

Common Ground

CED & the Social Economy – Sorting out the Basics

BY MIKE LEWIS

Social economy? Community economic development? Social entrepreneurship? The corridors of power may not yet echo with such questions, but at least a faint hum is discernible as a small but growing number of federal civil servants puzzle over the lexicon introduced by the new Prime Minister, Paul Martin. What is the man talking about?

Even this scratching of heads is a big step forward, however. For years, the success that citizens have had in reshaping the economic and social circumstances of their communities has escaped the attention of most politicians and policy-makers.

As much as this new attentiveness is a cause for celebration, however, let's be sure our federal friends get it right. The challenge is to translate welcome political attention into supportive, well-structured federal policy and investment. To accomplish this requires understanding the basic concepts and scope that constitute each of these burgeoning arenas of community-based action.

Territory & Enterprise

Even in times of prosperity, Canada experiences a dual economy of mainstream growth and chronic pockets of poverty. Bypassed by the regional or national economy, some places and citizens experience a vicious cycle of social and economic decay that consigns them to unemployment, business failure, family stress, crime, deteriorated housing, and poor health, among other ills.

Despite all this, people have found ways to reverse destructive processes and create a healthier setting for life and work.

One way is community economic development. CED is rooted in the struggle of citizens living in disadvantaged communities to reinvigorate the places they call home. For that reason, Québécois and Europeans often refer to CED as a *territorial* approach to community revitalization. Communities bypassed or marginalized by the ordinary processes of regional or national economies get caught in a vicious cycle of social and economic forces that can lead to a chronic outflow of capital and people. RESO, a CED corporation in Montréal is one of many CED organizations

social economy has a primary focus on enterprise development that aids the achievement of social goals.

An Analytical Prism

Let's explore the points of convergence and divergence between the territorial approach of CED and enterprise focus of the social economy. To do so, it is useful to determine the key social and economic tasks to which we must attend when building more inclusive and sustainable local economies. Here is my list of ten.

CED & the social economy together constitute one purposeful movement. Each places a different emphasis on the scope & focus of development action. By combining our efforts to build a development system, we can map & clarify the ways in which our common vision of a more just & sustainable economy can be realized.

working in various parts of Canada to create a durable basis for hope in neglected and despairing "territories." (See "Transformed by CED," p. 21.)

A second response is the social economy. Like CED, actors in the social economy endeavour to organize citizens to become agents of their own development, primarily through enterprises that embed social goals in their business operations. The Social Economy engages an array of communities of interest that undertake collectively-owned enterprises founded on values of solidarity, autonomy, democratic decision-making, and the individual and collective exercise of citizenship.

Herein lies the most basic distinction: CED has a primary focus on territory; the

The Social Tasks

- Provision of quality education.
- House people affordably.
- Enable people to live healthy, secure lives.
- Ensure that citizens can be active culturally and recreationally.
- Support persons' efforts to engage fully in the life of the community.

The Economic Tasks

- Build local equity and ownership.
 - Make credit accessible.
 - Prepare people for employment.
 - Plan, research, and advocate on behalf of the community.
 - Supply adequate physical infrastructure.
- (See diagram, p. 8.)

10 Key Tasks

What must we do, have, or create if communities are to thrive?

Affordable Housing & Food Security are basic to human physical, emotional, and social functioning.

Social Supports strengthen the connection between citizens, foster inclusion, facilitate participation in community life, strengthen families, and encourage the realization of individual and collective goals.

The Social Tasks

Health & Safety are essential to our willingness and ability to participate in community life as parents, employees, business-owners, voters, and investors.

Access to quality **Education** will determine much of what people do with their lives and the contribution they make to the lives of others.

Culture & Recreation reinforce the physical and emotional health of citizens and communities. Opportunities for leisure and reflection broaden and deepen people's participation in other aspects of community life.



The Economic Tasks

Local Equity & Ownership ensure that local interests influence business decisions and that the resulting capital is reinvested in local development.



Preparing **People** to become competent employees, employers, organizers, co-ordinators, administrators is what fuses the "people supply" to "people demand."

Accessible Credit focusses on extending loans to people marginalized from conventional financing.

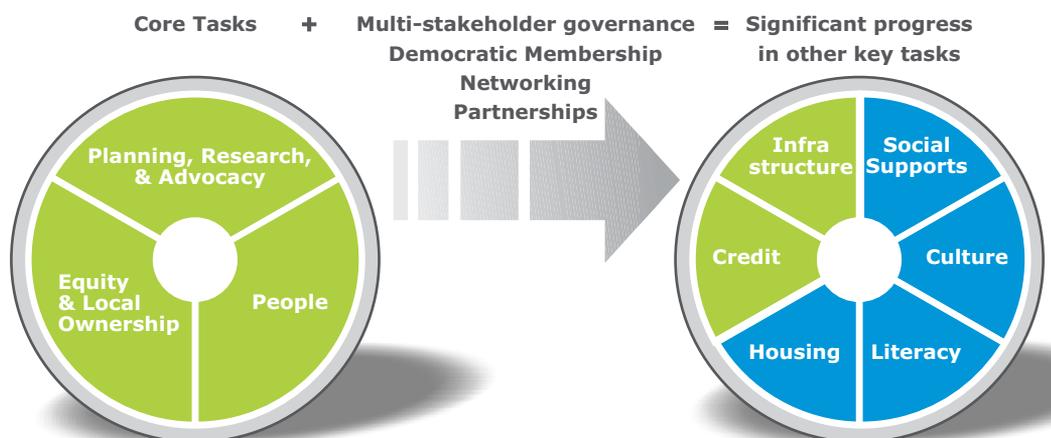
Planning, Research, & Advocacy enable people to make good decisions about what to do, when to do it, with whom and with what.

Physical **infrastructure** is the array of public and private installations that undergird public health, mobility, and communication.

Distressed communities lack resources and capacity to address these 10 tasks adequately. To reverse the cycle of decline, a strategic array of initiatives is required that addresses several key tasks over many years. Integrated into this comprehensive, long-term approach, programs and enterprises can achieve synergies and results that would not otherwise be possible. They become part of a **development system**.

RESO has built such a system in southwest Montréal. A strategic approach to three core tasks plus extensive partnership-building in relation to six others have made RESO an engine of community revitalization.

RESO's DEVELOPMENT SYSTEM



These are the tasks that shape our social and economic landscape. CED organizations weave several of these tasks into an ensemble of strategic action aimed at stemming the outflow of capital and people from a geographic community. Building on existing strengths, CED organizations create and leverage new resources for the development of the community as a whole.

The more comprehensive, systematic, and sustained the approach, the more effective it is likely to be, research has revealed. In her study of the revitalization of devastated inner cities in the United States, Lisbeth Schorr of Harvard University discovered that the most successful initiatives had four things in common.

1. *They combine action in a number of domains.*

Successful initiatives for community change all possess a “comprehensive mindset” that forms the lens through which they survey problems, opportunities, and solutions. They understand the necessity and the effectiveness of working at the same time on economic and physical development, service and educational reform, as well as community building. But they are strategic in choosing where to begin, in sequencing their activities, and how much they take on at once.

2. *They rely on a community's own resources and strengths as the foundation for designing change.*

Successful initiatives reflect the specific assets, needs, institutional relationships, and power structures of individual communities. Community-building is more their orientation or mission than a technique, activity, or program, and grows out of the conviction that inner-city residents and institutions can and must be primary actors in the resolution of their neighbourhood's problems. Thus successful initiatives essentially change the nature of the relationship between the community and the systems outside its boundaries.

3. *They draw extensively on outside resources, including public and private funds, professional*

expertise, and new partnerships that bring clout and influence.

While this may seem to contradict the second conclusion, it does not. Many of the problems faced by inner-city residents arise from powerful economic forces and from deficiencies in public systems that originate far beyond the borders of the distressed community. The new relationship between insiders and outsiders alluded to above must allow for a flow of information and wisdom in both directions. In successful community-based initiatives outsiders perform three roles. They provide

- *funding.* They make their money available in amounts and under conditions that are related to the objectives to be achieved. Funding is structured to be predictable over periods long enough to get results.
- *clout* that can help remove or reduce political, bureaucratic, and regulatory obstacles that interfere with a coherent approach to interventions.

The local or regional situation needs to be understood as a development system in disrepair, not a collection of loosely related problems & needs. The most effective interventions build the capacity of distressed communities to marshal resources & apply them in a more integrated & strategic way.

- *technical assistance.* They can mobilize and broker expertise that may not be readily available otherwise but is crucial to ongoing development and to the effectiveness of community-based initiatives.

4. *They focus on long-term outcomes.*

Successful initiatives are oriented towards achieving long-term, durable outcomes even while recognizing that, from a community mobilization point of view, short-term results are also important.

In short, the local or regional situation needs to be understood as a *development system* in disrepair, not a collection of

loosely related problems and needs. The most effective interventions build the capacity of the distressed community to marshal resources and apply them in a more integrated and strategic way, particularly in long-term action relevant to several of the ten key tasks. (Research into the characteristics of successful Canadian CED initiatives has come to conclusions very similar to Schorr's.)¹

The Linkage to the Social Economy

Integral to any CED strategy in a particular locale is enterprise development. It can involve a range of tools and techniques, including entrepreneur development, business incubators, services aimed at business retention and expansion, and social enterprises. The development of social enterprises (or *social economy* enterprises as they are often called in Québec), is a particularly important arena of strategic action for several reasons.

- Social economy enterprises are locally owned, thus creating new equity resources that can be reinvested into the ongoing process of development.
- Social economy enterprises often engage as workers and owners specific sub-populations that have difficulty finding employment – for example, single parents, cultural workers, and the physically or mentally challenged. They combine business development with people development to reduce marginalization within a community and to expand democratic ownership.

- Many social economy enterprises perform key social tasks, for example, care of children, cultural and recreational activities, community health clinics, recycling of waste, environmental restoration, and housing alternatives.

But this is just one of the ways in which CED and the social economy are inextricably linked. If they are to scale up their activities and their impacts, these two dynamic approaches to development action also have some common needs to meet.

Think about the upsurge in Québec's social economy in the last seven years. Well over 4,000 of these businesses have emerged in Québec, practicing democratic forms of participation and ownership and engaging communities of interest, including people with disabilities and single parents living on low income. They employ 65,000 people, generate sales of over \$4 billion, and encompass a remarkable range of sectors: recycling, cultural businesses, alternative media, forestry, child care, manufacturing, transport, health, funeral services, technology businesses, and ecological and cultural tourism.

What has caused this explosion of activity? There are several factors, but among the most important are the institutions that have been established since 1996 to address three of the key economic tasks. (For more details, see "The Political Imperative," p. 26.)

- *Planning, Research, & Advocacy:* The *Chantier de l'économie sociale*, launched in 1996, is a network of networks that embrace hundreds of organizations committed to the social economy and CED. Through a community-university research alliance, university researchers partner with practitioners to create knowledge and tools that advance the social economy. Complementing this at the local level in Québec are 111 *centres local de développement* (local development centres, or CLDs) that help support the planning and launching of social enterprises as part of their development action.
- *Credit:* The *Réseau d'investissement social du Québec* (RISQ), created by the Chantier in 1997, makes capital and loans accessible to social enterprises and CEDO ventures across Québec. RISQ's \$10 million in investment capital is leveraging other sources of participation, including loan funds run by CLDs and, to a lesser extent, Community Futures Development Corporations.
- *People Development:* RISQ provides technical assistance to social enterprises as do a range of CED organizations and CLDs across Quebec. There are also initiatives to improve management capacity among businesses working in the same sector, as well as work focussed on improving the skills of workers in different sectors.

In short, a province-wide development system is emerging in Québec to grow the social economy. CED organizations are part of this system, supporting and fostering social enterprises and helping to access the new credit resources managed by RISQ. Likewise, the accelerated growth of social economy enterprises is crucial to revitalizing the territories that are the primary concern of CED organizations. Just in the years 1997-2002, the support that RESO, the Chantier, and RISQ rendered to the social economy sector helped create over 500 jobs.

Québecers have been smart. They have included the CED sector as an integral partner in advancing the social economy. They have built on the strengths of the co-operative sector. Also, by ensuring that other key social movements and networks (e.g., women and labour) are around the Chantier board table, they have succeeded in mobilizing a broad array of political and economic resources.

Imagine what we could do if we followed that example and reconfigured the way members of the community sector relate to each other? Can we imagine a "communities agenda"?

I think we can. Elements of it are already in play in the policy agenda advanced jointly by the Canadian CED Network and the Chantier. The conference upcoming in May 2004 in Trois-Rivières is another amazing opportunity for us to work together to articulate a strong communities agenda in which

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CED and the social economy will play vital roles.

CED and the social economy occupy common ground. Together they constitute one purposeful movement. Each places a different emphasis on the scope and focus of development action. By combining our efforts to build a development system, we can map and clarify the multiple ways in which our common vision of a more just and sustainable economy can be realized. The result can only be a more vibrant, sustainable, and dynamic society.

References

¹ Lisbeth Schorr, *Common Purpose: Strengthening Families and Neighborhoods to Rebuild America* (New York: Doubleday Anchor Books, 1997). For the results of Canadian research into the characteristics of the most effective CEDOs in Canada, and the policy environment that can foster such characteristics see chapters 12 and 13 of *Reinventing the Local Economy: What 10 Canadian Initiatives Can Teach Us About Building Creative, Inclusive, and Sustainable Communities* (Port Alberni, B.C.: Centre for Community Enterprise, 1994) by Mike Lewis and Stewart E. Perry, and "The Ecology of Success: The Problem of Scaling Up What Works in CED," by Mike Lewis, in *Making Waves*, 10:1 (Spring 1999), 12-16. Both are available on-line in portable document format (PDF) from the CED Digital Bookshop www.cedworks.com.



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Naming the Links

Social economy, social enterprise, social economy enterprise, community enterprise, CED enterprise ... in our urge to describe our experiences in the community sector, we sometimes serve up more terminological soup than substance. When it comes to policy-making, unfortunately, inaccuracy is a recipe for ineffectiveness.

Just ask the Canadian CED Network (CCEDNet). The early drafts of its national policy framework defined "community" almost exclusively in geographical terms. This drew fire immediately. How could CCEDNet ignore enterprises established to empower or support communities of interest, like marginalized youth, children, the disabled, and the homeless?

Take for example an enterprise owned by a nonprofit and employing people with disabilities. It does not have "territorial focus" nor does it undertake many of the tasks required to turn around a declining neighbourhood. Yet in its commitment to inclusion, citizen engagement, and solidarity, the enterprise is clearly on the same wavelength as CED organizations. Indeed, many CED organizations promote and establish such enterprises. So CCEDNet drafted a more inclusive definition. After all, nobody questions the importance of communities of interest or identity.



However, the attempt to be inclusive can also obscure important distinctions. The neat conceptual clarification used in Québec is one we should take up in the rest of Canada. As depicted in the diagram above, the focus of the social economy is on a particular genre of enterprise, while the focus of CED is on a specific territory. By working in collaboration, they address and interconnect social and economic tasks key to the well-being of geographical communities and communities of interest. CED and social economy are not mutually exclusive; they are complementary approaches to strengthening communities.

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