TOWARDS A MORE TRANSFORMATIVE COMMUNITY ECONOMIC DEVELOPMENT

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In partial fulfillment of the requirements for the degree of

Master of Arts in

Urban and Environmental Policy and Planning

TUFTS UNIVERSITY

August 2012

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Abstract

This collaborative thesis is presented in two parts. Co-authored by Ian Adelman and Emily Earle, Part I introduces the challenges facing the field of community economic development including limited organizational and theoretical alternatives and the constraints of a neoliberal economic context. These challenges are then considered within a multidimensional framework to understand and differentiate between approaches to community economic development. We find that fully transformative community economic development is rare, yet many approaches have transformative dimensions. A possible way forward is to use this framework to strategically align multiple approaches that in sum may lead to a more transformative community economic development. Authored by Emily Earle, Part II examines early initiatives in the Bronx, New York and Springfield, Massachusetts, where conveners are attempting to achieve a more transformative community economic development through the establishment of cooperative business networks rooted in the strengths and needs of local economies. These initiatives are considered in comparison to one another and within the multidimensional framework presented in Part I.
Acknowledgements

I want to thank the many people who made this collaborative thesis possible…and enjoyable. First, a huge thanks to my co-author Ian Adelman and my advisor Professor Penn Loh, both of you enabled me to really dig into the idea of a more transformative community economic development. Thank you to my reader Professor James Jennings for your support and critical eye. To the members of the Practical Visionaries steering committee: Kalila Barnett, Cris Lagunas, Meredith Levy, Harry Smith, and Aaron Tanaka, thank you for your insight, commitment to organizing and community, and willingness to share your discussion of pathways to a more just economy. Thank you to the many students and practitioners who participated in the Practical Visionaries workshop, reading groups, and research this year and last. A thanks to everyone I interviewed in the Bronx and Springfield, who took time out from working to transform their local economies to speak candidly with me. And finally, thank you to my parents Robert and Elizabeth Filanowski Earle, who have always helped me consider the possible rather than the probable.
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Part I:
Towards a More Transformative Community Economic Development

Ian Adelman and Emily Earle
Introduction

The question of developing new and local economic alternatives is being discussed in many cities and communities, whether in relation to good jobs in the green economy, failures of traditional approaches in addressing growing wealth disparities, or in response to long-term economic downturn and dislocation. Across the United States, community organizations and alliances like the Right to the City are reimagining economic development strategies that are community-driven, and go beyond local economic development as usual by seeking to build community wealth and democratize economic participation. The time seems particularly ripe for examining and envisioning new economic possibilities that not only address immediate economic dislocation in the U.S. and abroad but also have the potential for greater systemic change socially, politically, economically, and environmentally.

Here in Boston and Somerville, proposals for Walmart’s urban grocery stores provided the starting point for a discussion and search for economic alternatives. As Walmart eyed the Boston area for its urban concept stores, Professor of the Practice Penn Loh brought together community and university partners together for a collaborative research and co-learning initiative, the Practical Visionaries Workshop,¹ which was driven by the following questions:

• While Walmart tries to tap new urban markets such as Roxbury and Somerville, what are the alternatives that we can grow from within our communities?
• What could a new and localized economy look like in Greater Boston’s urban neighborhoods?

¹ The 2012 Practical Visionaries Workshop brought together university and community partners for shared learning and research through 8 classroom sessions, a Tufts UEP Field Project, and this thesis project all guided by the steering committee made up of leaders from Alternatives for Community and Environment, Boston Workers Alliance, Dudley Street Neighborhood Initiative, Somerville Community Corporation, and Professor Loh.
What kinds of economic development planning, community-building, and policy change are necessary to germinate the seeds of this new economy?

The classroom and Field Project portion of the Practical Visionaries Workshop took on these questions directly, looking at the potential of a cooperative grocery store in Somerville and an organic waste recycling facility in Roxbury, but the research steering committee raised a second set of questions. They wanted to understand the differences between various approaches to community economic development as well as the limits and possibilities of those approaches to contributing to wider changes. It is our hope that this thesis project will support the ongoing work of partner organizations as they attempt to answer these questions and envision and build viable economic alternatives with their members, allies and communities.
Chapter 1: The challenges of developing new economic alternatives

We start from the perspective that the dominant paradigm of neoliberalism limits economic possibilities and, ultimately, human flourishing for the vast majority of people. As articulated by Olin Wright (2010), human flourishing means that not only are individuals and communities able to meet their basic needs, but that they also have the opportunity to develop their full capacity to create, produce and determine their own lives. Instead, as currently structured, the market economy reinforces and perpetuates conditions of wealth inequality, poverty, environmental injustice, and health, gender and racial disparities. In order to address these problems, in order to achieve greater social justice, we need a range of economic strategies that build community power and deepen democracy – strategies that challenge this dominant neoliberal paradigm and offer potential for a more equitable, sustainable world. Despite its perceived and real limitations, we believe in the potential of community-based action to be part of a wider transformation of the economy.

In this project, we are interested in the opportunities and challenges of community economic development. It is an arena for local action constrained by neo-liberalism, which results in the predominance of market-based approaches to building community economies. In the development of our joint research around community economy, Harry Smith of the Dudley Street Neighborhood Initiative discussed the challenge of thinking outside the box when it comes to nonprofit-driven community economic development initiatives – despite organizational
creativity in other arenas. As identified by Mr. Smith and our other Practical Visionaries research partners, this very real dilemma can be seen in the current work of many community development corporations. Community development corporations (CDCs) have done innovative work in revitalizing communities, in challenging the housing market through provision and preservation of affordable housing. Many CDCs pair this physical development work with strong community organizing and policy advocacy. But these same organizations, when faced with economic development, are likely to produce mixed retail development that looks quite similar to that proposed by private developers – with similar, narrowly defined results in creating economic opportunity and building community power. Moving beyond the dominant political narrative is, of course, a long-recognized dilemma, articulated one hundred years ago by Robert Michels as “the iron law of oligarchy” by which social movements are transformed to fit into the dominant political agenda (Michels 1911; Tolbert 2010).

In the face of these challenges, and within the overall work of the Practical Visionaries research project, we are looking actively for community driven and controlled economic alternatives to Walmart. Here we ask: instead of being constrained within a market economy framework, are there approaches to community economic development that challenge neoliberal ideology and offer potential for transformative change? How can we begin to understand the dimensions of this transformative potential?

Through our work, we hope to offer a framework that can be used by practitioners and academics alike in assessing community economic development alternatives. This document is intended as one tool for comparing, contrasting, and
critically evaluating real-world community economic development initiatives and proposed strategies. As Reese and Fasenfest (2004) and others have stated, community economic development strategies too often are analyzed and evaluated in ways that support, rather than challenge, dominant paradigms. This is an attempt to tease out the multiple dimensions of community economic development strategies, whether they are explicit, implicit or under-theorized. And, importantly, it is also an attempt to tease out dimensions of community economic development that offer potential for transformative systemic and social change, dimensions that challenge the dominant paradigm and can serve as building blocks for more just economies.

In reclaiming and re-democratizing the city, the Right to the City Alliance (2011) speaks to the necessity of putting demands on the existing economic system by changing city governance structures while simultaneously building community based and community controlled economic alternatives. Likewise, solidarity economy proponents emphasize the need to pursue multiple routes to creating more just, reciprocal and sustainable economic possibilities while simultaneously and explicitly connecting these varied routes to each other as part of the greater solidarity economy (Miller 2010). In this spirit, our critique is not intended to identify one, or even multiple, specific and promising approaches to community economic development; instead, it is intended to raise up and describe how key dimensions of community economic development can be reshaped in order to have more transformative potential, especially when multiple such strategies are pursued in tandem.
Chapter 2: The neoliberal economy and community economic development

Before we introduce our framework for understanding the various approaches to community economic development, we have to understand the economic setting within which all approaches to community economic development exist, the neoliberal capitalist economy.

Very simply, “the economy is the sphere of social activity in which people interact to produce and distribute goods and services” (Olin Wright 2010, 119). It is the sum of all the diverse ways that people meet their material needs (Miller 2011). However, there is a constant struggle between state, social and economic powers to assert a dominant way in which that “sphere of activity” is organized, the distribution of goods and services is controlled, and our material needs are met (Olin Wright 2010). In general, the struggle in the United States has resulted in a dominant system of private ownership and control of production and distribution, what is commonly referred to as capitalism. But our system is not purely capitalist; there is still significant participation in the economy by the state and civil society. Olin Wright (2010) refers to these variations from pure economic systems – Statism, Socialism, and Capitalism – as hybrids. His typology characterizes our current economic system as “Capitalist Statist Economic Regulation” where “economic regulation is in fact more responsive to the needs and power of capital than to the needs and power generated within civil society” (2010, 135).

David Harvey and others more aptly describe this “hybrid” as neoliberalism, “an institutional framework characterized by strong private property rights, free markets, and free trade. The role of the state is to create and preserve an institution
appropriate to such practices” (2005, 2). According to DeFilippis (2004) the state creates and preserves this institutional framework by focusing on “the supply of money in the economy and creating conditions that are favorable for capital investment (like low taxes, a docile labor force, etc)” (19). Furthermore, the state has devolved its responsibility for social welfare to civil society, through the nonprofit and voluntary sector (DeFilippis et al. 2010).

As described by Harvey, DeFilippis and others, neoliberalism is a social, political and economic structure with universal norms. Neoliberalism “values market exchange as ‘an ethic in itself, capable of acting as a guide to all human action’” (Harvey 2005, Pg. 3). Neoliberalism is even described as hegemonic in the tradition of Gramscian theory (Plehwe et al 2007). If neoliberalism is hegemonic, then any ideas hatched within the current system will invariably serve to reinforce the dominance of the system (Cox 1983). In terms of community economic development, the hegemony of neoliberalism means that any approach to community economic development, even ones that are conceived to address the harms created by the devolution of state responsibility, the privatization of production or distribution or any other aspects of neoliberalism will inevitably act to reinforce neoliberalism. Most community economic development perpetuates the idea that, “reliance on the market is the way to develop inner cities for the benefit of those living in them” (DeFilippis et al. 2010, 69). Hegemony is also reflected in education reform, criminal justice system, and social welfare policy.

Neoliberalism has limited the capacity of community-based work to bring about change. However, that does not mean community-based efforts should be abandoned. Instead it has highlighted its importance (DeFilippis et al. 2010). The
challenge is to, “raise [our] consciousness, situate [our]selves in the broader social struggles, and understand the underpinning ideologies and analysis, as well as the stakes involved and the contemporary opportunities of the present moment” (DeFilippis et al. 2010, 166). The following framework is our attempt to meet DeFilippis’ challenge with respect to the field of community economic development.
Chapter 3: Our framework for understanding community economic development

We created a multi-dimensional framework in order to (1) understand important differences between various approaches to community economic development in practice and theory and (2) understand the potential for a given approach to community economic development to contribute to a transformation of the wider political economy.

Our framework consists of five dimensions, dimensions that differ substantially across the range of existing approaches to community economic development. As described in more detail below, these key dimensions are:

1. Scale at which economic development is enacted
2. Flow and allocation of economic resources
3. Decision making structures and reasoning
4. Growth and sustainability
5. Conception of community

Before we discuss the details of each dimension, we need to introduce the process and influences responsible for their development. We started by reviewing academic literature, white papers, evaluations and promotional materials discussing specific examples of community economic development initiatives. At first, it seemed like there was a different organization developing a unique approach to community economic development in every community. Even initiatives supported by the same organization carry different names in different communities. For example, the Local Initiatives Support Corporation’s Sustainable Communities program is called “Resilient Families, Resilient Communities” in Boston, “Neighbors
United” in Phoenix and the “Olneyville Collaborative” in Providence. But through an iterative process, we isolated and then vetted various dimensions that differed between the various approaches. At times we compared individual initiatives and at other times we compared theories of change from leading development organizations and theorists. We kept the dimensions that were useful in differentiating between several approaches and rejected the ones that were not.

In addition to the literature we cite throughout this thesis, we want to credit the work of Erik Olin Wright, David Schweikart, Michael Albert and Takis Fotopoulos. Their explanations and critiques of our current economy and their proposals for radically new arrangements of production and consumption, allocation of economic resources and participation in economic decisions provided us with important insights. Their work addresses the global economy as a whole including national and global institutions and policies. But when applied to local economic development, their ideas proved to be another tool for differentiating between various approaches.

From Erik Olin Wright’s work (2010) we improved our understanding of the structure of the overall economy. He describes the economy as the result of power relations between three categories of actors or, what he refers to as, three social domains: civil society, the state, and economic actors. The diagram below shows the three social domains and the various ways the power dynamics can manifest.
Figure 1: Olin Wright’s Three Social Domains

Olin Wright’s diagram makes it easy to see the difference between different types of economies. When economic power is the greatest force in determining the allocation of resources and the control of production and distribution, the resulting form is a market based, capitalist economy. When state power is dominant, the result is a form of centrally controlled, statist economy like what we see in China. And if social power were dominant then it would be a social economy. Olin Wright goes on to explain that these “pure” forms of economy are rare if not impossible. Instead most economies are the result of interaction and struggle between all three social domains.

In this research project we are not focused on the order of the entire economy, but Olin Wright’s work is important because it can be applied on a smaller
scale to any approach to community economic development. Community economic
development involves the same set of social domains—state, civil society, and
business (those that wield economic power)—just not necessarily at the same scale.
Therefore any approach to community economic can be described, in part, based on
the relationships of the social domains involved. As we discuss each of the five
dimensions of community economic development, we consider them within this
context of social domains.

The other important influences we want to cite are the radical political
economy theories developed by David Schweikart, Michael Albert and Takis
Fotopoulos. They each propose a different theory of how to construct an alternative
economy that will be just and sustainable. Schweikart’s theory of Economic
Democracy (1992) proposes to abolish capital and labor markets and to build a new
system based on democratically controlled worker cooperatives, social control of
investment, and a properly regulated market for goods and services. Albert’s (2007)
Participatory Economics (ParEcon) proposes an even more radically egalitarian
system by abolishing all markets and divisions of labor and class. Markets are
replaced by participatory planning processes between worker and consumer councils,
remuneration is based on effort, and the empowering aspects of work are distributed
evenly to all workers through the creation of “balanced job complexes.” Fotopoulos’
(2003) theory of Inclusive Democracy is less focused on the actual economic
structures; instead, it theorizes radical changes to our democratic system. Every
political, social and economic decision is democratized through a hierarchy of
“demotic” assemblies from local community and local work place assemblies to
federal assemblies.
The passionate debate between these theorists over which path will lead us to a sustainable future is of little concern to the specifics of community economic development. However, their radical theories elaborate aspects of the economy that are often overshadowed by a traditional analysis of markets, producers and consumers. They imagine different roles for the various social domains that are not found in our current economy. For example, Economic Democracy introduced the idea of social control of investment where “funds for investment are generated from a capital-assets tax, a flat rate tax imposed on all enterprises” (Albert and Schweickart 2007) which is then distributed to regions on a per capita basis. The taxing is carried out by a national government and then communities, at the regional scale, decide how and where to invest the funds through a democratic process. ParEcon and Inclusive Democracy imagine participatory, democratic processes for determining the needs of society. And all three theories emphasize active participation of society in the creation and control of the economy. Few of these radical ideas are found directly in current approaches to community economic development, yet helped us to consider the potential breadth and depth of the dimensions of community economic development that we discuss below.²

Scale

We propose that the first dimension that can be used to differentiate between different approaches to community economic development is the scale at which each of these social domains is operating in the conception and implementation of community economic development strategies. The idea of scale

also encompasses the geography of place, of where the activities or interventions are taking place.

- **Which scale of state is involved**: municipal government? Regional government? State government? Federal government? Or no state at all?
- **Which scale of business is involved**: Individual investors? Individual businesses? Business sectors? Or business in the abstract, i.e., capital? Or no business actors at all?
- **Which scale of community is involved**: Individuals? Neighborhoods? Whole municipalities? Metropolitan regions? Or all civil society? The community cannot be absent from this because, otherwise, the economic intervention would not be a type of community economic development.
- **Which scale of geography is involved**: The neighborhood? The city? The region? The nation? International and global? Or multiple geographic scales?

**Flow and allocation of economic resources**

All approaches to community economic development are attempts to intervene in the flow and allocation of economic resources between the three social domains of civil society, the state, and business. The way in which community economic development intervenes in the flow of economic resources can be used as a dimension to differentiate between different approaches. This dimension considers the initial flow of economic resources created directly by the intervention—i.e., does the approach create or expand flow of resources from state to community, state to business, or business to community? It also encompasses secondary flow and allocation of economic resources between the three social domains. For example, a local hiring ordinance directly creates a flow of economic resources from business to
community members through wages paid to local residents. But this type of intervention also results in a secondary flow of resources from community to state due to increased tax revenues from rising wages, property values and consumption. Finally, in considering the flow and allocation of resources, we need to consider how economic resources are distributed through community economic development. Do economic resources accumulate to only a few individuals or institutions, or does the approach help to distribute these resources more equitably?

**Decision Making**

In addition to understanding the actual and potential direction of the flow of economic resources, we also need a dimension that describes the decision making process that determines the flow and allocation of economic resources. The decision making dimension asks who determines the flow of economic resources – state, business, community, or some combination thereof – and what criteria are used in the decision-making process, such as return on investment, social values, or corrections to the market or other systems. The decision making dimension also encompasses the process of deciding. Whether driven by state, business or community, are decisions made democratically or unilaterally? Are the impacted parties authentically and substantively participating in these processes? Additionally, the decision making dimension recognizes that the process of decision-making includes steps that are often made invisible: defining a problem, designing an intervention and establishing criteria for evaluation. Therefore, the decision making dimension also asks who is defining the problems, designing the interventions and setting the criteria for the evaluations?
Sustainability and Economic Growth

Another dimension that differentiates community economic development approaches is the way in which they address ecological limits, community sustainability, and economic growth. Some approaches to community economic development pursue economic growth for the sake of economic growth. This is the idea that growing the whole “economic pie” larger will increase opportunities for all (Porter and Kramer 2011). Others approaches don’t argue for economic growth itself yet depend on leveraging economic growth in order to realize other gains in areas such as public health, socioeconomic equity, environmental sustainability, or regional competitiveness. A third set of approaches aligns with Tim Jackson’s (2009) argument: economic growth itself is not sustainable. It cannot be achieved without increased material throughput (even with gains in efficiency), which contributes to further ecological degradation and subsequent social consequences. These approaches attempt to separate economic growth from definitions of prosperity. Instead, prosperity is about thriving and flourishing; it is the absence of affliction and adversity (Jackson 2009), and this prosperity can be achieved through stability, cooperation, and reciprocity.

Conceptions of Community

Finally, in examining approaches to community economic development, we need a dimension that addresses conceptions of community inherent in these various economic strategies. There are assumptions about the centrality, power, and capacity of communities that are built into community economic development. Are community members viewed as workers or owners? As producers or consumers? As decision makers? As innovators or as self interested? As interchangeable?
Assumptions about communities can be explicit or implicit but are deeply connected to how the other dimensions of community economic development play out. For example, when communities and their members are conceived of as lacking resources and disconnected economically and politically, then proposed community economic development strategies will look very different from proposed strategies that explicitly recognize the assets and expertise of communities and the individuals that make them up.

In the next chapter, we will discuss how these five key dimensions play out in a market economy based approach to community economic development. This discussion of the dimensions within a market based approach lays the ground to explore how changes within any of the five dimensions result in vastly different approaches to community economic development – some of which embody transformative potential.
Chapter 4: Dimensions of market-based community economic development

Market based approaches to community economic development support the dominant political economy, with market activity driven by neoliberal ideology. This dominant political economy is characterized by capital mobility, increasing globalization, and privatization of government (DeFilippis 2004).

In market based community economic development, the scale of economic intervention is at the neighborhood or community level. The scale of the state most closely involved in economic development is local or municipal government. Just as state responsibility and funding for social welfare has been relegated to the local level by the federal government in the United States over the past few decades (O’Connor 1999), this devolution is also reflected in local government’s increased involvement in local economic development. Instead of the federal government supporting community economic development by redistributing funds, the trend has been for municipalities to use their own resources to attract economic development. Evidence of this can be seen in 1) the flat or decreasing level of funding through community development block grants (and other federal government resources) for economic development in poor communities (O’Connor 1999; Bonds and Farmer-Hinton 2009), and 2) the increasingly entrepreneurial activities of local governments, as evidenced by local governments becoming direct investors, risk takers, and venture capitalists in economic development (DeFilippis 2004). At the same time, the scale of business has expanded over the past few decades. Business operations and markets are global with increasingly mobile capital, and this mobility allows for rapid investment and de-investment in local economies (DeFilippis 2004). In stark
contrast, in market based economic development, the scale of civil society is reduced
to the individual consumer. Communities are conglomerations of individual interests,
as indicated by purchasing patterns and preferences. This can be seen in local
economic development targeted to building up retail districts, or meeting the
purchasing preferences of those with disposable income.

In a perfect market capitalist economy the flow of economic resources is
strictly between businesses and community (Olin Wright 2010). The business domain
contains producers and the community domain contains consumers. Goods,
services, wages and investment are expected to flow freely between businesses and
consumers based on market forces of supply and demand. In this context,
community economic development would only be concerned with the flow of
economic resources between business and community. However, as explained
previously, our economy is more accurately described as neoliberal. In neoliberalism
there is an active role for the state in the flow and allocation of economic resources.
In market based community economic development the local government intervenes
directly to bring businesses and capital resources into a community by initiating or
increasing the flow of resources to business entities (Cummings 2001). Examples of
interventions include Empowerment Zones (Cummings 2001) and Tax Increment
Financing, which offer direct grants, tax expenditures or abatements, land grants, or
infrastructure improvements to businesses (Briffault 2010). Businesses in turn are
expected to provide economic opportunities through more jobs and improve social
conditions through greater access to goods and services, and through rising property
values (Porter 1995) – the idea of a rising tide lifting all boats. This can be seen as the
creation or increase of a secondary flow and allocation of economic resources to community members.

In market based community economic development, investment and other economic decisions are made by business leaders despite the fact that major economic resources are coming from the municipality, and that communities contain substantial assets that businesses will take advantage of - for example, public education, workforce, consumers, physical infrastructure (Imbroscio 2004).

Municipalities may offer tax abatements or even direct development grants, yet it is ultimately up to businesses whether to accept the resources and locate in the municipality. This decision will ultimately be made based on the potential for a return on investment, and leads to competition between municipalities in offering financial incentives to entice businesses into their political boundaries (Basolo 2000). Thus, the decision-making process in market based community economic development is led by those who control capital – whether individuals, businesses, banks, financial institutions, or public entities. Decision-making is privatized; it is based on potential return on investment, which drives where and how capital is invested.

Market based community economic development is primarily concerned with growth – not ecological sustainability or broader definitions of community sustainability. In the market economy, in order to provide greater and greater returns on investment, the exchange of goods and services feeds on constant economic growth, and relies on increasing the efficiency of businesses to provide these goods and services (Lewis and Swinney 2007). The logic of pro-growth is the foundation on which this approach to community economic development is based, with the needs
of big business prioritized over the needs of current and future community members. This logic of pro-growth does not attempt to evaluate the success of economic investment by local government (Reese and Fasenfest 2004); and it often ignores the significant contributions of small businesses, micro-enterprises and other community scale entrepreneurship and economic activity to community economies (Jennings 2011; Borges-Mendez et al 2005). Likewise this logic of pro-growth does not grapple with future dislocation of capital, jobs and economic benefits if and when a large business decides to close its doors or relocate to a new city (DeFilippis 2004), despite substantial and key investments by state and civil society in its local success.

Communities, more specifically poor urban communities of color, are conceived in limited ways within the market based local economic development framework. One dominant concept by which cities govern is through a “city limits” framework, one in which economic smarts are seen as fundamentally incompatible with redistributive policies (Peterson 1981). Cities are seen as being in direct competition with other cities, and local government policies must meet investment criteria and be deemed a good return on investment. Because city success is evaluated at the scale of economic development for the city as a whole, city economic policies cannot be redistributive, in ways that would more fundamentally tackle wealth disparity or poverty. Another dominant idea is that the flight of the white middle-class during earlier decades is the major economic problem in cities, especially in cities’ poorer neighborhoods. Thus, cities need to organize to attract the (white) “creative class” back to the city through local economic development that addresses the needs of this creative class (Florida 2003), rather than the needs of
existing, and less well off, citizens. This downplays the histories and structures that led to job loss, urban poverty and wealth disparity, and disconnection of neighborhoods from resources. It presumes a lack of assets, skills and knowledge in communities and among city residents. Furthermore, this vision does not address what will happen to residents who are not part of the creative class; it is silent on the impacts of gentrification. Instead, in priming the city for economic development and the return of the creative class, continued privatization of public space is seen as necessary to attract capital (Mitchell 1997). This need to attract outside capital is used as an argument to support punitive policies and practices with racialized outcomes: Giuliani’s “broken windows” campaign, or the supposed need for “stop and frisk” tactics by the police. These tactics make clear that “public” city spaces are intended only for certain residents, not all. Finally, underpinning these conceptions of urban communities is a persistent and pervasive narrative that defines, describes, and acts as if poverty is racial and behavioral rather than structural and historical.\(^3\)

We summarize the dimensions of market based community economic development in the following chart:

![Figure 2: Five dimensions of market based community economic development](image)

\(^3\) We want to thank and credit Professor James Jennings for his presentation to the Practical Visionaries Workshop on 2/14/12, which brought these concepts together for us in a clear, accessible way.
Chapter 5: Exploring the dimensions of community economic development

We venture that the majority of current strategies for local economic development are market-based approaches, and that they exist largely within the boundaries described above. Yet there are approaches to community economic development that make claims on doing business differently. In order to understand how these approaches embody new processes and lead to different outcomes, we now look at what happens when changes are made to key dimensions of community economic development: scale of business, civil society and government engagement; flow and allocation of resources; decision making and decision makers; and the tension between growth and sustainability. These dimensional changes do not exist in a vacuum, so we also look at the theories of change and conceptions of community driving changes within these key dimensions.
“Value-Based” Decision Making: Shared Value, Corporate Social Responsibility

What if economic investment in communities were driven by social values as well as financial return on investment? In recent years, academics and practitioners in community economic development, and in the business world more generally, have posited that realigning investment with shared social values will lead to better economic outcomes for everyone. This is demonstrated through the increasing visibility of triple bottom line businesses (with social, environmental and economic goals), impact investment, and corporate social responsibility in public discourse (Rangan et al. 2011). In community economic development, this change in the dimension of decision-making is most visible in the work of Michael Porter, with an emphasis on aligning business interests with community interests through “shared value” (Porter and Kramer 2011).
In value-based decision-making, individual businesses choose to meet both
economic and social needs, creating a reduced role for both the public sector and the
third sector, or nonprofits. Business leaders are asked to develop new skills and
knowledge, in order to understand better what societal needs are and how they can
be addressed through business operations (Porter and Kramer 2011). Businesses that
incorporate and operate on principles of shared value or corporate social
responsibility will have the effect of supporting growth and economic development
in their host communities (Porter and Kramer 2011). Some of the decision-making
process involved entails considering cluster business development, focusing on
innovative product production, and supporting productivity of suppliers along the
value chain. However, those individuals and corporations with the capital for
investment are still ultimately making decisions about when, how and where to target
this investment (O’Donohoe et al. 2010).

By improving the efficiency and connectivity of entrepreneurs and businesses
along supply chains, by integrating social value into business decision making, the
total pool of economic and social value is assumed to increase (Porter and Kramer
2011); this is explicitly not a distributive approach to economic development but
about maximizing output for minimum input. Economic growth and development
still happens “through private, for-profit initiatives, and investments based on
economic self-interest and genuine competitive advantage” (DeFilippis 2004, p. 54).
In The Competitive Advantage of the Inner City (1995), Michael Porter states: “A
sustainable economic base can be created in the inner city, but only as it has been
created elsewhere: through private, for profit initiatives and investment based on
economic self-interest and genuine competitive advantage […]” (p. 55-6). The
government’s role is to set standards and promote innovation by funding schools, universities, and infrastructure; by enacting fair-competition laws; and by ensuring market transparency. Because of the interdependence of communities and the businesses that exist within them, advocates of a shared value approach stress that government policies should not be overly burdensome – this would undermine competitiveness and drive businesses to relocate (Porter and Kramer 2011). From this, it becomes clear that a shared value approach to community economic development is not something to be legislated or enforced by government or community. Instead, this change in the decision making process for economic investment relies on the enlightened self-interest of businesses.

Within the framework of shared value, economic problems are viewed as concentrated in poor communities rather than being systemic problems within the larger economy, its beneficiaries, and those it leaves behind. There is an assumption of a lack of social and economic connectivity in poor neighborhoods, and of a lack of entrepreneurship amongst poor city residents. In this context, local economic development is intended to address poverty, unemployment, disinvestment, leakage (money leaving the community), and a lack of goods and services through better integrating individuals and communities into the existing global market. Economic investments are intended to fill a void in economic activity, and take advantage of a missed business opportunity (Porter 1995). This is accomplished by aligning business and social values and interests, by pursuing shared value as determined by enlightened business leaders, and by business decisions to make strategic investments in poor communities.
Change in the Decision-Maker: Nonprofits as Decision-Makers, Comprehensive Community Development

Decision-making is an important dimension of community economic development. Who decides the flow and allocation of economic resources and what criteria they use to make decisions are two of the most important ways of understanding community economic development. In the previous section, we saw that a change in the criteria for decision making in community economic development from simply maximizing return on investment to more complex values of community and environment, community economic development became characterized as either shared value, triple bottom line or impact investing. In this section, we now ask what happens when there is a shift in who the decision makers are? What if community development intermediaries and coalitions of community based organizations make investment decisions rather than business leaders or local government officials?
The decision makers in market based community economic development, including local government, individual businesses, or even individual non-profits with capital to invest, approach community development from a single sector—either education, employment, housing, environment or health. However, when the decision maker is a non-profit intermediary, there is potential for a cross-sector, comprehensive approach to community economic development. Proponents of this approach, including two of the leading intermediaries, Local Initiatives Support Corporation and NeighborWorks, claim intermediary directed funding—with some community input—to a geographical area defined as isolated from the market is the best approach to community revitalization (Walker et al. 2010). The intention of this targeted investment is to improve both physical conditions and social service delivery through a greater inclusion of the community in the market.

Local Initiatives Support Corporation’s (LISC) Sustainable Communities program is an example of community economic development that has changed the decision maker from business leaders focused on return on their investment to a non-profit intermediary, also focused on return on investment. The intermediary approach maintains the decision-making criteria from the market-based approach, but the change in decision maker is still significant. An intermediary seeks a return in a different way than a standard business. They choose to invest in inner city neighborhoods that are often overlooked by outside business investors or accept a lower rate of return.

In regard to the other dimensions of community economic development, LISC’s Sustainable Communities program reinforces the market-based approach. Business is global, the most important state actor is the local government and the
community is seen as an isolated set of consumers in need of better integration into the market. Furthermore, the program is still focused on increased growth, not addressing ecological limits as the name might suggest—more housing, more jobs, and more development. Specifically, the goals of the program are:

- “Expand investment in housing and other real estate, establishing the preconditions for sustained flows of private investment, while preserving housing and commercial space affordable to lower-income families and entrepreneurs
- Increase family income and wealth, enabling households to achieve modest levels of material well-being, educate themselves and their children, and in some cases, move to better quality housing in comfortable middle-income neighborhoods”
- Stimulate economic activity, expanding the range of retail services, broadening local entrepreneurial opportunities, and connecting people to employment options available throughout the broader economy” (Walker et al. 2010).

Intermediary-led community development claims to have created real improvements in the quality of life of residents. However, the intermediary approach will always be limited by the drive for a return on investment and the limited conception of the community as individuals needing to be better included in the market. For example, the site selection process passes up communities of greatest need; “some, if not most, of Sustainable Communities sites have selected neighborhoods based on the potential development opportunities...because they were adjacent to improving neighborhoods, or along well-travelled transportation
corridors...[or] alongside the new light rail line” (LISC 2010, 21). What about the areas that lack “potential development opportunities”? Furthermore, as evidenced in the program’s goals above, hoping to move people “up and out” of low income neighborhoods does not respect the value and potential of the community itself nor address the underlying causes of the economic conditions of the neighborhood.

**Economic Development at the Regional Scale: Investment Regionalism**

<table>
<thead>
<tr>
<th>Scale</th>
<th>Flow &amp; Allocation</th>
<th>Decision Making</th>
<th>Growth &amp; Sustainability</th>
<th>Conception of Community</th>
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<tbody>
<tr>
<td>Business is global, community and government are local</td>
<td>Government to Business</td>
<td>Controlled by business seeking return on investment</td>
<td>Pro-growth</td>
<td>Limited, isolated, lacking, individual</td>
</tr>
<tr>
<td>Business, Community and Government are local</td>
<td>Business to Community</td>
<td>Government to Community</td>
<td>Community to Community</td>
<td>Pro-Sustainability</td>
</tr>
<tr>
<td>Business, Community and Government are REGIONAL</td>
<td>Mediated by Good and community, seeking ROI &amp; community benefit</td>
<td>Controlled by business, not controlled by business</td>
<td>Seeking ROI; not controlled by business</td>
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<td>Recognition of assets</td>
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<td>Recognition of disparities</td>
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![Figure 5: Dimensions of investment regionalism](image)

In implementing economic development, the scale of activity for state, business, and civil society can be adjusted to achieve the goals of these three actors; and this change in scale impacts development efforts and their outcomes. As discussed, in market based community economic development, government interventions are at the local level, while business is operating at a global scale, and considers community members as individual consumers. When the scale of economic development is expanded to encompass a region, most often a metropolitan region, then government interventions are intended to foster regional
competitiveness – rather than the inter-city competitiveness of “city limits.” Instead of focusing on competition between cities, the question becomes: how can the region’s businesses compete effectively against the economies of other regions? This approach to economic development is often called investment regionalism.

From this perspective, strategic investment in a region will make it stronger in comparison to competing regions, allowing for market growth, import substitution, and increased export of goods and services. A strengthened region will be able to attract more businesses and provide more jobs. Guided by government intervention, and private business interests, strategic regional investment could be in specific industries, in clusters of interrelated businesses, or in anchor institutions, with attention paid to the region’s existing economic strengths and weaknesses. Decision-making is guided again by return on investment, and by whether these investments improve the regional economy by attracting more businesses and producing more jobs and a stronger tax base (Clark and Christopher 2009).

At the regional scale, municipal governments must work jointly to enable business competitiveness and economic growth by creating a favorable business climate. This intervention can include providing subsidies to businesses, lowering policy barriers, assisting in real estate development, and supporting industry clusters and regional innovation (Clark and Christopher 2009; Schrager 2009). The government also enacts policies such as tax incentives and low-interest financing that lead to redevelopment of land and, ultimately, increase land value and therefore the regional tax base. Whether through formal cooperation, or through new government institutions, the government is still acting as an entrepreneurial entity, investing public money and seeking return on investment (DeFilippis 2004).
The focus in investment regionalism is on economic growth at the regional scale and business competitiveness within the region, rather than on regional policies that redistribute wealth and opportunity (Clark and Christopher 2009). Within the context of the defined region, wealth generation, job growth, and export growth are used as measures of success in evaluating the effectiveness of strategies to grow the regional economy. These measures do not account for who is building wealth, and who is not, or what types of jobs are being created (Reese and Fasenfest 2004). Likewise, evaluations of investment regionalism do not account for the sustainability of products and services being created and exported from the region. It becomes clear that shifting the scale of economic intervention from the local to the regional does not imply new conceptions of community, nor does a shift to the regional scale change the overall flow of economic resources from government to business. What happens if government policies begin to address the flow and allocation of resources?

Figure 6: Dimensions of distributive policies

Municipal policies and direct agreements with developers – living wage and local hiring ordinances, and community benefits agreements (CBAs), respectively – have the potential to ensure that communities benefit more from local economic development, that benefits derived from public spending are more equitably distributed, and that communities have more control over the impacts and outcome of development. When fully implemented, these policies shift the key dimensions of decision-making and flow of resources in community economic development. And the community organizing and coalition building that secures project specific policies

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4 We use the term “distributive” rather than “redistributive” here to emphasize that economic development activities are meant to lead to community-wide rather than narrow benefits, and that these policies help to bring practice closer to theory. We also choose to use distributive because of the ways in which the term “redistributive” has been co-opted to imply that profits are unfairly taken from one party and given to another. These policies are about fair initial distribution of the costs and benefits of development.
like a CBA can lead to broader and long-lasting strategies to secure economic justice (Parks and Warren 2009).

Local governments spend millions on incentives to promote private development. Poor and working city residents often do not benefit significantly from these private projects funded by public dollars, investments can perpetuate existing racial and social inequality, and communities are often negatively impacted by physical development, while having limited control over these projects and their outcomes. Community economic development that is modified by distributive policies is still driven by those with capital; developers and their investors are still deciding when and where to make investments. However, distributive policies contain provisions that allow decision-making in the development process to be moderated and modified by community members and/or local government, creating a potentially strong level of community control over impacts, outcomes and benefits (Loh et al., 2011). This has the potential to redirect flow and allocation of resources in more equitable ways. For example, living wage ordinances are achieved through negotiations between government, workers, community groups, and employers – and then made into binding law, often for specific sectors of business that benefit from government purchasing or incentives (Bernstein 2004). More than half of living wage ordinances are pegged to cost of living increases, so workers benefit from their effects after the initial negotiation of the ordinance.

Distributive policies are strategies that leverage economic or physical development in order to create and sustain developer or government commitments to local employment, local job quality, improvements to neighborhood infrastructure and open space, and other potential community benefits. Community benefits
agreements have the power to reduce local environmental impacts of development or provide affordable housing to decrease displacement of community members (Gross et al. 2005), but do not make claims on greater systems change. This is a community economic development strategy that uses growth to achieve its aims. Yet, distributive policies – as their name implies – do create an environment where the benefits and impacts of growth are distributed more equitably among individuals and between communities. Beyond ensuring that jobs generated by development go to community residents, local hiring ordinances or community benefits agreements often contain specific targets for hiring women and people of color, although these hiring targets are not always binding (Gross et al. 2005).

As with market based local economic development, municipal government plays a major role in enacting, monitoring and enforcing the policies and agreements that moderate the impacts and outcomes of economic development. Distributive policies are often specifically linked to economic development projects or businesses to which the government has committed public funding through city purchasing, tax abatements or incentives, or direct government contracting (Bernstein 2004). Yet, especially in the case of community benefit agreements, government and community-based entities and community members play a joint role in developing policies, and then in ensuring that policies are binding and obeyed by the businesses, developers or developments to which they apply. This represents a shift in who decision makers are, expanding the role of civil society, and in how decisions are made: explicitly taking into account community benefits and community demands. It also represents a shift in the conception of community – that existing communities and community members have rights to space and place, that they should benefit
from publicly funded economic and physical development, and that civil society has an important role to play in decision-making around economic development (Perera 2007).

It should be noted, however, that the success of negotiating binding community benefits agreements and living wage agreements has been mixed (Parks and Warren 2009). Success depends on the formation of a diverse coalition of actors in opposition to development; on this coalition being able to align its values and goals; and on good faith negotiation on the part of developers (CBAs) or elected officials (living wage ordinances). What sometimes begins as a broad and united coalition can be splintered by conflicting goals, or benefits of the CBA or living wage ordinance can be narrowed to a point where they are not broadly beneficial to community members or community economic development. As CBAs have taken off as a strategy, there have been several cases where CBAs that seemed legally binding were, in fact, not (Loh et. al. 2011; Gross 2007/2008).
Regional Scale and More Equitable Distribution of Resources: Regional Equity

Figure 7: Dimensions within regional equity approaches

As seen in an earlier section, the shift to regional scale in terms of business, community and government significantly changes community economic development. However, regional scale community economic development still gives business leaders decision-making power over the flow and allocation of economic resources. Their focus may be on developing competitive regions, but investment decisions are still based on maximizing return on investment.

What if an approach went beyond changing the scale of community economic development to the region? What would community economic development look like if government intervention steered shared economic resources toward civil society rather than business? In market-based community economic development and an investment regional approach to community economic development, economic resources flow from the state to business through tax
abatements, grants, and land deals (Schragger 2009). Instead, community economic development can focus on economic resources flowing from the state to the community in an equitable manner such as transit infrastructure projects that hire local, disadvantaged populations and provide direct benefits to community members through increased public transportation.

According to proponents of Regional Equity (Pastor et al. 2011; Brenner and Kennedy 2011), a regional focus and a state to community economic flow would create a prosperous region. Regional equity links the growth of the region with the equitable distribution of resources and access within the region, “Equity is not only a matter of social justice or morality: It is an economic necessity...Equity matters to our economic recovery and our economic future. Equity is the superior growth model” (Pastor et al. 2011, p. 5).

Focusing on the regional scale and directing public investment equitably to community members has the potential to significantly improve the well being of all within the region. Shifting the conception of community by focusing on the current and historic racial, gender and economic disparities is also important in improving equity. This approach also has the potential to make the same changes to who the decision makers are as we saw in distributive policies but at the regional level. Brenner and Kennedy (2011) call for “coalitions among unlikely partners” (p. 3); those unlikely partners are sometimes labor and community organization, but they can also be between community and business constituents. These coalitions and partnerships, however, do not necessarily change who the decision makers are. Brenner and Kennedy suggests equity oriented groups need to stop opposing business interests and instead team up with them: “regional equity proponents have
sought to move beyond oppositional protest politics, looking for opportunities to build unlikely alliances across multiple constituencies” (2011, p. 3). Pastor et al. (2011) concede that, “ultimately, the private sector must take the lead in producing economic growth that is truly inclusive. But leaders in the public and community sectors need to set up the right framework of policies, investments, incentives and strategies to guide that growth” (p. 20).

Regional equity and similar efforts are also limited because they continue the pro-growth logic of market based community economic development. As stated before, this is a “growth model.” Issues of equity are explicitly highlighted and potentially addressed, but only through leveraging continuous growth, which will ultimately lead to a different set of equity and health issues.

**Scale, Flow and Decision Making Dimensional Change: Local Self-Reliance**

![Figure 8: Dimensions of local self-reliance strategies](image)
Instead of broadening the scale of community and state to the region and hoping business will follow as in the investment regional approach, or broadening the scale and having economic resources flow from state to community as we saw in regional equity, what would happen if community economic development focused on reigning in the global scale of business to the local scale? Such efforts are often referred to as Local Self-Reliance, which proposes that through endogenous development and internalizing and localizing resource flow (e.g. import substitution, growth of exports, resource conservation and increasing local investment) communities can maintain control of their destiny in a world of capital mobility and globalization (Imbroscio 1995, Talberth et al. 2006).

Localizing the scale of business does not necessarily remove business leaders from their lead role in decision making; however, the criteria for decision making has shifted from simply return on investment to endogenous development. Local government has not become the dominant decision maker, but its tactics are no longer exclusively geared towards attracting new business as in the market-based approach. Instead, according to Imbroscio (1995), local government is guided by two fundamental principles, “[the] pursuit of indigenous economic development...[and]...strong focus on a city’s resource flows” (p 841). Growing businesses within the locality is equally or, perhaps, more important than attracting new business. Policies that reduce the import of natural resources or that maximize the efficient use of current resources would create new opportunities for current businesses but not necessarily attract new business due to potentially higher costs.
Policies that internalize resource flows and reduce total resource use create a third dimensional shift. The pro-growth logic has been replaced by an emphasis on sustainability. Recognizing and respecting ecological limits is both an indirect outcome of an endogenous development agenda as well as a reason to pursue endogenous development.

Ideas of self-reliance also shift the conception of community from one in need of outside investment to one capable of meeting its own needs. Through interdependence, interconnectedness and a sense of shared fate, the community has the capacity develop and thrive.

Local self-reliance has the potential to create localities with the autonomy to determine their economic future. However, it is still a limited approach to community economic development; not all localities possess the internal resources to realize local self-reliance. Furthermore, local self-reliance does not guarantee that the same oppression, disparity and exclusion created by a global economy will not be repeated in a local economy (DeFilippis et al. 2010).
Democratizing Allocation of Resources and Economic Decision Making, Reducing Scale of Business: Collective Ownership

Figure 9: Dimensions of collective ownership

While distributive policy can be one route to more equitable allocation of resources, and shifts in decision-making around local economic development, we also wanted to look at ways of reorganizing business entities themselves that give rise to more equitable allocation of resources and more democratic decision-making. Worker-owned cooperative business models embody a democratization of the dimensions of resource allocation and decision-making; cooperatives also re-circulate economic resources within a community, as worker-ownership shifts the scale of business from the global scale to the local.

In models of collective ownership, which include worker-owned cooperatives but also cooperative models of housing and finance, members make decisions collectively and democratically (DeFilippis 2004; Kelly 2009). In smaller
worker-owned cooperatives this means that there is one vote for each member in
making decisions; in larger worker-owned cooperatives, this can become
representative democracy with elected boards making decisions (Olin Wright 2010).
This collective decision-making drives the same business decisions that more
hierarchical entities make: how to operate the business day-to-day; when and where
to reinvest profits; how much each worker-owner will make as salary and how much
equity worker-owners will build over time.

When compared to the types of jobs that result from market community
economic development, often short-term construction and long-term retail jobs,
cooperatives outperform these jobs in providing worker-owners with long-term job
stability and living wages. Worker-owners make equitable and living wages, with
salary differentiation between individual workers greatly reduced as compared to
other types of businesses (Wright 2010). Within a cooperative institution, there is
increased distribution of wealth and power. Shared ownership of work means that
worker-owners are earning equal shares of the money that their business makes as
they make shared decisions about their work. Surplus earnings are distributed evenly
to worker-owners or reinvested in the business for mutual gain (Iuviene et al 2010).
As a single enterprise, the cooperative business has the capacity to improve the
financial wellbeing of its membership, and through changes to wellbeing of worker-
owners, it has the potential to increase the stability of the community in which the
cooperative is located (DeFilippis 2004; Wright 2010). When workers took over their
factories that had gone bankrupt and shut down during Argentina’s fiscal crisis, the
continued operation of factories by workers – now in mutually supportive decision-
making roles – helped to stabilize local economy for the people hit most hard by economic dislocation, factory workers and their families (Corragio and Arroyo 2009).

Business is global, and capital is highly mobile, and the rapid movement of capital has the potential to alter communities whether disinvested or invested. Collective ownership anchors capital in place, allowing for increased stability and sustainability of the local economy (DeFilippis 2004). This pulls the scale and activities of business and civil society closer together. Worker-owners are invested in communities not only by providing labor, capital and leadership within the businesses they own, but also as community members with ties to place that go beyond business success and failure. Individual worker-owners may decide to move and divest from a cooperative, but because of shared ownership, the business itself will not relocate. We want to note that networks of hundreds of cooperative enterprises – for example, Mondragon in Spain and La Lega in Emilia-Romagno, Italy – have the capacity to overcome local scale and achieve broader impact because of their interconnectedness (Smith 2003). In both these cases, the scale of the impact of economic activity and development has moved from the local to the regional, and beyond; but the cooperative model of each individual business continues to root its impacts in place.

When community economic development includes a focus on shared ownership, the conception of community is one that recognizes the assets, abilities and potential of communities and their members. Community residents are not conceived of simply as individual consumers or as sources of labor, but as producers, owners, entrepreneurs, and interconnected, interdependent members of the local economy that have the capacity to lead, innovate and make economic decisions. The
launching of networked worker-owned cooperatives as a community economic development strategy is gaining momentum in several places including Cleveland, Ohio – where the Evergreen Cooperatives are being supported as they start up through coordinated purchasing agreements with Cleveland’s largest institutions (Alperovitz 2011); and in Springfield, Massachusetts, and the Bronx, New York – two new collaborative efforts that will be discussed later in this thesis.
Chapter 6: Shifting all dimensions of community economic development

Figure 9: Dimensions within the solidarity economy

Having considered how shifting the dimensions of community economic development can lead to changes in community economic processes and outcomes, we want to consider what it looks like when all of our dimensions – scale, flow and allocation of resources, decision making, growth and sustainability, and conception of community – are fundamentally different from the ways that they operate in market based approaches to community economic development. To do this, we turn towards a powerful and transformative reframing of the economy – the solidarity economy.

The solidarity economy is a social movement that identifies and connects all of the diverse way that human needs are met (Miller 2010). Solidarity economies are economics that meet human needs sustainably, mutually, equitably, democratically,
cooperatively, and pluralistically. Without access to financial capital and without legitimate democratic engagement in economic processes, many people do not benefit from market-based approaches to community economic development, and economic stratification persists. In contrast, the solidarity economy strives for economic and social justice, and sustainability, through democratic economic processes, shared ownership, mutuality, fair distribution, and sustainable production and consumption. Solidarity economy principles can be applied to each part of the economy: creation, production, exchange/transfer, consumption/use, surplus allocation – and the overall governance of the economy (Miller 2010). The solidarity economy is not a single community economic development initiative, but instead the pluralistic conglomeration of worldwide economic activities that share a set of core values.

Briefly, the five dimensions that we have been discussing look like this in the solidarity economy:

1) The domains of business, civil society and the state operate at the same scale through increased mutual accountability and interconnectedness, whether considering local or global economic activities.

2) The flow of resources is circular and re-circulating, while the allocation of resources is equitably distributed between individuals and communities.

3) Decision-making is democratic, engaging all three social domains – business, state, and civil society – and is based on principles of mutuality, cooperation, and equity in sustaining livelihoods.

4) Sustainability is prioritized over growth, with a focus on increasing economic equity and stability within recognized ecological limits.
5) Community is conceived as empowered, and community collectively
determines the roles, functions and processes of government and business.

The solidarity economy is highly local because democratized economic
activities such as worker cooperatives, housing cooperatives, and local currencies are
projects of local communities. However, solidarity economy proponents are actively
connecting local initiatives into a larger global movement. Bringing it to global scale
and global visibility is a matter of “raising up” and connecting existing community
economies that already embody solidarity economy principles (Miller 2011). At its
core, the solidarity economy works to align business, state, and civil society goals and
interests. Because decision-making is deeply democratic, as we discuss more below,
community members become economic decision makers at every level of
government intervention and business investment. Lewis and Swinney (2007) place
the solidarity economy at the convergence of business, state and civil society. The
solidarity economy does not yet fully encompass all sectors of the economy, but all
sectors are a part of the solidarity economy. As more economic activities incorporate
the values of solidarity, the solidarity economy will encompass more of the three
sectors. See Figure 10 next page.
Figure 10: Lewis and Swinney’s three systems of the economy

The solidarity economy is one that redistributes resources, wealth and power in equitable and mutually beneficial ways. This is encompassed in the idea of solidarity itself, that a more broadly defined economy is one that is centered around meeting all people’s needs and on creating livelihoods, rather than profits, together (Miller 2010). In this broadened conception, there is affirmation of existing economic activities that meet basic community needs, like subsistence farming, and economic activities that promote increased mutuality and justice, like fair trade (Pyles and Berk-Clark 2011). Structures and systems within the solidarity economy are built to be redistributive and to re-circulate money within local economies: this includes formation of worker and purchasing cooperatives, participatory budgeting to share surplus collected by governments through taxes, and valuing of the non-market activities mentioned above. And, importantly, decision-making is built on principles of mutuality and shared benefit, rather than individual gain and accumulation of profit.
The solidarity principle of reciprocity means that economic decision-making rests on social justice, on mutual support and mutual gain (Lewis and Swinney 2007). These values are used as the criteria for decision-making rather than return on investment. Solidarity economy demands a change in who makes economic decisions. Redefining the economy to include all the ways in which we meet our daily needs elevates the voices of those outside of the market economy and not in control of capital as legitimate decision makers in the economy. Instead of being centralized or privatized, economic decision-making is democratic and intentionally oriented towards increasing shared responsibility (Miller 2010). Democratic decision-making in the solidarity economy is pluralistic – there is not one democratic institution that makes economic decisions or guides economic planning. Instead, among many other formations, direct democratic decision-making is found in worker-owned businesses that produce goods, governments that invest money into the community through participatory budgeting processes, or purchasing cooperatives that help families provide for their daily needs. The government does not simply provide space and structure for the solidarity economy to thrive; it is expected to incorporate and become part of the solidarity economy. The solidarity economy bridges the divide between private, public (government), and social spaces; it requires reimagining of the state itself, its roles and the ways it functions (Miller 2010). This is evidenced in places where government has committed itself to democratic economic planning, one example being the long-term commitment of Porto Alegre in Brazil to participatory budgeting and allocation of city funds directly by citizens.

In the solidarity economy, sustainability is prioritized over growth; distribution is prioritized over accumulation. The focus is on individual and
community livelihood, on achieving stability and living sustainably within ecological limits, rather than on rapid economic growth. Solidarity economy principles reject growth addicted, environmental and socially destructive economic activities for balanced, ecologically sustainable and mutually beneficial economic activities (Lewis and Swinney 2007). Solidarity economy redefines the economy as, “all of the diverse ways that human communities meet their needs and create livelihoods together” (Miller 2010, 1). The solidarity economy movement broadens the definition of the economy beyond growth oriented market economics to include other activities and relationships as part of the economy, relationships related to livelihood such as bartering, self-reliance, mutual assistance, child and elder care. It recognizes the importance of these nonmarket activities in achieving community sustainability.

The solidarity economy aspires to “build strong linkages across multiple sectors of society and economy, to build coordinated social movements in which opposition to injustice is intimately bound up with the creation of practical and inspiring alternatives” (Miller 2010). The solidarity economy is underpinned with a commitment to social justice, and this commitment to social justice is built into the solidarity economy’s practices, aspirations and activities. Community is central to the solidarity economy, and the conception of community is of interconnected and empowered community members. Civil society is not just working at the edges of government and business in the economy; community members are collectively making decisions about the role, function and processes of the state and business. Both state and business are conceived as extensions of community, embodying the principles of the solidarity economy.
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<td>Controlled by business, driven by return on investment and social values, as determined by business leaders</td>
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<td><strong>Comprehensive Community Development</strong></td>
<td>Business is global Community is Local Government is Local</td>
<td>Government to Business</td>
<td>Pro-growth</td>
<td>Limited, isolated, lacking, individualized</td>
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<td></td>
<td></td>
<td>Controlled by non-profits &amp; intermediaries seeking return on investment</td>
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<tr>
<td><strong>Investment Regionalism</strong></td>
<td>Business is global Community is local Government is local</td>
<td>Government to business</td>
<td>Pro-growth</td>
<td>Limited, isolated, lacking, individualized</td>
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<tr>
<td></td>
<td></td>
<td>Controlled by business, driven by return on investment and development of region</td>
<td></td>
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<tr>
<td><strong>Distributive Policies</strong></td>
<td>Business is global Community is local Government is local</td>
<td>Government to business</td>
<td>Pro-growth</td>
<td>Rights to space and place; role as decision makers</td>
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<tr>
<td></td>
<td></td>
<td>Business, moderated by government and community; return on investment and community benefit</td>
<td></td>
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<tr>
<td><strong>Regional Equity</strong></td>
<td>Business is Regional Community is Regional Government is Regional</td>
<td>Government to Community</td>
<td>Pro-growth</td>
<td>Historic, structural discrimination recognized and explicitly addressed; potential for involvement in development</td>
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<td></td>
<td></td>
<td>Controlled by businesses and regional coalitions seeking return on investment</td>
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<tr>
<td><strong>Local Self-Reliance</strong></td>
<td>Business is Local Community is Local Government is Local</td>
<td>Recirculation within the community; endogenous development</td>
<td>Sufficiency</td>
<td>Potential to be self-sustaining</td>
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<td></td>
<td></td>
<td>Government focus on developing local economy, local self-reliance</td>
<td></td>
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<tr>
<td><strong>Collective Ownership</strong></td>
<td>Business is local Community is local Government is local</td>
<td>Business to community; recirculates; more equitably allocated</td>
<td>Pro-growth</td>
<td>Recognizes assets, capabilities of community members</td>
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<tr>
<td></td>
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<td>Democratic, by worker-owners; return on investment and mutual gain</td>
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<tr>
<td><strong>Solidarity Economy</strong></td>
<td>Business, community, and government aligned at same scale</td>
<td>Circular and re-circulating; equitable allocation</td>
<td>Pro-growth, increased stability</td>
<td>Recognizes assets, capabilities of community members</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Democratic, engaging business, state, civil society; driven by principles of mutuality</td>
<td>Sustainability is prioritized over growth</td>
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Figure 11: Five dimensions of community economic development, considered across the full range of approaches to building community economies
Chapter 7: Towards transformative community economic development

The process of developing this framework for community economic development has allowed us to look more critically at the dimensions of economic development propositions, and helped us to identify opportunities within these dimensions for a more transformative approach to community economic development. Rooted in the dimensions we have discussed, there are five exploratory and evaluative questions that can be asked of any community economic development initiative:

- At what scale is economic development pursued, and who are the key actors from business, state, and civil society?
- What is the nature of flow and allocation of resources produced by this effort?
- Who are decision makers and what criteria inform their decisions?
- How is the tension between growth and sustainability addressed?
- What are the underlying ideas about community that inform this effort?

By parsing out the dimensions of community economic development in this way, by asking more critical questions of its processes and outcomes, we can start to have clarity around whether “new” approaches actually change the key dimensions of development efforts. As we applied this dimensional lens to multiple approaches and strategies in community economic development, we began to see that some strategies have more potential than others to make stronger demands on economy and government, and produce more equitable community economies. We also began to see that change along multiple dimensions, rather than only one dimension, added up
to more transformative community economic development. Regional equity approaches, which reform both the scale of economic intervention and the distribution of economic resources, have the power to be more transformative than approaches that address scale of intervention alone, such as investment regionalism.

For community based organizations thinking about their engagement in community economic development, an evaluation of the dimensions of particular initiatives could help in assessing where more work is needed; in considering whether to pursue or support new community economy initiatives; and in aligning current economic development work with the work of other organizations. The dimensional framework, too, is a way to understand the limitations of community economic development, especially in its current formation.

If multiple community economic development strategies were enacted in one place, this could build towards transformative change. Each strategy with transformative potential should not be seen as competing with others because each may transform different dimensions of community economic development. This is the power of working in coalition and identifying the multiple levels at which the economy can be shifted. This is the orientation of the Right to the City movement. It recognizes and is grappling with the importance of changing policy and the governance of the economy, at the same time that member organizations are committed to trying out new models of community enterprise and community economy. And, like proponents of the solidarity economy, the Right to the City Alliance is connecting local efforts for economic change and economic democracy through national coalition.
Given the five key dimensions that we have discussed, and the questions that they help us to ask about community economic development, what then does transformative community economic development mean to us? We venture that it means community economic development strategies that shift the power relations of Olin Wright’s social domains – the power relations of civil society, the state and business – so that civil society has a stronger voice and role in determining the goals and outcomes of community economic development. It also means community economic development strategies that are both local and global, that recognize the expertise and contributions of communities, that enable a more equitable allocation of resources, that promote sustainability, and that engage in decision-making that is democratic, pluralistic, and inclusive.
Afterword: A Collaborative Thesis Process

As this was a collaborative thesis, we want to document the iterative process that informed our thesis work, encompassing our research methodology but also looking at why we chose to engage in a collaborative thesis. In the hope that other students will choose to pursue collaborative thesis projects, we want to reflect on what it means to approach thesis in a different way while still meeting the standards of Tufts University and the Department of Urban and Environmental Policy and Planning.

Last year’s Practical Visionaries collaboration happened primarily within the workshop, where emerging nonprofit leaders and UEP students came together for co-learning and joint projects on just and sustainable community development. It was from these joint projects that the theme of this year’s collaboration, and the focus of our thesis project, emerged. This year’s collaboration around community economy included a second iteration of the workshop but also engaged a steering committee made up of leaders from Alternatives for Community and Environment, Boston Workers Alliance, Dudley Street Neighborhood Initiative, Somerville Community Corporation, and Tufts UEP that helped to guide the workshop; a UEP Field Projects team, and the development of our thesis project. Here we focus on the collaborative development of our thesis project, but we want to note that it was only one thread within this broader collaboration, one with many moving parts.

The overarching research orientation and the central aim of the 2011/2012 Practical Visionaries collaboration was as follows:

In the midst of both a prolonged global economic downturn and ecological crises, communities are faced with the challenge of addressing both at a local scale. Alternative visions and experiments
in developing new and localized economies are emerging that can build community wealth and health and contribute to meeting the climate change challenge. In Cleveland, the Evergreen Cooperatives are building a network of worker-owned green businesses (styled after the Mondragon in Spain) that aim to employ up to 500 people. In Springfield, MA, the Alliance to Develop Power is building what they call their community economy, anchored by tenant ownership of four affordable housing developments. The national Right to the City Alliance has just put out a strategy for 21st Century Cities, in which communities are not only making demands of the old economy, but developing their own “productive economic relationships based on the principles of mutual aid, shared resourcing, and local control of the means of production,” such as worker-owned businesses and housing cooperatives.

Each of these efforts (and more) may contain the seeds of a new economy that localizes production, builds shared wealth, and meets local community needs while helping to sustain ecological integrity. The Spring 2012 Workshop will explore both theory and practice and further the work towards new and localized economies here in the Boston area. Some of the driving questions for our inquiry and research include:

- While Walmart tries to tap new urban markets such as Roxbury and Somerville, what are the alternatives that we can grow from within our communities?
- What could a new and localized economy look like in Greater Boston’s urban neighborhoods?
- What kinds of economic development planning, community-building, and policy change are necessary to germinate the seeds of this new economy?

As the objective of our thesis work was to provide useful research for base building organizations in the Boston area, the research steering committee met monthly and helped to form the agenda for the Practical Visionaries Workshop and to provide input for our thesis research. We began our thesis process assuming the research steering committee would provide us with direct research questions to pursue, but quickly we realized the process would be less direct. The organizations were only beginning to consider new strategies for community economic development, therefore they did not have neatly crafted research needs to translate
into a thesis. Instead, we used the steering committee meetings as a constructive space for the community leaders to share personal as well as organizational concerns, curiosities, reflections, and perspectives regarding the field of community economic development. We added our thesis ideas to the general discussion and used the partners as a sounding board to see which directions resonated and which did not. Had the steering committee been comprised of leaders from a single organization we might have been able to arrive at a more specific research project, but having a variety of stakeholders in the room with varying constituencies and organizational capacities and interests, we headed toward a broad analysis of community economic development as it relates to the non-profit sector in general.

Another part of the collaboration that informed our thesis project was participation in a reading group that brought together partner organization senior leadership around some of the theory that we discussed as we were developing our thesis. This was an opportunity to talk about alternative economic theory in the context of how it relates to organizational practice, goals, and social movement building. It was invaluable to be part of a conversation with experienced nonprofit leaders. Then, as we began to tease out the five dimensions of community economic development that we discuss in our thesis, it was also helpful to present our ideas and framework to the participants in the Practical Visionaries Workshop on two occasions. This experience helped us to refine our articulation of different types of community economic development, to ground the theoretical literature in practice, and to question and defend the direction that we were taking with our work.

Collaborating on our thesis allowed us to reach a deeper level of understanding of theory and other literature, as we were able to read the same pieces
of writing, then share and critique the literature together. We both recognized that this helped us in better analyzing what we were reading, and pushed us to take our critique further by generating new ideas. Sometimes this collaboration involved simply reading the literature closely and then setting time aside for discussion, but evolved to include diagramming out the connections between what we were reading. Visualizing connections, similarities and differences between approaches to community economic development became important as we linked theory to current and potential practice in the field, and began to tease out the dimensions of a more transformative community economic development. Of course, this process intersected with the various other opportunities within the Practical Visionaries collaboration – whether discussion with organizational leaders, workshop readings and reflections, or presentations of our evolving framework – to push our joint analysis further. In other words, there were plenty of reality checks and ways to test our thinking along the way, whether from each other, our advisor, or the broader Practical Visionaries research group.

Undertaking a collaborative thesis also required us to develop our own co-writing and co-editing process. We did not simply attempt to divide the work of one thesis between the two of us, nor did we try to merge two separate, independent theses into one. We sought to engage in a collaborative learning and research project that resulted in a co-written and co-edited work. There were challenges to the collaborative process, but none were insurmountable or detracted from our final product. At times the best way to communicate our ideas was to both independently write the same section, knowing that when we brought the work together some was going to be discarded as redundant. This challenge and others were addressed
through good communication and planning, resulting in a co-written and co-edited final product that we feel is more than simply the doubling of either of our individual efforts. By sharing some details from our process we hope to encourage and aide future students interested in a collaborative thesis.

Our collaborative process usually manifested in one of two ways. We either divided up sections, each of us independently taking on a specific topic or section and any related literature. Or we worked on the same section together, reviewing the same literature, discussing the arguments and then passing a shared document back and forth until the section was complete. In the first way, the collaborative advantage was being able to discuss how seemingly disparate sections should come together, how to transition between them, and collectively determine what should be included. In the second way, the collaborative advantage was being able to begin the writing process with a discussion or, at times, a debate over how to interpret an author’s ideas or a contentious claim by a development initiative. In an independent thesis, the final product may be your first entry into a discussion relating to the topic, but in the collaborative thesis the final product is the culmination of an ongoing discussion.

Initially, we assumed that our joint work around the dimensions of community economic development would be a small, though crucial, piece of our respective thesis projects. We imagined it as an expanded literature review, rather than a critical analysis. However, we soon realized that this joint analysis would involve a larger commitment of our time, critical thinking, and creativity. This realization came through our desire to understand and analyze the proliferation of community economic development alternatives, and because of the desire of the Practical Visionaries research team members (us included) to pinpoint what better
alternatives to ‘business as usual’ might be and why they were better than business as usual. How can we weigh opportunities for community economic development against one another in a meaningful and systematic way? A framework for a more transformative community economic development then, grounded in shared principles, became one way of analyzing and evaluating potential opportunities and pitfalls in building local economic alternatives. The process that we went through in developing this framework, in identifying and describing dimensions of a more transformative community economic development, really laid the groundwork for the second, independent part of our respective thesis projects.
Bibliography – Part I


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Part II:
Actualizing Transformative Community Economic Development

Launching Cooperative Networks in Springfield, Massachusetts & the Bronx, New York

Emily Elizabeth Earle
Chapter 1: Introduction to the Case Studies

After considering key dimensions of community economic development strategies with the potential to transform community economies in the first part of my thesis project, this second part examines how one promising approach to strengthening community economy, the cooperative enterprise or cooperative business network, is getting off the ground in Springfield, Massachusetts and the Bronx, New York.

The mature Mondragon Cooperative Corporation in Spain, and the growing Evergreen Cooperatives recently launched in Cleveland, Ohio, provide two examples of approaches to community economic development that change ownership structures, make workplace decision-making more democratic, and redistribute wealth generated from business enterprises while rooting it in place in communities. A cooperative network with more than 100 interconnected businesses and support entities, employing more than 80,000 worker-owners (Mondragon 2012), Mondragon interacts with existing markets while providing a powerful model of the solidarity economy in action. In Cleveland, a coalition of the city’s largest hospitals and universities, along with the foundation and nonprofit community, decided to go about economic development in a different way. Anchor institutions along Cleveland’s University Corridor committed millions to purchase locally, not from existing small businesses but from a series of new cooperative businesses owned by neighborhood residents (Alperovitz et al 2010). After a few short years, the Evergreen Cooperatives include a green commercial laundry, a solar and weatherization business, a greenhouse, and local paper. The short-term plan is to grow to 10 interconnected cooperatives employing 500 worker-owners. Worker-
owners make a living wage, and will each build up $65,000 in equity in their businesses within eight years (Evergreen 2012). The success of these two networks serves as inspiration and practical innovation for several new initiatives aiming to establish networked cooperatives in U.S. cities.

What might it take to build a cooperative network from the ground up? By looking at two early cooperative network efforts in the Bronx and Springfield from the perspectives of their organizers, I wanted to gain insight into the motivations, resources, partnerships, and pitfalls that are part of the visioning, planning, and eventual realization of these networks. These two case studies are meant to be a practical exploration, to provide some grounded information about cooperative business network development that can be used by the Practical Visionaries Workshop research partners and other base building organizations interested in community controlled, and more transformative, approaches to community economic development.

These case studies were developed from interviews with key leaders of the Springfield and Bronx efforts. I want to thank the interviewees for their generosity and time, and for their openness and willingness to reflect on their work to date. They have provided a unique and important perspective into what it takes to begin moving a new approach to building community economy from vision to reality.

From the Wellspring Initiative:

- Steve Bradley, Baystate Health
- Ronn Johnson, Partners for a Healthier Community
- Emily Kawano, the Center for Popular Economics
- Frank Robinson, Partners for a Healthier Community
• Fred Rose, Center for Public Policy and Administration at UMass Amherst
• Ira Rubenzahl, Springfield Technical Community College

From the Bronx Cooperative Development Initiative:

• Nick Iuviene, Bronx Cooperative Development Initiative/MIT CoLab
• Jorman Nuñez, Bronx Cooperative Development Initiative
Chapter 2: The Wellspring Initiative – Springfield, Massachusetts

The Wellspring Initiative is a collaborative effort engaging anchor institutions and community based organizations in Springfield, Massachusetts. Wellspring aims to use combined institutional purchasing power to kick-start the establishment and growth of cooperatively owned businesses that will meet institutional and community needs, contribute to economic revitalization in Springfield’s poorest neighborhoods, and provide good jobs with worker ownership for Springfield residents. The project was first initiated by Dr. Fred Rose, of the Center for Public Policy and Administration at University of Massachusetts – Amherst, and Dr. Emily Kawano, of the Center for Popular Economics. Since 2010, the initiative’s steering committee has grown to include leadership from Partners for a Healthier Community, Springfield Community Technical College, Baystate Health, and the Puerto Rican Cultural Center. Beyond the steering committee, the larger circle of organizations partnering with the initiative, and participating in its planning and development, has expanded significantly too, and now includes twenty-three nonprofit and anchor institutions in and around Springfield.

Influenced by the early success of the Evergreen Cooperatives in Cleveland, Ohio, the Wellspring Initiative aims to secure commitments from a broad range of Springfield’s anchor institutions, such as hospitals and universities, to redirect their combined purchasing power as a market for a network of worker-owned cooperative businesses in Springfield. The initiative is in the process of vetting business possibilities, and a food hub or a construction related cooperative business are two options being seriously considered as the first business to launch, influenced by the existing work of partners and by identified anchor institution needs. Almost two
years into its development process, the Wellspring Initiative hopes to successfully launch its first cooperative business in 2013.

Why Wellspring? What were the seeds of the initiative and what convinced early partners to join?

After 15 years of community organizing in Springfield with the Pioneer Valley Project, Dr. Fred Rose joined the Center for Public Policy and Administration at UMass Amherst, where one of his goals was to build a bridge between university resources and Springfield communities with a focus on jobs and work. Two and a half years ago, Rose and Dr. Emily Kawano, Executive Director of the Center for Popular Economics began talking about the possibility of building a center supporting community development through implementation, capacity building, and research. According to Kawano, “the impetus for the project was not the Wellspring Initiative, per se, but this idea of creating a center bringing together community and students, and breaking down silos in community economic development, especially in poor and marginalized communities.” The Center for Popular Economics wanted to broaden its educational work to include action that would “include the nuts and bolts of solidarity economy development: community land trusts, participatory budgeting, worker cooperatives.”

The two Wellspring initiators were interested in pursuing job creation as part of broader community revitalization and empowerment, with economic democracy and asset building as a central part of this effort. This orientation was aligned with identified community interests in job creation and economic development in Springfield, as understood through Rose’s many years of organizing, and Rose and Kawano began reaching out to potential project partners. Along with Rose and Kawano, these initial partners are the individuals who were interviewed for this case.
study. The founding leadership of the Wellspring Initiative expressed a sense of urgency and deep need in Springfield for new economic alternatives, with Springfield under extreme economic duress for decades after the rapid decline of its manufacturing sector. The founding partners shared the perspective that the present model – standard economic development strategy and a market based approach to job creation – wasn’t working in Springfield. Steven Bradley, Vice President of Government and Community Relations at Baystate Health put it this way: “if the market approach to creating jobs is broken, if the private market isn’t providing jobs, we need other options.” This was a powerful motivating factor in bringing the original partners, and later partners too, to the table. Partners identified that the limited success of prior economic development efforts motivated them to explore new options for rebuilding Springfield’s economy. They saw the Wellspring Initiative as an innovative and highly promising alternative that could fulfill its promise to change the local economy for the better.

In addition to this shared perspective on the urgent need for a new approach to local economic development in Springfield, Wellspring leaders also had diverse organizational and personal reasons for committing to becoming active partners. Dr. Ira Rubenzahl, President of Springfield Technical Community College (STCC), spoke to the nature of STCC as a place-bound institution. He saw the importance of being involved to contribute to the economic vitality of the city and region, noting the initiative’s focus on creating good jobs for people with significant barriers to employment. “There was a hollowing out of the manufacturing sector in Springfield,” said Rubenzahl. “This seemed a promising way to address economic vitality, manufacturing. Hamden County, and Springfield within it, has the lowest
educational attainment in the state. The model provides jobs for people without high levels of educational attainment. As much as I’d hope that everyone has the opportunity to go to college, not everyone is going to go – and there are many challenges for people without education, including ex-offenders.” For the two leaders affiliated with health institutions, the opportunity to address public health through community economic development was a crucial reason for being part of Wellspring. These leaders discussed the many ways in which poverty places stress on people and place. Good jobs with living wages mean that economic development can become a significant contributor to improved community health, education, wealth building, and social wellbeing. “A place-based health frame leads to new ways of thinking,” said Dr. Frank Robinson, Executive Director of Partners for a Healthier Community. “Wellspring was well-timed, place-based and an innovative opportunity to focus on the social determinants of health.” “Sometimes the best medicine is to help people get good jobs with livable wages and benefits, so they can take care of their families,” said Bradley. “It is a social justice priority.”

The nature of the jobs being created, jobs with ownership that develop new entrepreneurial leadership, resonated with Wellspring leaders as well. Because of their unique structure, cooperative businesses have the potential for greater community empowerment, helping community members, especially youth, to see themselves as entrepreneurs and owners in a place where business owners usually reside outside the community. “The cooperative business model creates the possibility and promise of long-term and meaningful employment – there is a dignity of work, pride of ownership, and pride of product development that is not possible through other job creation strategies,” said Ronn Johnson, a member of the Program
Management Team. Wellspring leaders recognized a willingness among their partners to address poverty, race, and racism within their work and through the goals of the initiative. “Everyone has been willing to talk about racism, naming it and seriously trying to address it,” said Rose. Finally, leaders noted that the clarity and directness of the goals of the Wellspring Initiative – to leverage anchor institution purchasing power to seed the development of one or more cooperative businesses, and thereby enable the creation of good jobs with living wages for low-income Springfield residents – was an essential ingredient in winning their commitment.

Goals of the initiative

The strategic and long-term goals of the Wellspring Initiative are to establish the infrastructure sufficient to support a network of worker-owned, or community and worker-owned, cooperative businesses that will meet community and anchor institution needs while stabilizing neighborhood economies. By securing sustained purchasing commitments from anchor institution partners prior to launching the cooperatives, the initiative aims to develop a supported and then self-sustaining network of cooperatives over the long-term. The goal is to locate businesses in one of the city’s most economically depressed neighborhoods, where worker-owned cooperatives will pay a living wage to community members, building community assets and wealth, but where these businesses can also act as a base for further local business development. For instance, if the food hub cooperative business were to be developed, then it could provide space for local entrepreneurs to develop small food processing businesses.

Wellspring is also moving forward with an eye towards impacting the economic development system locally and further afield, both economic
development agencies and economic development policy. “We want to broaden people’s view and understanding to incorporate another way of thinking about economic development,” said Rose. “We want to address these standing questions about resources – so much money goes towards top down development, which is not actually meeting the job needs of people.” There also is a shared hope that the initiative might be a useful model for other small, economically stressed cities like Springfield – in the way that the Evergreen Cooperatives has proved a powerful model for the Wellspring Initiative, despite some major differences between these cities. One recognized difference is that Springfield does not have the robust philanthropic community of Cleveland, and certainly no city foundation like the Cleveland Foundation to take a leadership role in convening partners.

Growing and deepening the Wellspring partnership

“What’s really amazing is that potential partners are invigorated by the potential of worker owned cooperatives – there’s an alignment with workforce development, affordable housing alternatives, labor groups, the faith community – we’ve been reaching out to individuals who represent these organizations and everyone has seen the potential of this!” – Ronn Johnson, Partners for a Healthier Community

In expanding the membership of the Wellspring partnership, the leadership team engaged in outreach that was deliberate and intentional. Because of the anchor institution strategy to provide seed funding and sustained purchasing support, the team approached all of Springfield’s “eds and meds” in its early outreach. At the same time, leadership was reaching out to labor and community groups to bring them into the planning and design phase of the initiative. In recruiting new partners, there was an emphasis on looking for multiple kinds of expertise. As Johnson explains it, this includes “engagement of folks who have not typically been involved in economic development, while others have been directly involved. This is causing
us to have more conversations across lines.” The leadership team emphasizes the importance of being able to identify institutional leaders that are open to thinking “outside of the box.” This is seen as key to helping to educate and orient other leaders within the same institutions. For example, STCC President Rubenzahl has invited purchasing managers to be part of Wellspring planning meetings, where they bring expertise on the institution’s purchasing patterns and commitments but also have the opportunity to better understand the broader goals of the initiative.

**Figure 1: Wellspring Initiative Partner Organizations**

**Lead Agencies**
Center for Public Policy and Administration, University of Massachusetts Amherst
Center for Popular Economics
Partners for a Healthier Community

**Anchor Institution Partners**
Baystate Health
Massachusetts Higher Education Consortium
Sisters of Providence Health System
Springfield Technical Community College
University of Massachusetts Amherst
Western New England University

**Community Partners**
GreenWork
Jobs with Justice
New North Citizens Council
Pioneer Valley Project
Puerto Rican Cultural Center
Western Massachusetts Jobs with Justice

**Development and Technical Partners**
Latino Chamber of Commerce
Regional Employment Board of Hampden County
Springfield Neighborhood Housing Services
Urban Impact
Western Massachusetts Development Collaborative

**Funding Partners**
Cooperative Fund of New England
MassMutual Foundation
United Way of Pioneer Valley
Wellspring leaders emphasize how important their existing networks and relationships have been in identifying potential partners for the initiative; and that different members of the leadership team brought different networks together. While many of the organizations involved in the initiative are familiar partners to the leadership team, leaders saw this as a unique grouping of partners. There are far too few initiatives in the city that anchor institutions come together to work on unless there has been a crisis. “There’s a different group of people sitting around the table than usual,” said Rose. “It is fun to see the mix, and the chemistry that makes the whole thing run.” Two years into its formation, the Wellspring Initiative continues to bring in more partners. Identifying and bringing in new partners is a circular and ongoing process, one that requires continuing education and deepening affiliation with the initiative’s goals. As more people and organizations are integrated into the process, leadership discussed the importance of getting to a shared vision. Once new partners understand and affiliate with the initiative’s aims, they become effective in bringing additional partners on board.

Recently, the Wellspring Initiative solidified its leadership structures. Earlier roles within the collaborative were more fluid, but funding – especially from the Robert Wood Johnson Foundation – has helped to support key leaders in committing their energy primarily to this effort. While early on the initiative did not draw a line around which partners were decision-makers, there are now three circles of leadership. A project management team does the daily planning to move the initiative forward, a steering committee shapes proposals for presentation, and an expanding circle of partners, both community organizations and anchor institutions, make decisions to ensure broad commitment to Wellspring’s initiatives. This circle of
partners is committed to playing supportive roles in launching the worker-owned cooperatives, whether this might mean signing a purchasing agreement or providing technical expertise on cooperative business models. Efforts have been made to ensure diversity among this group. In particular, the initiative has focused recently on making sure that African-American and Latino community leaders in Springfield are better represented within the collaborative. “Now that we’re looking to do something on the ground, the question of who’s in the room – and who’s not – becomes very important,” said Robinson. As the cooperative businesses come closer to being a reality, the initiative will bring potential worker-owners into the process; there was hesitancy to do this earlier given job expectations.

The leaders noted that while the Wellspring Initiative is reaching out to additional anchor institutions, there is already a solid core of committed institutional partners. Ideally new institutional partners will have both organizational commitment to the project planning and development, and institutional purchasing commitment as well. Even with continued growth of the partnership, however, Wellspring leaders emphasize that the partnership and leadership structure is temporary, and is intended to change once cooperative businesses are up and running. The anchor institutions are seen as a firm base for cooperative development but partners are committed to a collaborative that will ultimately be governed by cooperative worker-owners.

“Collaboration has been key. The partnership has been very collaborative so far. The fact that the goal is clear and the model is clear, it all contributes to constructive dialogue.” – Dr. Ira Rubenzahl, President, Springfield Technical Community College

**Planning process and initiative milestones**

The planning process for the Wellspring Initiative began in a fairly informal way, through conversations engaging the original leadership and early partners. But
Wellspring leaders cited the importance of their early memorandum of understanding (MOU) in guiding the process. Among other things, the MOU contains specific language about economic democracy, worker ownership, and asset building, serving as both an educational tool for new partners, and as an agreement about long-term project goals. While not trying to replicate the Evergreen Cooperatives, Wellspring leadership talked about the importance of having a tangible and innovative model to refer to during their planning process, building shared understanding about what a cooperative network could look like, especially as they brought new partners into the initiative. “There is a constant education process because this is something outside of many people’s experience,” said Rose. “And the process is certainly aided by having Evergreen to point to.”

The significance of the Evergreen Cooperatives as a model and inspiration is underscored by the fact that 20 members of the initiative chose to pay their way to visit Cleveland late this spring to better understand its development. Wellspring has also formed a relationship with Ted Howard of the Democracy Collaborative; he was a key player in helping to launch the Evergreen Cooperatives and has been providing technical support to Wellspring. Wellspring leadership also noted the importance of bringing other technical expertise into the planning process, especially in areas of community economic development financing and cooperative development. “There’s a whole range of technical elements to this work, a body of knowledge needed,” said Robinson. On the cooperative development front, the initiative has been working with the ICA Group in Boston because of its long history of assisting with cooperative start-up. Some of this technical expertise, of course, comes from within the partnership. For example, because it houses an entrepreneurship center,
STCC could support worker-owner training, which has been identified as an important component of the initiative.

Securing a large grant from the Robert Wood Johnson Foundation was described as a pivotal point in the planning process. Wellspring leaders noted that securing the grant led to a solidification and formalization of the planning process, especially as the initiative publically announced that it would be creating jobs. On the funding front, the requirement to raise matching funds stimulated additional financial support from project partners and other funders. Importantly, support from Robert Wood Johnson also led to more partner buy-in and a sense of shared accountability for initiative goals.

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<td>• Support from CPPA and CPE</td>
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<td><strong>2011</strong></td>
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<tr>
<td>• MOU and letter of agreement between early partners</td>
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<tr>
<td>• Agreement on criteria for determining target businesses</td>
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<tr>
<td>• Developing a working timeline</td>
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<tr>
<td>• Preliminary research on cooperative business possibilities</td>
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<tr>
<td>• Robert Wood Johnson Foundation grant – first major funding</td>
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<tr>
<td><strong>2012</strong></td>
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<tr>
<td>• Additional funding commitments (anchors and foundations)</td>
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<td>• Narrowed options: food hub and green construction company</td>
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<tr>
<td>• Conducting feasibility studies on these two options</td>
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<td>• Continued recruitment and development of partnership group</td>
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<td>• Retreat for partners and partner trip to Cleveland</td>
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<td>• Business plan development and cooperative financing strategy</td>
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With formalization of the steering committee, project management team, and the Partner group, Wellspring also set up new, clear decision-making processes. While the steering committee and project management team make day-to-day decisions, final decision making for major issues lies with the Partner group.
Wellspring leadership is now engaged in making decisions around the most viable initial cooperative business opportunity, and then developing a viable business plan that can be funded. The group continues to work to secure funding and, once there is a firm commitment to develop a particular business, will secure written purchasing agreements with partner institutions. This is a phase will move beyond co-learning into action.

Identifying cooperative business opportunities in Springfield and the Pioneer Valley

“We started off with a huge list of business possibilities, and then followed these threads. We gave up on some and pursued others further. As a group, we worked on this for nine months. You start pulling on a thread and it leads to more…” – Dr. Emily Kawano, Executive Director, Center for Popular Economics

In evaluating potential cooperative businesses, the Wellspring Initiative is looking not only at specific purchasing needs shared by anchor institutions partners, and the needs of communities in Springfield, but is considering the regional economy of the Pioneer Valley. Partners are seeking to identify a business opportunity that is innovative, fills a needs gap in the local and regional economy, and is viable in the long-term. Alignment with institutional purchasing needs is central to identifying business options. Leaders note that partner institutions are interested in meeting goals to hire more women-owned and minority-owned businesses, which the Wellspring co-ops will be. As another anchor point, Wellspring leaders also are paying close attention to their prior work and how the initial cooperative, and eventual cooperative network, potentially could build off of this work. The Wellspring Initiative cast a very wide net in examining potential business opportunities, looking at anchor institution and community needs, business viability,
regional and local economy – and reaching out in person and through surveys to a wide range of organizations and individuals living and working in Springfield.

A food distribution network, or food hub, has emerged as one strong possibility for the first cooperative business. This focus on the regional food system is an outgrowth of the interviews, surveys and outreach that have been done by the initiative’s project management team – but it also has roots in several years of food access and food justice work by partners in Springfield, especially in the North End and Mason Square. Partners for a Healthier Community already has a preschool families project, a project connecting daycares to farms. “Through the project, we were trying for environmental changes, changes in policy and practice within preschools and daycare,” said Robinson, “with the goal of developing an alternative food system for schools and eventually families.” A food hub would source food from regional farms to daycares and preschools, meet anchor institution needs for fresh produce, and strengthen connections between Springfield and Pioneer Valley farms. Although a food distribution network, or food hub, would require more capital to start up than some other business opportunities, there is a shared understanding among partners that this is one option that would provide benefits beyond good, stable jobs. A food distribution network addresses issues around health, and could provide additional economic development by tying into regional suppliers and local farms that currently ship their produce out of the region. It supports regionalism and sustainability.

Another cooperative business opportunity that has emerged from this process is a green construction business, a possibility with lower startup costs and alignment with anchor institution needs. Educational institutions often don’t have
enough staff to take care of all renovation and repair. Major contracts are bid out, while the institution tries to handle smaller projects within the capacity of onsite staff. This creates an opportunity for a cooperative to handle middle-sized building or maintenance projects, particularly craftsmanship-oriented work. The challenge, however, is the large number of existing contractors in construction and the complexity of the system. The leadership team expressed concern about displacing existing construction businesses, and emphasized the need for doing more in-depth analysis of the gap in construction services identified by area educational institutions.

Challenges and lessons learned

Wellspring leaders identified several key challenges as they begin to build a cooperative network in Springfield. Several spoke about the constant pressure from outsiders, and new partners, to move towards a more conventional approach to community economic development, such as supporting existing small businesses. As discussed above, within the partnership, this means an ongoing and intentional process of building shared understandings and affiliation with initiative goals. Additionally, the MOU has also been a helpful tool in keeping the partnership’s focus on why a cooperative business model is at the heart of the initiative. Within larger institutions, this pressure to pursue more conventional economic development sometimes translates into a “disconnect” in understanding from institutional leaders who aren’t part of the planning process directly; again, this disconnect is being addressed through ongoing education and discussion within individual institutions. Finally, external pressure, and external perception that this initiative might take resources from other economic development work, is alleviated by the participation and commitment of organizational partners with long histories of working in
Springfield. Wellspring leaders spoke about how the relationships developed through their ongoing work mean that there is a base of trust on which they can build this new initiative, even as it introduces an unfamiliar model of economic development to the city.

“As soon as you can get people to see it’s another business model that just happens to be worker-owned, that it can seed the local economy in ways that the market doesn’t, that it can provide both asset building and living wages, help people to buy homes – then you can get them on board,” said Bradley. Other Wellspring leaders echoed this perspective, noting that people are starved for innovative and creative economic development that raises up new job possibilities, that there really is a high level of receptivity to the initiative, and that the clarity of the central goals of the project are compelling to a wide range of people. In responding to growing public interest in, and expectations of the project, Wellspring leaders noted the importance of launching the first cooperative business as soon as funded and feasible. As Rubenzahl put it, the forward momentum of the project is what brings people in and what keeps them supportive.

Wellspring leaders reflected on why anchor institutions were willing to be part of the initiative, and the need for self-reflection as institutional partners.

“Institutions have both self-interest and community interest – the anchors that have signed on care about the city becoming healthier from an economic, wellness and educational standpoint,” said Bradley. Wellspring leadership spoke to a crucial need to pay attention to the realities of race and class, and to the social dynamics that shape Springfield. Leadership emphasized that change doesn’t “just happen,” rather, that institutions need to create institutional change internally in order to combat
racism and its effects in the communities in which they operate. Said Bradley, “this could provide community, political and civic leaders with a new way of understanding the economic challenges and the effects of institutional racism on poor urban neighborhoods in Springfield and surrounding cities.”

The leaders interviewed for this case study expressed optimism that the Wellspring Initiative could be transformative for Springfield, its residents and the local economy. “If we can do the network at the neighborhood level, it could have major impact on quality of life for residents. Much depends on how big this gets,” said Robinson. There was a shared belief among the leaders of the initiative that demonstration of a different way of organizing business, of reorienting institutional spending, of considering communities and place, could be a small shift with broader systemic impacts in the economy. “Sometimes it doesn’t look like things will have a big impact but they do,” said Rubenzahl. “This cooperative model could be one of those things.”
Chapter 3: The Bronx Cooperative Development Initiative – The Bronx, New York

The Bronx Cooperative Development Initiative (BCDI) is committed to the long-term development of a cooperative enterprise network that results in shared wealth generation, democratization of economic decision-making, and transformation of the regional economy of the Bronx. The initiative has been underway for a year but has its roots in the economic organizing efforts of a coalition of Bronx community-based organizations. The effort’s leadership includes community organizations, labor, and capacity building institutions. Currently, these groups are working together to better understand the regional economy, identify community and institutional needs and assets, organize community members through popular education, and develop an independent entity that will support the eventual development of the cooperative business network.

Motivations, starting points

Several years ago, Nick Iuviene worked in the Bronx as a community organizer with the Northwest Bronx Community and Clergy Coalition (NWBCCC). At the same time, Jorman Nuñez was a member of NWBCCC’s youth program Sistas and Brothas United, working closely with Iuviene. The organization was involved in efforts around the potential redevelopment of the Kingsbridge Armory, a large and long vacant building owned by the City of New York. Along with a large coalition of other Bronx groups, NWBCCC was engaged in a community visioning process, which resulted in redevelopment proposals that aligned with community interests, including an identified need for good jobs. Instead, the City decided to select a proposal from Related Companies for retail development, a shopping mall
that would be competing with existing businesses and offer only low wage jobs. The coalition had to “turn on a dime towards a defensive strategy,” one that became more narrow in scope, focused around securing a living wage and fighting for reduced environmental and traffic impacts of development. The coalition was successful in preventing this low road development proposal from going forward, with the New York City Council voting to reject it in late 2009 (Dolnick 2009). Since then the Kingsbridge Armory has remained empty. For the eventual organizers of BCDI, this shared experience was a powerful motivator in thinking about different economic development strategies.

“At the time, our economic fights were so frustrating,” said Nuñez. “It was a huge fight for us to stop the Kingsbridge Armory project. But it was only half a victory. And my peers, we asked ourselves, what are we going to do to break this cycle?” Nuñez and his peers started thinking about economic systems, and the role of private, government and nonprofit sectors in economic development. They realized that as community organizers, they were often focused on putting pressure on the government rather than the private sector, and that developing an organization with influence in all three sectors could be an effective direction to pursue together (Nuñez, interview, 4/20/12). They also saw Iuviene’s transition into urban planning graduate school at MIT as an opportunity to start exploring other economic models, and encouraged him to share what he learned.

At MIT, Iuviene looked at the Mondragon Cooperative Corporation; he also looked at the Evergreen Cooperatives, which had been modeled off of Mondragon in Cleveland. Iuviene considered four critical pieces of a successful cooperative network: education, research and development, financing, and organizing. He saw
that this wasn’t an economic development strategy that was limited to the Basque region in its potential to transform the economy. Mondragon had specific strategies and structures that could be applied elsewhere. These included a commitment to sharing resources, people and money between cooperatives; place-based attention to cultural context and development need; and an intentional model for start-up – in the case of Mondragon, endogenous growth and an import substitution strategy (Iuviene 2010; Iuviene et al 2010). “An organization like Mondragon, not just cooperatives but the infrastructure to support them, was so successful in a place without the economic infrastructure of the Bronx,” said Nuñez. “The potential for success here could be phenomenal.”

Iuviene introduced this possible strategy for economic development into discussion with members of the Green Jobs Roundtable in the Bronx, some of who had been involved in the Kingsbridge Armory fight. More importantly, over the years, member organizations had been involved together in struggles around the Sheridan Expressway, distribution of waste transfer stations, the siting of Fresh Direct, and local development issues. There was strong interest in seeing whether cooperative network development could happen in the Bronx. The organizers of BCDI recognize the Bronx as rich in both community-based organizations and anchor institutions. While it is common for community organizations to come together on a policy fight, as with the Armory, they don’t often come together around a coordinated development strategy. This is seen as that opportunity.

**Goals of the initiative**

The Bronx Cooperative Development Initiative aims to lead a community controlled development process that results in shared wealth generation,
democratization of economic decision-making, and transformation of the Bronx economy through the establishment and growth of a cooperative business, or community enterprise, network. BCDI is engaging in popular education to increase understanding of the economy, wealth disparity, and alternative business models; and identifying regional, anchor institution, and community development needs to be met by the cooperative network. This is not intended to be a five-year project, but to be a long-term, sustained, and evolving effort over the next 25 to 30 years with broad impacts.

*Partners, partnership and collaboration*

> “It’s a new coalition. No one has put together a room with MIT, Jeffrey Hollander [of CommonWise], labor, anchor institutions, community organizations – at least not in my community – and asked people to work for a common solution that’s not the same old formula. The coalition lets us put our guard down and work towards this solution.” – Jorman Nuñez

The Green Jobs Roundtable was the venue in which the idea of cooperative enterprise development in the Bronx was first shared and discussed; and the initial leaders of the Bronx Cooperative Development Initiative were members of the Roundtable. These organizations had a history of working closely together, especially on policy and environmental justice issues – for example, around the Sheridan Expressway, food access, and cleaning up the Bronx River. However, BCDI leadership interviewed noted that the initiative had shifted collaboration between these organizations in promising ways. The effort is seen as uniting people and fostering deeper levels of cooperative, and parallel to the cooperative business structures being created, Nuñez noted opportunities for more creativity and
innovation. After the initial partners had committed to BCDI, and the group
discussed their commitment and what roles they would play, the initiative’s
leaders began intentionally
reaching out to other
organizations to participate.

Current partners in the
initiative are two base building
organizations, NWBCCC and
Mothers on the Move; a
community development corporation with a youth and arts focus, the Point CDC;
citywide workforce developers, the Consortium for Worker Education; the Green
Workers Cooperatives as longtime cooperative educators; CommonWise as
entrepreneurial strategists; MIT CoLab as capacity builders; U.S. Congressman José
Serrano, playing a role as convener and helping to extend institutional relationships;
and SEIU 1199, providing space for the initiative and acting as a bridge to union
members.

MIT CoLab is supporting BCDI because the initiative is well aligned with
CoLab’s orientation: working at the intersection of democratic engagement, shared
wealth generation, and urban sustainability. In both Iuviene’s work on this project,
and in other work that it does, CoLab seeks to identify local leaders and initiatives
that share its orientation and to help build institutional frameworks for lasting local
capacity.

Mothers on the Move, NWBCCC, and the Point are playing an early and
crucial role in community organizing, and in rolling out popular education around
the economy so that organizational membership and other community members are equipped to be part of the conversation in developing the cooperative network. This work is discussed in depth in the next section.

With a longstanding relationship with hospitals, major purchasers of goods and services in the Bronx, SEIU 1199 has been essential in relationship building with local hospitals in support of the initiative. Additionally, 50,000 SEIU members live in the Bronx, offering an opportunity for building deep and genuine community support for the initiative. For example, in neighborhoods where SEIU members are concentrated, cooperative businesses might serve common union member needs. 1199 SEIU is also providing office space for BCDI.

Described as providing “non-interventionist” support, Congressman Serrano was incredibly helpful in setting up initial meetings with Bronx anchor institution leaders. The Congressman’s Office continues to provide space for BCDI partners to convene.

In building BCDI, anchor institutions are seen as a strategic economic driver to get started with cooperative businesses, but not the sole economic driver for the cooperatives that will be developed. With several large anchor institutions committed to being part of the initiative, their commitment to purchasing from cooperatives during start-up will contribute to business success. The potential role of anchor institutions in the partnership was conceived of as being broader than simply acting as purchasing partners. Anchor institutions are being asked to not only join the partnership as investors from which to leverage purchasing power but as planners to work alongside other members of BCDI. “This is about rewiring the Bronx economy,” said Nuñez. “You need to change the relationships and investment
patterns of all Bronx entities. We need to see each other as equal partners, as co-designers acting within an equitable governance structure.”

Within the BCDI partnership, Nuñez is playing a key role in relationship building and creating processes and lines of communication that foster collaboration. There is a lot of attention being paid to making sure that stakeholders are communicating clearly, that meetings are conducted in democratic ways, and that partners address power differentials. For instance, if Montefiore Medical Center and a small community organization are in dialogue, how do they act and communicate as equal partners? BCDI leaders interviewed spoke to the need for forethought and preparation before meetings and other interactions to maintain balanced working relationships between partners.

Finally, based on additional capacity needs that leadership has identified, the Bronx Cooperative Development Initiative is hoping to add partners with direct experience in business finance and economic development to the partnership. Important, too, is connecting with progressive business leaders, especially in the manufacturing sector, who can offer valuable advice.

Planning process and project milestones, evolution

In the spring of 2011, BCDI started out with informal discussion around building a Bronx based cooperative network. Partners already had strong working relationships, but BCDI leaders recognized the need to set up a more formalized decision-making system, ahead of the possibility of disagreements. Along with laying out more formal decision-making structures, some of the initial work done by BCDI leadership was to start looking critically at partner capacity, and community needs
and assets. Currently the initiative’s planning and development process has three main strands:

1. Community organizing and popular education,
2. A regional development study, and
3. Establishing an entity that will drive and support the cooperative network.

Community organizing and popular education. As mentioned above, Mothers on the Move, Northwest Bronx Community and Clergy Coalition, and the Point are taking the lead on community education and initiating an organizing campaign focused on popular education around the Bronx economy, work, ownership, and wealth. The community organizations were looking for an “economy 101” curriculum, a toolkit to understand the economy. The one in development has several modules: economic theory and history, tools to change and strengthen the economy, and the economy and oppression, including the gendered economy. Rolling out this summer, to broaden the conversation beyond organizational leadership, the popular education effort will include administering a survey to 5,000 community members to understand community job and career interests and needs; holding smaller trainings for co-learning around the economy; larger events to discuss community wealth building; and a digital strategy to amplify discussion. This process is intended to precipitate a broad dialogue in different settings, to engage people fairly in the conversation as the cooperative network moves forward. The community education and organizing effort is the work that has come furthest along – and that has been intentional and because of the orientation of BCDI’s leadership.

“Our network will be grown by the nonprofits around the table, said Iuviene. “We always come back to the role of community organizing. If we don’t understand what
the role of community organizers is, we need to stop and understand that role, make it clear.”

*Bronx regional development study.* BCDI intends for its work to consider the whole Bronx, and thus wants to complete a rigorous development study that examines the regional economy, to identify starting points for the cooperative network that are topical, geographic and strategic. This will include thinking about land use, community asset mapping, and understanding anchor institution and government procurement needs within a regional planning framework, so that the interconnectedness of these various areas are examined closely as well. BCDI leadership has done some initial work on the development study, supported by research conducted by MIT graduate school students. However, the development study is mostly in a design phase: BCDI wants to raise sufficient funding to make sure that research and the resulting regional development study is holistic rather than piecemeal.

*Cooperative business, or community enterprise, network.* BCDI leaders are committed to the incorporation of an entity that will support the development of the cooperative business network. Leadership is thinking through how this entity will be governed, and how it will be incorporated (e.g., whether for-profit or non-profit). The initiative is confident that social investors will be interested in supporting individual cooperative businesses but really want to secure resources for supporting the infrastructure that will build and sustain the cooperatives. From this perspective, BCDI sees a reason to make a business case for the support entity – especially because if cooperative network development takes off across the U.S., there simply aren’t enough foundations to provide seed funding. The money needs to come from
somewhere else, likely from patient capital that will see some long-term return on investment. For example, this patient capital might come from social impact or triple bottom line investors, committed to social change, and broad grassroots or community investment. Whatever form this cooperative support entity takes, the initiative’s current leadership will provide guidance as members of its board.

Along with these three current priorities, BCDI is working to secure enough funding to hire some of its current leadership as permanent staff of the project. The initiative is also continuing to grow its circle of partners and supporters. As one example, Mondragon has become increasingly active in conversations with BCDI leadership, engaging the initiative directly and extending its cooperative education materials to BCDI partners. Mondragon is already collaborating with the U.S. Steelworkers around cooperative manufacturing; and is interested in the possibility of manufacturing in the Bronx. Said Iuviene: “if you started aggregating the purchasing needs of larger entities in New York, could you get to the scale needed to do a manufacturing deal with Mondragon? This could take the model to a different stage. Another example of a potential, and somewhat unexpected, partner is the New York City Housing Authority, which reached out to BCDI leadership about becoming engaged in the project.

Additionally, like the Wellspring Initiative, BCDI is exploring ways to better understand other models of cooperative development for both inspirational and practical reasons. As with the Springfield collaborative, this could result in visits to see initiatives like Mondragon and the Evergreen Cooperatives in action.
**Challenges and Reflections**

An unexpected hurdle is that foundations have been hesitant to be the “first in” with funding support for BCDI, despite the fact that both MIT CoLab and CommonWise are actively engaged and opening doors at foundations. This is not simply the common challenge of breaking through with new funders, but hinges on the comprehensive nature of the initiative itself versus the siloed nature of foundation giving. Therefore, in conjunction with pursuing foundation funding, the initiative is looking at other possible routes to securing resources for BCDI. Socially oriented private investment money is one option being pursued by the initiative, and as mentioned above, this means that BCDI is considering how to build cooperative support infrastructure conducive to private investment. BCDI also is looking at how to engage in broad grassroots fundraising for the cooperative network – local, individual investment with eventual financial payback. For instance, local investors could buy a community share in the cooperative network and own an equity stake in BCDI. This was the direction pursued successfully by the Market Creek Plaza project in San Diego, where hundreds of community members guided project design and are community stakeholders in its profits (Market Creek 2012).

In thinking about their overall strategy, BCDI leaders point out that there are stark contrasts in the Bronx economy that must be recognized. The Bronx is home to Hunts Point market, a major food hub that distributes food regionally and internationally, but doesn’t supply the Bronx, also home to food deserts and food insecurity. The borough has the highest poverty level of any New York City borough, and some of the highest poverty nationally, but Fordham Road is the third biggest commercial district in New York City, driven by the purchasing power of
Bronx families not tourist dollars. How can these extremes, these disconnects, be understood and addressed through a more comprehensive approach to economic development? “You can think of building X or Y business,” said Iuviene, “or you can think about changing relationships between institutions and changing the infrastructure of how this new economy shapes itself.”

One thing that Iuviene has been thinking about is what an initiative like BCDI means within the changing demographics of U.S. urban areas. Cities are the main economic drivers in the U.S. at the same time that they are increasingly majority minority, and in many cities, there is also major wealth disparity. Wealth disparity creates a contradiction between democratic control of city politics, and the fact that these democratic processes are not able to distribute wealth to address basic needs in communities. “There are tremendous opportunities to make change,” said Iuviene, “but also there’s potential for today’s democratic institutions to become irrelevant to people if their needs aren’t being met.” BCDI can be seen as a means of bringing democracy and economy closer together. The initiative asks: what are the roles of different political and economic institutions? How do we change markets? How do we put different players into those markets so that they can play, set the rules, and ultimately govern markets?

Getting different decision makers into economic development, and generating community wealth, is then an opportunity for broader systemic change. Nuñez reflected on what these changes might look like if a cooperative network were established successfully in the Bronx. He pointed to the potential for local government that is more deeply democratic. “Mondragon tried to teach us that if you only practice democracy in the ballot box once or twice a year, you won't be
practicing or developing democracy,” said Nuñez. “But if you practiced democracy at work and at home, you’d begin to realize democracy in a broader way.” A cooperative enterprise network could lead to more democratic elections. For example, 500 worker-owners could use their money to support candidates and change within policy and governance. A successful cooperative network could also open doors for youth entrepreneurs and leaders. “Right now, youth driven organizations and projects have trouble getting funded,” said Nuñez. “Cooperatives could be supporters of youth creativity, innovation, and ambition – and allow youth to have a more significant role in economic development and governance.”

Finally, both Iuviene and Nuñez spoke about the importance of being deliberate and thinking long-term as the Bronx Cooperative Development Initiative gets started. Having a long planning horizon – and BCDI is thinking in terms of 25 to 30 years – means that substantial time is invested upfront to understand terrain of the regional economy and establish collaborative relationships with key partners. This makes for an understanding of the initiative, and engagement in it, that is broad and deep. And this means that leadership can change, the economic landscape can change, specifics can change, but the initiative will be able to keep evolving and growing.
Chapter 4: Comparing the Initiatives, Considering Their Transformative Potential

Both the Wellspring Initiative and the Bronx Cooperative Development Initiative were influenced by other successful cooperative enterprise networks, most closely the Evergreen Cooperatives and the Mondragon Cooperative Corporation, but it is clear that they are unfolding in different ways than either of these efforts – or each other – because of their unique local contexts, community assets, and founding leadership. Both initiatives have their starting points in recognition by community organizers, and by their eventual additional partners, that economic development as usual was not working in Springfield and the Bronx, especially for current community residents and their families. This recognized need for a different approach, one with more transformative potential for individuals and community, created an opening for the serious consideration of other models of building community wealth and local economy. The leadership that I interviewed, in both cases, saw this combination of recognized failure and a promising new direction for community economy as a strong driver towards envisioning and planning for a cooperative enterprise network – and for attracting additional support and commitment to the effort.

Although there are many ways that these two efforts can be compared, this analysis is focused along the five dimensions of community economic development that Ian and I discussed in the first part of this thesis. Specifically, here I consider the Wellspring Initiative and the Bronx Cooperative Development Initiative and their transformative potential as community economic development in terms of: scale of
activity, the flow and allocation of resources, decision-making processes and participants, concepts of growth and sustainability, and conceptions of community.

Scale of economic development, actors, and activity. To date, community organization, business, and anchor institution partners are largely local and Springfield-based in the Wellspring Initiative. The exceptions to this arrangement are steering committee partners from Amherst Massachusetts, and technical support partners from further afield such as the Democracy Collaborative, ICA, and the Robert Wood Johnson Foundation. The government role in this project is intentionally on the backburner. Partners see this effort as being grounded in anchor institution economic needs, and therefore separate from existing government channels of economic development, while recognizing the need to eventually connect with local government. This is cooperative business development at local scale but Wellspring partners are cognizant of regional connections, and they are explicitly considering integration into the regional economy, especially in the case of the regional food system because of Springfield’s location in the Pioneer Valley and previous work done by Partners for a Healthier Community. The Bronx Cooperative Development Initiative has a geographic focus that is intentionally regional, rather than local or global. However, even as BCDI is looking to economic opportunities within the region, the aim of the initiative is to engage Bronx residents specifically in the development of a new economy in the Bronx that leverages these regional needs and connections. Through the identification of community needs and assets, economic opportunities for business development, and collaborative planning and development of a cooperative support entity, BCDI is seeking to align the interests and activities of business, government, and community (civic society) actors in the Bronx.
Flow and allocation of economic resources. Within the Wellspring Initiative, anchor institution partners are committing to redirect their purchasing power locally to Springfield, and specifically to new worker-owned cooperative businesses. These worker-owned cooperative businesses will provide living wage jobs and asset building potential, leading to more equitable distribution of resources within Springfield. The idea is that the cooperative businesses will be in located in Springfield neighborhood(s) where market economy isn’t working effectively, where there is currently high poverty and high unemployment, with intention of stabilizing and building community economy. There is hope and intention that by establishing cooperative businesses in specific neighborhoods, these new businesses will have a spillover effect that will encourage further business development (within and outside of the cooperative network). Like the Wellspring Initiative, BCDI is working to redirect the purchasing power of large institutions (government, educational, and medical), but also the substantial purchasing power of community members, back into the regional economy in the Bronx. These economic resources are intended to circulate within the regional economy rather than leave it. Not only are resources being redirected but they are specifically being redirected into worker-owned and/or community owned cooperative businesses through which wealth will be more equitably distributed. The idea is that locally owned cooperative businesses will help to root that wealth in the community, and re-circulate resources yet again.

Decision-making. Right now, within Wellspring, democratic decision-making is in the hands of project organizers, steering committee, and the partnership group of community organizations and anchor institutions that is being built up within and around Springfield. This does not necessarily expand who is making decisions:
current decision-makers are, arguably, institutions and individuals already in positions of power, although these actors were not previously engaged this actively in the realm of community economic development. In the Wellspring Initiative, decision-making is guided by an analysis of community and anchor institution needs along with achieving a goal of establishing successful worker-owned businesses.

Eventually, however, worker-owners will be decision-makers themselves about future development of their businesses, profit sharing, and participation in the cooperative network. It is important to note that the initial Wellspring collaborative is not intended to be a permanent body but it may seed a governing board or community enterprise that will guide and support the cooperative network in the long-term. It remains under discussion about how much decision-making power within this new body will be transitioned to worker-owners within the network.

Decision-making is democratic within the existing BCDI partnership, engaging a range of partners that includes institutions that have been historically involved in different aspects of economic decision-making, ranging from anchor institutions to base building organizations. To date, during startup of the initiative, decision-making is guided by the goal of creating a cooperative network that will build economic democracy and shared community wealth. Cooperative businesses will be self-governing entities, but will be joined together by the eventual, and key, cooperative support entity. Although the details of this entity’s structure is still being worked out, the cooperative support entity will be governed by both worker-owners and by the original BCDI partners as community representatives.

**Growth and sustainability.** For Wellspring, this is an approach to economic development that does not need rapid economic growth, but rather proposes the
redirecting of substantial existing anchor institution resources to local and democratically run businesses. It is an approach that seeks economic vitality and stability for low-income Springfield communities, while recognizing the regional scale of economy and the role that cooperative businesses can play with this interdependent network. Organizers see that the market economy – and with it, standard economic development – is broken, specifically, that it does not provide good job opportunities for many Springfield residents. In its planning process to date, the initiative does not necessarily have a global commitment to ecological sustainability as it develops its cooperative business network; however, sustainability is embedded in the leadership’s vision and the current proposals for initial cooperative businesses incorporate ideas of sustainability (e.g., green construction business, regional food hub). Similarly, for BCDI, this is not an approach to economic development that is about growth, per se, but more generally about redirecting community and institutional spending back into the Bronx while enabling a new type of economy, one that builds community wealth and democratic participation in the economy. What are the opportunities for capturing economic resources and redirecting them towards local needs? How can this system build on itself to achieve broader community impacts? As far as sustainability, the orientation of key BCDI partners, including MIT CoLab and community organizations that are part of the Green Jobs Roundtable, means that ecological sustainability is considered specifically within the context of the development of a cooperative network. While specific businesses have not been identified, there is a commitment among partners that these businesses will not only by economically sustainable but also environmentally sustainable.
Conceptions of Community. The Wellspring Initiative recognizes that poor communities of color in Springfield have been damaged by historical and structural racism, and by market economy abandonment of manufacturing in the city. Poverty is not an accident. Springfield communities are seen as disconnected from market economy, and having limited opportunities for living wage jobs with dignity. Future worker-owners are intentionally individuals that have been left behind by the economy and/or denied educational and work opportunities, including ex-offenders. Community members have capacity to be owners, to be entrepreneurs – and it’s important to this effort to be reframing this capacity and potential, given the many forces denying it. However, there is still an element of planning for the community, rather than planning with it. The future worker-owners in Springfield have not been part of the planning process to date. Within the current Bronx economy, disconnections between wealth generation and community members are recognized. Community is conceived as having substantial assets with which to build a new economy, not only physical and economic assets, but real political and organizing power. Specifically, BCDI leadership is centered within community-based organizations that have long histories of working for social justice in the Bronx. There is a real emphasis on addressing unequal power dynamics between partners in a variety of ways including explicit discussion of power dynamics between partners, and in popular education that brings community members into the discussion from a position of knowledge and recognized expertise. Community-based organizations, their membership and other community residents are seen as essential in guiding, planning and launching the cooperative network.
Chapter 5: Conclusions

The leaders that I interviewed from the Wellspring Initiative and the Bronx Cooperative Development Initiative emphasized their excitement and openness about the various cooperative network development efforts taking place throughout the U.S. Leadership emphasized their interest in learning from the other initiatives underway currently, and spoke to the necessity and importance of these initiatives taking different routes to fruition, as each is unfolding in a specific local context – politically, socially and economically – and with a unique set of partners.

Additionally, leadership from both initiatives are involved in several strands of work that are interconnected, such as leading workshops at the 2012 National Cooperative Conference and connecting with representatives of existing and experienced cooperative networks like Mondragon Cooperative Corporation and the Evergreen Cooperatives. The opportunities for learning from one another and building upon each other’s successes seem to be many.

As this cooperative network movement is new and growing, success for individual initiatives in Springfield and the Bronx likely will help to pave the way for a broader movement around community wealth building, economic democracy, and new (or revisited) models of work and ownership. Finding the right combination of partners and financial backing to fully enable the initial startup of these networks and their affiliated cooperative businesses is no small feat itself, and an effort that will be interesting to follow as the Wellspring Initiative and the Bronx Cooperative Development Initiative move – and soon – from visioning and planning to startup. Leadership from both initiatives expressed interest in, and commitment to, finding innovative ways to fund the scaling up of their cooperative networks in ways that will
allow other efforts to follow a similar path. These are not efforts that can rely on business altruism or foundation philanthropy, if they are to be replicated successfully on a broad level.

Beyond the practical challenge of startup, scaling up and enabling other cooperative enterprise networks, however, the bigger questions – and the ones that will take more time to play out – are around the transformative potential of the cooperative network in terms of economic participation, decision-making, and community wealth building. Both the Wellspring Initiative and the Bronx Cooperative Development Initiative, in different ways, are aiming for systemic change that is driven by the formation of democratically run cooperative business networks that build community wealth. As envisioned by these two initiatives, a cooperative business network reorganizes work and ownership radically, especially when compared to community economic development as usual. Their formation requires new partnerships, or at the very least new kinds of relationships between existing partners, that must be negotiated carefully to ensure that the power dynamics of past economic development efforts are not replicated in a new forum. The cooperative business network may bring new leaders into economic decision-making as worker-owners, but to reach its transformative potential, it must become more than a business network and that requires an ongoing commitment to popular education, a shift in who is setting the economic agenda, and new ideas about what successful community economic development means.

As efforts like the Wellspring Initiative and the Bronx Cooperative Development Initiative transition from envisioning and planning to action and implementation of cooperative business networks, for both movement leaders and
academic researchers (and those somewhere in between), there will be plentiful opportunities for better understanding the transformative potential and challenges of systemic economic change through the development of these networks.

One major set of questions for me is how worker-owners will be recruited, trained, and enabled to become the future leaders of these cooperative networks and a broader movement towards a more just and democratic economy. How will worker-owners measure their own success, and will that measure of success encompass something beyond living wage business ownership, certainly a major goal in its own right? Many people, myself included, see the potential of democratically run businesses, and shared ownership, to spill over into democratizing and empowering other aspects of individual and community life. Is this an organic process? What can facilitate this process, and how can organizers, worker-owners and other leadership identify that this transformation is taking place?

The second major set of questions, for me, is around moving towards an understanding of how the development of cooperative networks has the potential to precipitate systemic change for communities beyond direct changes for the cooperative worker-owners impacted most immediately by network development. How are the initiatives actively shifting discussion of community economy, economic justice, and offering an opportunity for popular education? How is the local economy changing beyond the self-contained or circular cooperative network? Is this new local economy more sustainable ecologically and economically? Does it open up economic opportunities for other community residents? One hope is that, as they come to fruition, these initiatives ultimately will have the power to shift decision-making processes and who the decision-makers are in community economic
development. What are the pathways and mechanisms for ensuring that this actually transpires, among them effective organizing, and what are the challenges in creating change in local and regional economies beyond the bounds of a specific cooperative network development initiative?

The first part of this thesis looked at the very real challenge of proposing and carrying out community economic development strategies that differ substantially from market-based community economic development. The Wellspring Initiative and the Bronx Cooperative Development Initiative too have identified these challenges but have also identified opportunities for a different type of economic development strategy, one that considers ownership, democracy and the idea of development in new and promising ways. It will be very interesting to see how these initiatives, and their counterparts across the U.S., progress towards transforming local and regional economies over the next several years and decades.
Bibliography – Part II

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