

Expanding the Commons by Building Community Economic Wealth

There's an entire community sector to the economy that business pages overlook.

By [Ted Howard](#)

The Tomales Bay Institute's report, "The Commons Rising," suggests a modern, appropriate definition for the Commons: "gifts of nature and society; the wealth we inherit or create together and must pass on, undiminished or enhanced to our children; a sector of the economy that complements the corporate sector." It further describes the commons as an "emerging economic sector," one that will provide many socially desirable benefits, among them "healthy ecosystems, economic security, stronger communities and a participatory culture."

As a guest blogger this month for [OntheCommons.org](#), I want to focus many (but not all) of my postings on a fast emerging area of the commons called community wealth building. In the coming weeks, I'll endeavor to provide an overview to the field, examples of innovations and models around the country, and my own perspective on how this activity is expanding the commons (and our idea of what rightfully should be included in the frame of the commons) while creating local economic security and stability.

These community wealth building programs are creating local "commons" of economic activity, particularly in disadvantaged communities. They are also helping to popularize and legitimate the idea that common/collective ownership, widely distributed and anchored in communities, is a practical and workable approach to solve local economic problems.

Few Americans are aware that there has been a steady and continuing build-up of new and alternative forms of economic activity through the United States over the last several decades. Across the country, democratic, community wealth-building institutions have begun to multiply dramatically in number in recent years. Although many ventures are small in size, a number have already become a major presence in their communities and have implications for longer-term community change. The various efforts differ from traditional corporations, on the one hand, and small individually-owned businesses, on the other.

At one level are a variety of community-building neighborhood corporations and related efforts. At another level are enterprises largely or entirely owned by employees who live in, and are members of, the community. At still another are new nonprofit efforts which undertake economic activity in order to support their community service missions. Beyond this are numerous publicly owned enterprises, which both provide jobs and services and make money for cash-starved municipalities. Still other new efforts include large number of cooperatives, community housing land trusts, and various hybrid community oriented economic efforts.

For example: community development corporations have grown from a mere handful in the late 1960s to more than 4,000 today;

- there are also more than 11,000 employee-owned firms (ESOPs), which employ more people than all the workers in America's private sector labor unions;
- cooperatively-owned businesses involve more than 100 million members nationwide;
- nonprofit housing land trusts that create permanently affordable housing as a community-held asset are expanding throughout the country (last year, the city of Irvine, CA made a commitment to develop 10,000 units of housing within its community-owned land trust);
- in one of the fastest-growing and most interesting innovations, a host of local municipal enterprises (a community-ownership mechanism) – ranging from telecommunications infrastructure and municipal power companies to city-owned methane recovery businesses, transportation systems, and hotels – are winning the enthusiastic backing of both Republican and Democratic mayors.

These seemingly diverse institutional strategies share certain key principles. First, they change the nature of asset and wealth ownership in a manner which serves the community. Second, they offer new ways to provide and anchor local jobs and to finance community services. These developments are not occurring in a vacuum. They are being spurred by two converging trends with historic importance:

- the steadily increasing insecurities of the global economic era...which, in turn, are generating a demand for new approaches to local economic instability; and
- the dramatic and rapidly expanding fiscal crisis at all levels of government...which is systematically forcing consideration of new alternatives that promise new ways to achieve service-supporting revenues.

In short, as many matters of vital interest further devolve to local and state authorities, Americans have begun building common ownership institutions that make their communities more stable and economically viable, offer a greater sense of security, further the goal of equality, and strengthen democratic practice and participation.

My colleague, the political economist Gar Alperovitz, has written extensively about these developments, most recently in the new policy journal *Democracy*. According to Alperovitz, the community wealth building phenomenon is creating a progressive ownership society: "Not ownership in [President] Bush's skewed sense, but rather ownership in a democratic sense through the possibility of community-based investment in, and control over, wealth creation. Employees, companies, non-profits, cities, and states are using diverse and innovative strategies to create community wealth. It is wealth that improves the ability of communities and individuals to increase asset ownership, anchor jobs locally, expand the provision of public services, and ensure local economic stability, rather than just boost corporate profits and shareholder fortunes.

"A common thread runs through the employee-owned firms, community development corporations, and even the traditional co-ops: the idea that real wealth equality can only be built by communal involvement in the means by which that wealth is produced. Such approaches provide ownership for million of American – in many cases, through a tangible asset that can appreciate and be passed on to subsequent generations. Others create community wealth by enabling businesses and jobs to stay in the United States.

"But more than that, these ownership strategies give people a real stake in their community, strengthening the bonds of citizenship and the connections between people, institutions, and places. These are not incidental by-products of a progressive ownership society; they lie at its core. A country

where more people have a tangible stake and believe they can create better lives for themselves and their children is a stronger society – and a stronger democracy. ‘Necessitous men are not free men,’ Franklin Roosevelt urged. Or as an earlier President, John Adams, reminded a young nation: ‘The balance of power in a society accompanies the balance of property.’”

Posted January 10, 2007

-