



# Owning Our Future After COVID-19

## A Five-Point Plan for US National Economic Reconstruction and Community Transformation

**C** COVID-19 poses a dual challenge: the terrifying public health emergency and the unprecedented economic shutdown. At the same time, the pandemic once again makes obvious the racialized nature of our political economy. It is no coincidence that Indigenous, Black, and Latinx peoples are bearing the brunt of the disaster. Disparate morbidity rates, together with the differential responses to both the health and economic pain being experienced by communities, underscore a truth that long preceded COVID-19—that the real virus is an undemocratic, inequitable and ultimately destructive economic system which attacks the vital organs our lives depend on: our communities, how we relate to each other, meaningful work, how wealth is produced and enjoyed, even the Earth itself.



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The destructive power of this extractive capitalism, revealed again through this pandemic, has been relentless. Its appetite for extraction is insatiable, its capacity for destruction seemingly limitless. People of color in America have certainly suffered the worst effects of this system, but others—women (including women of color, of course), LGBTQI peoples, youth, our elders, and the white working class, have all endured violence at the hands of this system. People of color remain the primary targets, and race and racism continue to be weaponized to divide and conquer and to undermine the possibility of solidarity amongst these groups.

If past performance is a predictor of future outcomes, the COVID-19 pandemic points to a grim future. As the initial crisis passes, we will reemerge into a shattered economic landscape, with the old inequalities of wealth, power, and control we faced beforehand newly amplified many times over. The challenge will be to rebuild this broken economy as one that is not only financially resilient but also sustainable, just, and reparative.

For advocates of a new way—a new world, even—the occasion demands bold and strategic ambition, grounded in an honest reassessment of our prior convictions and assumptions. This paper proposes a cohesive response to the crisis in the form of a five-point plan for national economic reconstruction and community transformation:

1. Preserve local community economies by blocking financial extraction and consolidation;
2. Extend public ownership in the public interest;
3. Ground economic reconstruction in a new era of community wealth;
4. Institute a green industrial strategy on the basis of a green stimulus recovery package;
5. Establish a next-generation institute to support the movement for a democratic economy.

We see this plan as the basis for orienting The Democracy Collaborative, in partnership with the growing democratic economy movement, toward a limited number of points of intervention for maximum leverage in a time of crisis. We realize that many of our peer organizations in the United States, and indeed in other countries, are themselves pivoting to meet the challenges of this time. As we have since The Democracy Collaborative was established 20 years ago, we will continue to learn from and work with others as we evolve our own program and seek to make our contribution. We are all in this together, and this historic moment demands the shared experience and wisdom of all who are struggling for a more just, inclusive and democratic system.

## Two Pathways Forward

Who will own America's economy post-crisis? Two starkly differing paths lie before us. Down one path, we see the extractive economy restored—one established on land stolen from Indigenous people and built on the bloody backs of African slaves. It will continue to be an economy fed by low wages, especially for essential workers from Latinx and other communities of color. Too many white working-class people who have benefited from the currency of whiteness will continue to forfeit their opportunity to be in coalition with communities of color—and will themselves continue to suffer as a consequence.

Following this path, as the nation did after the 2008 Great Financial Crisis, will mean corporations are bailed out and the wealthy are protected, while the brunt of economic losses—bankruptcies, foreclosures, and a pile-up of household debt—are borne by ordinary people, particularly those on low incomes and people of color. Main Street businesses will go under, with the best firms acquired by large companies and private equity at fire-sale prices. Elite, concentrated, absentee ownership will increase massively. The chasm of wealth inequality will widen, together with the nation's racial

wealth gap. At worst, this more virulent form of hyper-capitalism will survive through state authoritarianism, buttressing an already racialized police state that suspends basic liberties, backed by a vicious populist politics. In such a scenario, the rough beast slouching toward us will wear the face of corporate neofascism.

Thankfully, there is another path—one that leads to a just, reparative, democratic, antiracist economy of broad prosperity and shared power. Here, government will belong to and serve the interests of *We the People*—with “we” meaning *all of us*. In this scenario, when big companies receive aid, the public will receive an equity stake in return. These stakes could be placed into citizen wealth funds and used to rebuild shattered communities, both urban and rural, and could pay dividends as reparations to Black, Brown, and Indigenous communities from which extractive capitalism has taken the most. Those who have contributed so much to the wealth of America but always been denied their share will finally receive a stake in owning their own future.

In this scenario, investors will become part of the solution. New investment vehicles will spring up to preserve local businesses, transitioning them—when feasible—to shared ownership. Instead of extractive private equity gobbling up distressed assets on Main Street, it will be fossil fuel companies that are bought out at fire-sale prices by government in order to wind them down. As COVID-19 recedes, a massive green stimulus will refloat the economy, creating millions of jobs and propelling us into the sustainable, post-consumer economy that the well-being of our planet requires.

As we move through and ultimately out of the COVID-19 crisis, one world or the other will be left behind—with consequences for generations to come. One path may seem far more likely than the other. And yet the shape of the future remains radically undetermined. With crisis comes opportunity. Collectively, we face a once-in-a-generation opening to build a better world—our



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grounded in the places we love, binding us together in a new, generative, democratic system where all can thrive. We must strive to use the economic recovery as the starting point for a new birth of community in America.

We offer a five-point plan for shaping a powerful response to the crisis, a set of strategies to put the nation on the high road to a democratic economy rather than continuing down the low road of today’s elite-enriching, financially extractive economy. This is an ambitious program—and progressives do not yet have the power base to bring it all into effect. But it offers a line of march, a direction around which to calibrate joint efforts, and a call to action with which to engage allies. This is a critical moment. How we handle the post-crisis recovery phase will help set the terms for the 2020s—the decade in which our collective future, the shape of things to come, will largely be decided.

# A Five-Point Plan for US National Economic Reconstruction and Community Transformation

## 1 Preserve local community economies by blocking financial extraction and consolidation.

Amidst this crisis, local communities risk losing what remaining control they have over their economic future. We face the frightening prospect of a massive ownership transition, as large numbers of small and medium-size enterprises go under or are sold at pennies on the dollar. We can help make this a transition for good rather than for ill—preserving and supporting local businesses in the crisis, then keeping them rooted in community for the long run by transitioning them whenever possible, in the recovery, to models of shared ownership.

Small business is the lifeblood of our economy, providing nearly half of all jobs and circulating three times more money back into local economies than other companies. Yet according to the National Bureau of Economic Research, only one-third of small business owners could survive a shutdown of four months or longer. In majority African American communities, most small businesses have less than two weeks' worth of cash available. Many small- and medium-size enterprises (SMEs) could be lost forever. The pain of these closures will fall disproportionately on low-income workers of color. In rural areas, this could mean economic recovery never comes.

For the pick of the bunch, another fate may be in store. Waiting in the wings is private equity, with a reported \$2.5 trillion on hand, ready to acquire companies at fire-sale prices. Further acquisitions will be made by corporations. Cities could lose



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their engines of prosperity. Millions could lose their jobs, which the corporate drive toward automation could mean are gone forever. Down this road lies a massive shift in ownership upward to elites—"trickle-up" on steroids.

Capital will be the key agent needed to preserve

and restore SMEs. Yet it must be of a new kind—both public and private, but operating in either case in the wider public interest. First, we must call for mobilizing public capital to prevent the leveraged buyout of local economies by private capital. One mechanism could be a federal, state, or even city-level holding company that would acquire struggling SMEs and hold them until they could be relaunched in the recovery. One historical model is the

Reconstruction Finance Corporation, used to great effect in the New Deal when it became the nation's biggest bank and single largest investor. The International Monetary Fund's research arm has already indicated such vehicles may become necessary in the COVID-19 crisis. If such a visionary move seems politically impossible now at the federal level, states or cities could pilot the model, creating Local Economy Preservation Funds. These might be financed through the Federal Reserve's Municipal Liquidity Facility. When firms are exited from these funds in the recovery, preference should be given to shared or local ownership—by employees, communities, municipalities, local owners, and people of color.

Other public interventions may also be possible. The Treasury Department should be urged to quickly expand the capital base of the nation's roughly 1,000 community development financial institutions, which use a combination of federal and investor assets to lend in disinvested, beaten-down communities. The emphasis should be on CDFIs that specialize in employee ownership and support for local business.

We should also mobilize private wealth, with local investing and impact investing by high net worth individuals becoming widespread new norms, something the era of low interest rates may make possible. New impact funds are already planning to purchase and hold companies, with a view toward exiting the firms to employee ownership. Support for startups by entrepreneurs of color and women will also be needed to fill the gaps in hollowed-out local economies.

Such processes cannot be about restoring the *status quo ante*. Preserving locally owned companies is a vital first step. But to build a more just and democratic economy, we must root ownership in community for the long haul by transitioning firms when possible to local shared ownership models.

Much as the nation made a strong commitment to homeownership—albeit one with severe limitations on racial lines—after World War II, we now need a national commitment to broad ownership of enterprise. It might include the creation of a National Commission on Shared Ownership, which would launch conversations on how this differs from elite, extractive ownership, laying the groundwork for a new movement for owning our future after coronavirus.

## **2 Extend public ownership in the public interest.**

**It's time to usher in a new era of democratic public ownership for public purposes as part of our collective response to COVID-19. First, in order to protect communities, workers, and the environment, we must block crisis profiteering by absentee corporations and extractive capital. If the government bails out large corporations, it should receive ownership stakes in return and use its voting rights to restructure and repurpose companies in the interests of people and planet. The time has also come to establish long-term democratic public ownership as a new common sense, especially in essential sectors such as utilities, housing, transportation, education, and health care.**

In responding to today's economic crisis, we must not repeat the mistakes of the 2008 Great Financial Crisis by using public funds to bail out distressed industries in ways that deepen inequality. Instead of "bailouts" that reward elite shareholders, government should instead perform "buyouts" in which the public gets an equity stake in assisted firms. In such instances, the government should be an active owner, embedding

democratic values and public purpose within these companies, to deliver on pressing social, economic, and ecological needs. For instance, car companies might be tasked with producing electric buses and other mass transportation vehicles. Large financial institutions could power a renewable energy transition and revitalize the real, productive economy. Airlines could refocus solely on long haul flights, with revenues helping fuel a massive expansion of high-speed rail and other less carbon-intensive forms of transportation. Fossil fuel companies could be decommissioned or converted to renewable energy production in an orderly fashion, providing for both the nation's energy needs and a just transition for workers and communities.

Public equity stakes from government rescues could be placed in a social wealth fund. Versions of such funds, often called sovereign wealth funds, are already in existence across the United States (such as the Alaska Permanent Fund) and around the world (such as the Government Pension Fund of Norway). Such funds could finance community restoration, support universal basic services, or pay dividends to citizens. In the American context, these social wealth funds could be explicitly set up as reparations funds, undoing the pattern of material dispossession that has held since European colonists first set foot on the continent. These reparations funds could be the basis for finally achieving economic justice in response to the legacy and ongoing extraction experienced by Indigenous, Black, and Latinx peoples while also giving rise to new political alliances among them. White working class people who are discovering that the wages of whiteness have undermined their own economic interests might also be incorporated into coalitions and solidarity with these groups.

To block crisis-enabled financial extraction, the public should be given the right of first refusal on large corporate acquisitions and mergers during the crisis and recovery. Approval of corporate acquisitions and mergers in essential industries—food, medical equipment, pharmaceuticals—could

be conditioned on companies adopting new charters mandating public interest and democratic governance approaches. Such steps could prefigure an era in which maximizing returns to capital is viewed as outmoded, archaic, and dangerous in a world of interdependence and resilience.

The crisis has refocused attention on the failure of the corporate ownership model. One glaring example is vaccine production, neglected because it was insufficiently profit-producing. Going forward, we must defend public ownership—for instance, beating back Trump administration attempts to privatize the U.S. Postal Service—but also extend it in such areas as pharmaceutical production as a vital element of a thriving economy of plural forms of broad-based ownership.

### **3 Ground economic reconstruction in a new era of community wealth.**

**Communities face an imperative to take back the power to determine their own fate. This means abandoning the practice of luring absentee corporations through tax giveaways, and instead begin building broad prosperity from the ground up in every community in America. Building community wealth should be the basis of a national reconstruction strategy. The explosion of mutual aid groups and community tables in the crisis could be incorporated into a major push to build power at the community level, centering recovery and reconstruction in the paradigm of community wealth.**

Community wealth building—developing local assets and institutions in ways that ensure wealth stays local and is broadly shared—first emerged in the 2000s to challenge the underlying logic and failures of neoliberalism. Over the last two decades, community wealth building has gained momentum as the local economic development alternative. It presupposes new levels of community control and the expansion of community power and democratic economic infrastructure. It must now become the dominant



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paradigm. This means “going big” to *integrate* and *scale* the model: *integrate*, by intentionally weaving together a growing patchwork of institutions, activities, and constituencies to create a new self-conscious politics of community; and *scale*, by moving out of the narrow lanes of economic development and into across-the-board economic policies and strategies, mobilizing the full weight and resources of the local public and nonprofit sectors for community stabilization, development, and well-being.

A key power base of community wealth building lies in place-based institutions, such as nonprofit hospitals and universities. In adopting the “anchor mission,” these institutions seek to deploy their substantial resources to benefit local communities through targeted hiring, purchasing, and investing. This must now become the norm, not the exception. Beyond “eds and meds,” the whole of the public sector should be mobilized, including local government, K-12 education, public policy, and not-for-profit activity, forming the basis for re-exerting wholesale local economic control.

As literally trillions of dollars come from the federal government to stimulate state and local economies, civil society organizations and political leaders should mobilize together to rapidly plan how to direct these resources toward building the ecosystems and structures of community wealth. Community wealth building practice must shift to

meet the scale of the emergency—going beyond pilots and demonstration projects to help deliver a thoroughgoing recovery and reconstruction through economic transformation.

Post-COVID-19, we need to create an economy where the needs of the community, as well as the imperative to live within planetary boundaries, come before the prerogatives of private capital. Clear principles for the recovery flow from this approach. We must resist calls for cuts to public sector jobs and spending. The jobs that return should be full-time with benefits, not the precarious work that has come to predominate. Public and tax-favored private institutions—corporations, schools, city and county governments—should evaluate all their purchasing and procurement to see how much can be routed to local and democratically owned businesses. We should develop incentives for re-localizing procurement, since we have seen how global supply chains have broken down so spectacularly in the pandemic. When possible, we should bring manufacturing from overseas back to our communities, and keep it in the hands of businesses that are broadly owned, to create greater resilience.

In an ironic turn of events, the COVID-19 crisis may leave the entire nation looking like the Rust Belt, with its swath of lost small businesses and shuttered storefronts—the landscape for which community wealth strategies were first developed. As the national landscape takes on the devastated character of the Rust Belt, community wealth building principles are uniquely positioned to be at the heart of our economic response.

## **4 Institute a green industrial strategy on the basis of a green stimulus recovery package.**

After the emergency phase of the crisis, the economy should be rebooted on the basis of a Green Stimulus. Looming beyond the massive

short-term economic damage of the pandemic is a far larger crisis in the shape of Anthropogenic climate change. A Green Stimulus would not only restart the economy after the present crisis but help stave off the next. This is the call from climate and environmental justice organizations, whose work on the proposed Green New Deal is now being adapted to visions of how to best emerge from the pandemic. A post-COVID-19 Green Stimulus should be used to create living-wage jobs, transform the public health and housing sectors, and shift the economy away from fossil fuels.

Those suffering the most death and economic damage from COVID-19—low-income people and communities of color—are also those most vulnerable to the impending effects of climate change. Absent a focus on climate justice, any economic stimulus risks worsening these inequalities and further entrenching fossil fuel reliance. An ambitious Green Stimulus, by contrast, would be a down payment on a regenerative economy that builds wealth and resilience. We can invest in millions of green, union jobs to serve the nearly 40 million (and counting) who have filed for unemployment in the current crisis. We could build the public sector workforce and expand opportunities for shared and local ownership in green industries, while providing a just transition for workers in fossil fuel and carbon-intensive industries.

Green Stimulus investments must institute energy democracy through community- and municipally-owned renewable power. Also critical are major investments in greening our housing stock, particularly public and affordable housing. We must likewise build the resiliency of our water systems to deal with extreme weather events, and expand the capacity of public transit systems while making them fare-free. Such investments must be responsive to—and designed in collaboration with—frontline and fence-line communities that have suffered the most from disinvestment.



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We will not make our way safely through the climate emergency if our economy remains dominated by corporations with a primary duty to profit maximization and investor return. This crisis has shown how the market fails when confronted with existential risk, and how basic services that should be universal—such as broadband or energy—cannot be treated as the byproducts of profit-seeking investments.

The fossil fuel industry provides perhaps the clearest example. Hundreds of oil and gas companies will likely seek bankruptcy protection, attempting to evade worker and environmental protections in the process. Left unprotected are millions of people unable to pay their utility bills because of this crisis, who are having utilities shut off by companies designed to commodify energy for profit rather than serve the public



interest. Public ownership of the industry is the clearest pathway to managing a shift away from fossil fuels in a way that puts workers, affected communities, and the public interest first. This moment should be used to transform our utility system, perhaps through a new federal Community Ownership of Power Administration (COPA), working for a large-scale shift from investor- to community-owned energy.

A green industrial strategy—pairing a federal injection of capital with strict environmental regulation—could support the transition of workers into green jobs, while also mobilizing us to keep global warming under 1.5 degrees Celsius within 10 years. Such a strategy will also require regional coordination of the sort being seen during the pandemic, as governors retain collaborative control of when and how to restart the economy. These emergent approaches can be built into new forms of national, regional, and local government planning that must be reclaimed and re-energized as we enter the long climate emergency.

## **5 Establish a next-generation institute to support the movement for a democratic economy.**

Prior to the current crisis, a tremendous wave of local organizing and activity was already taking place across the nation—around housing, racial equity, gender equality, minimum wage campaigns, climate justice, immigrants’ rights, and more. We at The Democracy Collaborative continue to be inspired by the hard-won experience and wisdom of these heroic community-based efforts, from which we have greatly benefited and learned valuable lessons for our own work. Yet even when these activists achieved important victories, they ran headlong—every time—into a system taking the nation on a downward trajectory toward greater inequality, rising environmental destruction, and the undermining of our democratic polity. In the

**face of this plutocratic system, the landscape of progressive organizing has thus far remained too fragmentary and disconnected, with inadequate larger-order systemic thinking and analysis, to challenge the dominance of neoliberalism and corporate capitalism.**

Historically, the constraint on the system’s capital bias has been from government policy and organized labor. But the U.S. government has been largely captured, and labor’s strength has dramatically declined. We need a new institutional power base. This might be constructed by uniting the growing efforts of community-building institutions, grassroots organizers, and next-generation enterprise developers who are already engaged in democratic economic experiments. We need a catalytic, sustained, and organized effort to take their work to a scale commensurate with that of the challenge—advancing the democratic economy by building power, policies, and institutions-hand in hand with powerful movements working in a converging direction. In this way, we can position the democratic economy as the new economic paradigm for America and beyond. This is, obviously, not simply the work of The Democracy Collaborative, but of thousands of organizations at all levels of our society, joining together in a spirit of trust, co-learning, reciprocity, alignment and respect.

Where it begins, in the shattered post-pandemic landscape, is in rebuilding wealth rooted in our communities. This requires the development of a new politics—beyond single issues and individual models—built around achieving deep systemic change. Throughout American history, broad social movements have succeeded in pushing forward progressive agendas, whether in the Progressive Era, the early labor movement, or the civil rights movement. We need such a movement appropriate for our own times and challenges, linked to a system change agenda, capable of pushing radical “non-reformist reforms.” Our communities must start demanding a new

approach that can hold local and national political leadership to account.

Achieving change at this level of ambition will require the development of new movement infrastructure and capacity, as well as an alliance among groups of unlikely bedfellows—investors, entrepreneurs of color, nonprofit leaders, mayors, governors, activists, faith leaders, academics, economists, anchor institution leaders, civil society leaders—as well as countless voters and community organizers. Also critical to this work are all the groups and individuals advancing progress in such areas as reparative justice, climate justice and green energy, employee and worker ownership, land trusts, and municipalization. Grounded support, training, truth-telling, and cross-racial, cross-sector relationship-building will be critical to meeting the challenges ahead, and to knitting together a powerful movement for deep change.

Building the alignment, power, and energy that fuels a movement such as this will require deeper and more innovative approaches to political education. We envision a new research and training institute that supports movement-building and the development of resilient and long-term leaders, who become fully aware of cutting-edge practices and policies in many countries, trained in theories of organizing and enterprise development for long-term systemic change. Such an institute would also organize retreats, summer schools, visiting fellowships, and act as a place of contemplation and grounding for the work and the strategy. It would help create the relationships, trust, spaciousness, and time to facilitate deep thinking and reflective praxis. It would be the home of deep system-change ideas, the source of their propagation, and the archive and repository of institutional memory and knowledge for the wider movement.

We need such a training institute to give people a place to stand, to cultivate the whole person, to learn from one another, to challenge unexamined assumptions and beliefs, and to empower their



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activism toward systemic change and enable their own development beyond politics and toward emotional intelligence, resilience, and well-being (without which too many activists burn out, drop out, and simply give up hope, becoming casualties of the system). The Democracy Collaborative's specific contribution to this effort is to build upon our two decades of intense work and deep practical knowledge on new economic models, on new public policy at all levels, and on systemic design and theory.

To this end, we envision augmenting our existing institutional capacity with a new training institute that would ground our ideas and work in deep pedagogy and practice, aimed at cultivating the well-rounded and more deeply informed and trained movement leaders necessary to carry this work forward over the long haul. We currently lack the appropriate tools that would allow for the kind of cut-through and inspirational effect we will require if we are truly to sweep through the existing system and effect change—like poet and Nobel laureate Seamus Heaney's once-in-a-generation tidal wave of justice that rises up and makes hope and history rhyme.



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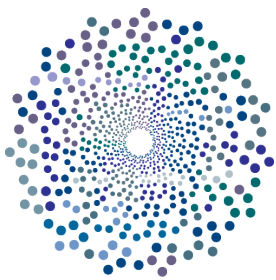
## Conclusion

For decades, many have pointed to the inherent failures of our political-economic system and its inability to deal with growing challenges, from climate change to wealth inequality. Now, with the COVID-19 pandemic, the system's contradictions have become intolerable. The precariousness of modern work, the eviscerated public sphere, the consequences of the limitless extraction of wealth from our communities and its redistribution upwards to the largest corporations and a tiny group of elites, the marginalization of a government apparatus demeaned by right-wing ideology and corporate capture, the fragility of a health system that is not a system at all—all stand revealed in the light of the present emergency. These crises were present long before COVID-19. But this pandemic is doing what even the Great Financial Crisis of the last decade could not; it is revealing the necessity of fundamental changes in our social and economic organization.

A different kind of economy is further along in development than most realize, worked out in tangible detail in economic institutions and practices that are succeeding all around us, yet often remain invisible. This new kind of democratic, sustainable, reparative economy is both possible and now necessary, in ways previously unimaginable.

The COVID-19 crisis may well mark the beginning of a large historical rupture, a great divide between one era and another. We may be approaching a watershed moment in political affairs. There is no returning to the already-broken past before the crisis began. A new social and economic order must be built. We hope this five-point plan of action can be a starting point.

The work ahead will not be easy or automatic. But we must push forward on many fronts to advance the systemic transformation our time in history demands. Put quite simply, and to borrow a phrase beloved of our political opponents, *There Is No Alternative*.



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