

“Community-Based Asset Building: The Role Played by Credit Unions, Cooperatives and other Community-Based Businesses”

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Summary and Findings: Cooperative and community ownership provide opportunities for low-resourced people with few traditional opportunities to create new economic opportunities. My research on African-American cooperatives, for example, finds that cooperative business ownership, cooperative financial institutions, and co-op housing have been solutions to past economic challenges, such as debt peonage under Jim Crow; lack of food, affordable housing, and financial services during the Great Depression; and various forms of racial economic discrimination throughout the past 200 years. This current study focuses on analyzing community-owned businesses as community assets and how they develop economic, environmental, social, and cultural capitals in their members, employees, and communities. Case studies provide in-depth analysis into how these enterprises contribute to community-based asset building. Community development credit unions associated with the Federation of Southern Cooperatives, in Louisiana, Alabama, and Mississippi, provide affordable services and opportunities for low-income members to be banked and save and to take out nonpredatory small personal, auto, and business loans and mortgages. They often also donate directly to community efforts.

Implications for Policy and Practice: My research suggests that enterprises that develop collective as well as individual financial benefits (such as good jobs, business equity, retirement and other savings, land ownership, affordable housing, and commercial real estate), and positive externalities (such as leadership development, economic and environmental sustainability and revitalization, job ladder mobility, education and training, financial literacy, and civic engagement) are community assets because these impacts extend beyond the individuals who are directly connected with the enterprise. As community assets themselves, and also enterprises that develop community-based assets, these community businesses are an important strategy for urban and rural revitalization and asset building in underresourced communities. Cooperative development is an important community economic development strategy, particularly for redeveloping places like New Orleans and the Gulf Coast, even New York City and New Jersey, after disasters; and credit unions are important asset building enterprises that are an alternative to payday lenders and subprime lending. My paper concludes by suggesting public policies, particularly state level policies, that promote and support cooperative and credit union development, and community ownership of local small businesses.