

Community Wealth Building: Past, Present and Future

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**Note: talk based on research conducted
with my coauthor, Emily Sladek**

The present U.S. context

(hint: the challenge is not just about the 45th president)

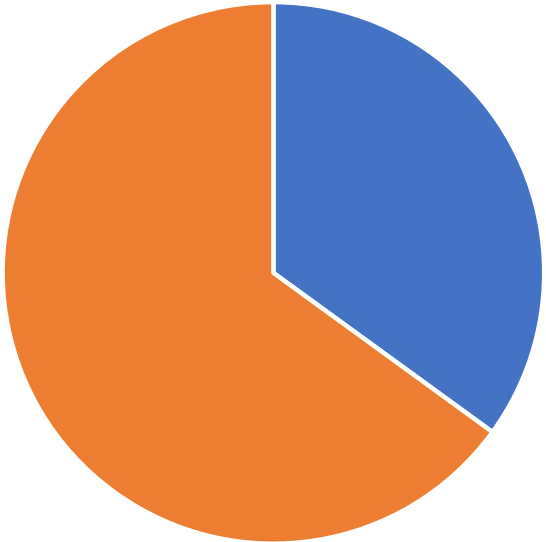
- Multiethnic nation-state vs. the “white republic”
- Liberal vs. conservative
- Religious vs. secular
- Empire vs. republic
- Millennials vs. “baby boom” generation

→ All in a context of rapidly growing economic inequality

**In short, U.S. public culture is in flux
This makes cooperative education very important**

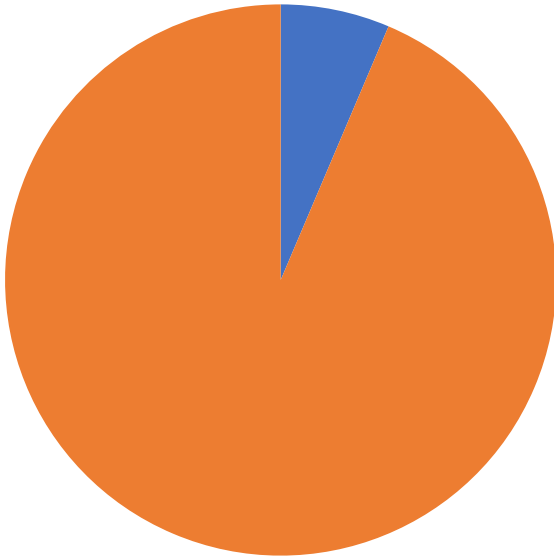
Unionization rate U.S. private sector

1945



■ Union ■ Non Union

2016



■ Union ■ Non-Union

The Powell Memo

“Few elements of American society today have as little influence in government as the American businessman, the corporation, or even the millions of corporate stockholders.”

Lewis Powell, Minnesota corporate attorney (and future U.S. Supreme Court Justice), memorandum to U.S. Chamber of Commerce, **1971**

Why Union Decline Matters

- Unions are important political players, arguably *the* most important players for working class voters
- Union strategy could be called “New Deal liberalism” (or, outside the United States, “social democracy”)
- “Resistance” playbook is still largely a union playbook, focused on changing rights and obtaining benefits but accepting existing ownership structure
- **Community Wealth** provides a different playbook, centered on changing how we view ownership and changing who owns the economy

The Community Wealth Building Alternative



- Is **place-based**
- Emphasizes **equity and inclusion**
- Promotes **local ownership** and control
- Creates and anchors **living wage jobs**
- Keeps **wealth local**
- Builds “**ecosystem**” & **institutions of support**
- Leverages **local assets**

Good News and Bad News

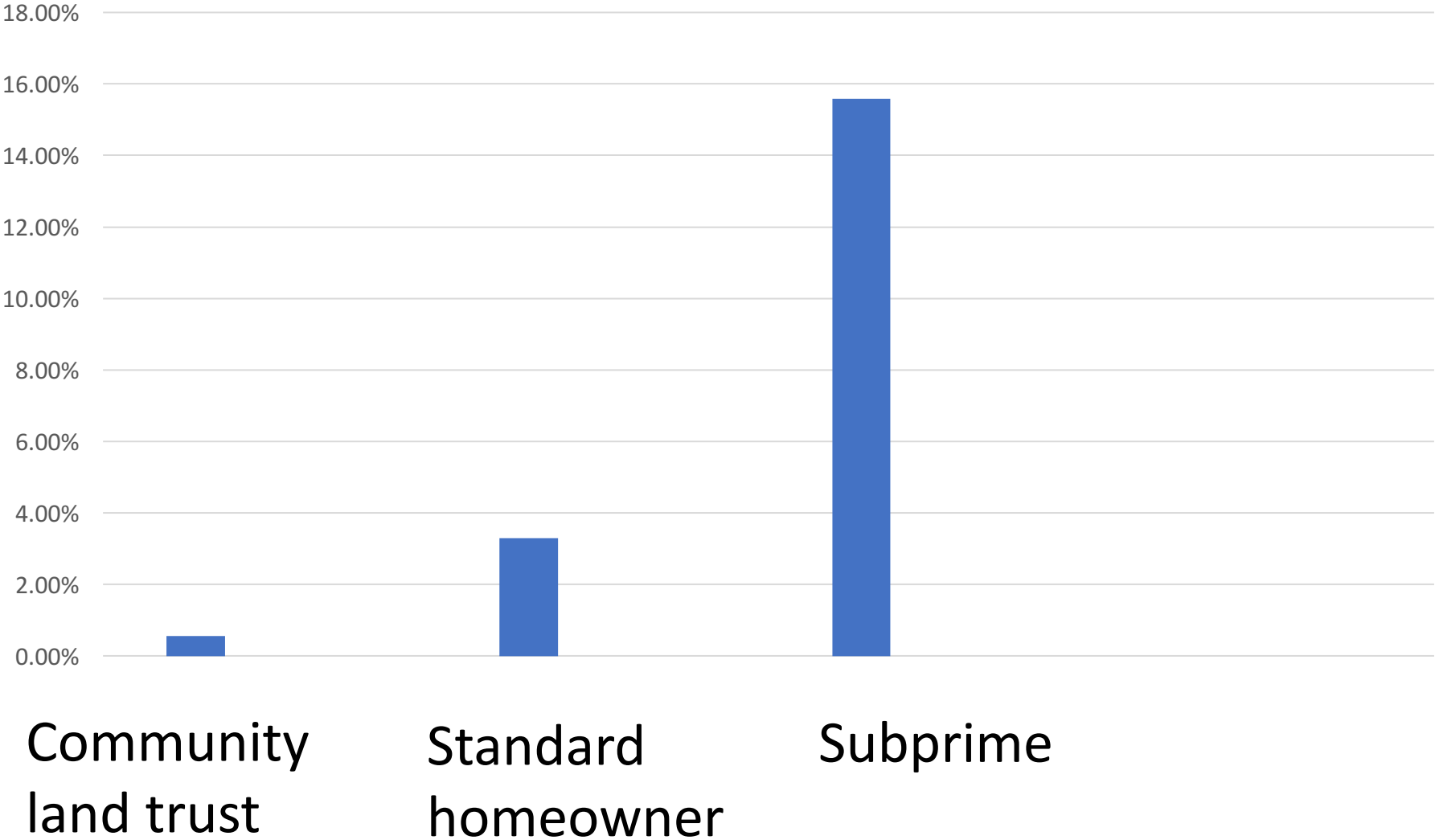
“The good news is that there is a focus on the economy in a way that there didn’t used to be, including calls to change ownership structures and the way that capital moves. That is an important shift from an early reform paradigm that endorsed the structure of the economy ...[But] what is missing with the failure of our politics is that we’re not changing the policies that allow problems to proliferate. It makes us even less able to change things.”

Stacy Mitchell, Co-Director, Institute for Local Self-Reliance

Ownership as a Bundle of Rights

- Not all ownership is the same
- Private property rights are limited, even in highly market-oriented societies like the United States (e.g., zoning, homeowner association contracts)
- Ownership is actually a “bundle of rights”
- Changing that bundle can make a difference for building community and promoting equity

Foreclosure Rates at Peak of Great Recession (2009)



Source: Thaden 2010

Why do community land trusts have lower foreclosure rates?

- Re-sale price is restricted, so buying in costs less. As a result, the buyer is not over-extended.
- Community land trust can set limits on refinance.
- In the event that a problem with payment does arise, community land trust can step in and intercede to forestall foreclosure.

The lower foreclosure rates did not occur “because our owners were virtuous. We have a legal structure that helped to create solid homeownership and stability and made it difficult for people to get into mortgages that were awful.” – *Marge Misak, land trust director, Cleveland, Ohio*

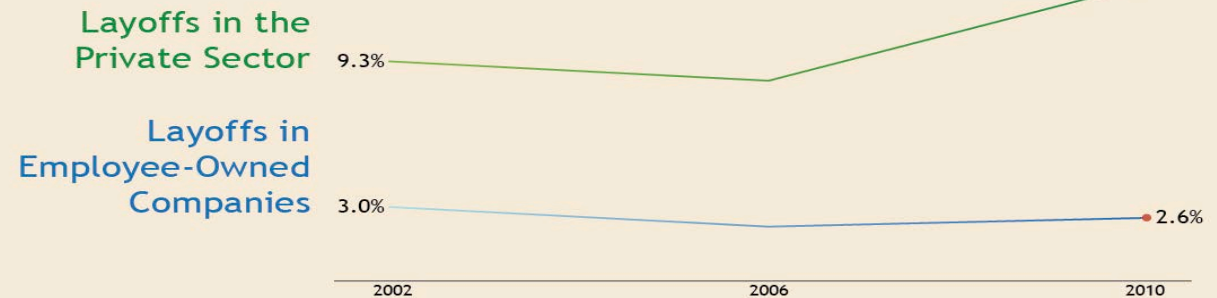
Additional Forms of Community Ownership or Regulation of Land

- Land banking
- Inclusionary zoning
- Community development corporations
- Housing co-ops
- Resident-owned communities (“manufactured housing” cooperatives)

Community Ownership of Business

- Social enterprise
- Municipal (public) enterprise and investment
- Anchor institutions
- Hybrid enterprises (L3Cs and B corporations)
- Employee stock ownership plan (ESOP) companies
- Cooperatives (including worker co-ops and union co-ops)
- Community-owned energy
- Food hubs

How we benefitted from employee ownership between 2002 and 2010



If employee-owned companies laid off workers at the same rate as the private sector,

7.98 MILLION

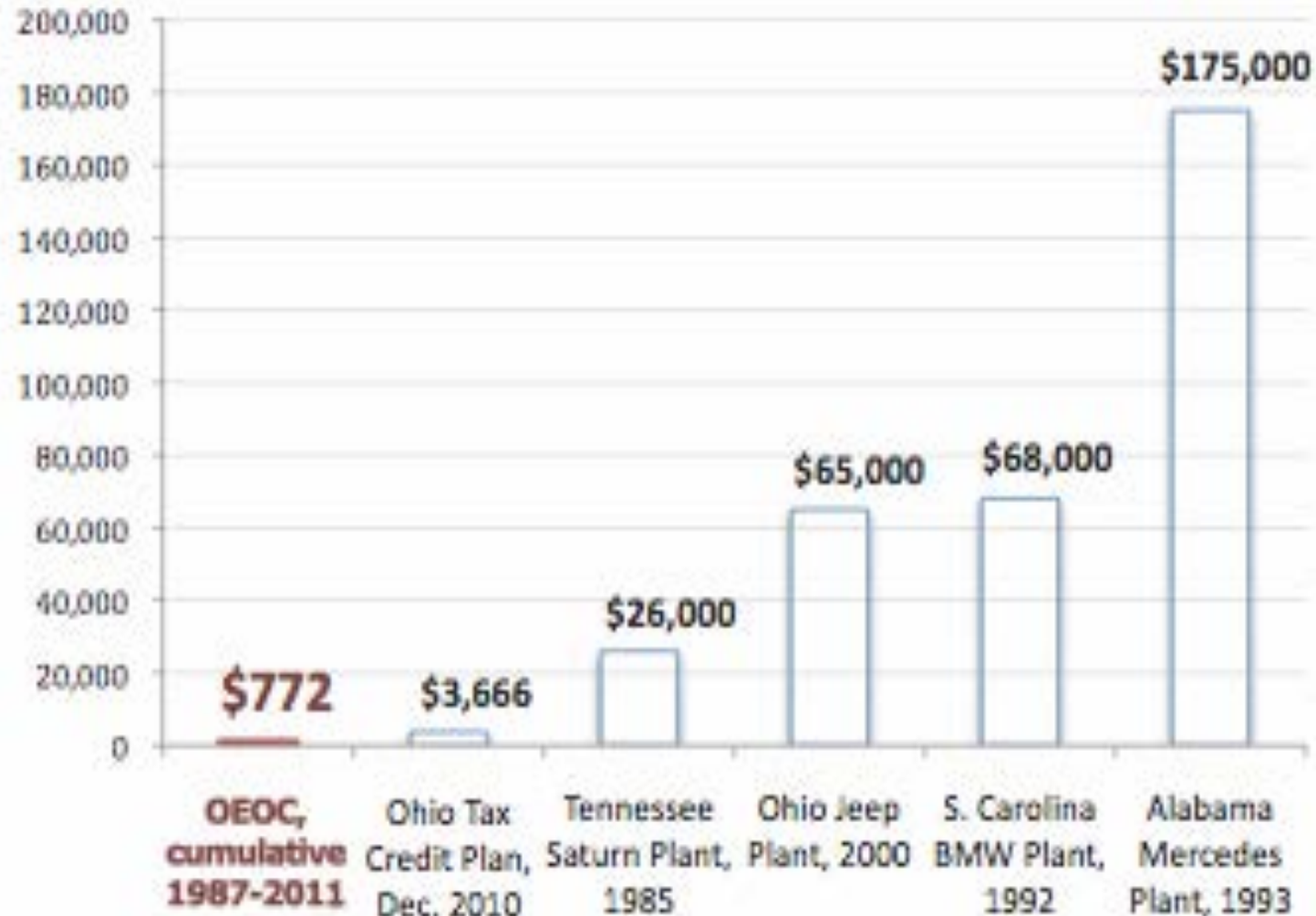
more workers would have lost their jobs between 2002 and 2010

By keeping these workers working, employee-owned companies saved the Federal Government

\$72.8 BILLION

(Source:
NCEO 2013)

Employee ownership center – cost per job vs. conventional methods

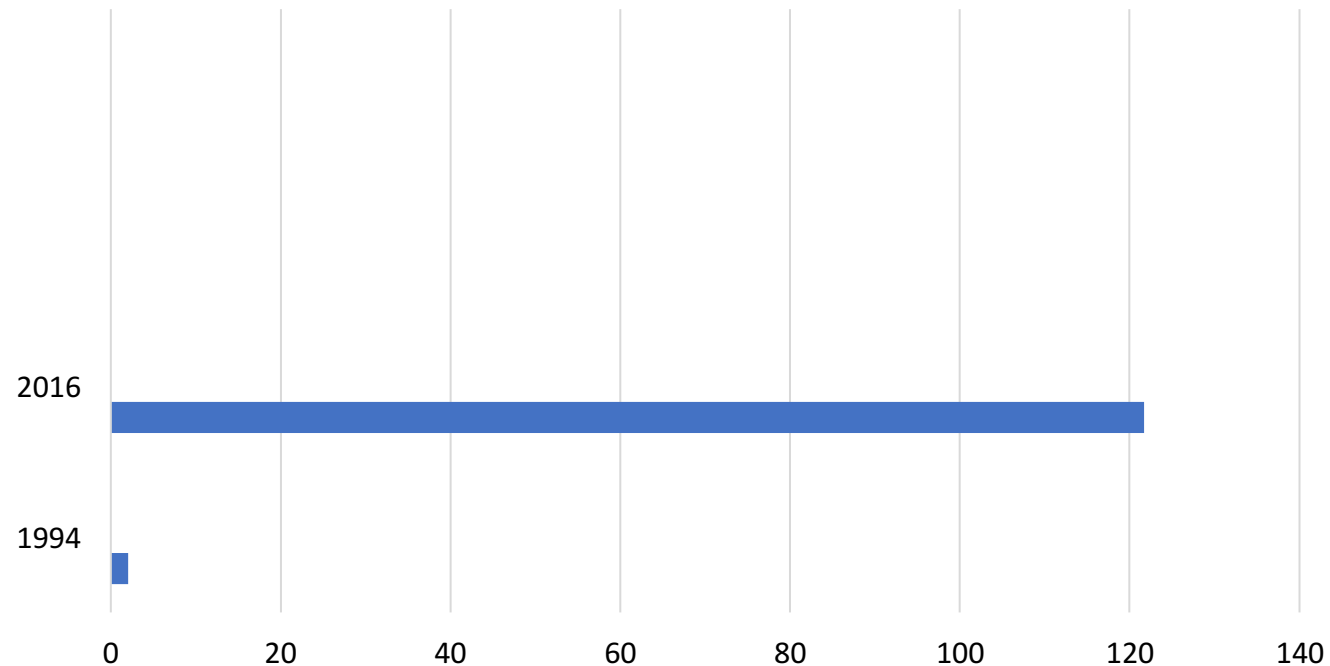


(Source
OEOC
2012)

Community Capital

- Community development financial institutions (CDFIs)
- Impact investment
- Local currency and time banking

CDFI Assets (billions)



Policy

- Local purchasing
- Local investing strategies (JOBS Act)
- Public pension investment rules
- Responsible banking ordinances
- Public banks
- Rescinding corporate subsidies
- Direct policy support for community wealth building (e.g., support for co-ops, community land trusts, employee ownership, anchor procurement)

Key Challenges

- Adopting a systemic perspective in community organizing and business development work
- Placing racial equity at the center of the work
- Building cooperative culture
- Developing a supportive ecosystem
- Linking to a broader systemic vision rooted in: a) democratization of wealth, b) strong community ties, c) subsidiarity, and d) democratic planning

Areas of Opportunity

- Deepen community wealth building so it can become a primary approach in places where it is showing promise now
- Opening for policy at the state and local level (e.g., Colorado's HB 17-1214)
- Building cooperative ownership in key sectors (e.g., platform cooperatives, "green" economy)
- Business succession as Baby Boom generation retires
- Opportunities to provide direction to sectors seeking new approaches (e.g., health, universities, philanthropy)
- Chance to link to education and culture building

Expanding Organizing Capacity by Building Community Wealth

One of the things I am most proud of from my time at ADP, and that I now evangelize, was our ability to create a permanent stream of internally generated revenue. The surplus generated from the businesses was invested back into the organizing work.



Caroline Murray was Executive Director of the ADP (Alliance to Develop Power) from 1993 to 2011. Headquartered in Springfield, Massachusetts, ADP created \$80 million in community-owned enterprises, that employed 125 people in living wage jobs

Thank you. Gracias. Merci.

For more information:

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