive practices that often destabilize local economies, and thus, due to their size, can easily negate any improvements made by community-based institutions.

One of the primary goals of community wealth building is, therefore, to connect, link, and scale these institutions and strategies into integrated approaches to community economic development. CWB must attempt to break down the silos between these institutions and move beyond small, isolated models if it is to point the way to a political economic system beyond corporate capitalism. This raises a question about the role of the state. Traditionally, many people involved in community-based new economic models and approaches (especially in the US) have been wary of the state and have focused attention on developing bottom-up approaches that are “outside” or independent of the state – often arranged as private, member-based institutions such as worker cooperatives or as semi-autonomous collectives. And for good reason. In the US, Europe, and elsewhere, the state has tended to reinforce corporate capitalist hegemony and entrench inequality and white supremacy at home and war and imperialism abroad. Moreover, in many parts of the world, states with less developed political institutions are often vehicles for corruption and extraction. The historical legacy of authoritarian state socialism and state capitalism isn’t much better on many of these issues. In particular, traditional forms of public ownership – the classic “state-owned enterprises,” for instance – have often been overly managerial, bureaucratic, and opaque (Cumbers and Hanna, 2019).

However, a reflexive anti-statist orientation and strategy is unnecessarily self-limiting. There undoubtedly can (and should) be a legitimate debate about what a future democratic economy and society looks like and how it should be organized. However, as discussed further below, one of the only plausible routes to systemic change involves scaling up alternative economic institutions and approaches – and building and mobilizing a popular social and political movement around them by delivering material benefits for people and communities. And this is almost inevitably going to require contesting for state support and resources at various scales. We can see this in those instances where real scale and success has been achieved.

Examples like Kerala (India), Mondragón (Basque Region of Spain), Emilia Romagna (Italy), and Yugoslavia – where worker ownership and control became substantial – all involved various forms of state engagement and support, especially in their formative stages (Kuruvilla, 2019; Restakis, 2010; Estrin, 1991; Whyte and Whyte, 1991). Examples from the US include how tax law changes in the 1970s incentivized the growth of worker ownership through the ESOP model, how the federal CDFI fund supports CDFIs, and how CLTs receive various forms of public support (sometimes including the direct transfer of publicly owned property) especially during housing crises. One can also point to the role of city councils in developing and proliferating CWB in the UK, as well as recent, relatively successful efforts in New York City to provide public funding and other support to the development of worker cooperatives, community land trusts, and other CWB institutions (Dubb, 2020; Splvack, 2019). Lastly, if state resources and institutions are left uncontested, traditional state power furthering corporate capitalism will easily limit (or crush) the advance of democratic economy alternatives. Examples of this include the aforementioned fate of ShoreBank during the financial crisis and how many state governments have adopted corporate-backed “preemption laws” to stop cities and towns from enacting progressive legislation (e.g. minimum wage increases) and experimenting with alternative economic models (e.g. municipal broadband internet networks).

That being said, there are undoubtedly dangers involved with engaging the state and contesting for state support – including co-optation, co-dependence, over-reliance, and a weakening of goals, objectives, and values. Therefore, a second important goal of CWB is to preserve a set of community-benefiting principles, including, most critically, the ultimate goal of comprehensive political economic system transformation.

Part III: CWB’s Theory of change

To reiterate a key point made repeatedly throughout this paper, community wealth building is not simply a new approach to economic development, poverty alleviation, or individual wealth accumulation. Nor should it be confused with “community building,” which is the process of developing or enhancing relationships, shared goals and understandings, and communication between individuals and organizations in a given area, although this may be an important component or prerequisite of a successful CWB project. Rather, CWB is the conscious process of developing, scaling, and networking community-controlled institutions and approaches – and linking them with various other economic, social, and political interventions – in order to advance beyond corporate capitalism and towards a democratic and reparative political economic system.

Thus, CWB has a theory of change different from either reform or revolution – the two main approaches to systemic transformation famously laid out by Rosa Luxemburg in the early 20th century (Luxemburg, 2012). On the one hand, it rejects the notion that systemic change can occur simply by reforming existing social democratic institutions and approaches – such as relying on trade unions as a “countervailing power” to capital or using tax and redistribution programs to mitigate the inequities inherent to capitalism. On the other hand, while it agrees that capitalism is inherently unstable and prone to crisis, it does not view a violent revolutionary rupture as feasible or advisable given the low probability of success and high probability of acute social dislocation.

Rather than reform or revolution, CWB posits another option for systemic change: namely, that it is possible to develop, scale, and network together a variety of new institutions and approaches that change and democratize patterns of ownership and control in the economy and society. As these institutions expand, they can be consciously linked to (and begin to support) a new political, social, and cultural movement that, in turn, can help further scale, develop, and defend these new institutions and approaches and develop a counter-hegemony around them and through them. In this way, over time these new, more democratic and equitable institutions and approaches might eventually displace the existing institutions that underpin capitalism, while at the same time they also begin to form a new system and a new politics grounded in radically different social, economic, and ecological values and principles.

This theory of change is informed by the work of Gar Alperovitz, Erik Olin Wright, and André Gorz, among others. Alperovitz, for instance, has articulated a theory of change called “evolutionary reconstruction.” Distinct from both reform and revolution, evolutionary reconstruction is a “longer term theory of transformative change” that “involve[s] a different strategy, one that seeks to supplant rather than rein in corporate power, creating new institutions which directly advance community sustaining outcomes” (Alperovitz, 2017). In addition to slowly reducing corporate political and economic power, Alperovitz continues, “the creation of each new community-sustaining institution...can potentially help build power that lays the political groundwork for future efforts, leading ultimately to much broader national reconstruction” (Alperovitz, 2017). Crucially, evolutionary reconstruction recognizes the potential for larger scale economic and political interventions and changes (often at times of crisis) that can accelerate the displacement of corporate institutions and quickly create space for alternative institutions and approaches. Examples of such large-scale changes might be the enactment of a single payer healthcare system, the nationalization of banks during a financial crisis, or the takeover and winding down of fossil fuel companies.

For his part, Wright lays out three main “logics of transformation: ruptural, interstitial, and symbiotic” (2010, p. 370). The first involves a “sharp break” with existing institutions and approaches and is commonly associated with the revolutionary socialist approach to societal transformation. The latter two are versions of metamorphosis – “in which relatively small transformations cumulatively generate a qualitative shift in the dynamics and logic of a social system” (Wright, 2010, p. 321). Interstitial and symbiotic approaches “differ primarily in terms of their relationship to the state,” Wright continues, with interstitial strategies focused on building new institutions and approaches in the cracks of the existing system, and symbiotic strategies expanding traditional institutions and approaches that are part of the existing system (Wright, 2010, p. 322). Ultimately, Wright concludes, “no one of these strategic logics of transformation is likely to be adequate for the task of enhancing social power. Any plausible long-term trajectory of transformations needs to draw elements from all three” (2010, p. 370). Other important features of Wright’s theory include institutional pluralism (a “variety of distinct kinds of institutional and structural transformations”) and “opacity of the future limits of possibility” (2010, p. 368), meaning that the right mix of institutions and transformative strategies cannot be known in advance; any systemically transformative program must be flexible enough to adapt to different historical and cultural realities, as well as to changing material circumstances and conditions (2010, p. 371).

Lastly, in the 1960s the French economist and philosopher André Gorz coined the term “non-reformist reforms” to describe approaches and strategies that do not “comport with ‘capitalist needs, criteria, and rationales,’” but instead “require a ‘modification of the relations of power,’ in particular ‘the creation of new centers of democratic power’” (Akbar, 2020; Gorz, 1967). Writing in 1968, Gorz contended that liberation would not be achieved through “gradual reform of the capitalist system,” nor through “a spontaneous rising of the discontented” (1968, p. 111). Rather, “socialism can only come about through long term and conscious action, which starts with the gradual application of a coherent programme of reforms, but which can only proceed by way of a succession of more or less violent, sometimes successful, sometimes unsuccessful, trials of strength” (Gorz, 1968, pp. 111-112). This was not about creating isolated “islands of socialism in a capitalist ocean,” but about progressively building power by connecting up a variety of strategies and institutions, including traditional working class institutions (such as trade unions), new “centres of social control and direct democracy” (such as worker cooperatives), electoral strategies (“strength in representative assemblies”), and de-commodification efforts (Gorz, 1968, p. 112). Critically, however, it was imperative to Gorz that these approaches and institutions not be institutionalized or subordinated to the state (1968, pp. 112-113).

Some of the important components drawn from these three theories that inform how CWB can help to create a democratic and reparative economy include: a gradual buildup of institutions and power over time, rather than a violent revolution or rupture (while acknowledging the potential of crises to accelerate and advance these efforts); the need for both bottom up, and top-down strategies (and strategies both inside and outside of the state); a “pluralism” of different institutions and democratic structures; the need to resist co-optation and subordination by the existing system; intersectionality between various types of struggles and approaches; an appreciation of different cultural, material, ideological, and historical contexts and starting points; and a flexibility with regard to the ultimate design of the next system and the tactics to get there (within certain parameters and according to a “rough map,” to use Wright’s formulation). These components and principles set CWB’s theory of change apart from others that may be more rigid in terms of the ultimate systemic design and outcomes desired, the principal agents (e.g. the industrial working class or certain racial or ethnic groups), institutions used (e.g. complete public ownership via the state or entirely decentralized non-state forms of ownership), and processes and pathways for change (e.g. electoral organizing or violent revolution).

Conclusion

Despite capitalism’s increasingly catastrophic flaws and limitations, its power and ubiquitous presence in our lives makes it difficult for most people to envision an alternative, let alone to imagine how to get from here to there. Moreover, as Antonio Gramsci articulated a century ago, a new emancipatory system will not inevitably or automatically develop out of the internal dynamics and crises of capitalism (Merrington, 2002; Hall, 1988).

For a democratic and reparative economy and society to ultimately emerge, what is required is a conscious, coordinated, and long-term effort to build, scale, and network alternative institutions and new approaches. The strength of this style of change is that it not only models what future systemic arrangements could look like, it is in itself a process of building a base of financial, social, and political support for the next system beyond corporate capitalism.

Community wealth building is such an effort in the making. If capitalism is indeed entering the latter phases of its long period of crisis – with increasingly severe systemic shocks, intolerable and growing levels of inequality, and a loss of public legitimacy – a coherent vision of a viable pathway to a next system is critically needed. Community wealth building, with its deep historical roots reaching back to the beginning of the current long crisis, increasingly proven models and approaches, and an actionable theory of change, represents a path forward that is already beneath our feet.

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