

**May 22, 2008**

## **Influencing policy to build people centred economies**

First I would like to say something about the role of policy in building people centred economies.

I acknowledge that there are few subjects that get eyes glazing over faster, and clear CED practitioners from a room quicker, than the mention of policy.

This is absolutely understandable because people who are engaged in CED activities tend to be entrepreneurial, activist and busy with the day-to-day grind of making things happen in their communities. The impact of policy can seem slow, ineffectual and frustrating.

Nonetheless, as much as we want to believe what we are consistently told--that CED activities and initiatives must become more self-sustaining--and although it might be nice if we could just do our thing without relying on governments, the reality is that we are all dependent upon the policies of governments in many different ways.

There is not one person in this room whose organization, and or the people and communities that they are serving/ are not affected by social and economic policy, for better or for worse.

Our organizations and the lives of those we work with could undeniably be improved as a result of better public policy. Just ask the folks who live here in Saskatchewan how better public policy under the NDP government could have prevented some of the difficulties they are experiencing today.

So government policy and how we influence it must continue to be at the center of CEDNet's mandate.

I want to pick up on a couple of themes that emerged at yesterday's plenary in the context of CEDnet's policy agenda.

1. CEDNet and the CED movement must have a broad transformative vision—we are interested in transforming our economic system from one that is focused on the individual vs. the collective, competition vs. cooperation, alienation vs. inclusion, inequality vs. equality and profit as a priority over people and environments.
2. As John Loxley and others on the panel yesterday reminded us, many of us are involved in CED as a response to the gaps that have been created by the current economic system and public policies that have shifted to support the free market model. Policies based in neo-liberal economic policy, create poverty, inequality and social exclusion. So the rise in CED efforts should be of no surprise as we see an increase in the number of people who are excluded from social and economic prosperity and are pushed further to the margins.

As noted by Paul Wilkinson, recent statistics confirm that Canada has become increasingly unequal. In fact, the income gap between the rich and the rest of us, as noted by economist Armine Yalnizian, is at a 30 year high – worse than in the recession plagued 1980's.

- Canada's income gap is growing: In 2004, the richest 10% of families earned 82 times more than the poorest 10% -- almost triple the ratio of 1976, when they earned 31 times more.

- By 10:30 a.m. Jan 2, 2008, Canada's best paid 100 CEO's had already pocketed the national average wage of \$38,998.
- The top 1% of families in 2005 paid a lower tax rate than the bottom 10% of families.

Inequality is clearly a reality and a growing one at that.

3. Another important theme raised yesterday was that our biggest problem, as John Loxely noted, is a political problem. How do we shift the discourse? How do we move policy in a direction that allows us to accomplish our goal of creating an economic system that puts people before profits when the dominant view, the view so successfully marketed by its proponents, is contrary to our desire for greater equity and participation? This is a very big challenge that can feel overwhelming. But it is a challenge that we must take up and we can begin to move toward this goal if we organize ourselves, build alliances and remained focused. (we have done it before and we can do it again)
4. Another theme that emerged yesterday and one that we are all fully aware of is that CED is a model that puts people before profit and it can and does address social exclusion. We have seen at the various workshops and site visits many examples of how we are doing this. But...we are a long way from making CED transformative. And while we must push our agenda from the ground up, we need policies that will support us to do this.

And it is this focus on policy that is the priority for us today.

As we reflect on this throughout the day we need to remember that CEDnet has already put forward a communities policy agenda that

was developed through consultation with members. This policy agenda as and is being used to advocate for policy change.

This conference, and Cednets policy position is very much focused on three fundamental themes

## **1. Build Fairer and Stronger Local Economies**

In many rural and urban areas across Canada local economies are suffering. They lack access to markets and sustainable business opportunities. Community economic development presents an opportunity to reverse these disturbing trends. These efforts to rebuild and revitalize need legislative support. CCEDNet advocates for policy that builds fair and strong local economies. We recommend changes in federal and provincial government policy that support and encourage local economies through social enterprise and co-operative development.

- *Create a Social Enterprise Capital Fund.* Recent research on Social Enterprise illustrates that one of the most serious barriers to sustainability is access to long-term patient capital. Through a specialized, long-term patient capital fund that encourages stability and growth, a Social Enterprise Patient Capital Fund would allow communities to overcome funding challenges and optimize effort.
- *Implement an RRSP eligible CED Tax Credit.* CED organizations need access to long term capital. To overcome this challenge we propose a RRSP eligible CED tax credit for Canadians wishing to invest in community economic development investment funds operated by local non-profit corporations.
- *Support Local Procurement Policies.* In the traditional business model, profit rarely stays within a community. When regions implement procurement policies that purchase contracts, goods, and services offered locally, tax dollars reverberate instead of flowing away.
- *Create an Enabling Environment for Co-operatives and Social Enterprise Growth.* In recent years funding through grants and contributions has created more and more bureaucracy and impediments to the sector. We call for accelerating the implementation of reforms to grants and contributions to the community non-profit sector and recommend extending and expanding the Co-operative Development Initiative to increase support for the co-operative sector.

## **2. Tackle Poverty**

In a nation as prosperous as Canada every citizen should be able to meet their basic needs for healthy food, safe, affordable housing, clean water, and access to education.

We believe it is essential that all federal political parties commit to policies that support communities in their efforts to reduce poverty and homelessness, and call for assistance in creating sustainable economic and social opportunities for those most marginalized.

- *Reform Federal Child Benefits, EI, and Pension programs* so that they provide better income support for low-income Canadians. These programs need to be able to support those affected by changes in their circumstances so they have the security they need to make transitions to self sufficiency.
- *Shift Tax Structure To Benefit Low Income Canadians* so those in poverty receive tax relief and are able to build assets, savings, and the capacity to escape the poverty trap.
- *Generate a comprehensive Social Housing Spending Program for Low-Income Canadians.* 1.5 million Canadians households are still in desperate need of decent, affordable housing. We propose renewing and extending the Homelessness Partnering Strategy and Residential Rehabilitation Assistance Program for five years, expanding the mandate of the Supporting Communities Partnership Initiative, and reversing the \$45 million annual cuts to the Canadian Mortgage and Housing Corporation.
- *Support Employment Development through Community Economic Development Approaches to Poverty Reduction.* CCEDNet advocates for increased funding to employment development organizations that promote holistic development for marginalized unemployed individuals to enhance their chances to enter and remain in the labour force.

### **3. Invest in Sustainable Communities**

We need to invest in the future of our communities so that we all benefit from Canada's prosperity. CCEDNet encourages government to support community economic development initiatives that create social, economic, and environmental sustainability

- *Support Rural and Urban Revitalization.* We need to focus on rural and urban community economic development through extending and expanding the Canadian Rural Partnership Initiative and creating a new federal partnership with NGOs,

municipalities and the Federation of Canadian Municipalities focusing on social development and revitalization of urban neighbourhoods.

- *Give new-comers tools to contribute.* We call for the Minister of Citizenship and Immigration Canada to focus immigrant settlement programs and agreements on community economic and co-operative development to help struggling immigrant and refugee communities realize their aspirations for integration and self sufficiency.
- *Promote Local Food Production and Distribution.* Canadians are demanding more sustainable food and agriculture systems. Local farmers are trying to respond. However, Canada's Agricultural Policy Framework has done little to support these initiatives. We call on the Government of Canada to include local food security and agriculture interests in the development of Canada's agricultural policy framework.
- *Empower Communities to Tackle Climate Change.* Individual Canadians are already tackling climate change by shifting towards green business models and changing personal consumption patterns. These localized efforts need to be combined with a tangible federal commitment to honouring Canada's Kyoto Accord and supporting community-led approaches to sustainable development that contribute to reducing carbon emissions and tackling Climate Change.
- *Invest in Children.* We believe that a national child-care strategy that reinstates significant investment in creating and sustaining non-profit and co-operative child care spaces is essential to easing the pressure on working families. We advocate for a universal and comprehensive national child-care program to reduce child poverty and support full social and economic participation for all Canadians.

These are policy areas that CEDnet, through your input, has made priority. Our job today then, is to reflect on the workshops, plenaries, and discussions of the past few days, and begin to flesh out some concrete policy ideas within the three themes that Cednet has identified through the communities agenda. Policies that we can advocate for, that we can build allies around, and that will take us closer to our goal of people centred economies.

We will need to 1. Build policies that move our agenda forward and 2. Organize, mobilize and develop alliances to ensure that these policies come to fruition.

And as we discuss such policies and strategies, we need to keep in mind that the reality is that governments will have to commit financial resources to enable us all to accomplish our goals. As much as we might like to be sustainable, make no mistake, we need government support in many ways and we should fight very hard to ensure that we get that support.

For example...

- we need a national child care program so that parents are able to participate in social and economic life.
- We need a national housing program so that people have a decent place to live, giving them the stability that they need to allow them to participate fully in society
- We need governments to provide adequate funds and flexibility so that multiple barriered individuals can get the training they need and desire to allow them access to good jobs
- We need access to capital and changes to existing programs to give us access to what we need in order to develop social enterprises as a means to people centred economies.

And as much as we get busy in our daily activities, we cannot ignore that we must advocate for these and other policy priorities.

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This leads me to one final issue that I think we need to discuss. And this again picks up on some of the comments made in yesterday's plenary.....the notion – of corporate social responsibility.

I think that it is time that we engage our 'corporate friends' in a broader discussion about policy and corporate responsibility. This may be a challenge because while an increasing number of corporate sector entities have become interested in 'socially responsibility', we rarely if ever hear about how this responsibility relates to their contribution to the public purse. And we have seen that it is absolutely essential to fund many of the program areas that we advocate for. I am talking here of course about taxes...both corporate and individual.

While the conversation may be uncomfortable, the reality is that corporations are paying less and less taxes and this has a huge impact on public policy. For example, the federal government has announced a plan to reduce corporate income tax rates over the next 4 years by more than 7 percentage points. (from 22.12% in 2007 to 15% by 2012). Finance Canada estimates these cuts will reduce federal revenues by just under \$15 billion per year. Just imagine how many families could be housed and how many childcare spaces could be created, how training supports could be enhanced.

Tax cuts are argued for in the name of 'competitiveness....we must be competitive with other countries. Yet a recent report by the well respect KPMG shows that Canada is competitive and competitiveness is about much more than taxes.

Yet lobbyists for the corporate sector continue to call for greater reductions in taxes which will further erode our ability to support important programs. How is it that we will pay for the policies that are necessary to support greater social inclusion and people centred

economies if we continue to reduce government revenues through tax cuts?

Do we rely on the charitable whims of the corporate sector? Or should corporate social responsibility begin with a commitment to contribute to society through taxes? Are there allies in the corporate sector that would be willing to take such a position? It would be a powerful alliance indeed and could move us leaps and bounds toward our goals toward transforming our economic model to one that is more equitable, just and people centred.

So I look forward to an energetic dialogue throughout the day that will help us to build the solidarity and strength that will be necessary to take up the political challenge that is before us.

But in the words of Margaret Mead...

Never doubt that a small group of thoughtful, committed citizens can change the world; indeed, it's the only thing that ever has.