

Family Wealth Building Isn't Enough: We Must Pursue *Community* Wealth Building As Well.

By Ted Howard and Sarah McKinley

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 extraordinary degree.¹ As former Fed Chairman Paul Volcker warned in 2018, the United States is “developing into a plutocracy.”² The COVID-19 pandemic is likely to exacerbate this trend.

To address this growing wealth inequality, and in particular the racial wealth gap, 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. This requires us to think differently about asset ownership, particularly how conventional efforts to increase individual and family asset ownership intersect with new approaches around community and collective ownership of assets in place. Specifically, in addition to individual ownership forms — that have proven insufficient in our current economic system — we should develop plural 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.

One way to do this is what we call “community wealth building,” a term that The Democracy Collaborative first articulated in the mid-2000s to tie together the innovative institutions and approaches emerging in communities to offer a vision of new political-economic arrangement starting at the local level. Community wealth building (CWB) works to produce broadly shared economic prosperity through the reconfiguration of institutions and local economies on the basis of greater democratic ownership, participation and control. CWB is a new way of thinking about economic development, poverty alleviation and wealth creation and accumulation. However, its 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

¹ According to a recent [New York Times report](#), the wealthiest 1% of Americans now control roughly “38 percent of the value of financial accounts holding stocks. Widen the focus to include the top 10 percent, and you’ve found 84 percent of all of Wall Street portfolios’ value.” Moreover, just *three men* now have as much wealth as the bottom 50% of all Americans put together. And while millions of Americans have lost their jobs, health care and savings due to the COVID-19 pandemic, the wealth of U.S. billionaires has [grown by \\$1.3 trillion](#).

² <https://thehill.com/policy/finance/412756-volcker-warns-of-us-descent-into-plutocracy>

and interventions at various scales throughout the local economy. The goal is not to simply tinker around the edges to attempt to even out the ill effects of our current, deeply unequal and unjust economic model but to instead pursue fundamental changes to the ordinary operations of the system such that it is capable of reliably generating positive outcomes in and of itself.

CWB institutions and approaches³ extend community ownership and control over economic assets while also helping individuals and families grow wealth. Take community land trusts (CLTs) as an example, which ensure community stewardship of land in the form of a nonprofit holding company. A 2019 study showed that CLTs significantly contribute to family wealth creation, particularly for families of color, thereby offering huge potential to narrow the racial wealth gap.⁴ However, the shared ownership structure of CLTs ensures community control and allows them to preserve affordability of housing over the long term and mitigate against displacement and real estate speculation that destabilizes communities and erodes resilience. This is just one example⁵ of how shared ownership of assets can not only augment family wealth but also balance and distribute it for greater prosperity over the long haul.

CWB at the Neighborhood Level

One of the most robust examples of a CWB approach in the United States is that of the Evergreen Cooperatives in Cleveland, OH, located in largely low-income, predominantly Black neighborhoods on the city's east side. Evergreen is a network of green employee-owned cooperatives integrated into the supply chains of local public and nonprofit anchor institutions.⁶ The cooperatives currently employ over 200

³ Such as cooperatives, community land trusts, municipal ownership, anchor strategies, public banks and community-based financing.

⁴ <https://www.lincolnst.edu/publications/working-papers/tracking-growth-evaluating-performance-shared-equity-homeownership>

⁵ Another promising CWB mechanism that is now being pioneered by The Democracy Collaborative are local economy preservation funds (LEPFs), new structures where cities and states can make equity-like investments to preserve local businesses that may be facing collapse during the pandemic, ensuring that they stay rooted in community for the long run, preserving good jobs, and enabling broad-based ownership, especially for people of color, who have been hardest hit in this crisis. The Democracy Collaborative, in partnership with the Council of Development Finance Agencies, is working to actively develop these funds. See the proposal here: https://democracycollaborative.org/learn/blogpost/local-economy-preservation-fund-proposal-goes-biden-administration?mc_cid=6396a576e0&mc_eid=ebaf52c028.

⁶ Such as the Cleveland Clinic, Case Western Reserve University, and University Hospitals, whose procurement power amounts to roughly over \$3 billion a year in goods and services. Find out more about the Evergreen Cooperative 10 years on in this recent article:

worker-owners, all of whom receive a living wage and the opportunity to share in a percentage of the profits of the enterprises. With ownership comes multiple benefits that increase the wealth of the individual owners and their families, including profit-sharing and a homebuyer program that has helped members purchase homes in the neighborhood.

But what 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 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.

What the Evergreen Cooperatives are doing is recirculatory, multiplying and growing wealth locally for the people who create the wealth in the first place while also supporting the well-being of their community to reverse long term economic decline.

A Full-City Approach

Now imagine if this was done strategically and intentionally across a whole local or regional economy.⁷ The local authority of North Ayrshire in Scotland is pioneering the nation's first official CWB strategy as their basis for recovery in the post-COVID-19 period but also as a means of delivering on a local Green New Deal. Their goal is to develop a new economic model for the region centered on inclusion and well-being.⁸ Bringing together their local anchor institutions in a CWB 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.

<https://shelterforce.org/2021/03/09/despite-a-rocky-start-cleveland-model-for-worker-co-ops-stands-test-of-time/>

⁷ An early and prominent example of an “all-city” approach to CWB is in the city of Preston, England. “The Preston Model” is reported in “Paint the Town Red: How Preston Took Back Control and Your Town Can Too,” by Matthew Brown and Rhian Jones (Repeater Books, May 2021).

⁸ 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 to pioneer Scotland's first CWB project).

A core pillar of North Ayrshire’s approach to CWB 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 includes broadening plural models of ownership, including developing cooperatives, employee ownership, and social enterprises as part of a strategy to enhance fair work, decent pay and job opportunities throughout North Ayrshire.

The examples of CWB institutions and approaches highlighted in this article have the proven potential to build and preserve wealth for individuals and families while at the same time strengthening community, broadening ownership over assets and capital and creating and anchoring wealth in communities for the long term. As America begins to “build back better ” and rescue plans from Congress begin to funnel new resources to communities, now is the time to scale CWB as the means of achieving a more just and fairly distributed economy. Doing so will build prosperity for the many, not just the few.

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