



**COMMUNITY
WEALTH
BUILDING
WHAT
NEXT?**

By TED HOWARD

**DEMOCRACY
COLLABORATIVE**

This is an edited version of a speech given by Ted Howard, president of The Democracy Collaborative, to the Development Trusts of Northern Ireland Conference on March 24, 2022.

Learn more about The Democracy Collaborative's community wealth building programs at democracycollaborative.org/cwb.

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I've been asked to speak with you about community wealth building—what it is and, crucially, what it is not. I'd also like to share with you the journey that some of us have been on over the past decade and a half as we have turned an idea into a reality.

Let's begin by defining deep, transformative community wealth building and the rationale behind it.

Ownership and control of assets is the foundation of every political-economic system and largely determines who has access to wealth and power and who does not. In the United States, it is a well-known fact that asset ownership is concentrated to an ex-

traordinary degree. As a former chairman of the US Central Bank—the Federal Reserve Bank—warned in 2018, the United States is “developing into a plutocracy.” The COVID-19 pandemic has certainly exacerbated this trend toward ever greater concentration of wealth in society. US billionaires have seen their wealth surge \$1.8 trillion during the pandemic, their collective fortune skyrocketing by nearly two-thirds (62%) from just short of \$3 trillion at the start of the COVID crisis on March 18, 2020,

to \$4.8 trillion as of last summer. This is truly a medieval concentration of wealth.

In my view, and I suspect in yours as well, we need to move beyond economies that consistently generate ever greater wealth inequality, and are overwhelmingly shaped and driven by the needs of capital and investors, and where labor—working people—and communities are simply considered a cost on the balance sheet.

To address this growing wealth inequality we must build wealth in our communities, creating an economy where assets are broadly held and locally rooted over the long term so that income recirculates locally, creating stable prosperity. Doing this requires us to develop plural forms of ownership across the full spectrum of assets, resources, enterprises, and services that, collectively, transfer wealth and power from the hands of the few to the control of the many.

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One way to do this is through *community wealth building*, a term that The Democracy Collaborative first articulated in the mid-2000s. Our intent was to tie together the innovative institutions and approaches emerging in communities that offer a vision of a new type of political-economy at the local level. CWB emerged to challenge the underlying logic and failures of the trickle-down, neoliberal economic development model practiced all over the United States as well as in many other countries.

Community wealth building works to produce broadly shared economic prosperity through the re-configuration of institutions and local economies on the basis of greater democratic ownership, participation and control. It is *a new way of thinking* about economic development, poverty alleviation and wealth creation and accumulation.

However, its truly transformative potential is that it takes *a full-system view* that focuses on developing alternative economic institutions that are broadly owned and offers new relationships and interventions at various scales throughout the local economy. The goal is not to simply build one-off projects—a co-op here, a social enterprise there—nor to tinker around the edges to attempt to even out the malign effects of our current, deeply unequal and unjust economic model. It is instead to *pursue fundamental changes to the ordinary operations of the system*—to literally rewire it—such that it is capable of reliably generating positive outcomes in and of itself.

Imagine that! What if we could intentionally construct a local Belfast economy that is designed to produce the kinds of outcomes we would all want—better wages and greater wealth equality, more stability for our workers and families, more democratic communities, better results for our environment and the planet's climate. Imagine if each day we woke up, and Belfast and its citizens were just a bit better off than the day before, simply because the local economic system worked in a way to produce those outcomes. Just imagine that!

Community wealth institutions and approaches—such as cooperatives, community land trusts, municipi-

pal ownership, anchor strategies, public banks and community-based financing—extend community ownership and control over capital and economic assets while helping individuals and families grow wealth.

Instead of the ongoing concentration of wealth in the hands of a narrow elite, community wealth building pursues a broad dispersal of the ownership of assets. Instead of indifferent global markets, it develops the rooted participatory democratic local economy. Instead of giant extractive, footloose corporations, it is recirculatory, mobilizing large place-based economic institutions—such as local government, hospitals and universities—in support of socially oriented firms that are often democratically owned and controlled by their workers or the community. Instead of austerity and credit creation by private banks, community wealth building looks to the huge potential power of community and state banks and public money creation. Community wealth building is economic system change, starting at the local level.

Importantly, community wealth building is a bottom-up approach that centers on shared ownership in the local economy and community self-determination. This means that each local initiative or program is based on the local context, ecosystem, and resources. Not one size fits all.

Among the elements that we consider key to growing community wealth are anchors; spending; finance; land and property; work and labor, and inclusive ownership. Let me describe just two of these:

Anchors. Anchor institutions are commercial, public and social sector organizations with a significant stake in a place and can be agents of economic change, as employers, purchasers, land and property owners, and financial investors. We need to unleash their economic energy, with greater action on issues of equity. Here in Northern Ireland Development trusts can also rightly be considered a local community anchor.

Spending. Taking a progressive approach to procurement is a means through which greater eco-

conomic and social justice can be achieved for local places and people. Increased local spending creates jobs, contributing to a “multiplier effect” that in turn creates additional jobs via increased demand for local goods and services. When this spending is targeted at broadly owned and socially minded enterprises, then workers and local communities benefit in new and exciting ways.

The arc of CWB

That is the underlying theory of community wealth building. But what does it look like in practice? I’d like to share some real-life examples of how it has expressed itself in communities on the ground and the arc of its evolution over these past 15 or so years.

While the specific term and framework of CWB are fairly recent, there are many rivulets of activity that have flowed into it. They include:

- traditional Indigenous communities in North America that believe that land should be held in common by the whole people of their tribe
- the Rochdale pioneers who built the first consumer and worker cooperatives in England in the 1840s
- freed slaves and their descendants in the US south after our Civil War who began cooperatives, and black farmers later during our Civil Rights movement who created early forms of land trusts
- the early 20th century Progressive Movement in the US, which fostered the establishment of the Bank of North Dakota, a socialized state-owned financial institution of, by and for the people of the state
- the large-scale worker cooperatives of Mondragon in Spain, Emilia Romana in Italy, and the co-op networks of Quebec in Canada
- the rural electrical co-ops that were built in the US during the Great Depression years
- The Ujamaa philosophy that was the foundation for Julius Nyerere’s social and economic policies in Tanzania, and the early kibbutz experiments in Israel

There are many other such rivulets that preceded the framing of CWB, too numerous to mention.

Two years ago, Marjorie Kelly and I wrote a book about all of this, called “*The Making of a Democratic Economy: Prosperity for the Many, Not Just the Few.*” The book tells the story of people in many communities who are working to build a democratic economy, using the tools of community wealth building.

The Cleveland Model

Let’s begin with a place I know well: Cleveland, Ohio. I lived there for the past decade.

Back in the 1950s and ’60s Cleveland was one of the five wealthiest cities in America. There were more Fortune 500 corporations headquartered there than in any city outside of Manhattan. Nearly 1 million people lived in Cleveland in those days. But after a long period of deindustrialization, and businesses and jobs being offshored, Cleveland became known as a “rust belt” city that was one of the three poorest in the US. The population has decreased to less than 400,000, and only two or three Fortune 500 companies remain in Cleveland.

What Cleveland did have as an asset, however, was a network of legacy public and nonprofit institutions that first began during the city’s manufacturing heyday. Together, these anchor institutions—such as universities and hospitals—purchase many billions of dollars of goods and services annually, but until recently, most of this purchasing wasn’t from the city’s businesses, but from Los Angeles, or Mexico, or China—everywhere but Cleveland and Ohio.

But around 2009, The Democracy Collaborative, along with Cleveland’s city government, local philanthropy, and major anchor institutions, launched a targeted neighborhood community wealth strategy in a bid to keep money from leaking out of the city



The Evergreen Cooperatives in Cleveland include an industrial laundry service that primarily serves area hospitals and Green City Growers, which produces lettuce and other produce for local institutions, restaurants and grocers. (Photos by Ken M. Weiss.)



and provide jobs and economic opportunity for city residents, particularly those who were locked in poverty and unemployment.

The Evergreen Cooperatives were purposely created as green, worker-owned cooperatives to supply goods and services directly to large place-based anchor institutions that are firmly rooted in the community. The first enterprise was comprised of two industrial-scale green laundry facilities capable of cleaning tens of millions of pounds of sheets, towels, and medical gowns. That was followed by a large urban hydroponic greenhouse, capable of growing 3 million heads of lettuce per year, and an energy production and retrofitting company.

Owned by their workers, not outside investors, but linked by a community-serving nonprofit corporation and a revolving fund, the individual companies cannot be easily sold to private interests, nor can they easily exit the Cleveland community. In a very real sense, these businesses are themselves anchor institutions.

What the Evergreen Cooperatives are doing is recirculatory, multiplying and growing wealth locally for the people who create the wealth in the first place—anchoring jobs in place and building wealth that helps reverse long-term economic decline. As the cooperatives grow and scale through the creation of additional businesses, you begin to see the potential for local small-scale industrial planning and strategy. All of it is reinforced by a robust community wealth ecosystem that includes local businesses, anchor institutions, philanthropy, financial institutions, city government, and neighborhood associations.

But what most distinguishes this model is that it is designed to benefit not only the individuals who work in the cooperatives but also the community as a whole. The cooperatives are networked together by a community-controlled holding company that gives local stakeholders a say in whether the cooperatives could be sold or moved out of the community. This holding entity also receives a percentage of profits from each cooperative that then provides funds to scale the network, building additional enterprises to

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serve the community. In 2018, Evergreen launched the Fund for Employee Ownership to acquire local firms, convert them to employee ownership, and bring them into this supportive network. To date, they have acquired an insulation installation business, a technology and robotics firm, and a network of five local coffee shops.

Many cities in the US are now experimenting with their own Cleveland-inspired models.

The Preston Model

The next community wealth building evolutionary development and leap came on the other side of the Atlantic, in Preston, England. Preston took up the Cleveland Model and radically expanded it, turning it from a neighborhood initiative to a city-wide economic strategy.

As you probably know, Preston is an older industrial city in the north of England that had fallen on hard times. When I first visited Preston in 2012, it was known as the “suicide capital” of the United Kingdom due to the despair over the lack of economic opportunity, and its High Street was filled with boarded-up storefronts and bankrupt businesses. In short, Preston was a poster child for “left-behind” places.

To address this very challenging situation, the Preston City Council, working closely with the Centre for Local Economic Strategies, has driven a comprehensive community wealth building strategy, including

- repatriating anchor institution procurement that has returned more than £75 million to the local community and more than £200 million pounds to Lancashire county



The community wealth building initiative in Preston, England included the revitalization of Market Hall, where small, local entrepreneurs can sell food in a remodeled Victorian-style building. (Photo by Preston City Council.)

- public employee pension fund investment on High Street to the tune of £100 million
- partnering with the University of Central Lancashire to incubate cooperatives
- laying the groundwork for the development of a community bank capitalized with city and county reserves

In just eight years, this strategy has saved or created several thousand jobs in Preston. Unemployment has fallen and Preston has also achieved above-average improvements in health, transportation, work-life balance, and youth and adult skills.

A city that was once in the bottom 20% of the country's most deprived communities has now been named by Price Waterhouse Coopers as the most improved community in the nation—for two years in a row.

Other parts of the UK are now following Preston's lead, from North Ayrshire in Scotland to Wirral, North of Tyne to Newham and Islington. What once seemed like a fringe idea is moving fast towards the mainstream as a new way of thinking about how local governments and residents should take control of their local economies.

North Ayrshire, Scotland

The local authority of North Ayrshire is pioneering Scotland's first official community wealth building strategy, both as their basis for recovery in the post-COVID-19 period and also as a means of delivering on a local Green New Deal. Community wealth building is, in fact, fully woven into its economic strategy.

Their goal is to develop a new economic model for the region centered on inclusion and well-being. To do so, they are leveraging their annual revenue budget as well as their capital program, house-building program and a £251 million "Growth Deal" from the Scottish government (which includes a £3 million fund for the CWB project).

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Bringing together their local anchor institutions into a Community Wealth Building Commission, the strategy aims to support local businesses to bid for public sector contracts and to relocalize supply chains as part of a green recovery. A core pillar of North Ayrshire's approach is ensuring that public land and assets are democratized to support the needs of the community while tackling the climate emergency. The council is exploring the creation of a community bank to support local businesses and invest in green economic development projects. A key component of this strategy to enhance fair work, decent pay and job opportunities throughout North Ayrshire involves supporting the development of plural models of ownership, including cooperatives, an employee-owned hotel, a solar farm, and social enterprises.

Back to the United States

We now again cross the Pond to return back to the United States on our community wealth journey. Inspired by the all-of-city-and-government approach pioneered in England and Scotland, we are now working with a network of cities and counties in the US to support them in becoming more fully realized CWB jurisdictions.

In late 2021, for example, the City of Chicago's Office of Equity and Racial Justice approached The Democracy Collaborative to help them conceive, focus and implement a comprehensive community wealth building strategy. If fully realized over time, this program will position Chicago as a national leader in equitable, inclusive and sustainable economic development.

Our engagement with Chicago is central to our evolving new methodology to advance CWB more

powerfully and at scale by working directly with local government leaders to deepen and hone CWB practice. As a first phase of this process, we are developing action plans to unlock the full potential of the city to build community wealth through key interventions—land and housing, local finance, fair work, progressive procurement, and plural ownership.

Recently, the city of Chicago announced its commitment to a \$15 million CWB pilot fund. In April, we will issue a full public report on Chicago’s CWB journey to date, a high-level case study of the city’s work and top “big bets” to advance CWB at scale and in a transformative way.

The next phase will focus on advancing concrete steps that build capacity and imbed knowledge—in partnership with experts both locally and nationally—to deliver CWB transformation on the ground.

In another example, the City of New York—America’s largest urban area—has issued a full-blown strategy centered on “Municipal Policies for Community Wealth Building.” You can download that publication if you want to learn more.

And now the US federal government’s Department of Housing and Urban Development—the largest funder of urban economic development in the country with a 2022 budget of \$68 billion—has embraced CWB in its new four-year strategic plan. In the words of the Department, HUD seeks to “promote equitable community development that generates wealth-building, particularly for underserved communities.” There will be a formal government announcement of this breakthrough development very soon. Quite literally, tens of billions of dollars could flow into mainstream community wealth building all across the United States. We look forward to working closely with HUD in fashioning and implementing this new community wealth building strategy.

Around the world

Because of the successes we are seeing in cities like Cleveland in the US and Preston and North Ayrshire in the UK, community wealth building is

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growing from a simple idea—that whoever owns and controls assets and capital determines the type of economy we have and who benefits from it—into the beginnings of a truly global movement to transform the practice of economic development and reorient living local economies capable of producing radically different outcomes.

For example, the city of Sydney, Australia has issued a very detailed report on their Community Wealth strategy and now via the city’s website is asking residents to “*share your insights into the principles of community wealth building, and how they could be applied in Sydney to reduce inequality and ensure more people share in the city’s prosperity.*”

Community wealth building is now part of the Scottish Government’s “Programme for Government” and CWB is also a key component in Scotland’s “National Strategy for Economic Transformation.” There is a dedicated team of about 10 people within the Economic Development Directorate working on CWB. That team has cross-government policy reach (health, housing, land reform). The Scottish government has also sponsored five pilot areas that now all have Community Wealth action plans. For the first time, the government has established a new minister for public finance, planning and community wealth—Tom Arthur, a member of the Scottish Parliament. This makes Mr. Arthur the first minister in the entire world with “community wealth” in their title. Finally, a national community wealth building act is now being developed. Consultation begins in early summer, with legislation planned for late 2023. It will build on lessons from North Ayrshire and five other pilot areas, so Scotland can go faster and stronger on CWB.

I have a vision of a global community wealth building gathering next year, or the year after—with representatives from Austral-Asia, North America, Africa, Europe, and, yes, Northern Ireland—coming together to learn from and inspire one another, and to strategize the advance of the global movement.

The global CWB movement is growing. And you are part of it.

Final thoughts on Northern Ireland

Let me conclude with some thoughts on the possibilities of community wealth building in Northern Ireland.

First, I believe you have a massive opportunity here in Northern Ireland. The question is—will you play catch-up, or can you leap to the very cutting edge of community wealth building.

On the one hand, you have a decades-long history of regressive privatization, failed neoliberal economic development, extractive inward investment, and more. On the other, you have a proud tradition of doing for yourselves, various forms of community ownership throughout the country, and strong community-based work through the development trusts that are grounded in the place and realities where you live.

Can community wealth building—deep, transformative CWB—be successfully done in Northern Ireland, even with all of your challenges?

Quite simply, the answer is a resounding “yes!”

All administrations across the world are complex, and I know you have your own complexities. However, I would say that all places, cities, regions and nations have competing priorities, silos, rivalries, and inertias. The key point about community wealth building is that it can be a unifying force, a golden thread if you will, that can if need be cut through the fog of government and thus truly deliver an economy that works for all people and all communities. If a highly complex and deeply divided city like Chicago, or a poor community like Preston or Cleveland, or a

nation like Scotland can embark on a CWB journey, then any place can.

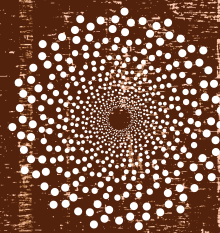
And I do mean *any place*. Several years ago, we had the privilege of working with the Oglala Sioux who live on the Pine Ridge Reservation in South Dakota to support them on their own community wealth building journey. There are no more challenging circumstances in the United States than on Pine Ridge, where the unemployment rate is greater than 80 percent and the life expectancy of an adult male is just 46 years. And yet today, on the Pine Ridge Reservation, there is a thriving CWB effort as the tribe has taken command of its own destiny, developing a green eco-community, creating worker cooperatives, providing meaningful work for their people, building and owning a cultural center and so much more.

So... you can do it here in Northern Ireland.

The key will be to “go big” and “go bold” on implementing the principles of community wealth building, to mobilize the full weight and resources of local public sectors and nonprofit organizations and businesses who understand that the future depends on community stabilization, development, and well-being for all. This is how we will rebuild our economies and our communities on a more solid and more equitable foundation.

I am quite sure that you have everything you need already to set about building a new economy using your own resources in your own communities. No one is coming to save you, but your future and that of your communities is in your own hands, and community wealth building—deep, rich, transformative community wealth building—can be a foundation for that new future.

The great physicist and Nobel Laureate Albert Einstein once said: “We cannot solve our problems with the same thinking we used when we created them.” Never were these words truer than today. Let us think and act newly and boldly together as we build democratic, local economies, and as we build a global community wealth movement for the next stage of our shared history. ■



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