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Community Wealth Building for economic and environmental justice

By Grace Brown, Jonty Leibowitz and Neil McInroy (Centre for Local Economic Strategies)

In 2018 Paradise burnt down.^[1] Freak weather events and history making disasters are becoming commonplace. We are faced with so many challenges that at times it feels impossible to know where to begin. With billions in poverty, ecological catastrophe at the gates, and our common wealth being extracted like never before, it is now clear that our environmental crisis is all about economics, and our economic crisis is all about our environment; the two are one and the same.

Whilst in previous eras we have been encouraged to understand “the economy” and “the environment” as discrete physical and conceptual spheres, the deep symbiosis between the two is now impossible to ignore. The economic growth that has fuelled the global economic machine in recent centuries has been built and sustained by the extraction of resources from our natural systems, primarily in the form of fossil fuel usage and the degradation of our ecosystem. Just as this economic system has pilloried our

natural commons, so too has modern capitalism taken from our social and common wealth in the economic sphere, producing vast inequalities between those who benefit from this regime and those who do not. Ours is the age of extractive fossil capitalism, and it is defined by the extraction and destruction of our shared social and environmental resources on an unprecedented scale.

The bad news is that there is no shortcut here; our economy and our planet will either survive and thrive together, or not at all. The good news is that there is a growing awareness of this fact, and the alternatives necessary to meet the scale of the challenge are beginning to emerge. As we link our economic and environmental struggles, it is imperative that these new movements bind together and learn lessons from one another.

In this chapter, we outline how one such alternative – Community Wealth Building – can be utilised to drive the green agenda forward. Community Wealth Building has already proven to be an effective tool in delivering social and economic justice on a local level. It is practical strategy and action which democratises and redistributes not just the proceeds of wealth, but seeks to transform the production of wealth in and of itself. Rather than dealing with growth “after the fact,” Community Wealth Building seeks to restructure the composition of the economy itself so that wealth is widely held, shared and democratised. In doing so, it represents a fundamental challenge to how wealth is presently conceptualised and used under extractive fossil capitalism, providing resilience where there is risk and security where there is precarity. In a world increasingly at risk of catastrophic events, Community Wealth Building is key to creating a better world by unlocking economic and environmental justice for all.

— The scale of the crisis

There is much to do. Economic growth and GDP are still the guiding hand which steers our economy and indicates how it is performing. While some local economies

are succeeding in this measure, attracting inward investment, with property-led development and new spaces of consumption, this is the exception rather than the rule. Many areas are continuing to struggle and indeed in some areas the problems are deepening, made worse by public sector austerity.

Globally, just eight men own the same wealth as half the world’s population, and it is estimated that if current elite wealth-accumulation rates continue to rise, the world’s richest 1% will own two-thirds of global wealth by 2030.^[2] Just 100 companies are responsible for 71% of global emissions and the richest 10% are responsible for half the world’s carbon emissions.^[3] In Britain, 52% of our wealth is held by the top 10%, and 20% by the top 1%. OECD data showed that the UK is the only developed economy in which wages fell despite overall economic growth, one in eight workers live in poverty, and 1.3 million people (including children) rely on food banks.

Extractive fossil capitalism combined with the deepening austerity of the last decade has pushed many of our public services and local authorities to breaking point, with huge environmental effects. As local economies stagnate and decline, some seek jobs and growth by any means necessary. For example, the Chief Executive of the fracking company Cuadrilla said that fracking could be of “enormous benefit” to Lancashire due to the potential of “tens of thousands of jobs” despite massive local opposition^[4]. Similarly, Britain’s first new deep coal mine in 30 years has been given the go-ahead by Cumbria County Council due to the “crucial” investment and “vital” jobs it will bring to the area.^[5]

This cannot continue. Air pollution already costs the Greater Manchester economy £1 billion a year, and research from King’s College London found that 1.6 million life years will be lost in Greater Manchester in the coming century due to poisonous air, which has already caused 3,687 premature deaths using the 2011 baseline NO₂ and particulate matter pollution figures.^[6] Evidence also shows that vulnerable people and those living

in disadvantaged areas are at greater risk from air pollution.

Climate change and environmental degradation is both an economic and public health emergency. The UN's IPCC report in 2018 highlighted the real lack of progress towards the internationally agreed 1.5° rise in global temperatures – a rise which will still see the loss of most coral reefs and increased extreme weather such as heatwaves, fires and floods.^[7] While over 450 local governments have declared a climate emergency and committed to action to drive down emissions at emergency speed, the challenge is still on to go further, faster.^[8] Continual growth, relying on the accumulation of capital and the extraction of profit, is impossible on a finite planet with finite resources.

— **Community Wealth Building and the Green New Deal**

The most important lesson from Community Wealth Building is that we cannot wait for national government to “save us” from the abject failures of market liberalism; we have to do it ourselves, locally and with tools we have to hand. Extractive fossil capitalism is hardwired into the institutional design of the central British state. Achieving policy transformation at national level is clearly necessary in order to get to the belly of the beast, but we cannot afford to wait for this to happen. Moreover, it is doubtful that macro-strategic policies dictated from Whitehall will be enough to ensure that the transition to a green economy is democratic and decentralised. The scale of the crisis is such that immediate action is required. The local and municipal level is a necessary site through which to begin this systemic transformation.

This is a crucial point, and one that has arguably been missing from discussions about the Green New Deal thus far on both sides of the Atlantic. This is because the agenda has mainly been discussed through the frame of major strategic policy interventions from central government, either in the Rooseveltian “New Deal” tradition in the USA, or in the social democratic tradition in the UK and

Europe. In both cases, it is arguable that too much faith has been placed in the capacity of the central state to achieve systemic transformation, thus ignoring the crucial role the local can play in ushering in a transformation which is democratic and decentralised in its character. Community Wealth Building has flourished precisely because it has been implemented at the local level first, taking a “bottom-up” approach which seeks to engage local citizens in a piece-by-piece attack on extractive fossil capitalism one step at the same. When a locality undertakes the process of Community Wealth Building, it is effectively making two crucial statements; firstly, that we will not wait for central government to save us, and secondly that we will never be content with having policy decisions imposed on us from the centre-down. These are important lessons from the Green New Deal, that we must start local, and start now. The question is how?

— **What needs to happen?**

The first step in harnessing Community Wealth Building to deliver a Green New Deal is to mimic the former's anchor institution approach. Just as anchor institutions have been instrumental in harnessing community wealth, so too must they play a leading role in ensuring a green transition. This is not only due to the raw financial and economic power anchor institutions exhibit in a local place, but also because anchor collaboration is the best way to achieve symbiosis between the public and commercial sector. The process harnesses what these institutions have in common, such as geography and attachment to place, in order to encourage best practice and policy transformation.

Let us consider the case of Preston, where the City Council have recently declared a “Climate Emergency.” As Preston City Council seeks to implement just green policies through its procurement, workforce and other areas, the scale and impact of these policies will be turbo-charged if they are extended to the local anchor institutions, many of whom have already been involved in the Community Wealth Building process. Examples of this could include partnering with local colleges to



invest in Green jobs; sharing Green procurement policies with all anchors; or even declaring a joint “Climate Emergency Action Plan” with every public and commercial player in the city.

Community Wealth Building offers a ready-made template for bringing anchors together in this way. In Wirral, for example, Wirral Council have used the Wirral Business Partnership to promote ethical procurement; and Sunderland City Council have brought public and commercial partners together through the Sunderland City Partnership to improve terms and conditions for local workers. Every locality in the UK has a form of local partnership, such as Wales’ Public Service Boards, and these are ready-made sites for an anchor-oriented approach to the Green transition.

With just 12 years until “the point of no return” on climate catastrophe, local authorities – especially authorities which have declared a climate emergency - must act now to bring anchors together in order to take the green agenda seriously. The time for cajoling has passed, and anchors must use crucial leverage in a place to “accelerate the creation of an energy system that can both mitigate climate change and build community wealth.”^[9]

Community Wealth Building and the Green New Deal are both strategic policy interventions aimed at moving our political economy beyond extractive fossil capitalism and towards a generative economy which produces social, economic, and environmental justice. Both policy agendas represent a rejection of “tinkering around the edges,” and instead seek to harness communal resources in order to achieve systemic transformation.

We cannot build wealth for all if we cannot meet the challenges of climate change, both of which require a rejection of extractive fossil capitalism and a fundamental restructuring of how our local economies work. Community Wealth Building offers a roadmap for this restructuring, with five key

principles which should be adopted by localities serious about a green transition:

1— Plural ownership of the economy

Rebuilding the connection between the people and the places that create wealth and those who benefit from it is at the heart of Community Wealth Building. Locally owned or socially minded enterprises are more likely to employ, buy and invest locally, contributing to local economic development rather than extracting wealth.

Community Wealth Building also promotes alternative models of ownership which include public sector insourcing, municipal enterprises, worker ownership, co-operatives, community ownership and local private ownership.

Indeed, city regions across the world are beginning to work towards municipal owned energy and water systems as ways of ensuring wealth is retained locally but green alternatives can be developed. Barcelona have municipalised the city’s water service and Lincoln, Massachusetts have created a municipal solar plan and green energy programme to reduce greenhouse gas emissions.^[10] In the UK, The Carbon Coop have launched a similar vision of a Greater Manchester Energy Company which could act as a vehicle through which energy partnerships and infrastructure projects could be initiated that would radically change the city region’s energy system.^[11]

Alternative models of ownership such as these will be vital in ensuring the development and success of green alternatives, alongside enabling wealth created by users, workers and local communities to be held by them.

2— Making financial power work for local places

Community Wealth Building seeks to increase flows of investment within local economies. It does this by harnessing the wealth that exists locally, rather than by seeking to attract national or international capital.

For example, local authority pension funds are encouraged to redirect investment from global markets to local schemes.

As key players with huge annual spend, anchor institutions should be the first to agree to buy from municipal energy cooperatives. Across the UK, councils are investing more than £16 billion in the fossil fuel industry^[12] with the Greater Manchester Pension fund currently having £1.7 billion invested in fossil fuels: the highest spend and highest percentage of any Local Government pension scheme in the UK. Not only are companies such as Shell and BP responsible for the climate crisis, but hundreds of thousands of retirement funds are at risk because of their exposure to risky fossil fuel investments.

Financial power must be made to work for local places. In the face of climate crisis this must include the financing of the green transition, rather than simply channelling investment to local communities while delivering a steady financial return for investors. Alongside supporting mutually owned banks to grow, regional banking should be charged with enabling local economic development and financing the energy transition.

3— Fair employment and just labour markets

Community Wealth Building aims to improve employment opportunities and worker rights by, for example, promoting recruitment from lower income areas, championing inclusive employment practices, committing employers to the paying living wage and building progression routes for employees.

The Centre for Alternative Technology estimate that providing 100% of UK primary energy from renewables by 2030 would generate a net number of 1.33 million jobs.^[13] With this in mind, local industrial strategies must be focused on producing the green workforce of the future.

Sectors such as marine, wind and solar, transport and construction, and new employment opportunities provided by carbon capture processes, provide a great potential to create millions of jobs and revitalise rural and ex-industrial local economies currently being failed by growth models based on extractive fossil capitalism.

4— Progressive procurement of goods and services

Community Wealth Building promotes the progressive procurement of goods and services, as this spending power can be a means through which greater economic, social and environmental benefits can be achieved. By adapting their procurement processes and decision making, anchor institutions can create dense local supply chains, reducing the carbon footprint of goods and services.

However, anchors must be strident in their efforts, and move as rapidly as possible towards zero-carbon procurement. This would go beyond basic social value indicators to create a radical transformation. In this way, anchors can use their influence to ensure that their suppliers commit to greening their practices, for example, by including life-cycle costing in value for money assessments in tender opportunities, including the costs of externalities such as CO₂.^[14]

5— Socially productive use of land and property

Local land and property represent an asset base from which community wealth can be accrued through equitable forms of ownership, management and development. In Community Wealth Building the function and ownership of these assets is deepened to ensure any financial gain from these assets is harnessed by citizens.

The environmental stewardship of the commons for future generations must be a key feature of a green Community Wealth Building movement. Land and assets held by the public sector must be viewed as commons, and the selling-off of these assets, especially land

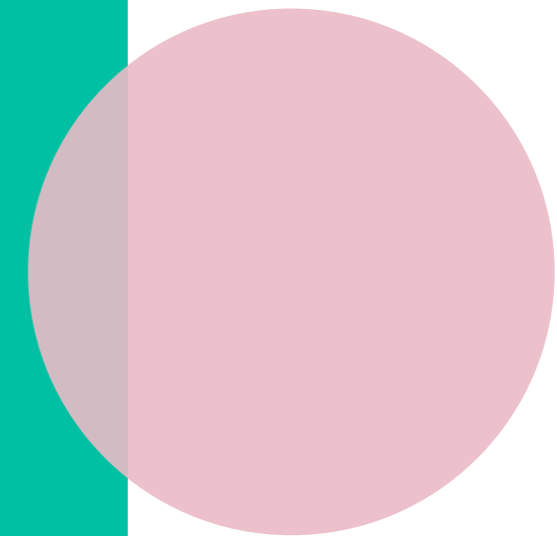
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for development, should not be taken lightly. While the 200-year vision of Scotland's largest landholder, a Danish billionaire currently working to rewild his 221,000 acres, is an example of stewardship, we cannot rely on the philanthropy of the super-rich.^[15] Greater citizen ownership of the built and natural environment must be championed through Community Wealth Building.

— **Conclusion**

Future generations will not have the luxury of separating the economic from the environmental. At the heart of both is the way we allocate resources- from plants to pounds- and how the allocation process has been designed to intentionally funnel these resources into a decreasing number of hands.

Putting this right will require a deep recalibration of how we produce and share everything, not least our social and environmental wealth. As we seek to implement alternatives that can meet the scale of the crisis, Community Wealth Building offers a series of real-life, practical remedies that can strike a blow at the heart of extractive fossil capitalism. We must start right away.



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