

GOVERNMENT POLICY TOWARDS
COMMUNITY ECONOMIC DEVELOPMENT
IN MANITOBA

BY

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ABSTRACT

Community Economic Development (CED) is a strategy to revitalise a community's economic, social and cultural dimensions. It is meant to help ailing communities heal and grow through a process of community-directed analysis, planning and project implementation. Because CED is a non-market response to social and economic problems, it necessarily depends on financial and institutional support from the government.

CED's success hinges on the amount and type of support received from the three levels of government. It is important, therefore to undertake a detailed analysis of government policy towards CED in order to determine if it is properly formed and directed.

The literature review at the beginning of the thesis provides a theoretical background for CED, including a working definition, the political economy of CED and some ideas on the economic theory of CED. The literature review is followed by an examination of 40 years of government policy towards CED.

The government has been involved in CED in Manitoba for the past 50 years. The considerable archival material that documents this relationship is examined. This analysis will trace the evolution of government policy up to the present. Both successful and not-so-successful programs will be analysed. The results of semi-structured interviews with a variety of key informants will reveal how government policy has significantly impacted CED and will offer recommendations for its improvement.

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DEDICATION

This thesis is dedicated to my ever-patient and loving partner, Enrique Fernández Rivera, who encouraged me to grow, learn and see beyond the confines of procrastination and misgiving.

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Chapter 1: Introduction

1.1 Background

Throughout its short history, the term 'community economic development' (CED) has generated a variety of definitions and, many critics would say, has at times been appropriated by groups who do not respect the true spirit of the discipline. The type of action taken in a CED program should logically follow from clearly stated goals, and the genesis of those goals will be found in one's interpretation of CED. Deciding upon a working definition, therefore, was one of the first cornerstones laid in the development of this thesis. For reasons explained at the beginning of chapter two, the following definition was chosen:

CED is a community-based and community-directed process that explicitly combines social and economic development and is directed towards fostering the economic, social, ecological and cultural well-being of communities [BC Working Group on CED].

It is through this lens that government policy and CED will be analysed.

Because the communities where CED is implemented have few resources, government participation is essential. In fact, one CED supporter has stated that because CED necessarily is a non-market intervention, the role of government is crucial¹. The success of many CED initiatives depends on the type and level of support received from the government; it is therefore worthwhile to conduct an in-depth analysis of government policy towards CED. As the major funder of CED projects, government must be continually looking for ways to improve its policy. Unfortunately, government funding is too often accompanied by strict regulation of

¹As per my interview with Garry Loewen on March 23, 2005.

initiatives, making it impossible for communities to take control of their future and thereby diluting the effectiveness of a CED strategy. Depending on the political climate, governments can also put too much emphasis on private-sector involvement and not enough on community participation. Indeed, the most common source of variance in interpreting CED can be found in striking the right balance between economic and social progress. When too much attention is paid to the economic, CED becomes business development; when social amelioration does not include acquisition of job skills, job creation, development of sectoral linkages and community self-sufficiency, CED can turn into a form of self-defeating welfare delivery.

Examination of a variety of government policies revealed a continuum of program types ranging from highly CED-oriented (and I would argue, successful for that reason) to virtually void of CED tenets. For example, the Fund for Rural Economic Development Agreement Fund (known as FRED), which caused meaningful change in the Inter-lake region, is an example of successful CED. On the other hand, the Winnipeg Development Agreement (WDA) was not community-based nor focussed and consisted largely of bricks and mortar business development. Unfortunately, many government programs lie closer to the side of the continuum that favours business development over a true CED approach.

In spite of the number of programs I examined that did not qualify as CED *per se*, the research revealed a trend towards improvements. My research suggests that this evolution is at least partly due to the improvements in CED theory itself and to the vibrant social-activist climate in Manitoba. Winnipeg in particular is home to many community-based organisations and non-profit groups that work hard to promote the

CED agenda. These groups have received crucial support from charities like the Winnipeg Foundation and the academic community, and as their profiles have increased, the government has taken note.

For better or worse, government has been engaged in CED since its inception and there is considerable archival material to document its involvement, beginning in Manitoba in the 1950s. Government employees such as Jean H. Lagasse and Walter Hlady demonstrated an impressive and deep understanding of the underlying causes of poverty in Aboriginal communities, and their proposals for what was referred to as 'community development' were visionary for the times. The provincial government set up the Manitoba Community Development Services - in cooperation with Indian Affairs - in 1958, and the Canadian community development movement was born. In fact, other provinces used Manitoba as a training and recruitment base for community development officers. [McEwen, 16].

Government involvement with CED continued throughout the 1960s and 70s. On the provincial front, important policy was introduced by the NDP's *Guidelines for the Seventies*. A change in government prevented many policies from being implemented, but the Guidelines can still serve as an example of how government can produce coherent policy to address specific problems. The Fund for Rural Economic Development Agreement (FRED), a bipartite (provincial/federal) program which ran between 1967 and 1977, provides an example of a successful government program. As we will see, the secret to FRED's success was a coherent link between CED theory and its implementation, and the ability of the initiative to survive changes in both governments.

We will also see examples of government policy that fall short of its goals. The 1980s and 90s represented turbulent times for marginalised communities as the government began to deal with issues of Aboriginal self-government, the growth of the urban-Aboriginal population, environmental concerns and rapid inner-city decay, all the while under intense pressure to cut costs for social spending. The important theoretical progress made in the CED community in Canada was noticed by the federal government, but rarely was it translated into policy action. At times government policy heavily favoured economic development to the exclusion of social concerns. Government was also criticised for its tendency to design top-down, one-size-fits-all programs that did not reflect the needs of individual communities nor embrace CED principles. However, at the provincial level in 2001, a huge step was taken with the adoption of the CED Lens, a comprehensive government-wide plan to integrate and implement CED principles into its broader policy framework.

The emergence of the Provincial CED Lens has placed CED in Manitoba at a crossroads. According to The Canadian CED Network, ‘the most comprehensive engagement with CED is clearly taking place in Manitoba . . .’ [2003, 83]. The government clearly states that ‘business as usual’ has not provided equal opportunity to all Manitobans and that it wishes to balance business objectives with a community’s social and environmental development.

The Lens shows the Province’s willingness to adopt CED principles and this attitude is the first step in overcoming the disparity between talking about CED and actually implementing it. However, my research also revealed how precarious this first step is; some key informants believe that the more difficult work lies ahead.

Institutional structures need to be placed, civil servants need to be educated about CED and convinced as to its value, all government departments have to coordinate their activities to support CED and a mechanism must be found to protect the policy from a change in government (many think legislation is required). Furthermore, the federal and municipal governments will have to go through this whole process so that the resources of all governments can be efficiently funnelled into CED.

Although CED still faces many challenges, we have to remember that lives have already been improved because of government-supported CED. If we can improve policy, even more communities can be turned around. I hope that this thesis will be of use to policy designers, and ultimately to communities in need.

1.2 Methodology

To gather information about these issues, my research used qualitative methods. Chapter two is a literature review. Chapters three, four and part of chapter five analyse archival research on CED policies implemented in Manitoba during the past 40 years. Chapter five also presents the results of data obtained through the administration of semi-structured questionnaires during in-person interviews with a variety of key informants. Key informants were chosen from two groups: government officials and community activists. Government officials were able to provide a more in-depth perspective than one can glean from the archives and could clarify points of confusion or misunderstandings. Chapter six offers conclusions.

Because community participation is essential to the success of CED, it was also imperative to consider community activists' perceptions of government policy. Winnipeg is home to many vibrant community associations that understand the needs

of their communities and work hard to advance their improvement. Any thesis on CED in Manitoba would not be complete without including their perspectives. This thesis is heavily weighted towards CED and Aboriginal communities and, therefore, the inclusion of Aboriginal community-activists in the interviews was also deemed essential.

Chapter 2: CED - A Literature Review

2.1 Defining CED

Broadly speaking, CED is a collective process people embark upon in order to improve their well being [Loxley (1985) 1]. Broadbent notes that the continuing evolution of CED makes it difficult to pinpoint an exact definition [2]. Further complicating matters is the possibility of approaching CED from two perspectives; Fontan has referred to the 'liberal local development' approach which he contrasts to Swack and Mason's more 'progressive' approach. The former definition refers to the combined effort of business and government to stimulate and/or maintain businesses so that they in turn can create employment, presumably in keeping with 'trickle down' economic theory. The latter approach is defined as follows:

. . . an effective and unique strategy for dealing with the problems of poor people, powerless people, and underdeveloped communities. As an intervention strategy in an underdeveloped community it does not seek to make the existing conditions in the community more bearable. Instead, community economic development seeks to change the structure of the community and build permanent institutions within a community. As a result, the community begins to play a more active role vis-à-vis the institutions outside the community, and the residents of the community become more active in the control of the community's resources [Broadbent quoting Swack and Mason (2)].

The difference between a more business-and-employment definition and an approach which emphasises community involvement appears over and over in the literature. The origins of this dichotomy can be traced to opposing views as to the causes of poverty. One group believes that social conditions improve only after economic opportunities are offered, and allow people to make individual choices from

a menu of social opportunities. The other sees little point in improving what are often short-term employment opportunities in a community without a strong social fabric, and doubts that opportunities are truly offered equally across society.

Regardless of which definition one subscribes to, one must acknowledge the importance of both economic and social objectives. Broadbent prefers the latter description because it specifically incorporates social and economic concern (3). This definition coincides with Wisner and Pell's belief that CED must focus on more than economic factors and include social and cultural issues. They support an "integrated approach to development" [Loxley (1985) 2].

CED must refer to more than economic indicators. Even mainstream development economics, a close relative of CED, insists that the three objectives of development are: 1) to improve the distribution of basic sustenance, including food, shelter, health and protection; 2) to improve standards of living by way of improvements in income, education, cultural and humanistic values; and 3) to increase the number of social and economic choices to individuals, thereby releasing them from servitude to others and alleviating human misery [Todaro (2000) 18].

Quality of life concerns more than income. Once a community's physical necessities have been met, social and cultural activities give depth and meaning to the lives of individuals. The environment in which a community exists is also of great importance. Not only is environmental sensitivity necessary to ensure the conservation of resources for future generations, but many people still feel a deep connection with nature that also adds to the richness of their lives. Because of the importance of social, cultural, ecological and economic indicators, combined with the

emphasis on community initiative required for meaningful CED, this thesis will adopt the following definition:

CED is a community-based and community-directed process that explicitly combines social and economic development and is directed towards fostering the economic, social, ecological and cultural well-being of communities [BC Working Group on CED].

2.2 Political Economy of CED

CED becomes necessary when the *status quo* does not offer solutions to communities in trouble. Indeed, the *status quo* can often be identified as the cause of the problem. As noted by Loxley, an Aboriginal community which has been relocated to make way for hydro-dam construction can hardly be expected to adapt to its new situation without experiencing tremendous upheaval. He also points out that the marginalisation of Aboriginals has been a sustained, historical by-product of Canadian economic development and that, therefore, native communities are not likely to turn to main-stream society for solutions [1985, 3]. CED is meant to provide alternatives to people who have not benefited from the 'business as usual' model of economic activity. Debate continues as to why certain communities are left out of mainstream economic activity. In order to understand the current state of marginalised communities, we will next examine how globalization - as a logical response to the earlier success of the social-welfare state - has exacerbated the already precarious situation of communities in crisis. We will then examine a Marxist analysis of surplus and productive vs. unproductive economic activity, wherein the origins of that crisis are revealed.

2.2.1 Social-welfare state

In pre-industrial societies, economic activity was much more a part of the broad social fabric of society. Labour served two purposes; it allowed one to provide for one's self, and it allowed one to participate in the community in a way that ensured community stability and social harmony. With the advent of capitalism, economic activities became dis-embedded from society. As new societal problems arose out of industrialization (child labour, loss of property and skills, alienation, massive urbanization and harsh working conditions), government adopted the role of mediator of the conflict between capital and labour, and the social welfare state was born [Rice and Prince, 6,7]. Today, it is suggested that the globalization is allowing the economy to be dis-embedded from the state the same way that local economies were removed from pre-industrial social relationships [Rice and Prince, 7]. The challenge communities face then, is writ large for Canada as a whole. CED must be placed within the reality of globalization.

2.2.2 Globalization

The advent of globalization has added a new dimension to the assault on already marginalised people, and caused new groups to be added to the list of communities in need. The implementation of NAFTA and growing strength of the WTO has strengthened the position of transnational corporations and effectively undermined the role of the nation state in fashioning the fate of its citizens. As the power of corporations is increased in an ever-growing global economy, both corporations and governments are willing to expose individuals to more economic and social risk, while at the same time undermining their collective efforts to ameliorate

these risks [Rice and Prince, 7]. Even wealthy states such as Canada are finding it increasingly difficult to maintain their economic infrastructure and social programs. Many corporations are so large and powerful that they can influence the global economy more than most nation states [Rice and Prince, 21]. It is inevitable that public wealth distribution must suffer in a system which routinely hobbles policies favouring public interests without equally disadvantaging the business community. When public coffers cannot be maintained because of decreases in corporate taxes, the ability to replenish them from personal income and consumption taxes will not be sustainable. The inevitable outcome is the decline of political credibility and social programs [Lockhart, 115].

Many communities are not just going through a rough period due to cyclical swings. Globalization has introduced structural changes which have profoundly affected communities. Increases in technologically-based productivity have grown quicker than economic expansion, causing well-paying manufacturing jobs to disappear. The redistributive crisis precipitated by globalization has led to dramatic upheavals in such social structures as the family. Today's families tend to form later, have fewer children, be less economically stable and liable to stay together [Lockhart, 117-18].

Rice and Prince confirm the seriousness of the ramifications of globalization on social policy. In keeping with market-liberalization philosophy, difficult political decisions are presented as issues of economic determinism. Many Canadians believe that social policy must concentrate on purely economic issues, to the exclusion of social, creating a schism with business and government leaders on one

side, and community leaders on the other. Rice and Prince charge that globalization has turned social policy into a fiscal debate concerning only economics and ignoring the growing insecurity in the labour market. Social-policy analysis is forced to use private-enterprise ideology to determine which programs to cut or keep [141]. So whereas social policies were once able to ameliorate the inherent inequities of the *status quo* and keep the plight of disadvantaged communities off the public radar screen, the steady retreat of the welfare state has resulted in an intensification of societal ills.

The welfare state is certainly on the defensive in Canada, and those who are gaining power in the global economy are constantly looking for ways to restrict public policy [Rice and Prince, 240]. But the modern state is not powerless and there is a commitment from federal, provincial and municipal governments to CED. Some economists are even beginning to question the perception that globalization is inevitable, showing compelling evidence that corporations *threaten* to move far more than they actually do². The fact that the Manitoba Alliance for the New Economy (an alliance consisting of the Universities of Manitoba, Winnipeg and Brandon, the Canadian Centre for Policy Alternatives, senior government policy makers and CED practitioners, all working with the support of a grant received from SSHRC) received the funding it did shows that public policy is still somewhat tuned to community concerns. One of the goals of this thesis is to better inform the government in the role

² For a detailed analysis of this position, see 'Is Globalization a Reality, a Tendency, or a Rationale for Neoliberal Economic Policies?' by Chernomas, R. and Sepehri, A. in Yildiz Atasoy and William Carroll (eds) *Global Shaping and its Alternatives*.

it plays and to ensure that the money spent on CED initiatives is used in the most efficient manner possible. Recommendations will have to include ideas from a more radical³ paradigm than mainstream business theory.

2.2.3 A Marxist reading

A Marxist analysis of CED puts the concept of social surplus at the centre of the discussion. Gunn and Gunn define social surplus as ‘the difference between the net product of a society and the consumption (in individual and collective forms) that is essential to maintain those who do the producing’[3]. Capitalism produces huge amounts of social surplus which is first taxed (in theory, but businesses are very adept at avoiding taxation), then re-invested by business or consumed [Gunn and Gunn, 5]. The goal of CED is to re-direct as much social surplus as possible into the community and put it to use in a more efficient way.

Gaining control over social surplus while operating within a capitalist society certainly has its challenges. Marxist theory tells us that the *raison d’être* of capitalism is to funnel social surplus away from society at large and put it into the hands of certain individuals. It is when this process is most efficient that entire communities face economic deprivation. Most people in the Western world are convinced as to the superiority of the capitalist system in increasing productivity and stimulating innovation. But a careful analysis of our economy reveals serious flaws. The rate of growth of GDP in Western economies has proven to be uneven and unreliable; economic booms and busts permeate our lives and make the idea of a steady, reliable income a thing of the past. Even when the economy does experience a

³Radical is used in the sense of getting to the root, or the fundamentals of an issue.

growth spurt, the attendant increase in pollution and resource depletion creates more long-term problems than it solves. Failure to meet basic needs is a recurring theme in a capitalist system; even the richest countries have large minorities of poor, while the Third World remains out of reach of the benefits of the capitalist system.

Although the huge improvements in our standard of living experienced in the first part of the twentieth century were certainly attributable to the ability of capitalism to increase productivity, we have to remember that a more equitable distribution of those gains was only obtained where labour was able to organize and demand its share. Not only has the power of unions been greatly undermined by the threat of corporations to change jurisdictions, but the essence of late twentieth/early twenty-first century capitalism has changed. The capitalist system is no longer as efficient at putting social surplus to productive use. Today's businesses do not invest heavily in research and development and new capital equipment; huge amounts of social surplus now go into legal fees, marketing and corporate take-overs. Today, private economic activity is dedicated to the realization and division of social surplus, not to its production. The circulation of social surplus, in the form of finance capital, has become a dominant player in the modern economy [Gunn and Gunn, 54]. Capital can be productive - when it is invested in capital goods or research and development - or it can be unproductive - when it is used for speculation.

Discussion of unproductive and productive economic activity can be traced back to the classical economists, including Marx. Wolff, who uses Marx's definition of productive and unproductive economic activity, says that '... productive activity creates both use value and exchange value and hence, commodities. Unproductive

activity affects the disposition of commodities, but creates neither use value nor exchange value'[Gunn and Gunn, 55]. When Wolff examined the economic sectors in which one finds unproductive and productive activity, he found that between three-quarters to four-fifths of government expenditure goes to directly usable services and goods, such as infrastructure. This is in contrast to his estimate that two-thirds of surplus value in the American economy was absorbed as unproductive labour time [Gunn and Gunn, 55,56].

The idea that the private sector could actually be *less* efficient than the public sector goes against popular thought. But governments must constantly face pressure to be transparent and accountable, in contrast with private companies that are only accountable to a secluded group of shareholders. In the private sector, large amounts of surplus must be spent on unproductive activities such as advertising in order to minimize the risk that commodities will not be sold. Gunn and Gunn posit that the true cause of economic stagnation lies in the inefficient workings of the private sector [57]. The following discussion offers ideas towards building an economic strategy which would help a community better manage its resources and social surplus.

2.3 The Economics of CED

CED does not have a formal economic theory. Several strategies and theories have been modified from development theory, such as import substitution and dependency theory, and applied to communities. This section will outline developments and recommendations that have been made by economists such as John Loxley and Herman Daly. Loxley combines the convergence strategy of C.Y.

Thomas with Harold Innis's staples theory to build a convergence strategy for CED. Because our definition of CED adopts an integrated approach, it will be shown a steady-state economy, as set out by Daly, offers important and complementary insights into CED. We will also see how the three categories of the sustainable development movement complement CED theory. First, we will examine why CED becomes necessary.

2.3.1 Causes of community impoverishment

Why do some communities decline while others prosper? One of the main economic processes which impedes communities' hopes of economic stability is the draining of wealth by large, non-locally owned corporations [Nozick, 74]. When economic resources are controlled by outside interests, profits will not stay in the community. In poor communities, rent is most often paid to absentee landlords, allowing for major haemorrhaging of capital. Those homes which are owner-occupied often secure a mortgage from one of Canada's large banks, with interest paid to a branch or head office outside of the community. When money leaves the community, the local economy cannot benefit from the power of the multiplier (the multiplier refers to the cumulative benefit that accrues when money spent in the community becomes income earned in the community). According to Nozick, a dollar circulates eight times in a healthy community, whereas it will leave a poor one almost immediately [76].

Money is often taken out of local circulation when it is deposited in a savings account. When local banks use those savings as loans for local investment, communities benefit. However, large Canadian banks funnel savings into foreign

loans and international money markets rather than putting it back into the community. In the US, the Community Reinvestment Act forces banks to reinvest 16% of their earnings in communities in crisis as a measure to offset capital flight from inner cities - a strategy that the Canadian government should consider implementing [Nozick, 77]. As we will see in a later section, local financial organizations such as the Assiniboine Credit Union in Winnipeg are working with community-investment accounts in order to provide capital to local business ventures that would otherwise be by-passed by conventional banks.

Import spending represents another leakage of wealth from the local economy. As Nozick notes, a community should identify specific items for import replacement by recognizing the resources it has at hand that are not being utilized. People's needs and local markets are other aspects which need to be addressed. A community inventory of those products produced locally can help organizers to link producers with businesses that purchase those products to ensure that local enterprises are supporting each other [Nozick, 77]. The more linkages that can be established within the community, the stronger the local economy will be.

2.3.2 Linkages

The idea of forward, backward and final linkages came from Harold Innis's staples theory. A forward linkage requires investment in further processing a product, as in pulp and paper from lumber. A backward linkage refers to the investment made in the inputs required by the staples sector, such as the manufacture of agricultural equipment for use in wheat production. Final-demand linkages refers to the demand for the products of those who work in the production and exportation of staples goods,

and is realized by the spending of incomes earned in the staples sector. Ideally, a national (or local) manufacturing sector arises to meet national (local) needs, and this sector allows the economy to diversify away from staples dependence [Howlett, Netherton and Ramesh, 94]. Certain staples, such as wheat, will lead to more backward and forward linkages than others, such as fish. Innis also argued that the benefits of final demand linkages will not be fully realized if staples exports are owned by foreign investors who leak profits to head offices, without investing in local manufacturing [Howlett, Netherton and Ramesh, 94-5].

2.3.3 Convergence strategy

Simply stated, a convergence strategy would have a community produce what it consumes and consume what it produces: it is in contrast to a divergent economy which exports what it produces and imports what it consumes. This strategy is meant to stop the leakage of profits and rents from the local community and put them back to work locally [Loxley (1985) 51].

A convergence strategy is based upon the production of a range of goods in order to develop as many backward, forward and final-demand linkages as possible. These goods should also display high growth elasticities [Loxley (1985) 51]. Many products fall into this category (food, construction and machine tools) and could therefore be considered as the basis of possible industries a community could develop. A convergence strategy does not just lend itself to community participation, it demands it. It assumes that enterprises are community-owned and/or controlled in order to ensure that the direction the community has chosen for production and distribution can be adhered to. Democratically-based community structures must be

in place throughout the planning and implementation cycle [Loxley (1985) 52].

Convergence strategies do not assume that existing patterns of demand reflect the true needs of a community. Needs such as adequate housing, nutritious food, health care, education and recreation are often do not appear as market demands in communities that need them most. A convergence strategy would undertake development of local industries to meet these needs, and the backward and forward linkages created by these enterprises would provide spin-off benefits to the community [Loxley (1985) 53].

Choice of product and the scales of economy are two other issues which the convergence strategy considers. Not only are the community's needs considered in choosing a product, the available resource base is also evaluated. Housing construction, therefore, would a good choice for a Northern community surrounded by forest, particularly if there is a need for improved accommodation. Exportation - of pre-fabricated homes, for example - is not out of the question, but it is only considered once the community's needs have been met [Loxley (1985) 55]. Communities could link up with other near-by communities with a similar strategy and trade could be developed for those goods that are in excess of need. As long as they blend with the convergence strategy, there is a role for both trade and foreign aid in Thomas' theory [Loxley (1981) 165]. This flexibility can be applied to a local initiative as well, with aid coming from the state rather than foreign sources, and trade between communities and regions, rather than countries. The Canadian CED Network (CCED Net) - a national organisation dedication to the study and promotion of CED - also supports the collaboration of urban neighbourhoods in a metropolitan area or small

towns in a rural region. Collaboration overcomes the problems faced by small populations regarding scale of production [4].

Contrary to mainstream economic thought, convergence strategies do not assume that large-scale production is always best. Thomas believes that the positive association between technical efficiency and scale has often been exaggerated and that many industries do not lose much efficiency if they operate below what is considered to be optimal [Loxley (1985) 59,60]. Often economies of scale are offset by high transportation costs. Thomas also suspected that empirical measures of economies of scale can be complicated by price distortions caused by monopoly power [Loxley (1981) 164]. Thomas proposed producing at the level where the fall in average cost was steepest, arguing that this critical minimum level will usually be less than the least-cost scale level [Loxley (1985) 60]. Most of those who support strategies similar to convergence agree that small-scale production is best for CED. It is preferred because it allows a more personal work environment, a more 'spatially balanced economy', more community participation and control, and the ability to fashion technology to the skills and level of employment existing in the community [Loxley (1985) 59].

As Loxley points out, many Aboriginal communities are small and even a 100 person work force is considered large scale. This being the case, a convergence approach would require interaction and cooperation between two or more communities in order to maintain and sustain a critical minimum level of production [(1985) 61]. He also recommends that sheltered markets (when government policy shields a company/industry from full exposure to the market) be considered as a

substitute for subsidization. Government purchases, for example, can protect a community against the vagaries of market competition. Because inefficiencies can arise from shelters, leading to unreasonably high prices, shelters would have to be carefully negotiated and structured to minimize inefficiencies [(1985) 62]. Limits to exposure to high prices can be measured relative to: the added costs of community training; the net social benefits which accrue to the community from the development of local business; and, the net improvement in government expenses when one considers capital and other costs on one hand, and reduced payments in welfare and increases in tax revenues on the other. All these items would be calculated in terms of present value [Loxley (1985) 63].

The Canadian economy does not provide a friendly environment for a convergence strategy. It will only work where proxies can be implemented to simulate the following: control of trade flows; ability to tax and take public control of land and resources; power to redistribute income; and production planning. Proxies include state funding, coherent government policy and community-owned economic-development conveyances such as community-development corporations and cooperatives [Loxley (1985) 57]. These items will be discussed in a later section.

2.3.4 Steady state economy and sustainable development

Awareness of environmental degradation and resource depletion initiated the modern environmental movement. But concerns about the implications of unlimited economic growth are not new:

I cannot . . . regard the stationary state of capital and wealth with the unaffected aversion so generally manifested towards it by political economists of the old

school. I am inclined to believe that it would be, on the whole, a very considerable improvement on our present condition [Daly quoting John Stuart Mill, 12].

Like Mill, economist Herman Daly is very critical of the 'growth-at-any-cost' economic policy adhered to by the developed world. Indeed, as noted earlier, it is often this attitude which engenders impoverishment in communities and makes CED necessary. Daly takes a radical perspective on modern economic activity and suggests that a return to moral considerations needs to be part of economic development.

Daly notes that economics originated as a branch of moral philosophy and that ethical content played as big a role as analytical content up to and including the work of Alfred Marshall. He is very critical of the 'layer upon layer of abstruse mathematical models' that permeate modern economic theory, to the exclusion of moral and ecological realities [3]. He maintains that we can no longer afford to ignore these realities in the face of resource depletion, environmental degradation and 'existential scarcity', defined as 'anomie, injustice, stress, alienation, apathy, and crime' [3]. Whereas mainstream economists believe that access to mass consumption is the cure to existential scarcity, Daly posits that it only exacerbates it - and in many cases, is actually the cause of it. We are conditioned to believe that consumption equals happiness, with the result that we are continually trying to fill a void with an endless cycle of shopping. Unproductive advertising ensures that we are constantly yearning for something; happiness is never realized.

Daly does not agree that the public interest is necessarily reflected in public choice. Ethics cannot be boiled down to personal taste, and community has to be more

than an aggregate of disconnected individuals [3]. Given the scarcity of natural resources, we must question the morality and logic of mass consumption in a world where many do not have access to basic necessities. Furthermore, by eschewing the consumption treadmill communities avoid cultural sterilization, family breakdown and environmental degradation.

Similar to Daly's steady-state economy, a sustainable model of CED incorporates social justice, economic viability and environmental protection. These three tenets of sustainable development lend themselves naturally to the integrated approach favoured by many CED theorists. The convergence strategy, with its emphasis on real needs - as opposed to demands driven by ignorance and advertising - blends seamlessly with a sustainable development philosophy. Like Daly, Loxley notes that not all needs are material in nature; we have psychic needs that are cannot satisfied by markets [1985, 16]. Because both sustainable development and a convergence strategy promote self reliance and local culture, communities have a fighting chance to preserve their history, language and traditional family relationships, rather than succumbing to a uni-cultural, consumption-driven and ultimately empty life style. Young people will not want to abandon vibrant communities that provide them with a sense of identity and meaning in their lives.

The International Institute for Sustainable Development (IISD) also highlights the need for an integrated approach to development:

For development to be sustainable it must integrate environmental stewardship, economic development and the well-being of all people - not just for today but for countless generations to come. This is the challenge facing governments, non-governmental organizations,

private enterprises, *communities* (my italics) and individuals” [International Institute for Sustainable Development (IISD)].

Environmental stewardship is a clearly stated goal in our definition of CED, and ecological considerations are woven into much of the literature on CED.

Nozick notes that community development is not an isolated activity. Everything a community undertakes impacts on other social and natural systems ... ‘[s]ustainable CED calls for an ecological consciousness which views development as fitting harmoniously within the larger social and natural econ-system of which it is a part’[85]. A CED program should incorporate plans to recycle, reduce and reuse. The convergence strategy goal of consuming what is produced and producing what is consumed lends itself naturally to the reduction of waste by eliminating transportation of goods to and from the community. A plan to develop environmentally friendly products would be an excellent way for a community to take advantage of one of the fastest growing industries in Canada, while adhering to sustainable development practises.

A sustainable-development framework highlighting social justice, economic well-being and environmental protection should be used as a foundation for any CED program. Although Loxley’s convergence strategy was presented as an example of a strategy that conforms easily with sustainable development, other economic strategies, or combinations thereof, may lend themselves naturally to a sustainable development approach. For example, an Aboriginal community that chooses to combine to a traditional subsistence strategy with import substitution will automatically practise sustainable development. CED will not have a lasting and

meaningful impact unless the three tenets of sustainable development are integrated into the objectives of any strategic plan.

2.4 Strategic planning and tools

According to Loxley, strategic planning is ‘the direction taken by economic policy in a number of key areas’[1985, 4]. His convergence strategy is an example of how to both conceptualize and implement a strategic plan. Before a direction can be taken, goals and objectives must be articulated clearly, program activities and operations must be specified and those activities and operations must be linked to goals and objectives in a clear, plausible and rational manner [Hudson and MacDonald, 168]. One of the more important issues to be dealt with in any plan is that of ownership.

2.4.1 Ownership of capital and natural resources

The theme of private versus community ownership is common in CED literature. Many CED strategies favour small, private-business enterprise. Loxley posits that this choice can have as much to do with ideology as complying with sound CED practices. The literature often links private enterprise to the emergence of a middle-class from disadvantaged groups, thereby allowing marginalised people to ‘make it’ in mainstream society. Once the ‘strongest and best’ gain access to the mainstream, those left behind will be inspired to follow their example. Even if the less fortunate never follow the leaders, they will be convinced that the possibility to succeed is there, and that failure to improve their lot is because of some fault of their own. The possibility of blaming the system is removed, and the *status quo* is maintained [Loxley (1985) 19].

Loxley argues that there are solid reasons for considering local ownership and control. If patterns of investment are to change to benefit the community, and if social surplus is to be reinvested in the community, local ownership and control are necessary [(1985) 24]. Nozick agrees that outside ownership of land, capital, industry and planning must shift to local ownership and control [78]. Some of the kinds of organizations that can help a community regain control include neighbourhood associations, umbrella organizations and community-run organizations. Institutions such as community-development corporations, community-land trusts, cooperatives and community-loan funds can provide the framework from which communities can plan and implement a CED strategy.

A community-development corporation (CDC) represents a specific community and can receive and distribute monies from both private and public sources. A CDC will be involved in the initiation, planning and implementation of a CED strategy. It is managed by local residents and can act as an intermediary between the government and the community. A CDC can also act as developer for housing, property manager, partner with private enterprise, business developer and community-loan fund manager. Neighbourhood associations can play a similar role [Nozick, 79].

A community-land trust (CLT) is a non-profit organization. It receives financing from charitable donations, churches, governments, unions and the business community. A CLT has open, community membership and an elected board. The purpose of a CLT is to purchase and develop properties for the benefit of community members, by leasing land for commercial and residential purposes. By protecting land from the ups and downs of market values, land speculators and absentee

landlords, the community is provided with stable and adequate housing and commercial property. The CLT will retain ownership of the land, which it leases to community members who own the structure located on the land. Under the terms of the lease, the CLT controls the resale value of the building and has the first option to buy should the owners decide to sell. Once bought by the CLT, a property will revert to the trust and be sold to another CLT member. In this way community members are assured of always having a stock of affordable housing [Nozick, 78,80].

Poor people typically do not have access to credit; community-loan funds (CLFs) are meant to fill this gap. Unlike commercial banks, decisions to lend are based on a combination of the social value and economic viability of a business plan. Loan capital is provided again from unions, governments, the business sector and churches. It is either lent to the CLF at a low interest rate, or donated. The CLF then lends the money out, usually in small, start-up loans, to community members who must work with a business advisor to ensure good management. Linking the loan to technical assistance has had promising results in some instances [Nozick, 80,1].

A cooperative model of ownership removes differences between owners, workers, managers and consumers; a member of a cooperative is all things at once. As both owner and worker, a member is motivated to make a profit and provide secure employment at the same time. One of the most famous cooperative success stories is in Mondragón, Spain. Community members have built an elaborate network of 200 interconnected cooperatives employing 20,000 people [Nozick, 82]. A community by no means has to undertake such a large-scale cooperative; Mondragón is highlighted to show the potential and flexibility of the cooperative

model.

The issue of ownership of land, capital and industry cannot be reduced to a one-plan-fits-all formula. The characteristics and goals of each community must be considered one at a time, so that the best blend of ownership vehicles is designed for the community in question. The next sub-section will look at various tools that can be used in the process of designing, implementing and evaluating a strategic plan.

2.4.2 Strategic-planning tools

An input/output matrix - normally associated with national income accounting - can also provide an overview of backward, forward and final-linkages in a community's economy. This tool provides a technical investigation of what can be produced, with the amounts of intermediate products used in production according to the level of technology and resources at hand [Gunn and Gunn, 45]. The matrix provides a snapshot of the interdependence of the various production sectors in a given economy. It allows one to determine at a glance those industries which are providing linkages and those which are not. When C.Y. Thomas examined the input/output matrices of some small, undeveloped countries, he found that the centre of the matrices were almost empty; there were very few intermediate linkages. In contrast, when he looked at matrices for developed economies, he found that the centre was full [Brewster and Thomas, 116-126]. An input/output analysis can provide valuable insight into a local economy and help determine the impact new projects and/or investment will have on it [Gunn and Gunn, 45].

Gunn and Gunn present an example of how an input/output analysis can be

combined with other tools to provide a detailed picture of a local economy⁴. *The Cleveland Metropolitan Economy*, prepared by A. Gurwitz and G.T. Kingsley, is a study meant to establish a database on a local economy for the purpose of providing future planning and analysis. The investigators conducted an input/output analysis to determine the percentage of employment connected to exports by industry, and estimates of growth rates by industry. They then developed conventional earnings multipliers for each industry and service (earnings multipliers estimate how much an increase in export business will cause local income to grow). The study provided a clearer picture of patterns of ups and downs in employment across sectors of the economy. The investigators determined that job creation had occurred in the service sector and identified those areas of manufacturing which were still performing well. They also identified strong possibilities for areas of new growth, such as health services, and recommended strategies to protect jobs for industrial workers. Gunn and Gunn point out that this model of analysis would be useful for public-policy makers as well as for community groups, unions and private companies [47].

Gunn and Gunn explain how a study of this type can also be used to obtain insight into surplus-value creation and appropriation [47]. A statistical measure known as ‘value added per production worker’ tracks variances in productivity in a given industry. It is the sum of profits and manufacturing costs (except the cost of raw materials and intermediate goods) incurred to produce a firm’s final products. Despite the difficulties in compiling this statistic, and concerns about its accuracy, the authors were able to determine some trends in the Cleveland area. Both the city and

⁴For more details, see Gunn and Gunn, pages 45 - 49

the greater Cleveland area had higher than average US value added per production hour, but the gap was closing. They found that investment in the Cleveland area was deteriorating compared with national levels [48].

The study was also able to learn what was happening with wages in the local economy. Researchers were able to correlate low wages with sectors, such as service, which was expanding, and high wages with the manufacturing sector, which was shrinking. This overall decrease in disposable income will have negative consequences as the power of the multiplier is diminished [48].

The combination of the information on productivity, investment and wages allowed some very general observations to be made about social surplus. There was a higher, but declining value added per manufacturing hour and a decline in capital investment in manufacturing. Vague as this information is, it does allow policy makers to understand trends in a local economy and begin to formulate meaningful strategies to improve a community's prospects.

The social accounting matrix (SAM) adds governments and households to the input/output matrix. It can also incorporate social groups by race, gender or income level, thereby allowing for a more complete analysis of income distribution in an economy. Gunn and Gunn outline how the US Forest Service adopted the social accounting matrix and designed the Impact Analysis System for Planning (INPLAN). INPLAN linked the social accounting matrix to an income distribution matrix which provides information on wage distribution and income derived from property ownership. INPLAN results provide a detailed picture of how changes in an economy effect wage and income distribution [49].

INPLAN researchers used Nicholas Kaldor's theory on income distribution as a basis for their analysis. They assumed that savings/consumption and factor payment patterns vary between social classes, thereby paying more attention to the structural aspects of distribution than does most economic analysis. Property ownership patterns, labour union activity and government policy were also included in the model. Gunn and Gunn posit that this model, if refined and made accessible with computer software, could allow community developers to evaluate the magnitude and proportion of wage and non-wage income that a project will generate. Planners could also estimate the multiplier effects a project will produce [50].

The INPLAN researchers devised several indices to provide quantitative measures of the impact projects have on income distribution. One matrix analyses direct and indirect economic effects and externalities. The matrix demonstrates gains and externality losses, in dollars, across sectors and income groups. The information is then condensed into a community-impact index statistic. This indicator estimates, qualitatively speaking, how a change in the community - such as the building of a new factory - affects the majority of the local population [Gunn and Gunn, 51].

The above models show how analytical tools such as input/output analyses and the multiplier can direct communities and policy advisors in the design of a development strategy. As we will see in the following sub-section, there are also tools available for evaluating the effectiveness of existing or past programs.

2.4.3 Measures and indicators

Once a strategic plan has been devised and implemented, it should be evaluated during the course of its implementation to ensure that it stays on track.

Communities and policy makers alike need to be able to assess past programs to determine if meaningful change has occurred. Development indicators are 'statistics which measure socio-economic conditions and changes over time for various segments of a population' [Lamontagne quoting Land, 209]. A development index conflates the weighted combination of two or more indicators, giving us a more integrated snapshot of a community's condition. Development indicators give us an integrated measure of development which includes political, social, cultural and economic perspectives [Lamontagne, 209].

Research done by the Department of Indian and Northern Development (DIAND) concluded that development indicators should:

- 1) be simple to build, use and interpret;
- 2) include economic, social, spiritual and cultural dimensions;
- 3) measure both non-market and market economic activity;
- 4) combine objective and subjective indicators so as to consider the perceptions and feelings of community members and allow prioritization;
- 5) be able to accommodate and provide information for all stages of community development [Lamontagne citing DIAND, 212].

Lamontagne notes the introduction of the concept of development planning into CED. He defines development planning as 'the application and broadening of strategic planning principles to include promotion of individual and community well-being'[210]. E.T. Jackson and Associates provided some valuable research findings in their work done under the auspices of a large research project of Aboriginal representatives across Canada. The thrust of the research was to look at the history of development indicators and to determine their potential in CED for Aboriginal communities. The guidebook which resulted from the group's efforts sets out the tools and processes for implementing development indicators, as well as collecting

and analysing data [Lamontagne, 214].

The guidebook ties development indicators to a specific strategic planning process and shows the community how to use worksheets to track the progress of their efforts. It uses an integrated interpretation of development with the more linear process of development planning. Development planning is cut into five steps:

- assess the community situation;
- set priorities and development goals;
- identify activities which will meet goals;
- implement the development activities; and
- monitor and evaluate results.

The following process - as explained by Lamontagne - provides a framework for working through the planning process using indicators. The worksheet operates much the same way as a flow-chart, with one activity automatically leading to another.

It begins by allowing goals identified in the strategic-planning process to be evaluated with a specifically designed goal-indicator. For example, a goal-indicator which determines the ratio of transfer payments on a Band's total income would help determine if the goal of increasing self-generated income by 25% over five years was being met. The data needed to build this indicator are, the value of provincial and federal transfers to the Band (VPFP), categorized by payment, and the annual value of Band income from other sources (VBIO), giving us a ratio of $\frac{VPFP}{VPFP + VBIO} \times 100$.

Once a strategic goal's progress is measured by a goal indicator, planners can then conceptualize activity goals which will facilitate realization of the initial goal. In our example, an activity goal that would improve the above ratio may be the provision of loans to Band businesses. Just as we moved from a strategic goal to a goal

indicator, we would now move from an activity goal to an activity indicator. To continue the example, the activity indicator would be the nature and size of a corporation's portfolio. The data needed to build this indicator are, the value of loans in the primary sector (LP), secondary sector (LS) and tertiary sector (LT), value of loans (VL), value of loan guarantees (VLG) and value of equity participation (VEP). The following can then be derived: share of loans: $VL/(VL + VLG + VEP) \times 100$; and share of loan guarantees: $VLG/(VL + VLG + VEP) \times 100$. This framework allows strategic planning and development indicators to work together so that the project moves forward in a logical and controlled way. The guidebook was designed for use by Aboriginal groups, and its basis in an integrated approach to CED is conducive to these communities. However, there is no reason why the guidebook framework could not be applied to any community wishing to implement a simple system for linking strategic goals to development indicators and activities [Lamontagne, 219]. The following figure summarizes the sequence of steps explained above.

Development Planning and Indicators⁵

STEP # 1

The Vision: Strategic Planning

Define an overall vision
Assess the community situation
Outline strategic goals
Identify goal indicators

STEP # 2

The Action: Operational Planning

Identify the activities to meet the goals
Identify activity indicators
Implement the activities

STEP # 3

The Reflection: Evaluation and Monitoring

Evaluate the activities' performance and efficiency
Determine whether the strategic goals are being met

We have seen examples of how a program may work through steps one and 2; we will now turn to step three and examine concerns about evaluation.

We need to be able to adequately evaluate a CED program so that we can determine whether or not meaningful change occurred or is occurring. Hudson and MacDonald's review of some of the literature found that an ongoing evaluation is preferred to a once-and-for-all or periodic evaluation. Because CED programs are

⁵Source: Development Indicator Project Steering Committee, quoted by Lamontagne, Francois, 216.

by nature dynamic processes, it is more efficient to evaluate and monitor a program while it is unfolding. This way, planners can more easily identify problems or quickly determine when things have gone off track and intervene as required [167].

We have discussed the importance of articulating clear goals and linking programs activity and operations rationally and realistically to those goals. Not only is this formulation a pre-requisite for successful CED, it is required for meaningful evaluation. If program goals and operation were never clearly conceptualized, it will not be clear what is to be evaluated, nor how to do it [168].

It is also crucial that a program remain stable throughout its lifetime. Although exogenous events cannot be controlled, program changes should be avoided. If alterations are introduced midway through, it will be difficult to determine which aspects of a program produced the results being evaluated. It will then be impossible to reproduce a successful program, or avoid repeating an unsuccessful one.

The importance of a variety of stakeholder views in the evaluation process is a common theme. Stakeholders can include staff, program funders and program beneficiaries. An evaluator can also review proposals, grant applications, program descriptions and interview community members to obtain an overview of what the expectations of the program were. Once the evaluator has determined a draft version of the program structure and logic, it can be verified with stakeholders. Further interviews may need to be conducted to fill in gaps between the structure and logic in the draft, or to address conflicting views held by different stakeholders. The final draft can then provide the evaluator with the necessary information to design an evaluation questionnaire [Hudson and MacDonald, 171].

Drawing on the final version of the evaluator's program structure and logic, the following questions could be asked:

- What are/were the salient characteristics of the community, such as problems, resources, demographics and institutions?
- How many persons were/are involved in the program and what are their backgrounds and skills? How much time did they dedicate to the program?
- What are the dominant forms of community decision making? Is there a hierarchy of power within the community? Who is at the top and who is at the bottom? Did this hierarchy change as a result of the program? For better or worse?
- Were community members included in the planning process?
- Were women allowed to participate in all levels of planning and implementation? If not, what levels were they excluded from and included in?
- Were community members provided with clear information about the purpose and aims of the program? Were they kept informed as the program progressed?
- Which institutions and individuals were helped by the program, and which (if any) were harmed?
- Does the community have more ability to control its environment because of this program?
- Did the program improve/solve the community's problems?
- Are changes permanent and wide-spread?
- How do community members view the future prospects of the community?

Evaluation questions will obviously vary according to each program.

Hudson and MacDonald note three sets of concerns about measures and data collection procedures:

1) identifying specific indicators or measures to be used to gather information on the evaluation; 2) identifying methods used to collect the measurement data; and, 3) simplifying the frequency of collecting the data, along with the samples or persons from whom it will be gathered. The first concern raises the question of how much emphasis to put on social objectives as opposed to economic. We must deal with the question of whether or not social objective are subject to reliable measurement. The second concern can be addressed with a combination of quantitative and qualitative

methods such as existing social indicators, in-person, phone and mail surveys; focus group interviews, public forums and hearings and observational techniques. As noted by Hudson and MacDonald, evaluation decisions have to be made in the context of trade offs between robustness, timing, physical and monetary constraints and the expectations for use of the evaluation results [173]. The third concern requires decisions about how to apply the measures and to whom. For example, the evaluation could call for repeated application of measurement of the same variables, or it could demand one measurement and comparison of a variety of variables. [173].

According to Watson, there are five criteria to measure CED effectiveness:

- there should be concrete evidence that significant numbers of community members were able to find decent and continuing employment which substantially reduced their dependence on transfer payments;
- there should be a strong indication that a community has addressed the employment-related problems of its members by developing community-based solutions to these problems;
- there should be sound community-based evaluations of current programs and services that could be effectively used to improve the existing array of programs;
- there should be concrete evidence of, and a perception by the community of, improvement in the efficiency with which existing programs and services are used to provide employment options[136-7].

What ever method of evaluation is chosen, Watson also insists that an evaluation must provide the following:

- the program being evaluated must be replicable;
- the outcome of the program must be measurable;
- there must be a valid and reliable basis of comparison between those who participated in the program and those who did not, so that the incremental effect of the program can be determined [143].

Evaluators need to remain flexible and creative as they work with program participants. Impartiality and objectivity are key to ensuring that the evaluation delivers what it is meant to. The primary purpose for planning and implementing an

evaluation is to aid decision making about the program. It should measure the possibility of attainment of goals, and reveal impediments to the attainment of those goals [Hudson and MacDonald, 174]. Whether done as the program unfolds or long after it is finished, evaluation should always inform us how to improve CED.

2.5 Financing CED

Earlier we looked at the importance of ownership of resources and capital in CED. As desirable as community ownership may be, communities are often not in a position to claim control over resources and few community members have access to capital. Access to capital becomes a crucial first step in many CED initiatives. This section will examine some of the options available, with a focus on the importance of *sustaining* access to financing.

2.5.1 Finance sources

Loxley notes that two types of funding are required by CED organizations: 1) funding to pay for overhead costs, including salaries and administration, of those entities that work in CED; and 2) the financing of the business initiatives precipitated by those entities [(2003b) 2]. Because banks are unwilling to provide credit to CED initiatives, financing must originate from other sources. One of the most important sources of CED financing in Canada is the *caisse populaire* or credit union.

A credit union is a member-owned, cooperative bank. Popular as they are in the CED literature, Loxley warns that even these cooperatively-owned banks may not be an ideal source for CED funding. Credit unions still have to turn a profit for their members and they face stiff competition, particularly in larger urban centres which have not been abandoned by the larger banks [(2003b) 3]. Nonetheless, credit

unions such as the Vancouver City Credit Union (VanCity) and the Assiniboine Credit Union (ACU) in Winnipeg have been able to provide substantial funding for many CED initiatives. The ACU was able to adopt policies favourable to CED when its board was taken over by a group called The Greening of the Assiniboine [Loxley (2003b), 7].

Churches, foundations, philanthropists, government and the business community can be other sources of finance for CED. These organizations will often provide funding to community-loan associations, community-development loan funds, community-land trusts and community development corporations. Funding from these sources is sometimes complimented with training and technical assistance, often leading to the arrival of other businesses in the community [Loxley (2003b) 4].

The existence of many of the above sources of funding is due to the fact that favourable tax treatment is afforded to charitable donations or retirement savings contributions. Agencies such as the United Way are willing to funnel charitable donations into CED initiatives. Generous federal and provincial tax credits are also given to labour-sponsored venture capital funds that are sometimes willing to support CED. Tax policy, therefore, is one way in which the government impacts on CED; actual provision of government funds is another. As important as government funding can be, prudence demands that it be treated with caution. A change of government or sudden economic downturn could find communities suddenly cut off from funding which they were counting on. As Loxley explains, there are strategies for minimizing the potential instability of government funding.

A CED trust or endowment fund can be established to manage lump-sum

contributions from the government. Interest earned on the fund could provide CED institutions with capital and operating funds. The CED institutions would be managed by a combination of government representatives and an arms-length group of community members. Funds managed and funded in this way remove the vagaries of government budgets and elections from CED planning, although it remains to be seen if governments will be willing to relinquish control of how funds are invested [(February, 2003b)15].

Lastly, it has been proposed that neighbourhood development or renewal corporations undertake certain business initiatives, like property management and development. It is hoped that neighbourhood corporations can obtain non-market financing to this end [Loxley (2003b) 20].

Kemp and Coyle agree that financing is a critical issue for CED. Inadequate financing-instruments and/or lack of funding cause many CED initiatives to fail. They also agree that pro-active tax policies are needed, and that more coordination and policy integration between provincial and federal governments is crucial [259].

2.5.2 Four key issues in CED financing in the United Kingdom

Examination of CED financing in the United Kingdom may provide some insight into Manitoba's situation. Lawless's research on the evolution of CED in Yorkshire and The Humber found financing to be the 'Achilles' heel' of CED. Those he interviewed in his study claimed that CED is driven by the financial agenda, rather than its potential in ameliorating social exclusion [140]. He posits that there are four key issues regarding financing: 'the ecology of funding' and grant dependency; matched funding; the question of asset bases; and the underlying tensions between

income generation and grant dependency' [140].

By the 'ecology of funding', Lawless is referring to the increasing dependency on a number of grants from various organizations. Although learning the intricacies of grant application can provide valuable job skills, it is suggested that the net benefit of funding by grants is severely reduced by the huge opportunity cost of time and energy in completing a myriad of forms. And because receiving grants is not guaranteed, it is very difficult to plan long-term initiatives [140].

The United Kingdom's membership in the European Union (EU) adds the dimension of matched funding to CED. The European Social Fund (ESF) awards up to 45% of funds to a project, making the UK responsible for funding the rest. Project-level matched funding adds the complication of ensuring coordination across a wide range of domestic and EU funding regimes. Lawless reports that one project had to overcome the 'uncoordinated nature of the bidding cycles, varied policy agendas adopted by different agencies, and contrasting monitoring requirements, all [of which] worked against creating an innovative, strategic, and sustainable approach to CED [140]. The literature on the Canadian experience also notes a lack of coordination between federal and provincial governments; it remains to be seen if the problems faced in Canada share the same characteristics as those in the UK.

Lawless notes that conventional CED wisdom in the UK puts more faith in a CED initiative when it owns an asset. Owning buildings allows many valuable services to be housed in the community, such as childcare and after-school clubs and revenue-generating activity. However, the UK experience has shown that property owned by trusts and charities cannot be used as collateral for loans [143].

The last issue concerning financing in the UK experience is that of balancing commercial activities with non-commercial activities. Grant funding is often premised on the promise of future income generation, and this emphasis can detract from meeting equally important social objectives. Once a grant-funded program begins to generate income, it will be less likely to secure future grant funds, making it more likely yet that social issues will be ignored. Projects which try to achieve both commercial and social objectives end up creating tensions within the community. Lawless believes that this tension between the pursuit of social objectives and commercial activities is 'the most important single question impacting on the CED community' [144].

In Manitoba, the NDP's more progressive policy towards CED, combined with the formation of solid organizations such as the Assiniboine Credit Union and SEED (Supporting Employment and Economic Development) Winnipeg (a non-profit organisation that provides start-up money for low-income individuals and organisations), have contributed to a strong financial base for CED initiatives. However, experience in the UK has shown that available financing can in itself lead to problems, and, as Loxley has pointed out, too much dependence on government funding can leave initiatives high and dry when governments change parties.

Thus far this thesis has looked at the salient issues found in CED literature. The next two sections will look at these issues within the context of Aboriginal and gender issues.

2.6 Aboriginal communities and CED

Given the emphasis on community self-sufficiency, CED has particular appeal

to Aboriginal communities. Even before the advent of globalization, Canada's Aboriginal Peoples were deliberately marginalised from the economic benefits most Canadians enjoyed. The Indian Act and federal government policy such as the reserve system and the Federal Department of Indian Affairs all served to remove Aboriginal people from main-stream economic development (Loxley (1986) 75). Today's Aboriginal people are caught in a power struggle with provincial and federal governments over land claims and rights of self-determination. As Aboriginal people gain more political power and say over their future, they must grapple with how CED will be administered in their communities. An integrated approach to CED theoretically gives them the ability to concentrate on cultural and social issues as well as economic, and therefore holds much appeal to those who wish to conserve their culture. But serious questions arise about the compatibility of native values with successful private enterprise, perhaps narrowing the numbers of strategies that an Aboriginal community can choose from.

2.6.1 Aboriginal culture and tradition

This section relies on the research of J. Loxley 's chapter 3: Strategies For the Economic Development of Native Communities, from his *The Economics of CED, A Report Prepared for the Native Economic Development Program*.

Although deliberate institutional repression has diminished, native tradition is still under assault by racism and the pervasive nature of the mass-consumption culture found in mainstream Canada. Given that the physical context in which native culture evolved and existed has largely disappeared, many worry that revived traditions will be relegated to the status of historical curiosities. Traditional native

culture may only be able to survive intact in remote areas where the traditional economy persists. Certain CED strategies, however, are more compatible with traditional ways and can help communities regain self-sufficiency, dignity and a new place in the Canadian landscape.

For those Aboriginal people who still maintain a traditional lifestyle, CED strategies which concentrate on activities such as hunting, fishing, trapping, outfitting, and forestry work are compatible with Aboriginals' attachment to the land and will help reinforce native culture. Aboriginal social relations are organized along communal lines and emphasis is put on the opinions of the elders who are held in high esteem. Our private-enterprise system does not accommodate communal values nor the participation of elders, and it therefore is highly doubtful that native culture can survive using a business-only CED strategy, even if a close relationship to the land is included.

Desirable as it may be to revive native tradition, no strategy should support ideas which are not longer acceptable to large portions of Aboriginal people, such as discrimination against women. Aboriginal society is not devoid of sexism, and women are often the ones who suffer the most in communities in crisis. Aboriginal people are also not immune to abuses in power which can deprive individuals of basic rights afforded to all Canadians. It is, therefore, not always desirable or possible to support certain native traditions in CED. A convergence strategy probably has the best chance of preserving native values and is, for this reason, the strategy which best works in Aboriginal communities. In fact, convergence principles have been found to be successful even in urban settings, as evidenced by Neechi Foods in Winnipeg.

It was earlier noted that Aboriginal women often represent the most disadvantaged within a marginalised group. We will next turn our attention to a feminist reading of CED to understand the position of women in general.

2.7 Women and CED

Many women believe that CED and women are a natural fit. Not only are women over-represented in poverty statistics [Conn, Women, Co-ops and CED, 34], and therefore stand to benefit the most from CED, but the philosophy and practices of the women's movement have paralleled those found in CED, and may even have preceded them [Conn, CED in Canada from a Women's Perspective, 1]. Conn discovered that CED had a new vocabulary for strategies that women's groups had been implementing for years. "Social accounting", "community control" and "valuing the informal economy" were familiar concepts with new names. Alderson, Conn, Donald and Kemp's research highlights four main features in women's CED initiatives: 1) the redefinition of productivity; 2) establishment of a multiple bottom-line; 3) development of collective resources; and 4) guarantee of inclusivity[121].

2.7.1 Women and productivity

Conn's concerns about women's role in the economy revolve around unpaid work and inequitable pay. Firstly, she does note that many CED projects which include women have acknowledged the importance of the many productive activities women perform at home, such as child-rearing and geriatric care [CED in Canada from a Women's Perspective, 2]. This concern is expanded in an article written by Alderson, Conn, Donald and Kemp, who note the conventional definition of productivity as 'the profit created by labour through the efficient production of goods and services'

[121]. From a woman's perspective, this definition excludes all of the non-market work performed by women that is essential to society. Without childbearing, childcare, elder-care and household management, the formal economy would not be able to operate. Women's CED expands the definition of productivity to include women's unpaid work.

Reproduction is a reality in most women's lives, and communities need to recognize and accommodate this reality in a way which allows women to participate fully in the economy. Women should have access to the same jobs as men, regardless of women's potential for pregnancy. Complex as this issue is, employers and employees alike must find innovative and creative ways to deal with this issue.

CED also needs to recognize the unpaid domestic work performed by women. Those women who never work outside the home still need access to benefits denied them, such as pension plans. Women who work outside the home often face hours of domestic work when they return home. There are many ways in which a community can help with this double load. For example, workers' co-ops can install washers and dryers on site so that workers (men included) can get the laundry done while at work. Co-ops can also provide hot mid-day meals to staff so that they do not have to spend so much time preparing meals at home.

Childcare is of prime importance for women who also work outside the home. Until politicians acknowledge the need for universal affordable daycare, communities will have to forge their own solutions (some claim that this is exactly how Ottawa is hoping society will respond to their inaction, thereby eliminating the need for action).

Daycare centres can be organized on site to simplify the travel logistics of working

families. One women's group in B.C. organized their collective to accommodate childcare. Each of the five women takes a turn caring for the whole group's children one day a week [122]. Ideally a community could set up collectives that would allow the children's fathers to also participate in childcare, freeing up even more time for the mothers.

Women's CED also respects the unpaid work women perform to provide services to the community, such as volunteer counselling, tutoring, administrative work, community kitchens and health-care support. This work needs to be re-defined as productive so that communities can recognize its importance in maintaining a healthy society.

2.7.2 Multiple bottom line and collective resources

Conn believes that a feminist perspective on CED puts more emphasis on social vs. commercial accounting, thereby ensuring that the true purpose of development is not lost in a flurry of statistics and equations [CED in Canada from a Women's Perspective, 3]. Social accounting considers the real costs of pollution, crime, family violence, economic instability, occupational disease and community dislocation. Any economic strategy should include these negative externalities in its analysis to determine if the net outcome will be positive or negative. The community needs to bear in mind that the social and financial costs for contamination clean-up, crime prevention, health-care provision and family-support services are borne by the community, not the corporation that brings the jobs.

Whereas conventional economic development celebrates corporate and personal competitiveness, women have successfully demonstrated that working

collectively delivers results. Women across Canada have combined their financial resources and expertise and started co-operative businesses. By doing so, they have taken control over their working conditions, pay, skill development and realized their personal objectives [Alderson, et al, 124].

2.7.4 Inclusiveness

Given that community participation is central to our definition of CED, and that women are part of any community, one may logically expect women to participate in any CED project. Conn claims that in practice, women are often excluded from community committees, or - at best- are offered inconsequential, token positions [CED in Canada from a Women's Perspective, 3]. Exclusion of women from CED planning should not seem strange given that women have often been excluded from participating in conventional economic development as well [Alderson, et al, 125]. Old habits die hard, and many of the programs adopted by governments and communities alike have not considered the strengths nor the concerns of women. Women's CED means to correct this imbalance by ensuring that women are included in both the planning and implementation of CED programs. Women also must participate in local, provincial and national CED networks [Alderson, et al, 125].

Feminists insist that the education and advocacy of women is critical to meaningful CED. By understanding the characteristics of women's CED, policy can be crafted to strengthen the role of women in both CED and society as a whole [Alderson, et al, 128].

2.8 Government policy and CED

Government can never take the place of community: what it can and should do, however, is create political, institutional and financial frameworks which help local people rebuild their communities from the bottom up, making them safer places in which to live and generating a better quality of life which can support wider economic opportunities [Rice and Prince citing the Social Justice Commission (1994:370), 243].

Social policy makes up the largest portion of public spending in Canada's budgets. Not only have social policy expenditures of all governments increased in absolute terms, but their share of total spending and of GDP have increased each year since 1980 [Prince and Rice, 236]. The increase in social spending has been the source of tremendous political debate in Canada. The right, in its attack on the deficit, has placed excessive growth in spending, particularly social spending, as the primary cause of increasing deficits, regardless of evidence which refutes this notion [Prince and Rice, 239]. This ideology of deficit politics dominated the political landscape in the 1980s and 90s and resulted in program cuts, workforce downsizing, privatization and deregulation and a shrinking of expectations as to what governments are responsible for in our economy. This assault on government spending has been extremely successful, in spite of Gunn and Gunn's observation that governments spend in a more socially productive way than does the private sector. However, Rice and Prince believe that the attack against government spending has begun to slow, and that we have entered into a post-deficit era, dominated by 'dividend politics'.

The Liberals have indicated a willingness to at least partially restore social spending now that the federal deficit has been tamed, and provincial governments are

also loosening their purse strings [Rice and Prince, 239]. But deficit-ideology politics have hardened the public's views on social spending and the role of government, and its proponents promise to closely monitor how social spending is undertaken. Thus, the new money that is available through budgetary surpluses gives us, at best, a small political window of opportunity to improve social programs [Rice and Prince, 240]. An examination of how the government can invest in CED more efficiently is, therefore, particularly relevant at this time.

2.8.1 Government coordination and legislation

One of the most common criticisms of policy in Canada is that governments have tended to act in a piecemeal fashion. There is no comprehensive CED policy and program environment, and no national framework to link federal departments with provincial and municipal levels of government. [Galaway and Hudson, 12]. Brodhead and Lamontagne have also noted the importance of the regulatory framework in which CED unfolds, the importance of establishing networks to facilitate the dissemination of CED experiences, the need for comprehensive policy and for legislation to support CED initiatives [265].

Watson notes the need for 'substantial improvement in federal-provincial and interdepartmental cooperation in the implementation of employment-related programs. . .' [136,7]. Criticisms of a particular federal-government program include: 'widespread failure . . . to coordinate government programs at a local level' [137], and a mismatch of the skills of government employees with the requirements of their jobs. The provincial department was wary of becoming too involved in a project because past experience had taught them that when the federal government pulled support,

they were left to pick up the slack in providing services. Researchers note a lack of articulation of the policy role of the federal department, failure to use effective coordinating mechanisms, and the use of discretionary policy development and informal mechanisms [137].

If regional, national and local CED organizations could be brought under the umbrella of a nationally administered CED network, practitioners would be able to exchange and build on their accumulated knowledge. Computer communication linkages and seminars are two areas in which government could undertake to improve exchange between both levels of government, and government with community organizations. The application of new communication technologies could greatly improve CED coordination [Brodhead and Lamontagne, 265].

The federal government, in partnership with provincial and municipal levels, would be the most logical institution to take up the necessary tasks of documentation, analysis and communication. A government run CED network could maintain an inventory of CED models and offer expertise and education on tools and training devices. A national CED support structure would meet the needs of both CED practitioners and policy-makers [Brodhead and Lamontagne, 273].

Economic development has become increasingly dependent on intergovernmental coordination and cooperation, yet experience has shown that federal, municipal and provincial levels are often not working from the same plan, nor do they share the same goals [MacNeil, 186]. There can even be a lack of cohesion between different federal departments. Not until departments and levels of government stop working at cross purposes will CED be able to take a decisive step

forward.

2.8.2 Government financing

Section 2.5 looked at financing CED, and highlighted the importance of government funding. Besides providing direct financing for CED project, pro-active policies such as tax incentives can encourage corporations and individuals to participate in community investment. The Canadian CED Network recommends that the government create a new tax incentive instrument in the form of a targeted tax credit to private-sector contributors. To qualify, contributors could provide financial capital to a community for any number of CED initiatives, thereby meeting the need for equity capital. Promising programs which could act as models include the Community Economic Development Investment Funds' in Nova Scotia, and a Program in New Hampshire administered by its Community Development Finance Authority [15]. Government also need to assure long-term financing of CED projects by building partnerships with credit unions, pension funds and co-op groups [Coady and Galaway, 205].

The funding policy of government should be premised on and granted to independent CED organizations (CEDOs) such as community development corporations. It is important that CEDOs do not just act as agents and recipients of an externally-designed program, but that they be viewed as partners in the entire process. Government funding should be offered as a resource to communities which design their own strategies for improvement [Canadian CED Network, 7].

Access to and information on financing should be made available through the governmental national CED network recommended above. The ecology of funding

discussed by Lawless could be minimized by streamlining the grant-application process under the auspices of a government agency.

2.8.3 Community participation

Government policies must be inclusive of marginalised groups if CED is to make meaningful progress. Marginalised groups include Aboriginals, visible minorities and women [Brodhead and Lamontagne, 268]. According to Nozick, one of the goals of an integrated approach to CED should be meeting the needs of individuals [82]. In order to ensure that individuals' concerns are heard and understood, it is crucial that all community groups be included in the planning and implementation process.

In the UK, the popularity of community participation reflects a variety of advantages believed to accrue to community members. It is believed that decision-making and action will be more closely aligned to the actual needs of the community [McArthur, 308]. The Canadian literature also notes the importance of local knowledge of community conditions. Too often the government has proposed solutions that do not correspond with a community's particular situation, having applied a program that was not specifically designed [Canadian CED Network, 6]. But if the community is working as a partner with government and/or the private sector, an unequal distribution of power must be taken into consideration. It is possible that the aspirations of community members will be absorbed and modified to adhere to the agenda of government officials [McArthur, 308]. Evaluations of government programs in Canada have raised similar concerns [Watson, 137].

Full community participation can also result in conflict between groups with

different view points and needs. Communities are not homogeneous; different groups and classes exist, and consensus is not typically easy to obtain [Loxley (1985) 6]. Not only does power need to be redistributed between outside agents and the community, and within the community, the fact that outside authorities often exercise their power by manipulating agents *within* the community needs to be recognized [Loxley (1985) 7].

Loxley raises the issue of establishing what a community's needs are. We cannot expect marginalised, deprived people to truly grasp what they need if they have never experienced a reasonable standard of living. Policy-makers need to decide if they will be politically-neutral facilitators whose task is simply to accommodate decision-making within a narrow range of choices, or if their role is to educate and instruct community members to strive for a more economically, socially and culturally satisfying life style [1985, 12,13]. MacNeil notes that when governments work as partners in CED, they must consider the 'current state of learned helplessness' and undertake strategies to allow people to transform their community through its economy [179]. More radical community workers not only subscribe to the 'educated and persuaded need', but encourage community members to engage in political activism [Loxley (1985)14].

Stating that CED requires the full participation of community members is more complex in practice than in theory. It is therefore preferable that any policy address this issue carefully and up front. Policy-makers must have a thorough understanding of the historical and present relationships within the community, together with the position of the community vis-à-vis outside agents, prior to embarking on strategic

planning. When dealing with Aboriginal communities, policy-makers need to be particularly sensitive to the cultural and historical context of their situation. Ideally, Aboriginal civil servants should be available to mediate between the community and the government. There is always conflict between the competing forces of autonomy and the community, and policy-makers must ensure that one force does not dominate the other [Rice and Prince, 216].

2.8.4 Strategic planning, indicators and planning tools

We saw earlier that strategic planning is a crucial component of CED. The government should take a lead role in the development and dissemination of effective strategic-planning models. A data base of models should be housed in a national network so that communities could study the various plans available. Expertise should also be offered to communities so that the best plan can be chosen and modified, if need be. Training should also be offered in the design and use of indicators and strategic planning tools.

The distribution of gains brought about by CED programs must differ from what would be expected if the project were initiated by private or corporate entities [O'Neill, 62]. Not only should economic indicators such as business start-ups, bankruptcies, net growth in employment and investment spending be tracked, but social indicators such as improvements in health and education, retention of youth in communities and increased usage of traditional language can and should also be monitored.

Externalities must also be considered if a strategic plan is to be sustainable and environmentally sensitive. Indicators which consider pollution and its effects on

health must be incorporated in any industrial planning. The long-term effects of resource depletion must also be factored into any cost-benefit analysis, and that analysis must include social and cultural considerations.

2.8.5 Evaluation

Watson insists that evaluation must meet three requirements. First, the program that is being evaluated must be a replicable prescription for a problem. A program that cannot be repeated cannot teach us anything general. Second, the outcome of the program must be measurable. Third, there has to be a robust and reliable base of comparison between those who participate in the program and those who do not, so that incremental effects can be understood [142,3].

A caveat must be added with regard to the collection and utilization of empirical data to validate CED. Research conducted in the UK by Knox and Hughes differentiates between the American experimental style of evaluation and the UK approach. The UK perspective is reflected in the following guidelines on policy evaluation:

Evaluation is not a scientific exercise aimed at producing definitive answers to all questions, and judgement lies at the heart of it [Knox and Hughes citing H.M. Treasury, 1988, 243].

This attitude is at great odds with the American style of evaluation which demands the use of control and experimental groups. This approach is very hard to adopt in reality, particularly when conditions of random assignment of control and experimental groups cannot be met [243,4].

Knox and Hughes propose that a quasi-experimental design can be more useful when conditions of random assignment cannot be met. In this case, non-

equivalent control or comparison groups are used, without random assignment to either group. Instead, similar groups are compared to obtain before-and-after measures. Difficulties arise with this type of evaluation design as well. For example, if a CED program were implemented in a community in Northern Manitoba, a control community would have to be chosen for comparison. Evaluators may have a variety of communities to choose from and deciding which community variables should be considered important enough for comparison is not always easy. The issue of self-selection also presents a problem. A community which has taken the initiative to implement a CED program may possess unique characteristics that cannot be found in control communities, making policy comparisons difficult [244].

Policy-makers must be prepared to evaluate programs as they unfold and once they are completed. One theme that is repeated in the literature is that of time lines. A community must be allowed to use as much time as is needed to fully understand its situation and make appropriate plans for change. This presents a problem for policy-makers if the time required exceeds the limits of government funding and is further complicated when more than one level of government is involved [MacNeil, 184]. Evaluation should be flexible enough to accommodate the inherent time line of the community, and not follow the dictates of a one-size-fits-all government program.

Policy-makers must not close the books and begin evaluation before a program has had sufficient time to bear fruit. A study in the UK concluded that there was no point in trying to measure levels of improvement if a community was nowhere close to meeting its goals [Knox and Hughes, 245]. We in Canada cannot expect the

effects of centuries of discrimination against Aboriginals to disappear in the time it takes for one or two business cycles to run their course. Policy-makers must commit to the long-run and be prepared to wait generations, if need be, before they judge the effectiveness of CED. This may imply turning to a more process-oriented style of evaluation.

Knox and Hughes recommend that, where possible, the evaluation process focus on the more 'immediate, realistic and demonstrable objectives', and that the quantitative part of the evaluation be complemented by a more qualitative focus which highlights the processes involved. In other words, there should be a change from emphasising the outcome to focussing on the process. A balanced evaluation design should be process-oriented and emphasise qualitative work within communities. Surveys conducted in participating and non-participating communities can provide quantitative data to supplement the qualitative research [246,7]. This level of commitment (and faith in qualitative information) is often difficult to adhere to in the reality of constantly-changing political parties with wide-ranging ideologies. Emphasis must be put on educating both policy evaluators and politicians that CED objectives are not always set in strict, quantifiable terms. In the words of Knox and Hughes:

. . . [A] combined qualitative and quantitative approach can capture the policy context and the experience of those subject to the policy, set alongside the use of economy and efficiency indicators [248].

Lastly, policy-evaluators must remember that their role is that of a neutral and detached observer. In-house evaluators must not use evaluation as a means of protecting their jobs or making the government look good. On the other hand, external evaluators who are paid for their opinions must not let the lure of future

contracts taint their conclusions. Policy evaluation should be an iterative process which will ultimately result in more robust CED programs [Knox and Hughes, 249].

Chapter 3: CED and Government Policy in Manitoba: the 1960s and 70s.

Having reviewed the literature on CED to date in the previous chapter, this chapter will now examine CED government policy in Manitoba. The survey will begin with the origins of CED in Manitoba in the 1960s, at that time called 'community development'. Section two will review important developments in policy which occurred in the 1970s under the provincial NDP government. This section will also review federal policy regarding development of Aboriginal communities.

3.1 1960s

Debate over the definition of 'community development' in the 1960s mirrored the debate that is found in today's literature on CED. Social workers saw community development as a grass-roots initiative which targeted social issues, adult educators saw it as an educational and growth process, architects and engineers believed that the physical aspect of community were important, and economists focussed on industrial development [McEwen, 7]. The United Nations work in community development in developing countries provided the basis for community development in Canada:

In the United Nations the term community development has come into international usage to connote the process by which the efforts of the people themselves are united with those of the government to improve the economic, social and cultural conditions of communities, to integrate these communities in the life of the nation, and to enable them to contribute fully to national progress [McEwen quoting Ernest Grigg, Chief, Community Development Division, U.N., 1960].

When the provincial government set up the Manitoba Community Development Services - in cooperation with Indian Affairs - in 1958, the community development

movement was born in Canada. In fact, other provinces used Manitoba as a training and recruitment base for community development officers. [McEwen, 16].

According to McEwen, community development was first introduced to Aboriginal communities in Manitoba in the late 1950s by Jean H. Lagasse [7]. As director of Community Development Services for the province, he directed a three-year study into the living conditions of Manitoba's Aboriginal peoples. Lagasse believed that community development in Manitoba should focus on two basic problems: '[t]he main emphasis of community development in Manitoba is economic development and social organisation because it is in these two areas that former government services have been most delinquent' [Lloyd quoting Lagasse, 39]. He believed that health, welfare and education would not deliver any more benefits than they had without the improvement of economic and social conditions. In accordance with Lagasse's recommendations, in 1960 three community development officers were assigned to Norway House, Grand Rapids and the Camperville areas, and an economic liaison officer was appointed in Winnipeg. In 1961, Berens River and The Pas were included in the new operations [Lloyd, 39].

Progress in these centres depended on the pre-existing economic conditions of the regions in which they were located. For example, community development goals were reached fairly extensively and quickly in Grand Rapids where full employment had previously been realized, thanks to the development of a hydro-electric plant. In contrast, Norway House, which had no hydro-electric development, still relied heavily on welfare payments. In the Camperville region, a six-month data-collecting survey was needed before the government could begin to understand the

needs of the area. In 1961, a successful pulpwood cooperative was established in Berens River and for the first time in many years no social assistance had to be paid [Lloyd, 40].

In The Pas, a sincere effort to alleviate the problems facing Aboriginal people was launched in 1961. Government hearings allowed the public to express concerns over housing, employment, job-training, education, the building of a Friendship Centre and transient and jail services [Lloyd, 40].

In 1959, a project was launched by the Indian Affairs Branch in northern Manitoba. Walter Hlady investigated how community development could assist the Chipewyan Indians who lived on the outskirts of Churchill. For two centuries, the movement of this nomadic tribe had been connected to the trading post in Churchill, but the Band had independently decided to abandon its traditional life style and was living in sub-standard shacks on the outskirts of the white community. Band members were experiencing difficulty in adapting to both their non-nomadic life style and working for wages. They spoke English, but were not used to being employed for wages and did not possess skills that would help them cope in their newly adopted world, leaving the majority dependent on welfare and unemployment payments. The purpose of the project was to determine what improvements could be made in the Band's living conditions within a short period - six months - and to determine what community development initiatives were necessary for the long run [Lloyd, 41].

In 1967, when Lloyd studied the results of the Chipewyan project, he found that it had helped them to become self-reliant and to achieve an acceptable standard of living. He attributed the success of the program partly to the use of a school

teacher as a resource person to run language classes and show films. This teacher was able to be an effective mediator because, as a non-government, non-church worker, he was trusted by the Chipewyan community. His skills as an educator allowed him to communicate more effectively than if he had been a layperson [41].

Under the auspices of the new Community Development Services in Manitoba, we begin to see coordination between the provincial and the federal governments. Because Indian Affairs shared in the financing of the Service's initiatives, plans for new projects had to be approved by the regional supervisor of Indian Affairs. The Service needed to maintain close ties with various federal departments, such as the Department of Mines, in order to coordinate services and avoid duplication [Lloyd, 42]. Manitoba, along with the other provinces, signed an agreement with the Agricultural Rehabilitation and Development Administration (ARDA) of the federal government. Paragraph 11 of the agreement provided for the extension of the agreement to Aboriginal communities. Services offered included: soil and water conservation; research and development of rural resources, including industry, education and training; and, community development for rural areas as designated in federal-provincial agreements [McEwen, 15].

Adult education was evolving alongside community development during this period. Courses were offered in many communities - large and small - throughout Manitoba. Most of these courses were sponsored by the Community Welfare Planning Council of Winnipeg [Lloyd, 42].

In 1964, Professor J.G. Dallyn of Community Development Services in the Department of Welfare, Winnipeg, prepared a report on the state of community

development in Manitoba. He believed that although the Service had proven successful, its reach was insufficient. In order to deliver benefits to all of Manitoba's Aboriginal peoples, the Service would have to be greatly extended. He also recommended that community development officers work in more than one community, forcing them to standardize their procedures so they were not applicable to just one setting [Lloyd, 43].

Dallyn believed that the standardization of procedures required a 'process focus' and recommended a move away from the more individualistic 'project focus'. In order to be more process-oriented, he thought that the community development officer needed to:

- 1) motivate community members and determine their felt needs;
- 2) develop new leaders;
- 3) develop new community organisations;
- 4) increase use of government services.

Prior to moving on to points 2,3, and 4, Dallyn recommended that some experience in social organizing needed to be built up in communities. In order to accomplish this preliminary development, the province needed to be organised into appropriate units and to set up a service sequence. A community officer specialized in this process would spend six months in a community before his successor would begin working on points two through four [Lloyd, 43].

Dallyn perceived that there were too many arbitrary methods being employed to deal with community problems. He thought that if real progress were to be made, a more systematic way of dealing with recurring problems had to be established [Lloyd, 44]. It is as if the complaints about the lack of structure in CED today are being echoed into the past.

McEwen's book also allows us to peer backwards and see the first musings of many of the issues facing CED today. For example, he talks about a lack of understanding and articulation of goals, and the need to incorporate traditional values into CED initiatives. Understanding of the importance of traditional culture was based on the development work done with Greenland's Inuit people. The Danes followed a development policy which incorporated local language, customs and workers, resulting in tremendous improvements in Greenland's Inuit communities [11].

McEwen outlines some of the weaknesses in the structure of community development services for Aboriginals in the 1960s. He believed that the deficiencies of band councils, based on their lack of legal authority, administration skills and training prevented them from acting effectively. He noted that provincial and federal civil servants were often placed in a conflict of interest. Once a community development officer educated Aboriginals as to the extent of their plight, he was accused by other civil servants of unleashing tough criticisms of and discontent with government policy. Many community development officers found it easier to conform to the *status quo* and act as project officers, rather than as an agents for meaningful change [29]. He also noted a lack of adequate resources at the provincial level, a scarcity of coordination between provincial and federal agreements, and problems arising from the status and non-status Indian situation. The fact that the province controls resources, roads, public health and wildlife, while the federal government has legal responsibility for all matters concerning 'Indians and land reserved for Indians' further complicated community development initiatives [33]. McEwen noted that regional development schemes which did not consider local resources would probably fail. He also highlighted cases where industrial development was

proceeding without the participation of local Aboriginal communities, allowing pockets of poverty to exist within thriving regions [32]. He noted the profound distrust that Aboriginals felt towards government officials and Indian Affairs employees in particular. He believed that career civil servants relied on the ongoing existence of Aboriginal marginalisation to keep their jobs [33].

McEwan recommended the recognition and adoption of the following principles: that community development belong to the people, with the community development officer acting only as a catalyst; that the community obtain access to resources; that there be complete and effective coordination of government services in regional settings; that the need for pilot projects to initiate the movement be recognized; and, that community development begin within the culture and value system of the community [31 -38].

From this brief overview of the state of community development in Manitoba in the 1960s, we see the shape of today's CED taking form. Many of the weaknesses of community development, and the recommendations for their improvement, can be found in today's CED literature. This repetition of criticisms and recommendations implies that many of the problems facing Aboriginal communities in the 1960s have not been remedied. The next section will outline the major steps taken in government policy in Manitoba in the 1970s.

3.2 1970s

A bipartite (provincial/federal) program which bridged the 1960s and 70s was implemented under the Fund for Rural Economic Development Agreement (FRED) between 1967 and 1977. According to the 1990 report authored by Decter and Kowall and published by the Economic Council of Canada, the FRED Interlake

Agreement was a clear example of a successful effort to improve the social and economic fabric of a region. The combined investment of both governments totalled \$85.1 million, and was divided between resource management, human resource development and infrastructure spending. According to the report, the Interlake region was transformed from 'a severely disadvantaged rural area of poverty and widespread underemployment to a region with sustainable economic development' [iii]. Developments under this program included: the establishment of a Seagram's Company distillery in Gimli; a goose-processing plant in Teulon; a promotional-wear (baseball cap) company also in Teulon; and, the expansion of the Harbrook Cheese plant. Agricultural production was diversified under the program, and the demand for the region's rye was given a boost by the Seagram's distillery. Managerial and technical training was provided for farmers and fishermen, as well as funding for farm management and improvement proposals. Under the plan, fish marketing arrangements and fishing equipment were improved [33]. Improvements in the region's infrastructure not only supported the growth of local industry, but greatly improved the quality of life for those who lived in areas with poor roads and little access to water [31].

The report also notes that whereas the before-and-after economic indicators were well documented, other essential ingredients that contributed to the program's success were not. The 1990 report, in an attempt to address these omissions, emphasised the following lessons to be learnt from the Interlake experience:

- that community participation is a necessary step in successful CED programs;
- that CED planning must include robust analytical work in order to efficiently link funds to strategic investments;
- that human-resource development plays an important role in CED. FRED included a large education and training component;

- that a minimum time frame of at least ten years is required to realise meaningful CED;
- that a federal-provincial agreement may best be used as an underpinning and funding source for a project, with community-based initiatives providing the planning and control [40,41].

It is also important to note the report's emphasis on the Interlake Agreements implementation structure. Government line departments were able to take their mandate directly from the Agreement and avoid the policy swings of changing governments. The FRED Interlake Agreement was structured in such a way as to allow stability and continuity in spite of changes in governments, ministers and departmental organisations in both levels of government [20].

The report also highlights some of the problems raised in a bipartite effort of this nature. The federal government was more concerned with economic adjustment and labour mobility, whereas the province was focussed on economic development within the area. At the community level, the Area Development Boards' priorities were education, agricultural development, land drainage, recreational development and infrastructure improvements. Given the differing priorities of the parties, tensions were inevitable. The report suggests that the higher the level of government, the more emphasis was put on broad economic indicators. This emphasis leads to a greater commitment to labour mobility as opposed to development which encourages residents to stay put [43,44]. Given the success of the program, it is obvious that the level and quality of community participation was enough to overcome the federal government's short sightedness.

The Manitoba Progressive Conservative party, headed by Duff Roblin, represented the province in the initial FRED planning. In 1969 the province elected

the NDP government of Edward Schreyer, and it was this party that held power for the balance of the 1970s. Provincial CED policy in the 1970s, therefore, would be most influenced by the NDP.

The NDP's policy was most clearly articulated in its *Guidelines for the Seventies*⁶, premised on four principles:

- 1) the maximization of the general well-being of all Manitobans;
- 2) the greater equality of the human condition for all Manitobans through a more equitable distribution of the benefits of society;
- 3) the implementation of an effective 'stay option' which would prevent Manitobans from being coerced by economic forces to leave their province or to leave the region within the province in which they prefer to live;
- 4) the promotion of public participation in the process of government, and more particularly, in the development decisions which would affect all Manitobans in the years ahead [Province of Manitoba, 13].

The Guidelines are organised into chapters that explain the government's policies on a range of issues, such as economic policy, housing, social goods and services and regional development. The four underlying principles are woven into each of these policy areas. Although the Guidelines do not have a chapter dedicated specifically to CED, it is possible to extract enough information from a variety of chapters to cobble together a snapshot of the government's approach towards CED. The next section will review what the Guidelines said about economic policy.

3.2.1 Economic policy

The government was committed to full employment, tax reform and slowing migration within and out of the province. The Province acknowledged the difficulty in lowering unemployment in one province located in a country with high

⁶The information for this section is from the three volumes of *Guidelines for the Seventies*, published by the Province of Manitoba.

unemployment. Given that national policies play a greater role in Manitoba's economy than provincial policies, it was unclear how much difference provincial policies could make, no matter how well-intentioned. Mention is made of the development of programs for winter jobs, student summer employment and positive effects on employment as a result of expansionary budget spending. The Guidelines also promised to establish a Guaranteed Employment System⁷ which would operate as a 'residual' employer for those who could not find work. Concern is also expressed for disadvantaged persons, Aboriginal people and women living in rural areas, although concrete strategies for helping these people are not offered.

The NDP government was committed to tax reform. It wished to adjust property taxes, being the most regressive form of taxation, by changing to an ability-to-pay basis. Other regressive taxes such as the provincial sales tax and farm property taxes would also have been adjusted, putting more reliance on progressive taxes such as personal and corporate income tax. Tax loopholes for wealthy individuals and corporations were to be closed off, tax incentives to corporations were to end, subsidies to large corporations - which tended to be foreign owned and committed to capital-intensive investment - were to end. Tax incentives would be shifted to middle and lower-income earners, who spend a greater portion of their income and stimulate the economy through increases in aggregate demand.

The Guideline's stay option was firstly, an attempt to keep Manitobans in Manitoba and secondly, an effort to allow those who lived in rural and more remote areas to remain there. Many Manitobans had to leave rural areas, particularly in the

⁷For a detailed analysis of Guaranteed Annual Income policies in the US and Canada, see Hum and Simpson's "Economic Response to a Guaranteed Annual Income: Experience from Canada and the United States."

north, because of a lack of employment opportunities. In the south, it was argued that farmers did not receive an equitable share of income because their inability to control the prices of their products weakened their economic position. Depopulation of agricultural land was already a problem in the 1970s, and the stay option was meant to make it easier for farmers to stay on the land, allowing the towns which serviced farmers to retain jobs, population and a tax base. It was thought that a slow down of migration into the larger urban areas was desirable so that the problems that were growing in the cities, particularly Winnipeg, could be more easily addressed. The stay option was meant to curb depopulation and fight poverty in rural areas, halt increasingly expensive urbanization, and to reform northern development so that those who lived in the north could claim a fair share of the benefits.

In order to implement the stay option, the Guidelines proposed changes to agricultural policy that would encourage farmers to stay on their land and discourage the growth of large corporate farms. Aid was to be directed to low-income farmers, and agricultural production was to be reorganised through the establishment of cooperatives and land banking. The government also meant to encourage farmers to switch to more profitable forms of production. Higher expenditure on rural health care and other provincial services was also planned.

3.2.2 Health and social development

The Guidelines recognized that good health was more than an absence of disease, and that the public had a social responsibility to ensure that basic needs were provided to all citizens. Basic needs, such as adequate income, shelter, education, health care and nutrition, are referred to as 'social utilities' in the Guidelines. Provision by the government of these social utilities was premised on

the understanding that all of society benefits when everyone is provided for. The social-utility approach also recognized that those individuals who cannot provide for themselves have been disadvantaged by the inadequacies of the social and economic system, and that their problems did not stem from lack of ability or motivation.

Having established that health care, education and other essential social services had to be available to all Manitobans, it was determined that these services had to be improved in rural and remote areas. Provision of these services played a key role in the effectiveness of the stay option, maximizing the general well-being of Manitobans, and increasing the general equality of the human condition. The rise of the public health-care system in Canada went a long way to meeting the Guideline's goals, but an extension of insurance benefits was deemed necessary to guarantee optimal coverage. The government recommended that nursing home care, prescription drugs, dental services and ambulance services be included in the public health-care system by 1980.

The Guidelines recognized that a market economy does not provide nor guarantee a living income for all. It endorsed the existence of federal initiatives such as Old Age Security, the Canada Pension Plan and the Guaranteed Income Supplement as essential to the well-being of seniors, but also recognized the need for the province and the municipalities to coordinate the provision of social services to the unemployed and the poor. Government policy subscribed to the belief that welfare recipients tended to be the aged, infirm, unemployable and single mothers, in contrast to the popular belief that they were able-bodied but somehow lacking in initiative and character. Although the government committed to the continued

provision of welfare, it also expressed a desire to implement a guaranteed annual income experiment.

The Guidelines pointed out that income-maintenance policies had to be seen as a part of comprehensive social policy. It viewed the existing federal-provincial arrangement of welfare provision as *ad hoc* and ineffectual. The federal government had a reputation for pulling out of programs and leaving the province with all the responsibility and costs; when the province could not provide the extra funding needed, it was the poor and needy who suffered. The Guidelines recommended that the federal government meet its responsibilities to needy Canadians, while allowing the province more flexibility to design its own programs to meet local situations.

Because the province did not believe that the federal government was committed to a guaranteed annual income, it was prepared to launch an experiment of its own. It proposed to offer a guaranteed-annual income program at the same time as necessary changes were made in the areas of work incentives and job creation. The guaranteed-annual income initiative was meant to complement a revamped welfare system and to allow the poor an avenue out of their situation. The guaranteed-annual income strategy would be implemented through a negative income tax.

3.2.3 Regional perspectives

The section on urban regions did not contain any strategies specific to CED. There was no evidence of consideration of separate communities within large urban areas, and certainly in the 70s the growing Aboriginal community within Winnipeg had not yet received the attention it deserved. As presented in the Guidelines, the urban strategy offered sweeping and, for the time, very progressive ideas for urban

development, but was very short on details as to how these goals would be reached. More detailed planning was considered for recreation and green spaces in an effort to ensure that all city dwellers had access to recreational and cultural activities.

The commitment to rural development in Manitoba focussed on agricultural and industrial development. There is a re-stating of the four principles and the three broad policy issues within the context of rural regions, as well as the policy prescriptions that were offered in the section on economic policy. There was an acknowledgment of the need to consider social costs and benefits when setting a development strategy, not just economic indicators. At the heart of the Guidelines policy on rural areas is the stay option, itself premised on the raising of gross agricultural output and farm income. Once again, rather than offering concrete goals and strategies, the Guidelines ' . . . provide a framework in which future policies can be developed and programs implemented to assist all citizens to influence the changes which are taking place in our society rather than merely succumbing to them' [39].

The section on northern Manitoba is more developed than the two previous sections, perhaps because of the community development work done in the 1960s in Aboriginal communities. The Guidelines acknowledge the dangers of using only economic indicators to measure well being, and the importance of qualitative factors such as environmental conditions. The Guidelines also recognized that rapid economic development in the north had occurred alongside deteriorating conditions for Aboriginal people who were not allowed to participate in the development of northern resources. The same social services available in the south needed to be extended to northern communities and the stay option is discussed in the context of

northern communities. Not only did policy aim at curbing the migration of northerners to the south, it was hoped that by improving services to the north southerners who went north for high-wage jobs could be convinced to stay.

One of the more interesting policies concerning the north is the wish to widen the participation in political structures and processes. It was acknowledged that the government was perceived by northerners as remote and disinterested in northern issues. The Guidelines proposed that changes in local government could empower northern communities and bridge the schism between the capital and the north. This process was already underway in Aboriginal communities with the election of local band or community councils to take on responsibilities previously handled by Indian Affairs. Both Indian and Metis communities had found their voices with the formation of the Northern Association of Community Councils. It was hoped that organisations of this nature would continue to facilitate the decentralization of provincial activities and the increased autonomy of northerners.

The Guidelines noted the need to address the duality of the north; that is, the comparatively high living standards in northern urban centres and the unacceptably low standard of living in the more remote communities. Once again, details as to how to attack this problem are few, and one is referred to the more general policies outlined in the economic and social welfare sections. There is, however, one specific policy noted; that of the recovery of economic rent and the diversification of the economic base.

A very small portion of the close to \$300 million of mineral production was returned to the province by taxation and/or royalties. Given that natural resources belong to all Manitobans, it was unacceptable that so much of the mineral wealth was

extracted for the profit of so few. It was acknowledged that the mining companies had a right to secure a normal profit, but the estimated \$60 million in economic rent - which arose due to the intrinsic value of non-renewable resources - should not have ended up in the pockets of private enterprise. Furthermore, the exhaustion of Manitoba's non-renewable resources was no doubt hastened by allowing economic rents to accrue to multinational corporations whose interests were very different from those of northern communities. There was a recognition that government policy should seek to increase the benefit that northerners receive from development of their resources by offering Hydro employment to locals and by encouraging enterprises such as a house-prefabrication plant in Churchill. It acknowledged that training, education, intensified industrial liaison, counselling and other support services should have been offered, that the development of northern resources should have proceeded at a more 'orderly' pace, and that any economic rent from resource development should have paid for the provision of social programs to benefit northerners and all Manitobans. There is also a recognition that the economic base needed to be broadened so that it was not overly dependent on non-renewable resources.

We begin to see a more coherent CED focus in this section with discussion of 'vehicles for community economic development'. Indeed, this is the first time in this chapter's literature review that the full term 'community economic development' is used, as opposed to 'community development'. The Guidelines introduced the concept of economic development instruments and talked about developing new mechanisms. Investment in less capital-intensive projects were preferred over capital-intensive mining development. Initiatives which are less capital-intensive tend

to be more accessible to local entrepreneurs and provide more jobs for locals. It was also recommended that such enterprises be collectively or cooperatively developed by communities. Cooperatives, crown corporations with local participation, and municipal development corporations were encouraged, alongside a commitment to continue aiding individual and local corporate interests. As the following section will demonstrate, the crown-corporation vehicle can provide an efficient means to implementing positive changes in a community.

Moose Lake is a relatively remote community located forty air miles south east of The Pas. Its population of 700 traditionally had little opportunity for employment outside seasonal activities like trapping and fishing. The surrounding forest was identified as a valuable resource and the provincial government took action to help the community take advantage of this resource. Training and capital were provided, allowing operations to begin, using local workers and providing them with on-the-job training [Annual Report - Moose Lake Loggers Ltd., 1971].

Under the authority of the Manitoba Natural Resources Development Act, Moose Lake Loggers Ltd. was established as a crown corporation in 1971. The formation of the crown corporation was the third stage in a four stage plan. Phase one established a training program for mechanical skills and appropriate work habits. In phase two, a development-oriented body was formed within the Department of Mines, Resources and Environmental Management. This organisation helped local loggers develop their skills. During the crown-corporation stage, a board of directors was struck which included local residents and outside business people [Annual Report - Moose Lake Loggers Ltd., 1971].

The fourth phase was the withdrawal of the government and the transfer of the

ownership of the corporation to the Moose Lake Indian Band in 1992. Under the new owners, 100% of the employees were Aboriginal (compared to 80% under the crown corporation) [Annual Report - Moose Lake Loggers Ltd., 1992]. According to the annual report:

Moose Lake Loggers Ltd. (MLL) was a Manitoba crown corporation. It was formed in 1971 under the authority of the Manitoba Natural Resources Development Act. The goal of the corporation was to create an economically viable logging operation that would provide employment opportunities for the residents of Moose Lake, and help local residents to develop the skills necessary to operate and manage the entity. These objectives have been met.

A review of the crown corporation's annual reports from 1971 to 1992 shows that the road towards the viability and eventual transfer of ownership of the corporation was not always smooth. MLL went through considerable start-up difficulties leading to annual operational losses of around \$551,000.00 [Annual Report - Moose Lake Loggers Ltd., 1992]. Concerns in the Report on 1973 - 74 Logging Operations included: problems in maintaining a full work force; the resignation of the manager; lack of communication between the community and the board of directors; low productivity; break-downs in machinery; and the community's desire to take over the operation before it was deemed appropriate. However, according to the 1975-76 annual report, the social benefits accruing to the community were considerable. Woodcutters' income was considerably higher than what could be made by fishing or trapping. Thirty-four man years of employment were created in 1976, although the high rate of worker turn-over spread those years over many workers [3, 4].

The considerable implicit social benefits provided to the community as a result of the

program suggest that this type of community crown-corporation⁸ can be an effective CED vehicle.

Channel Area Loggers was another community-crown corporation formed under Provincial Bill 17 that was able to implement positive changes in a northern community. Under the guidance of John Loxley⁹, the choice of technique was changed from capital intensive to labour intensive. Prior to the change the operation was subject to down time caused by the need to maintain the skidders in working order. Loxley changed production to a process known as 'cut and pile'. Rather than using large machinery, more workers were hired who then used chain saws to cut the wood into eight-foot lengths and stack them in piles. The piles of wood were later collected by machines called 'cherry pickers'. This technique allowed more local people to be employed and, at the same time, costs were brought down considerably.

Although Channel Area Loggers' performance improved, it was not able to overcome internal management problems and, therefore, did not turn around to the extent the Province demanded. *Québécois* cutters were hired and their high productivity allowed the corporation to improve its bottom line. This improvement in the books, however, had no direct benefit to the local community. Despite the eventual loss of local employment opportunities, the implicit benefits which accrued to the community before the hiring of the *Québécois* workers demonstrates that this type of vehicle deserves more attention.

⁸*Community*-crown corporation implies the inclusion and participation of community members on the board of directors.

⁹ Information for Channel Area Loggers was obtained through an interview with Dr. Loxley on March 25, 2004.

Other types of provincial vehicles used for CED included the Manitoba Development Corporation and the Communities Economic Development Fund (CEDF). The CEDF was formed as a Provincial Crown Corporation in 1971 (and still exists). The mandate of the CEDF was to provide financial and technical assistance to small businesses and community development corporations in Northern Manitoba. Programs supporting economic development and the fishing industry were funded by the Manitoba Agricultural Credit Corporation [Aboriginal and Northern Affairs (200?)].

The Guidelines recommended that these vehicles for community economic development be strengthened and more closely integrated. In order for the recommended municipal development corporations to be effective, new legislation was required, along with the provision of support services. It was also suggested that local credit unions be strengthened and that treasury branches be established to provide much needed capital to northern communities.

The lack of public goods such as transportation, communications and electricity was identified as one of the causes for slow economic development in the north. It was acknowledged that the provision of the same public goods enjoyed by southerners was necessary before improvements in northern communities would be realized. The positive changes that came out of the FRED Interlake program could be replicated in northern areas.

This review of *Guidelines for the Seventies* has allowed us to examine the very broad perspective the government had towards CED. Its policy objectives (the stay option, greater equity and general well being for all and broader participation) were

better articulated than its strategies for realizing its objectives. It must be said that in spite of the lack of strategic planning, the policy objectives were progressive and that the origins of inequities in the Manitoba economy were well understood and articulated. As we survey the social situation in Manitoba today, we can only assume that this promising government policy was never implemented. As we will see in the next section, the degree to which promising policy was not realized is greater than this review of the Guidelines has revealed.

3.2.4 The Great Northern Plan

This section will examine the highlights of a complex piece of policy that was proposed for Northern Manitoba in the 1970s. This policy was known as the 'Northern Manitoba Development Strategy'¹⁰, and it represents a landmark in the evolution of CED theory. The Northern Plan takes a leap from the more poorly conceived and articulated policy we saw in the Guidelines to a tightly organised and coherent strategy for implementing CED. The Northern Plan provides us with one of the first examples of CED that is more familiar to today's practitioners. Not only does this policy demonstrate how clever adaptation of existing economic theory can be the source of innovative thinking in CED, it can teach us about moving from theory to implementation. The plan was never implemented for reasons that need to be understood.

The state of Aboriginal peoples in the 70s in Manitoba was termed as 'underdevelopment', a phrase usually reserved to describe Third-World conditions. Local human needs were not being met because of a blockage of economic and social development. The northern strategy was meant to unblock economic and social potential by directly attacking the root of underdevelopment, perceived to reside in the side effects of colonialism.

The plan was premised on the economic theory, known as convergence¹¹, of a development economist named C.Y. Thomas. Thomas studied the economies of smaller nations such as those found in the Caribbean and balkanised Black Africa.

¹⁰For a complete analysis of this plan, see Loxley's *The 'Great Northern Plan'*.

¹¹The strategy is explained in greater detail in chapter two of this thesis.

When he analysed the economies of these smaller countries, he found that few value-added linkages had been formed, and that the economies were dependent on the export of unprocessed resources, or staples¹². The extraction and immediate export of an unprocessed product does not offer the opportunity for the development of an industrial sector. As a result, these countries were forced to import many of the commodities they needed. Thomas classified these economies as divergent; that is to say that they exported the raw material they produced in order to import the commodities they consumed. He believed that international trade relations which emphasise competitive advantage sever the link between production patterns and the resource base. Countries end up not using their own resources to meet their needs.

Thomas' solution to these divergent economies was a convergence strategy, that is, to develop an economy which produces what it consumes and consumes what it produces. He believed that countries often had more than enough resources at their disposal to provide for many of their needs, but that these resources were too often overlooked. He proposed the creation of a group of industries that would produce basic goods. By basic goods he meant those goods which are greatly used in the production of a large range of consumption goods. These goods, such as those found in the machine-tool sector, establish many backward and forward linkages and demonstrate high growth elasticities (*being increases in per capita value added in a given sector relative to changes in per capita income*). Structurally speaking, it is the strong presence of these products in highly developed economies which distinguishes them from lesser-developed economies.

6. See chapter two of this thesis for a more extensive examination of Harold Innis' staple theory.

Thomas' strategy was drawn up with small economies in mind, which is why it lends itself to CED. His strategy is premised on small-scale production and the decentralization of economic activity, making it a logical choice for CED. The market continues to function within a convergence strategy, but it's restricted to the small-scale production dictated by the plan. Many needs are met through the provision of public goods, including housing, healthcare, recreation and education.

Thomas' strategy is premised on two very important political assumptions. One, the economy must be in a sovereign nation, and two, the society of that nation must be in transition to a socialist system. It was thought that the strategy could work, in spite of the lack of compliance with these conditions, for the following three reasons: firstly, it was thought that identification of the various possibilities for production in the north would finally overcome the entrenched idea that the resource base is not adequate to support the population. Secondly, it was believed that the participation of Aboriginal people in the strategic planning would precipitate the development of political consciousness, thereby eradicating one of the causes of underdevelopment in the north. Thirdly, the original Thomas strategy was modified so as to make compliance with these two conditions less important. The private ownership of mining and forestry enterprises was not challenged, nor was the leaking of surplus from these ventures. Because the state was heavily involved in hydro, mining, land ownership and forestry, it was hoped that state representation would act as a reasonable proxy for social ownership of the means of production. There was also a perception that the NDP government of the day was truly interested in a sea change in the nature and role of the state (a perception that was reinforced in the

Guidelines), and that past patterns of development could be reversed.

The planning reached very advanced stages. A convergence strategy was developed and covered all major sectors. For example, the forestry sector plan envisaged creating/reviving fifteen sawmills which would provide lumber for local construction and mining. Thirty two community harvesting operations would supply the sawmills and would help to replace workers from outside the area, once they quit or retired, with previously unemployed community workers. Forestry resources within twenty five miles of the communities would be held for community use. A particle board plant and a small thermo-chemical process pulp and paper mill would purchase and process sixty five per cent of the wood wasted in the sawmills, thereby establishing forward linkages to furniture and home construction. The home construction industry would in turn precipitate the need for factories producing windows, doors, stairs etc. - creating yet more linkages (backward) to forestry and other industries. A complex plan to implement agricultural production which would have complemented the industrial planning was also drawn up.

It was estimated that 2300 jobs would be created directly, with the twenty per cent minimum employment of Aboriginal workers for existing industries adding an additional 3000 jobs for Native people by 1981.

The plan was not implemented for various and complex reasons. Most importantly, the planners were misguided on two counts. First, the state machinery in the north could not be changed so easily. Second, the idea that the mildly social democratic party in power would want to, or be able to change its role of aiding and abetting capitalist accumulation to implementing a convergence strategy was, in

retrospect, overly optimistic. Loxley claims that ‘the planners failed to comprehend the political coherence of capitalist development, and the extent to which their proposed strategy challenged both the ideology of capitalist accumulation and the political institutions which serve it’ [1981, 172]. Adding to these problems was the acute fiscal crisis that the government had to contend with in 1976-77. Cuts from the federal government meant that the province would receive only half the funds it had requested, and provincial belt tightening meant that politically questionable projects such as the Northern Plan were relegated to the back burner.

In spite of the defeat of the NDP government in 1977 and the dissipation of its CED policy with the arrival of a Conservative government, the NDP’s tenure provided fertile ground for the development of CED theory in Manitoba. Under the auspices of this government we see the evolution of the more loosely articulated community development to the more cohesive CED theory that is taking shape today. In fact, much of the work that was done in the 70s, including the Great Northern Plan, has greatly influenced such current CED initiatives as Neechi Foods.

As noted, much of the provincial policy development was influenced directly or indirectly by federal policy. Federal policy is particularly important for Aboriginal community development given that it is the federal government that is responsible for the administration of Aboriginal matters. The next section offers a summary of federal strategies implemented in Canada from the post World War II period, up to the 1980s.

3.2.5 Government policy and Aboriginal community development¹³

After World War II, federal policy on Aboriginal peoples was premised on three broad policy structures: the Federal Department of Indian Affairs, the reserve system and the Indian Act. Although these structures made sure that Aboriginal people were kept separate from the benefits of mainstream Canadian society, they also helped Aboriginal peoples maintain their culture and identity.

The reserve system, ostensibly set up to allow Aboriginal peoples to continue their traditional life style, was also conveniently conducive to the federal government's immigration and industrial-development strategies. Aboriginal people were removed from productive lands and placed in barren areas without being adequately compensated for the disruption in their lives and their loss of livelihood. The Indian Act further restricted Aboriginal opportunities by disallowing the use of Aboriginal land as collateral for loans. Economic activity on a reserve is, however, tax exempt, unless a business is incorporated.

After World War II, the Hawthorne-Tremblay Report provided a review of government Aboriginal development policy. It concluded that Aboriginal people did not have access to sufficient resources on the reserves to meet the needs of either the present or projected population. The report's solution was to recommend that Aboriginals migrate from the reserves to urban centres. The Indian Affairs Branch would offer increased funding to train and resettle young Aboriginals in wage employment in urban areas - thereby changing its focus from 'economic care-taking

¹³Information for this sub-section is taken from Loxley's Chapter 3, *Strategies for the Economic Development of Native Communities*.

or maintenance to economic development' [Loxley citing Hawthorne, 76]. The report clearly states that community development should begin to play a secondary role to community dismantling, by encouraging Aboriginal people to abandon their homes, families and traditions. Community development would be limited to helping older people and those who did not wish to migrate to cope with the conditions in their communities. In fact, the report advised against investing in commercial farming, even in areas with favourable agricultural conditions. It was reasoned that resources were better spent by relocating Aboriginal people into urban-wage jobs.

The report did, however, begin to recognize the importance of sovereignty for Aboriginal peoples. It recommended that the Indian Affairs Branch start to offer more support to Aboriginal communities, rather than ordering and directing them in a paternalistic manner. It was thought that Aboriginals should run their own welfare and local affairs, and recognized that they possessed special constitutional rights.

The emphasis on migration that is present in the Hawthorn-Tremblay report, and in the 1969 White Paper on Indian Policy, was met with disapproval by the Canadian Aboriginal community who responded with their own Red Paper, presented to the Prime Minister in 1970. Aboriginal peoples believed that federal policy would severely undermine Aboriginal culture and identity. Federal policy then evolved from migration to business development, sectoral development, and then, in the 1970s, to community-based economic development.

In 1970, the Department of Indian and Northern Affairs (DINA) set up the Indian Economic Development Funds (IEDF). This vehicle was meant to promote the formation of an Aboriginal business class through the support of individual

entrepreneurs. It was hoped that profitable and job-creating enterprises would begin to flourish in Aboriginal communities, thereby providing a means of improving living conditions. This focus on growing a business class - also present in provincial programs - was centred around development in the service or export sector. Services such as technical assistance, training and loans were provided to community members over a five-year period.

The success rate of the business-development strategies was mixed, but in general, not high. Success rates were highest in those programs that enjoyed a high rate of Aboriginal involvement and less government interference. Although the sectoral programs were more successful than the project-by-project approach, it was still thought that the sectoral programs had only a limited effect on Aboriginal communities. These programs were based on one sector or commodity and therefore delivered only one, narrow aspect of a total strategy, preventing communities from realizing broad social and economic improvements.

The combination of a recognition of the weaknesses of sectoral programs and the pressure from Aboriginal groups for self government caused the federal government to shift its policy focus. By 1979, DINA's Community Based Approach to Indian Socio-Economic Development contained a clear recognition and commitment to more local control of socio-economic development by way of Aboriginal band government, the need for community-based planning and implementation of development projects, and the need for the department to shift from controlling Aboriginal development, to facilitating it. The specific economic development strategy proposed was a convergence approach, with an emphasis on

stopping leakages and the development of appropriate technology, alternative energy, the reinforcement of subsistence, job creation and import substitution.

Harvey Bostrom¹⁴ describes the evolution of federal policy towards Canada's Aboriginal peoples in the 1960s and 70s in three stages: the function-by-function approach; the White Paper approach; and, the pragmatic approach. The function-by-function stage was in place from 1964 to 1968, and began with a submission to Cabinet outlining the federal position vis-à-vis the provinces. There was concern that federal services to Aboriginal people would duplicate provincial services, leading to administrative confusion and high costs. In order to avoid these problems, the Cabinet memorandum recommended that they negotiate a 'function-by-function' approach to extending provincial services. Although the federal government acknowledged that it held primary responsibility for improving the lot of Aboriginal people, it was interested in the eventual devolution of its responsibility onto the provinces.

The approach was premised on the principle of federal-provincial cost-sharing for Aboriginal services. It was proposed that for each province costs for Aboriginals would be allocated 50/50 in each program sector between the federal and provincial governments. The costs would depend on the per capita costs for operating the program for non-Aboriginals, with all costs greater than this amount being borne by the federal government. This formula would result in a cost-sharing ratio of about 97:3; it was estimated that as the economic and social conditions of Aboriginal people

¹⁴The information for this section is taken from Harvey Bostrom's 'Recent Evolution of Canada's Indian Policy' in *The Dynamics of Government Programs for Urban Indians in the Prairie Provinces*.

improved, per capita costs for Aboriginal people would be reduced relative to non-Aboriginal per capita costs. As Aboriginal costs went down, the provinces' portion of the costs would gradually be increased until 'normal' cost-bearing levels were obtained.

A federal-provincial conference of Ministers of Indian Affairs convened in Ottawa in October of 1964. The Ministers agreed that there should be more cooperation and coordination between the two levels of government, that consultation with Aboriginal peoples was essential in order to improve government services, that each province faced different problems and that, therefore, flexibility in policy was needed, and finally, that more work needed to be done regarding financial aspects of program extensions. It appeared as if substantial progress had been made and that major changes would follow.

As of December 1985, Indian Advisory Committees were to meet regularly with Indian Affairs officials. In various provinces, coordinating committees were formed. The first 'function' to be addressed in this new spirit of cooperation was welfare programs. But all provinces except Ontario objected to cost-sharing of welfare programs; they felt that costs should be entirely borne by the federal government. By October 1966, the prairie premiers expressed their concern for the continuing and rapid deterioration of living conditions for Aboriginal peoples. Recommendations for implementations for a more comprehensive federal approach to Aboriginal matters were made to the Prairie Economic Council. It was also recommended that a complete review of government policy towards Aboriginal peoples be undertaken, and that constitutional and taxation issues be clarified.

A series of events, including a change of Prime Minister from Pearson to Trudeau - which in turn led to an upheaval in Cabinet - meant that the Council's recommendations would go unheeded. By the end of 1968, it was clear that virtually no progress had been made in the implementation of a provincial role in Aboriginal services. Manitoba wanted to receive 100 per cent of the costs of providing direct services to Aboriginal peoples from the federal government. It also requested that a formula to calculate federal contributions to indirect services be drawn up. Repeated attempts by the provinces to meet with federal officials were ignored. Unknown by the provinces, Trudeau was orchestrating a federal effort to find a 'final solution' to the Indian problem. The function-by-function approach was about to give way to the White Paper.

The 1969 White Paper was an attempt to undertake a new and more efficient means of dealing with the 'Indian problem'. Its underlying theme was 'non-discriminatory participation by Indians in Canadian society' [Bostrom quoting from the White Paper, 531]. Commendable as the theme sounds, there were fundamental problems with the approach. 'Discriminatory' treatment referred to the special legal status of Aboriginals, together with the administrative network which governed and supported them. It was somehow assumed that to eliminate Aboriginals' special status would be to provide them with the means to improve their well being. The specific measures to be implemented were:

- the removal of the legislative and constitutional bases of discrimination (special status);
- the redirection of all Aboriginal-related program responsibilities from the federal to the provincial governments. This would result in all Canadians receiving services from the same source and remove differences between Aboriginal and non-Aboriginal people. This blending of services would be

- accomplished by having the provinces take over the same responsibility for Aboriginal people that they had for non-Aboriginal citizens. Federal monies being spent on Aboriginal programs would be transferred to provinces;
- the transfer of the control of Aboriginal land to Aboriginal people. The Indian Act would have to be repealed in order to accomplish this transfer;
 - immediately direct federal money to Aboriginal economic development;
 - the elimination of the Department of Indian Affairs and Northern Development over a five-year period. Any responsibility for Aboriginal people that remained with the federal government would be delegated to other federal departments;
 - the appointment of a Commissioner who would consult directly with Aboriginal people in order to recommend how to proceed with the adjudication of claims;
 - the inclusion of the executives of the National Indian Brotherhood, together with provincial associations, in a discussion about the role they would play in the new policy and the amount of funding that would be necessary [Bostrom (1984b) 532, 33].

When the details of the White Paper were made public, it was energetically rejected by Aboriginal leaders, who had not been consulted during its development. In particular, Aboriginal leaders flatly rejected its proposal to eliminate the Indian Act, believing that removal of the Indian Act would erode the government's legislative responsibility towards Aboriginal peoples. (This responsibility had been established under the British North American Act and was carried forward under the Constitution Act, 1982). In protest, the Red Paper was drafted by the Indian Association of Alberta, and endorsed by the Manitoba Indian Brotherhood. Presented to the Prime Minister in June of 1970, the Red Paper set out the following points:

- that the recognition of special Indian status is required;
- that the federal government is forced by the British North American Act to assume responsibility for Aboriginal people and their lands, and cannot delegate this responsibility to the provinces;
- that it is neither possible nor recommendable to eliminate the Indian Act [Bostrom (1984b) 533, 34].

Given that Aboriginal leaders had previously been promised that they would be consulted before any significant policy shifts occurred in Indian Affairs, the federal government could hardly deny that the White Paper had been conceived in bad faith.

The Prime Minister was swayed by the Aboriginal leaders' protests and did not implement the proposals of the White Paper, effectively putting a halt to the policy momentum that had accumulated over the year. Some of the papers which made up the White Paper, however, were salvaged and the papers dealing with the provinces' role in providing services to Aboriginal peoples were subsequently used as policy guidelines for the Department of Indian Affairs [Bostrom (1984b) 534].

As Bostrom explains, the dissolution of the White Paper left the federal government without a coherent policy for Aboriginal peoples and with its Department of Indian Affairs in a state of chaos. The exercise, however, had given Canada's Aboriginal people a new sense of themselves and the role they wished to play. They had forced the federal government to commit to an increase in financial assistance and to improve the organisations which administered Aboriginal affairs. The federal government's failure to shift the bulk of its responsibilities to the provinces resulted in the adoption of yet another federal approach to Aboriginal affairs, known as the pragmatic approach.

The pragmatic approach took over the disarray left by the White Paper. Bostrom believes that many of the White Paper objectives were imbedded in the new approach, particularly with reference to finding a final solution and to transferring more responsibility to the provinces. In 1970, Manitoba contributed fifteen per cent to total Aboriginal program costs; by 1976, that amount had increased to thirty per cent. It was estimated that by 1984, Manitoba would be paying 50 per cent of total costs [Bostrom (1986b) 535].

The federal government hoped to ameliorate the climate of distrust and

hostility, which had arisen under the White Paper disaster, by focussing more on direct consultation with Aboriginal peoples. However, Aboriginal peoples continued to be suspicious about the transfer of federal responsibilities to the provinces. Although they understood the inevitability of this transfer, they were reluctant to press the provinces to do more because a shift in policy seemed to imply a loss of their special status under the British North American Act [Bostrom (1986b) 535].

In keeping with the White Paper, not only was the Department of Indian Affairs trying to hand off responsibility to the provinces, it was delegating more and more of its work to other federal departments. Accordingly, Departments such as National Health and Welfare, Employment and Immigration and Regional Economic Expansion were dedicating more of their budgets to Aboriginal programs. An attempt to shift responsibility for Aboriginal housing to Canada Mortgage and Housing Corporation was stopped by the National Indian Brotherhood.

Bostrom's main criticism of federal policy under the pragmatic approach is that its main focus seemed to be to hide or disguise the rapidly-growing budget for Aboriginal programs by spreading the costs amongst various departments. This resulted in a disjointed and dysfunctional policy effort which did little to meet the needs of Aboriginals. His criticism of federal policy overall in the 1970s was with regard to the lack of consultation with the people who would be most affected by the changes being proposed. This left the federal government working at cross purposes with both Aboriginal communities and provincial governments.

By the end of the 70s, the provinces found their role as stakeholders in Aboriginal affairs to be greater, forcing them to be more pro active in their

relationships with the federal government and Aboriginal communities. Given that the province was in a strong position to negotiate with the federal government, it could insist that government policy be based on mutual understanding and acceptance between all parties, and that those policies be coherent and well-planned. Because provinces were better positioned to understand the particular problems of their Aboriginal population, they could also force the federal government to deal with such growing issues as increased Aboriginal urbanization.

According to Bostrom, Winnipeg's total Aboriginal population had reached between 20,000 and 30,000 people by 1976. It was estimated that 97 per cent of the status Indians who lived in urban settings lived in Winnipeg [(1984a) 36]. Bostrom highlighted the extreme poverty facing the members of this group and refers to the appalling statistics on Aboriginal health, education, employment, conflict with the law and demands for social assistance [(1984a) 36].

Government policy to address the growing urban-Aboriginal crisis was woefully inadequate. Bostrom believed the main problem with both federal and provincial policy was that programs were short-term and 'dealt with the statistics of unemployment rather than with the serious problems facing Native people' [(1984a) 54]. Although loan financing was offered under some programs, no help was available to support potential entrepreneurs start up successful businesses. Programs which offered short-term employment were offered by federal and provincial levels, but there was no attempt to coordinate these programs to compliment each other and provide greater benefit to the community. All of these initiatives were directed at unemployment in general, with no attempt to target specific

Aboriginal issues. Bostrom suggests that the existence of so many short-term projects, such as the Local Initiatives Program, Canada Works and Young Canada Works was testimony to the weakness of long-term initiatives [Bostrom, (1984a) 54,55].

Bostrom does, however, acknowledge that some of the long-term job creation programs were more successful in helping Aboriginal peoples. He notes LEAP (Local Employment Assistance Program; a federal initiative) and ICEP (the Inner City Employment Program; a provincial initiative) as examples of long-term programs which, although not targeted specifically at Aboriginal peoples, were available to Winnipeg's urban-Aboriginal population. LEAP's main focus was on individual who had not been able to find long-term employment. The handicapped, ex-convicts, Aboriginal peoples and women were targeted. Grants of up to \$250,000.00, paid out over three years, were offered to qualifying programs. Examples of successful bids included a toy-manufacturing plant that hired ex-convicts and an insulation-manufacturing enterprise which employed Aboriginal peoples [(1984a), 61]

The ICEP focussed on Winnipeg's inner core, and because a large portion of the inner core consisted of Aboriginal peoples, this program did benefit them. The program was meant to help chronically unemployed people, those on social assistance and single parents, all of whom lived in the inner core. Between 1976 and 1979, fifty-two per cent of those who found employment under ICEP-funded programs were of Aboriginal descent [(1984a) 56]. In 1976, three million dollars was approved for spending; by 1979, one and a half million dollars had been spent. During this period, twenty projects had been funded, as of 1979, thirteen were still in operation even though funding had ceased [Bostrom, (1984a) 61]. Encouraging as this

program was, it could not survive a change in the provincial government. The Conservatives, who took office in 1977, terminated the program in 1979. Not until all political parties embrace core CED principles will communities be able to avoid destructive and frustrating policy swings which are often premised more on ideology than sound CED theory.

3.3 Conclusions

Early on it was determined by McEwen that consideration of local resources and community involvement were necessary for progress to occur. These concerns were addressed in the Northern Plan, and although the plan was not implemented, its legacy has strengthened and informed CED initiatives today. On the other hand, lack of consultation with Aboriginal communities continued to be an obstacle throughout both decades and added to the distrust and cynicism Aboriginal peoples felt towards the federal government.

Some coordination began between the federal and provincial governments in the 1960s. This coordination bore fruit by the 1970s with the success of the FRED program. This model deserves to be re-analysed to determine if its success could be replicated.

Unfortunately, bipartite coordination was not evident in Aboriginal policy. In fact, federal Aboriginal policy was so disjointed and incoherent that it would have been very difficult to coordinate it with any outside party. Some of the more discouraging federal policies included; recommendations for migration, attempts to form an Aboriginal business class with no consideration of Aboriginal culture, failure to acknowledge the need for Aboriginal self-government and the inability of the federal government to come to an agreement with the provinces regarding Aboriginal

issues. Although the White Paper and its legacy demonstrated the federal government's misunderstanding of Aboriginal communities, it did serve to galvanize an Aboriginal political will that had been sorely missing.

We also saw the continued inadequacies of government policy towards the growing urban-Aboriginal population. It was noted that short-term programs had little success, in contrast with a greater success rate for long-term initiatives.

On the provincial front, the NDP's Guidelines for the 70s began to move in a more promising direction. The stay option, tax reform, acknowledgement of the importance of social indicators and recognition of the need to consider northern and rural communities were important developments. The stay option, although never implemented, needs to be reconsidered. Vehicles such as the community crown corporation provided interesting experiments also worth revisiting.

A convergence strategy continues to hold promise for many communities. Neechi Foods, for example, has shown that a convergence model can offer a successful approach. The following chapter will continue to follow the evolution of government policy throughout the 1980s and 90s.

Chapter 4: CED and Government Policy in Manitoba: the 1980s and 1990s

With the exception of the Guidelines for the Seventies and the Fund for Rural Economic Development Agreement, so far this thesis has dealt with mostly Aboriginal CED policy in Manitoba. But the structural changes which began to emerge in the 1980s and gather force for the next two decades meant that more and more non-Aboriginal communities were beginning to lose ground economically. As communities tried to deal with growing levels of poverty, CED policy began to have a broader application across Manitoba, particularly in urban centres.

Beginning in the 1980s we start to see more reference by government to CED. Government officials began to pay attention to the growing body of literature regarding CED, and its influence appears in such policies as the Canadian Aboriginal Economic Development Strategy (CAEDS) and the Native Economic Development Program (NEDP). However, application of CED tenets does not necessarily follow from reference to CED strategies, and the government's failure to successfully implement the CED portion of the NEDP will be examined. Because part of the failure is attributable to the long-standing systemic problems between Aboriginal peoples and the federal government, the NEDP will be considered within the context of this relationship.

CED was also a component in the Northern Development Agreement (NDA), a bipartite plan between the province and the Department of Regional and Industrial Expansion. However, CED principles were not adhered to, making the results less effective than they could have been.

Specific reference to CED reappears in the 1990s under DIAND programs. These programs will be reviewed and compared to the NEDP and NDA experiences

to see if any progress was made in policy design.

CED principles were also included in the tripartite Core Area Initiative (CAI) and Winnipeg Development Agreement (WDA). As opposed to many Aboriginal communities, Winnipeg's inner city did (and does) have the immediate capacity to adopt CED strategies. The fact that the potential for CED was not fully realised provided the basis for much criticism of the CAI. Both the CAI and WDA will be reviewed in section two of this chapter.

4.1 Federal Aboriginal policy

4.1.1 1980s

Five broad situations stand out in government policy in the 1980s. First was the change occurring within DINA. It began to move away from its paternalistic role towards a role of facilitator of Aboriginal programs. It also recognised the need to implement long-term policy rather than short-term, *ad hoc* programs. The plight of Aboriginal women also began to be addressed. The Native Economic Development Program (NEDP) was set up to deal with these and other issues. The rapid rate of urbanisation of Aboriginal communities was the second situation to arise in the 1980s; however, the federal government failed to address this problem. The third situation affecting federal programs was what Bostrom called a 'paradox in basic policy', being the contradiction between the government's co-existing strategies of assimilation and isolation of Aboriginal peoples. It had existed since the previous century and continued to hamper relations between the federal government and Aboriginal peoples. The fourth development was the implementation of the bipartite Northern Development Agreement. The fifth situation was a sharp movement in government to cut funding and become more accountable and efficient. This section will examine

each of these situations and explain their effects on CED.

Department of Indian and Northern Affairs

By the end of the 1970s and the beginning of the 80s, DINA was gradually changing from a director of Aboriginal programs and services to a facilitator of Aboriginal-directed economic development [Loxley(1986)86]. Emphasis was being put on community control, and a move away from the paternalistic role the government had played facilitated the change to a community-based economic strategy.

A discussion paper issued by DINA in 1980 (entitled Indian Economic and Employment Development) noted the following policy weaknesses: there was a lack of focus on long-term development; Aboriginal control of projects was insufficient; and, funding was scarce and poorly administered. The previously introduced business-development approach and make-work and job-creation projects were not considered effective in introducing meaningful improvements. We will, however, see a continued adherence to business development despite concerns about its effectiveness. It was noted that greater control had to be granted to the Tribal council level and that financing had to be increased and funnelled through Aboriginal financial institutions. Although the estimated cost of these improvements was high (\$1.42 billion), it was believed that this amount would be significantly offset by the decrease in social assistance that would accompany the expenditure [Loxley (1986) 87,8].

Loxley noted a contradiction between DINA's official stance on devolution of services to Tribal councils and its practice of retaining control over Aboriginal issues.

Background papers prepared for the House of Commons Special Committee on Indian Self Government noted that DINA programs made sure that Aboriginal

governments were excluded from the development process. It was recommended that the land base of Aboriginal communities be enlarged, partly through the resolution of land claims, and that Aboriginal peoples begin to benefit from the development of resources on their lands. These changes, which would begin to put control of resources and government into the hands of Aboriginal peoples, would be underpinned by a new relationship with Ottawa. It was recommended that both DINA and the Indian Act be eliminated, in what was perhaps a reflection of the continued influence of the defunct White Paper [Loxley (1986) 88,9].

By 1984, DINA was implementing Comprehensive Community Based Planning (CCBP). The effectiveness of this strategy, however, was compromised by lack of funding, failure of departmental staff to grasp the importance of CCBP and the ongoing absence of Aboriginal input [Loxley (1986) 89,90]. Loxley notes instances where DIAND (Department of Indian and Northern Development, the new name for DINA) financed community initiatives that it ended up undermining by buying products from the communities' competitors [1986, 91].

In spite of its commitment on paper to CCBP, the government continued to have a disproportionate amount of faith in business development as a panacea for Aboriginal problems. It should have adopted a holistic CED strategy and channelled adequate resource into building community infrastructure, skills and confidence so that a business development strategy could have functioned once important groundwork was done.

Canadian Aboriginal Economic Development Strategy (CAEDS)

Business development continued to be promoted by the federal government throughout the 1980s and 90s. The Aboriginal Business Development Program

launched the Canadian Aboriginal Economic Development Strategy in 1989. Its goal was to 'provide Canada's Aboriginal citizens with long-term employment and business opportunities' [Industry, Science and Technology Canada, 1989]. Support under this program was available to Status and Non-status Indians, Metis and Inuit individuals and entities. Applicants had to present a well-developed business plan and be able to provide equity or other financing for the proposed project. Thirty to forty per cent financing was available for capital costs and infrastructure expenses to establish or expand a commercial enterprise, and for costs to develop new products, services or innovative production techniques. The program would finance up to sixty per cent of the cost of marketing initiatives and seventy-five per cent of the costs for business plans, ongoing business support and training. It would finance up to ninety per cent of developmental pilot-project costs. Program funding was subject to full or partial repayment.

The program expected applicants to have a high level of business literacy from the start. It advised applicants to have business experience, do market research, have their own source of financing, be able to manage and motivate staff and devote long hours to their projects. Given these requirements, it seems that at least some of the expected applicants would have been able to start their businesses without the targeted help of the program. The information does not stipulate what the repayment terms were, so it cannot be confirmed whether or not they were better than market rates. Although the program may have been beneficial to individuals who had already achieved a high level of business competency and possessed a strong entrepreneurial instinct, it seemed to do nothing for those Aboriginal peoples whose skills and resources lagged far behind what was required to qualify for support.

The CAEDS was not a CED strategy. It segmented one aspect of CED (economic development) and hoped it could provide results on its own. The lack of attention to social issues and the crucial underpinning they provide for economic development meant that this program was not as effective as it could have been.

The Native Economic and Development Plan (NEDP) acknowledged the extreme failure of government policy to provide adequate education to Aboriginal peoples. However, the CAEDS advocated the emergence of an Aboriginal business class in-waiting, apparently assuming that education was not an issue. Not only was there discordance between these two federal initiatives, there was a singular lack of coherence in the NEDP Task Force Paper. On one hand it acknowledged the tremendous importance of education and training in economic development; on the other hand it went to great lengths to distance itself from assuming responsibility for this crucial component. By assuming responsibility for issues such as entrepreneurship, capital accumulation, creation of surplus and Aboriginal ownership, the NEDP tried to wash its hands of the training and education problem. It was claimed that training for the sole purpose of preparing Aboriginal peoples for employment in the general work force did not contribute directly to those issues included in the NEDP's mandate [NEDP Task Force,12]. The NEDP task force recommendations of 1985 were meant to prepare Aboriginal peoples for the kinds of initiatives offered under the Aboriginal Business Development Program. Given the severity of the problems facing Aboriginal peoples, it would have been impossible for the NEDP policy prescriptions to produce a group of entrepreneurs who could qualify for programs under the Aboriginal Business Development Program. Part of the NEDP's mandate was to offer support and training to individuals who had fallen

between the cracks of the myriad of other government programs. As noted time and time again in the literature, failure of government policy to effectively address Aboriginal issues must partly stem from this *ad hoc* method of policy application.

The NEDP also contained a CED component which unfortunately did not live up to its potential. The next section will reveal why CED is even more difficult to implement in Aboriginal communities.

The NEDP's Element II: Community-based Economic Development

Of the four elements in the NEDP, Element II dealt specifically with community-based economic development. Element II was to:

‘assist[...] in the development of community economic self-reliance through contributions to an economic animation process and resultant economic development projects in selected Native communities’ [Native Economic Development Board, 1985b].

Patrick Falconer's Urban Native Community Economic Development and NEDP's Element II: Problems, Prospects and Policies provides an in-depth analysis of the NEDP's Element II and offers insight into what went wrong. Falconer refers to community economic and social conditions which the literature accepts as most commonly present in successful initiatives. They include:

- a sense of social uniqueness;
- a shared ideology;
- perceived economic/social decline;
- collective action taken at a previous time;
- local leaders with experience;
- local producers and employees with experience;
- an independent social structure;
- an already developed economy;
- an absence of competitive organisations;
- a stable economy;
- a large urban, non minority-status community [Falconer, 135].

Falconer agrees that Canada's urban-Aboriginal communities do not share

most of the noted attributes, and describes most urban-Aboriginal communities as steeped in poverty, with low-educational achievement, social alienation, poor self-image, high unemployment and little work experience, low incomes and high dependency on transfer payments, few home-grown businesses, and minimal-to-no capital formation or local leadership [134], Falconer suggests that part of Element II's failure was the NEDP's inability to understand the dissonance between the prerequisites to success and the actual situation in most Aboriginal communities. It was not enough to extend CED principles to a community that was not ready, able and willing to work with those principles. Falconer posits that significant time and effort is required before urban-Aboriginal communities will be ready to fully implement CED strategies:

while this process is not inconsistent with a CED program, the goals and flavour of community development must reflect a more preliminary social emphasis than suggested by a final product economic focus [Falconer, 136].

The literature indicates that communities that show the greatest success in implementing CED have certain characteristics, as noted above. CED initiatives must be designed in such a way as to accommodate communities that do not necessarily share these qualities. As Falconer notes, a strategy with a stronger focus on social rather than economic results would likely provide more favourable results. E

usual challenges for urban CED are exacerbated in Aboriginal neighbourhoods, and the common problems of Aboriginal communities take on a more complex hue when those communities are located in a large urban area. As difficult as it is to define the word 'community', the definition is even more elusive when a combination of different ethnic groups is involved. Is community defined by levels of poverty, geographic

location, or ethnic association? Aboriginal peoples face racism both in the areas where they live and in the rest of the city.

In keeping with Bostrom's analysis (which follows) of the federal government's policy paradox, Falconer was most concerned by the unresolved issues between Aboriginal peoples and the federal government, suggesting that the Aboriginal condition required more than CED prescriptions. He stated that NEDP policy also needed to deal with the following considerations either before, or at the same time, as it implemented CED strategies:

- self-determination;
- political accountability;
- role of women;
- migration;
- program instruments;
- zero-sum game scenarios¹⁵ [Falconer, 7].

The legal distinctions between Aboriginal sub-groups led to schisms within Aboriginal communities, making it even more difficult for the community to coalesce around a common cause. Furthermore, Aboriginal neighbourhoods must contend with the dynamics of the city as a whole, and many who migrate from rural areas are not culturally prepared for life in a city [Falconer, 103, 104].

Urban Aboriginal peoples who have migrated from reserves automatically lose their treaty rights. The federal government does not recognise the principle of portability of treaty rights, and bands with inadequate funding to meet the needs of reserves are not inclined to transfer money to band members once they leave the

¹⁵This term refers to the unique situation faced by urban vs. rural Aboriginal peoples. Urban Aboriginal peoples represent a minority in a larger marginalised community, and they face resentment from their non-Aboriginal neighbours when they are treated differently by the government. There is often pressure from non-Aboriginal peoples - who do not understand the unique relationship Aboriginal peoples have with the government - to stop 'preferential treatment' of Aboriginal peoples.

reserve. The lack of community cohesion, a political profile and access to funds leaves these individuals without resources [Loxley and Wien (2003) 225].

Falconer also noted a lack of policy to deal with urban Aboriginal peoples. He attributed the absence to the fact that this population asserted very little political influence. He believed that even *bad* policy would have been better than no policy, noting the rapid development of national reserve-based political organizations that formed in response to the White Paper in 1969 [Falconer, 103]. Persistent, systemic racism - particularly for urban Aboriginal communities - is another hurdle which must be overcome.

In order for policy to overcome this quagmire of problems, it MUST take a long-term stance. CED is a slow process, requiring at a least twenty-year time frame. Policy, therefore, must be realistic and reliable enough to sustain changes in government. The NEDP, a four-year initiative, was not nearly long enough.

The complicated nature of Aboriginal CED means that development must be comprehensive. Before economic initiatives can be considered, a solid social base must be built. Communities must be safe, orderly and physically pleasing; families and human resource development must be supported by the community. Communities must have a source of income production, property ownership and maintenance, and health facilities. Element II did not consider the importance of these pre-conditions.

Organisational and individual leadership have to be fostered in Aboriginal communities. Organisations should be stable, represent the community as a whole, be able to motivate, and have the ability to plan and implement long-term initiatives. Individuals with strong leadership skills must have influence over the various

community groups, be long-term residents of the community and have relevant experience and connections [Falconer, 135]. Once again the lack of a comprehensive strategy did not allow for the development of the appropriate organisations prior to looking to economic development.

Element II was meant to support specific activities in selected communities. Falconer contends that the criteria for both the choice of activities and communities were problematic. Given that CED is a blend of economic, social, cultural and political objectives, Falconer found too much emphasis on the economic. The economic factors will not begin to be addressed until the other three issues have been dealt with.

Just because social, political and cultural areas are not capital intensive does not mean that they do not require effort and commitment to ameliorate. Policy makers did not understand that the less-capital intensive, social projects - which did not meet the selection criteria - required careful attention before economic progress could be made [Falconer,138]. A more comprehensive strategy could have overcome this problem.

An NEDP internal document found a mismatch between the scope of the activities eligible for funding, and the minimum outputs (reasonable as they were) expected from those activities [Falconer, 140]. Falconer also notes unrealistic criteria for community organisations within Aboriginal communities (such as 'a representative leadership that is broadly supported by the community' and, 'historical or potential economic linkage with surrounding communities' [Falconer citing the NEDP, 141]. Finally, the NEDP's mandate was far too short to deliver meaningful results [Falconer, 141].

The NEDP also formed a task force on Native women. As noted in the literature review, CED tenets can be particularly meaningful to women's groups. The following section on the NEDP task force on Native women reflects CED's compatibility with Aboriginal women, but it also highlights the added obstacles they face.

NEDP Task Force on Native Women

The task force on Native Women and Economic Development conducted interviews with Canadian Aboriginal women for the first time in history. Observations

- which arose included:
- Aboriginal businesswomen often had a natural tendency towards convergence style strategies. Many of the business ideas presented were small-scale, but designed to meet the perceived needs of their communities. Women were less likely to want to leave their communities to set up their businesses;
 - like men, women were found to be lacking in education, business skills and business connections;
 - women faced more than the above obstacles; they also had to cope with lack of daycare services, sex discrimination, and a degree of active or passive power exercised over them by their husbands¹⁶;
 - women often did not have adequate information about the NEDP and other government agencies. The uncoordinated manner in which the various governments offered programs was also noted as an obstacle;
 - the training programs were perceived to be subject to rules which limited women's accessibility. For example, class size and age limits seemed arbitrary and counter-productive [Native Women and Economic Development Task Force, 1985].

The report that came out of the consultations resulted in an NEDP assisted Aboriginal Business Women's National Workshop in Winnipeg in 1985. The workshop led to the formation of a national Aboriginal Women's Business

¹⁶Active power referred to the authority of predominately male band councils who would rarely consider the concerns of women. Passive power control referred to the necessity of women to have their husbands co-sign for loans and/or their inability to access credit because of their husbands' poor credit rating.

Development Corporation. The Board reported that this task force had taken important first steps in breaking down the barriers Aboriginal women faced [Native Economic Development Board(1985b) 5]. It is difficult, however, to imagine how conditions for women will improve until the issues raised by Falconer are addressed.

The Northern Development Agreement (NDA)

In November of 1982, the federal and provincial governments entered into the NDA. This agreement was an extension of the 1974 Canada/Manitoba Northlands Agreement. The recognition that economic and social development were long term endeavours allowed for the extension and continuation of the original agreement under the auspices of the NDA.

The agreement was jointly run by Canada Regional Economic Expansion (the new name for DRIE) and the province's Department of Northern Affairs. The first version of the NDA ran until November 1987 with the following objectives:

- to develop locally-based income and employment opportunities;
- to increase participation of the northern labour force in employment opportunities, particularly in major resource sectors; and
- to facilitate increased participation of individuals in northern development by removing physical barriers to human and economic development [Northern Development Agreement Development Progress Report, 1-2].

In November of 1987 the NDA was extended to March 31, 1989, bringing total contributions of \$M261.55 - \$M173.21 from the federal government and \$M88.34 from the provincial [Northern Development Agreement Progress Report 1]. The agreement was headed by a ministers' committee which included the principal federal minister (Industry, Science and Technology Canada) and provincial minister (Department of Northern Affairs). The ministers' committee appointed an advisory

committee which included eight members who represented northern and Aboriginal organisations. Their purpose was to review program progress and advise for future direction. A management board of four federal and four provincial representatives ran and coordinated the agreement, and several program advisory committees aided in the implementation of various programs. Each committee had eight members representing federal, provincial and northern interests [Northern Development Agreement Progress Report, 2,3].

There were four sectors in the NDA program:

1. CED (\$71.8M);
2. Human development (\$144.2M);
3. Community improvement (\$38.35M);
4. Management and consultation (\$7.2M).

Each sector was further divided into projects and programs [Northern Development Agreement Progress Report, 4,5].

The structure alone indicates that the agreement was not premised on CED as defined by this thesis; i.e., sectors two, three and four should be part of CED. The purpose of program one was to 'assist local and regional groups and organizations in the identification of development of new employment opportunities' and to provide for 'the costs of undertaking analysis, feasibility studies, market research and an array of services necessary to develop sound *economic* (my emphasis) development projects at the local and regional levels' [Northern Development Agreement Progress Report, 6]. Although it may be argued that the mere naming and organisation of the sectors in this way does not necessarily mean that the spirit of CED was not followed, the fact that northern communities were not included in program design would indicate otherwise. Once again we see a top-down, paternalistic approach to

community development. Given that the advisory committee had elected officials from each of:

- Northern Association of Community Councils;
- Manitoba Métis Federation;
- Manitoba Keewatinowi Okimakanak Inc.;
- First Nations Confederacy; and
- Interlake Reserve Tribal Council,

community participation should have been possible at an earlier stage. If this was not the case, money may have been better spent preparing these organisations to plan and implement a CED strategy.

Social issues were certainly considered under sectors two and 3, but the same concerns that Falconer had under the NEDP may have applied here as well. For example, under sector 3, extreme health and public safety problems were addressed, and one wonders if these issues should have been dealt first, rather than at the same time as the other sectors. As per Falconer's observations with urban-Aboriginal communities, considerable ground work may have been necessary prior to launching income and employment opportunities that people may not have been prepared for under Sector 1.

Program five allocated \$M7.3 to local government development, including funds to help local government develop community-delivered services. Monies were also dedicated to administrative training within local governments, and training for local fire and emergency services, equipment acquisition and infrastructure maintenance. No where in the progress report was the issue of self-governance referred to, leaving one to assume that at least some Aboriginal communities lacked the means to fully operate a CED strategy. Some Manitoban Aboriginal communities were benefiting from the Indian Tribal Concept whereby responsibility for reserve

administration was being transferred from DIAND to the tribal level [Indian and Northern Affairs Canada (1983) 38]. The progress report makes no reference to the Indian Tribal Concept, so it is not known whether or not this situation was taken advantage of in the implementation of any of the programs. Under program 9, Northern Manitoba Affirmative Action, career training was offered to northern residents. Using program retention and graduation as a yardstick, some programs were more successful than others. Areas such as band management, community education facilitator and program administrator had much higher rates of graduation than did the University of Manitoba, Community College, Northern Nursing Program and Social Work Program ACCESS programs. The withdrawal rate in the latter programs was high, however the overall enrolment numbers as of 1989/90 were strong [Northern Development Agreement Progress Report, 32, 38]. In keeping with the findings of the NEDP Task Force on Education, the poorer rate of graduation may indicate that some northern residents were not adequately prepared for post-secondary education. On the other hand, education in the first group would have helped to facilitate leadership and political awareness which would in turn strengthen the community for future endeavours.

Program 11 dealt with youth development. Various sponsors in different regions allowed student youth, particularly of Aboriginal ancestry, to participate in company activities and thereby prepare them to enter the labour force. There appears to have been a high rate of participation, both of sponsors and youth. A total of 817 student youth and 70 supervisors participated throughout the north, although it is not known how many participants went on to obtain full-time employment.

Program one (Community/Regional Economic Development Planning)

provided much more short-term employment and social impact than long-term (for example, 22 short-term jobs vs. 3.5 long-term in 1986/87). Program two (Resource Opportunity Development) provided more long-term social impact than short-term, and both long-term and short-term opportunities were considerably higher in Program Two (194.5 long-term jobs vs. 168 short-term jobs in 1989/90) [Northern Development Agreement Progress Report 9, 18].

Judging the NDA from the Progress Report alone is difficult. It does appear that the Agreement did not embrace CED principles *per se*, and any success that did arise from the Agreement surely could have been augmented had an integrated CED strategy been adopted. The long-term and short-term social impact from Program one appears to have been considerable, perhaps because northerners were better prepared to work in the resource sector. It is not known whether or not the Agreement had an environmental component to ensure the sustainability of this sector.

The report did not consider whether or not linkages were formed from the resource sector development (the importance of linkages was discussed in chapter one of this thesis). The program *appears* to have been implemented in disconnected segments, with little thought given to the industries which could provide backward, forward or final linkages. Sparsely populated areas rich in resources do not necessarily make the transition from a resource-dependent economy to a more developed, independent economy easily, and certain kinds of resource development will lead to more linkages than others. It is not clear from the Progress Report whether or not the Agreement took these issues into consideration, or if a convergence strategy was present.

The breakdown of employment and student numbers does offer figures for

both status and non-status Native people, but this is the only reference to the greater structural problems within the federal/Aboriginal relationship. The very fact that self government is not even mentioned meant that CED *per se* could not have been the goal of the Agreement. The results of the NDA would have been much more transparent had the Progress Report contained more social indicators such as changes in income, improvements in housing, use of Native languages in education, percentage changes in school enrolment and changes in migration.

The inability of the federal government to relinquish control to Aboriginal communities compromised the success of both the NDA and NEDP. In order to better understand why the federal government failed in this aspect, it is necessary to examine the dysfunctional relationship between the federal government and the Aboriginal population. The following section will examine the origins of this situation.

Policy paradox

Bostrom noted that federal Aboriginal policy suffered from a fundamental flaw which can be traced back to its roots as part of a colonial power. He labels this flaw as a 'paradox in basic policy' (521). The paradox arises from the contradictory federal-policy goals of Aboriginal assimilation and isolation. Attempts to assimilate Aboriginal peoples began as early as the 1830s. Churches and schools endeavoured to 'civilize' Aboriginal peoples by convincing them to adopt European ways, but at the same time the government implemented policies which isolated Aboriginal peoples from the rest of society. The Indian Act, the reserve system, and the inability of individuals to act as their own economic agents meant that even those who may have been amenable to cultural change were denied the means to adapt [521].

Bostrom believes that the contradictory policies of assimilation and isolation

did not seem to disturb government officials, who did nothing to try to improve the way services were delivered. In fact, so deep-rooted was this paradoxical approach that Bostrom claimed in 1984 that its legacy could still be detected in DIAND praxis [522]. Not only was no consideration given for the lack of coherence in federal policy, but Aboriginal culture itself was ignored during the next development to affect policy decisions.

Neo-conservatism

Federal Aboriginal policy in the 1980s was beginning to be influenced by the ideological swing towards the primacy of the free market and a business approach towards running government. Much Aboriginal policy, regardless of the department in which it originated, was business-development oriented, with little emphasis on social issues. It was believed that the formation of an Aboriginal business class would be the catalyst for deeper social improvements. Although mention is made of the importance of community-level participation, there is little evidence of pro-community strategies such as convergence. Support for Aboriginal culture is expressed, with no consideration of the potential conflict between Aboriginal values and capitalism. The issue of whether or not Aboriginal culture can adapt to capitalism is not considered (or if capitalism can accommodate Aboriginal culture). Wotherspoon writes of the contradiction often faced by Aboriginal workers in intermediate-level professions. The highly individual and fragmentary nature of most professional and entrepreneurial positions causes these workers to feel isolated from their cultural and family ties [163]. Simply trying to graft the prevalent economic model onto Aboriginal communities flies in the face of CED, which demands community consultation and planning.

Newhouse has also addressed the issue of whether or not Aboriginal culture and capitalism are compatible. He maintains that Aboriginal societies are modernising and that this process of modernisation is reflected in the new economic, cultural and political institutions sprouting up in Aboriginal societies [91]. He does acknowledge that the rapid pace of change being experienced by Aboriginal peoples will inevitably lead to social problems, but overall he seems optimistic about the long-term prospects for a marriage between Aboriginal culture and capitalism. This optimism is partly due to his observation that no Aboriginal group has rejected capitalism and that some Aboriginal communities are eager to adopt a modified form of capitalism that does not contradict traditional Aboriginal belief systems [92].

Newhouse posits that capitalism is an adaptable system and that therefore, Aboriginal communities can use it to their advantage. He notes the many economic programs already in existence where ‘. . . the rules of access to capital are being examined and revised. . .’ [93] and the possibility of First Nation’s governments taxing individual and corporate incomes. He predicts that the influence of Aboriginal values will result in a new form of capitalism. It will be more personal and inclusive of social development and economic development will be less individualistic and competitive, allowing input from the community, individuals and government. In accordance with the Aboriginal belief system, development will be more respectful of the environment and surrounding communities, and development will value investment in human capital over individual capital accumulation. Wealth distribution will be less problematic than in the prevailing form of capitalism; emphasis will be on Aboriginal values of sharing and kindness [96].

Newhouse points to several developments within Aboriginal society as proof

that this process of modifying capitalism is already underway (for example, the use of CED models and their evaluation by development indicators), and also recommends the use of cooperatives, partnerships and corporations [97]. Newhouse seems to be describing CED, and as such, one could argue that this is not so much a modification of capitalism as a rejection of its core values of competition and capital accumulation (and therefore a *rejection* of capitalism).

Regardless of what it is called, this 'new capitalism' will require the long-term, thoughtful support of government to reach fruition, a condition that Newhouse is well aware of: '[g]reat care needs to be taken in the choice of interventions by governments and outside agents [97]'. There are Aboriginal communities that have plotted a viable CED course; it is now up to the government to provide the funds and support to ensure their success. With strong government intervention, capitalism does have the capacity to accommodate different institutions and deliver a more equitable outcome. However, the strong adherence to free-market principles - which prompted cuts in social spending in the 1990s - represented a step backwards for these communities.

By 1988 the deficit-fighting era had begun. The demand for more accountability for the spending of public funds and the call for business-like practices began to be reflected in federal policy. The failure of the government to implement CED strategies may in part be related to this strong emphasis on industrial and business development, to the detriment of social and cultural considerations. As we will see next, this ideological movement would intensify in the 1990s, but at the same time, CED tenets would start to gain ground.

4.1.2 1990s

Federal policy in the 1990s continued, on one hand, along the same lines we saw in the 1980s. Business development was emphasised, the issue of self-government continued to be raised and the federal government still struggled with how to provide more coordinated, effective policy while suffering deep budget cuts. CED continued to be highlighted in policy papers but its actual implementation remained overshadowed by business-development strategies.

The government continued to ignore a growing and pressing problem: the urban- Aboriginal population. Although the Aboriginal community did benefit somewhat from non-Aboriginal specific programs such as the Core Area Initiative, this marginalised segment of Manitoba's cities continued to grow at a faster rate than the rest of the population, and without attracting the attention of federal policy makers.

In keeping with the growing environmental movement, the federal government began to integrate the concept of sustainable development into its policy. This section will continue the review of DIAND business-development programs offered, look at developments in self-government, introduce DIAND's strategy for sustainable development and review the situation for Metis and non-status Indians.

Business-development programs

The Canadian Aboriginal Economic Development Strategy (CAEDS) was reinacted in 1989. The Strategy:

signalled the federal government's commitment to Aboriginal economic development. Instead of the traditional government-directed exercises of the past, CAEDS assists communities to develop their own expertise and build their economies [Indian and Northern Affairs Canada (1992b) 1].

There is a continuing expectation that Aboriginal peoples will turn to the private

sector in an effort to obtain self-reliance rather than remaining dependent on the government. It is also suggested that they forge partnerships with territorial and provincial governments to obtain technical and financial support, and access to natural resources [Indian and Northern Affairs Canada (1992b) 1].

In a move to provide more coordinated policy, the Strategy organized the services of three federal departments: the Department of Indian Affairs and Northern Development (DIAND), Industry Canada (IC) and Human Resources Development Canada (HRDC). Community development and resources were controlled by DIAND, business development by IC and skills development by HRDC. Research and advocacy were shared by all three. DIAND's commitment to Aboriginal autonomy was reiterated in the Status Report [Indian and Northern Affairs Canada (1992a) 1].

The Status Report outlined a 'new perspective' in its policy approach: CED. It explained that CED was:

a relatively new way of looking at economic development. It is a bottom-up (community controlled) process of local and regional revitalization that makes the community the foremost player in its own growth and renewal. . . CED argues that the economic and social well-being of a community are too closely interconnected to be handled separately [Indian and Northern Affairs Canada (1992a) 2].

The report acknowledges the influence of the growing CED movement. It notes that CED theory is at the forefront of development economics, and it borrows on concepts from the Westcoast Development Group [2]. It is odd that CED is referred to as a new concept when it had been specifically referred to in the NEDP and NDA.

DIAND was responsible for two programs: Community Economic Development Organizations (CEDOs) and the Regional Opportunities Program

(ROP). CEDOs were created by tribal councils, First Nations not associated with tribal councils and Inuit and Innu communities. It was the communities that set policy and controlled the services offered by CEDOs. Services included economic and employment advisory services and equity-funding support. CEDOs also acted as a liaison between the community and the government. The long-term goal of each CEDO was to be a self-managed, program-serviced and advisory institution. Federal funding was funnelled through the CEDOs for a variety of economic development purposes, including strategic planning, financing, training and employment.[Indian and Northern Affairs Canada (1992a) 3].

The purpose of the ROP was to help interested parties to take advantage of economic opportunities throughout their region. Its focus was on sectoral development, although funds could not be used directly for business development nor equity funds, two areas that fell under Industry Canada's jurisdiction [Indian and Northern Affairs Canada (1992a) 4].

The Commercial Development Program (CDP) was presented as a complement to Industry Canada's Aboriginal Business Development Program, still in existence. This program's policy paper for 1993 is an exact replica of the 1989 paper reviewed in the previous section, so it is unlikely that much change towards CED occurred. The CEDP report explains that DIAND and IC use a 'one-window' approach to business financing, to avoid confusion. Any application for financing is evaluated by IC and forwarded to the appropriate department [Indian and Northern Affairs Canada (1992a) 4].

Fifty million dollars had been invested in each of the previous four years since 1992, allowing Aboriginal communities to take control of many services and

programs. By March of 1990, the percentage of organizations in the process of obtaining full-service capability had increased more than three times over the previous year's figures. The success of this transition was attributed to the quality of the staff, consisting of over five-hundred economic development officers. Seventy-four per cent of these officers were Aboriginal, seventy per cent had a post-secondary education, and seventy per cent lived in rural areas [Indian and Northern Affairs Canada (1992a) 7]. The fact that so many communities and community members were taking control was a positive step toward CED.

According to the report, DIAND contributed \$55.6 million to 379 CEDOs throughout Canada in 1992-93. It is claimed that each dollar spent on project funding attracted another \$2.50 from the private and/or public sector. Forty-one per cent of total DIAND expenditures went to operations, thirty per cent to business development, ten per cent to employment and training, seven per cent to resource development, and twelve per cent to planning [9]. With the bulk of the money concentrated in operations and business development and NO money dedicated to social development, it seems unlikely that results were as optimal as they could have been.

In Manitoba, Sowind Air Ltd. was an example of an Aboriginal business to benefit from the CEDP. Still in business today, Sowind was started by Chief Oliver Owen and Roland Hamilton, both of whom are commercial pilots of Aboriginal descent. Not only did Sowind provide new jobs to Aboriginal people, it improved air service to remote communities in Manitoba and Northern Ontario [Indian and Northern Affairs Canada (1992a) 13].

Aboriginal self-government

The federal government continued to struggle with the concept of Aboriginal self-government throughout the 1990s. It blames the deplorable state of Aboriginal culture strictly on the government's misguided attempt to assimilate a people who did not want to be assimilated [Department of Indian and Northern Affairs Canada (1995) (none of the pages are numbered)]. No recognition is given to the policy's inner contradiction between assimilation and isolation, and the The Indian Act, the reserve system and systemic racism are not mentioned.

DIAND does acknowledge that past policies have not worked, and it renews its commitment to facilitating Aboriginal self-government, in keeping with The 1993 Red Book promises of Jean Chrétien. Most of the ideas expressed have been recycled from past policies, but this time there is a firm commitment to negotiations between the federal, territorial and provincial governments and Aboriginal peoples [Department of Indian and Northern Affairs Canada, 1995].

In keeping with the deficit-fighting theme of the 1990s, DIAND explained that there would be no new funding available for this initiative, and that funds would have to be reallocated from existing sources. It also explained that complete Aboriginal self-government lay far in the future; years of negotiation were anticipated. Recognition of Aboriginal right to self-government did not mean '... sovereignty in the international sense', but that varying degrees of authority could be exercised by Aboriginal peoples, who would remain Canadian citizens and be fully protected by and subject to the *Canadian Charter of Rights and Freedoms* [Department of Indian and Northern Affairs Canada, 1995].

DIAND explained that the face of self-government would vary between the

many different Aboriginal groups in Canada. Not only are there inherent differences in language, culture and economic systems between the six distinct cultural regions, but Aboriginal peoples are further differentiated by the artificial categories of Status and non-Status Indians and Métis. Each group will have its own issues that will have to be dealt with, and DIAND promises to do so with the full consultation of Aboriginal peoples [Department of Indian and Northern Affairs Canada, 1995]. The lack of details and/or clarification would indicate that the department had not begun to formulate a strategy for self-government.

Sustainable development

Towards Sustainable Development was published by DIAND in 1997, in which the department's philosophy towards this issue was discussed. The book also included information from consultations with Aboriginal peoples, and details on DIAND's strategic planning (the first time in this policy review that strategic planning steps are displayed and explained).

DIAND commits to the principles of sustainable development and explains how it will incorporate sustainable development practices into its mandate to serve Aboriginal peoples and northerners. DIAND's strategy has to deal with the ongoing issues of: devolution of programs to First Nations; implementation of Aboriginal self-government; and the improvement of social and economic conditions for Aboriginal peoples [DIAND (1997) 11, 12].

Of particular interest are the issues raised by First Nations and Inuit in the provinces. Aboriginal people believe that they do not interpret the spirit and intent of existing treaties the same way the governments do. They fear that any change to existing policy - to include a sustainable development component, for example - could

erode their treaty rights, the governments' obligations or the development of federal-provincial agreements [DIAND (1997) 21]. First Nations' fear of loss of their rights is greater than their immediate commitment to sustainable development. It was noted, therefore, that resolution of treaty and land-claim issues was paramount to the implementation of sustainable development practices [DIAND (1997) 21, 22] (and to the adoption of CED)

Other concerns included:

- the lack of Aboriginal control of on-reserve resources;
- the belief that most reserves are too small and isolated to be self-sustaining;
- the lack of access to off-reserve resources;
- the lack of consideration of the differences between Aboriginal communities in designing sustainable development policy;
- the belief that 'consultation' means one thing to the governments, and another to First Nations¹⁷;
- the belief that existing and historical legislation, rules and decision making processes continue to violate the fundamental rights of First Nation People, and to maintain them in a state of dependency;
- the lack of technical capacity to implement sustainable development technology in Aboriginal communities [DIAND (1997) 21 - 26].

In keeping with CED tenets, goals, objectives and targets were developed to deal with the above concerns. Some of the goals included:

- improvements in the relationships between First Nations and government departments;
- the integration of sustainable development into DIAND's decision-making process;
- the maintenance and support of the interrelationships between communities and healthy environments; and
- emphasis on traditional knowledge and values [DIAND (1997) 29,30].

DIAND then sets out the action needed to reach the above goals. Most of the action amounts to no more than non-specific plans to 'work with other federal

¹⁷The governments use consultation to mean the dissemination of information, such as decisions taken unilaterally. First Nations take the word to mean the participation of all parties in the decision making process [DIAND (1997) 22].

departments', ' . . . work with the First Nations and Inuit to facilitate participation and interaction in policies and plans of other government departments and the provinces', or 'to be determined in discussion with First nations and Inuit' [1997, 31]. Some of the more specific action included the remediation and clean up of contaminated sites, and the initiation of departmental guidelines on sustainable development assessment of policy [1997, 32,33].

Metis and non-status Indians

Federal policy for Metis and non-status Indians (MNSI) was even less organized and focussed. Overall, Loxley criticised MNSI policy for being underfunded, *ad hoc*, and poorly implemented [1986, 94]. Projects were neither community-based, nor did they reflect a convergence strategy.

Rather than administering MNSI policy under the umbrella of one agency, MNSI peoples accessed programs offered by various agencies such as the Canadian Employment and Immigration Commission (these agencies also supported status-Aboriginal development). Loxley categorized the different programs as: employment creation; training; and business development [1986, 91]. Examples include: the Local Employment Assistance and Development (LEAD) Program; the Local Economic Assistance Program (LEAP); Canada Community Development Projects (CCDP) Program; and the New Employment Expansion and Development (NEED) Program. Incongruities existed between some of the programs offered; job-creation projects duplicated some of the strategies found in training programs, and some training programs seemed to encourage migration rather than community development [Loxley (1986) 93]. Business development was handled by the Federal Business Development Bank which provided services to companies considered too high risk

for commercial banks (although its threshold for risk was not terribly high).

4.1.3 Conclusions

Although CED made onto the radar screen in the 1980s, it was not practised by any level of government. The overarching problem with the implementation of CED could be traced to the serious and unresolved issues between the federal government and Aboriginal peoples. Not until a people has full control over its resources and the ability to chart its own course can CED be fully implemented. Any program to aid Aboriginal women will face enormous difficulties until this larger problem is dealt with. Rather than dictating to Aboriginal communities what must be done, all level of governments must accommodate community designed programs.

As highlighted by Falconer, these large unresolved issues also confounded the situation of urban Aboriginal peoples. He raises serious concerns about the effectiveness of CED given the deeper problems of self-determination, political accountability, the role of women, racism, migration and a lack of government policy to deal with urban-Aboriginal issues. The failure to resolve treaty and land-claim issues prevented CED from realising its full potential in Manitoba's Aboriginal communities.

Lack of funding continued to be an obstacle, and this was only exacerbated by the government's commitment to neo-conservative, cost-cutting ideology.

Although the NDA did not fully implement CED, the bipartite agreement provided a solid vehicle for program delivery. As an extension of the Canada/Manitoba Northlands Agreement from 1974, the NDA was in existence for almost 16 years and was obviously able to weather changes in both federal and provincial governments. Also, the combination of resources, both administrative and

monetary, effectively doubled the means by which to help communities.

In the 1990s, the continuing transfer of power from DIAND to Aboriginal communities allowed Aboriginal peoples to inch towards true CED strategies. The CEDO appeared to be an effective way to have Aboriginal communities participate in strategic planning and administration of programs while receiving support from the federal government. The dedication of more resources and staff to DIAND programs, including Aboriginal staff, also represented a positive step forward. On the other hand, the segmentation of DIAND programs between CEDOs, ROPs (both run by DIAND) and Industry Canada may have resulted in inefficiencies. The 1990s version of the CEDP was simply more business development promotion without a supporting CED strategy.

The federal government's stance on self-government, the resolution of which is a prerequisite to full implementation of CED, remained vague and non-committal. No definite goals were expressed and certainly no commitment of resources was mentioned. The heavy emphasis put on business development would indicate that government was more interested in assimilating Aboriginal peoples into mainstream society, perhaps with the hope that the sovereignty issue would eventually go away.

The concerns raised by Falconer in the 1980s remained untouched in the 90s. Attempts to apply CED will continue to be difficult until progress can be made in the areas of self-government, portability of treaty rights and Aboriginal political awareness, education and leadership development.

The appearance of the government's commitment to sustainability and recognition of concrete CED tenets, goals and objectives represented a positive development in the 1990s. However, experience shows that the mere mention of

principles does not ensure their adoption, and not until the climate of distrust felt by Aboriginal peoples towards the federal government changes will sustainable development be implemented. The decision to undertake sustainable development practices, and how, should be made by Aboriginal communities, not the federal government.

Throughout these two decades the federal government continued to rely more on business development than a CED strategy, in spite of its commitment on paper to CED. It seemed that federal officials did not fully understand the concepts behind CED and that they could not break their habit of favouring business development. Social and sustainable development issues were secondary, and *ad hoc* with their fortune depending on the success of business development. But of course business cannot flourish in a community with grave social problems, and the progress that did occur was less than it could have been had business development been integrated into a holistic CED strategy.

The next section will turn to the Core Area Initiative. Although this program was not aimed directly at Winnipeg's Aboriginal peoples, they were directly affected as residents of the core area. Results, however, could have been improved had the agreement better considered CED tenets.

4.2 CED in Winnipeg

4.2.1 The Core Area Initiative (CAI)

Any review of government policy and CED in Manitoba would be incomplete without considering the CAI. Hailed as Canada's most famous urban-economic initiative, the CAI received international recognition from such organisations as the United Nations, Organisation for Economic Cooperation and Development and The

World Bank. This section will distill the analyses of a group of urban-development and CED experts who have concluded that the CAI did not realise its potential.

Background to the CAI

Although Winnipeg's inner-city decline was not unique in North America, the rate of its decline was more serious than in other Canadian cities. Winnipeg's inner-city indicators were disturbing: income and education levels and labour-force participation were worsening; the schism between median incomes of the inner city and the rest of the city was growing; there was a decrease in the median income of the inner city (something that occurred only in one other Canadian city); and, unemployment was increasing much quicker in the inner city than in the rest of Winnipeg (a 5.0% increase in 1981, compared with 2.5% for the rest of the city) [Stewart, 155]. The inner-city housing stock was deteriorating, with most residents forced to live in multi-family, rental dwellings. In 1986, more than half of inner-city residents were paying more than 25% of their gross income on housing, and 42.4% had to pay more than 30%. Affordable housing was particularly elusive for the young, elderly, single parents and Aboriginal peoples [Stewart, 156].

The scope of the CAI was unprecedented in Canada, and some experts wonder how much of its inception and implementation were attributable to certain unique (and perhaps non-repeatable) circumstances. The political impetus for the initiative came from Lloyd Axworthy, who had founded and directed the University of Winnipeg's Institute for Urban Studies. He had written extensively on the decline of Winnipeg's inner city and, as one of a very few federal cabinet ministers from the West, was able to harness federal support for an urban-renewal plan [Keirnan, 24]. Axworthy was also able to devise a plan to accommodate the equal participation and

financial support of the provincial and municipal governments. Keirnan believes that, although the CAI's genesis was partly the result of Axworthy's efforts and position, we can and should consider the possibility of exploiting and extending the program's successes [25].

The CAI was a \$196 million, tripartite agreement to aggressively attack Winnipeg's ongoing inner-city problems (Layne, 257). The two phases of the CAI spanned a decade, from 1981 to 1991. The first phase ended in 1986, at which time it was renewed for another five-year period. The total initiative can be broken into the following three components, with the amount of funding for each one :

- housing, employment and affirmative action, and community initiatives - \$76.6M;
- industrial and small business development, and large-scale physical re-development - \$103.8M;
- administration, evaluation and information - \$8.4M [Loxley (2000) 100].

The second and third components received 57% of total funding and the first, 43%.

Analyses overview

Layne takes issue with the method used to evaluate data from the CAI. She claims that 'qualitative generalities' are made in terms of outputs and inputs - such as number of houses renovated or amount of money spent - instead of in outcomes - such as sustained improvements in the rate of unemployment. She also notes a scarcity of longitudinal and cross-sectional studies which could provide more insight into the initiative's outcomes [268,69]. But even a cursory look at some of the data reveals some disturbing trends. Not only did many distressed conditions prevail during the CAI's duration, some worsened. Except for education, the disparity between residents in the inner city and the rest of the city widened. Unemployment,

poverty and crime all increased between 1981 and 1991. There was a disturbing 8.1% increase in the number of inner-city households that fell below the poverty line [Layne, 269,70]. In 1998, Winnipeg's inner city was identified as "one of the nation's worst centres of poverty" [Layne citing McKinnon, 270], and Layne suggests that the CAI did NOT fulfill its mandate to improve the social and economic conditions of the inner city [270]. Although it is not possible to know what would have happened had the CAI not occurred¹⁸, it is difficult to conclude that it was an unqualified success story.

Part of the reason that absolute improvement was not easily obtained can be discerned by examining the employment initiatives. The Employment and Affirmative Action component of phase I trained over 500 core-area residents (at a cost of \$31,000.00 per graduate) and provided them with jobs. The participants' unemployment rate fell to 12.4 percent after training from 83 percent before, and their average total incomes increased by two-thirds. At the same time as earned income tripled, the graduates' need for government transfers went down by 80 percent. This component also successfully trained nurses and social workers, many of whom were Aboriginal people [Loxley (2000), 100].

The unemployment rate in the core area was not affected by the first phase of the CAI. It has been argued, however, that this lack of improvement was because of the 67 percent increase in the Aboriginal labour force which drove the unemployment rate up. Had the CAI not been in effect, the increase in the unemployment rate would have been that much higher [Loxley (2000), 101].

¹⁸Working Margins reported in 1991 that "conditions would have been significantly worse in the absence of the CAI" [Loxley (2000) 101].

All components of the second phase of the CAI created 1,968 jobs (excluding work not directly related to CAI construction initiatives). Seventy two percent of these jobs were in the private sector. Although most of these jobs tended to have lower wages (between \$15,000.00 and \$20,000.00 a year), they paid much more than the average Aboriginal worker would have made in Winnipeg [Loxley (2000), 101]. In total, 2,241 people participated in second-phase training programs. This time affirmative action and training were integrated right into CAI initiatives themselves and the cost per graduate was less than half the cost in phase one [Loxley (2000), 101]. Turnover for CAI placements was high, however, suggesting that the training programs may need to be revised. Because the Aboriginal labour force continued to grow at a rapid rate, the second phase also faced an uphill battle in trying to reduce unemployment. As noted by Loxley, the CAI increased the labour supply more than it increased the demand for labour [2000, 101].

Silver noted that the total amount spent does not sound nearly as impressive when it is averaged out over the ten-year period. Twenty million dollars was spent per year, being less than two percent of the total annual income of inner-city residents (estimated at \$1 billion) [(2000)132]. Silver notes the comments of Lloyd Axworthy himself with respect to the emphasis on physical improvements rather than social indicators. Axworthy claimed that the millions of dollars spent by both the public and private sectors on such initiatives as Portage Place, the Exchange District and the Forks did nothing to address the core problems of poverty, unemployment, poor housing and alcoholism [(2000)133]. Layne also highlights the impact the CAI had on physical development, to the detriment of social and economic outcomes which were considerably more 'modest and transitory' [273]. One of the most common

criticisms of the CAI one finds in the literature is that the core causes of systemic poverty were not addressed and that the alarming conditions which were the impetus for the initiative are still present in the inner city [Layne, 273; Silver, (2000) 132,3; Stewart, 155].

Stewart suggests that the debate between social development vs. brick and mortar was never adequately addressed. She also claims that, in keeping with much urban policy (and CED tenets), the CAI neglected the important link between economic performance and social well being. There was, according to Stewart, a palpable gap between 'symbolic and substantive policy' which widened as the initiative progressed [158,9].

Stewart also notes problems arising from a lack of community participation. She suggests that there was a degree of complexity in the CAI model that rendered it inaccessible to community interaction. She accuses the initiative of been accessible only after the fact, and then only for the purpose of garnering support for the program's renewal. There was not enough community input during the planning stages when it would have been most effective [159]. The 1990 Community Inquiry into Inner City Revitalisation also found that the CAI did not accommodate participation from core-area residents. Tom Carter, Inquiry Chair, noted that there was a wealth of knowledge and insight within the inner city that was not tapped by the initiative [Silver, 133].

Stewart also notes the weak role played by the City of Winnipeg, and accuses

it of a lack of leadership, vision and ‘poor use of “urban intelligence”¹⁹ [158]. She believes that the objectives of the CAI were too broad and comprehensive for the level of financial and organisational support [157]. Stewart claims that the initiative’s greatest failing was that it failed to inspire some form of lasting legislation to strengthen policy commitment towards the inner city [159].

Both Layne and Stewart are critical of the CAI’s lack of a long-term strategy. Program stability suffered from a scarcity of long-term funding and other support mechanisms [Layne, 273; Stewart, 161].

In spite of the foregoing criticisms of the CAI, most of its critics acknowledge that it did produce some important positive outcomes that deserve to be studied. One of the initiatives most salient characteristics was its tripartite structure.

The tripartite agreement

Although this structure was the focus of some criticism²⁰, Keirnan attributes much of the success of the CAI to its tri-level delivery structure [26]. Not only was the funding shared by three levels of government (effectively tripling resources), but policy decisions were made by a tri-level Policy Committee. The tri-level nature of the committee was also able to avoid duplication of programs and to unify and focus resources in a much more effective way than if the different levels had operated independently [Keirnan, 26]. Not only were financial resources concentrated, each level brought a wealth of technical and managerial expertise to the program. Keirnan

¹⁹Urban intelligence refers to the municipal government’s use of a wide array of indicators - such as unemployment, income, housing, health and crime - to monitor conditions and devise strategies for effective intervention and revitalisation [Stewart, 152].

²⁰Stewart, for example, notes that this model may have allowed the different government levels to avoid the spotlight and tough questions. Which level was responsible for what was sometimes blurred [158].

believes that the tri-level framework allowed for a high degree of cooperation, focus and coordination of public resources, thereby multiplying the effectiveness of each level of government. He attributes the success of complicated programs such as Artspace to the fact that the CAI had such strong linkages throughout government levels and departments [27]. Layne also believes that one of the CAI's most impressive accomplishments was the building of trust and cooperation between the three levels of government [273]. It is hoped that future programs will be able to reap the benefits of this relationship. Perhaps one of the most important benefits of this tri-level agreement is that the CAI was able to withstand changes in all three levels of government.

The same stability which allowed the initiative to weather political storms also made inner-city renewal more attractive to private investment. Keirnan, Stewart and Layne all agree that the CAI was able to marshal the support of the private sector to a significant degree. Layne notes that 'the claim that that [sic] reinforced confidence in the private-sector investment community and reintroduced private spending in the core area is . . . indisputable' [271]. Attention from the private sector was, however, a mixed blessing. Private investors tend to be much more interested in physical improvements than in less tangible social indicators, and part of the CAI's failure to address the real problems facing the inner city were no doubt the result of the private sector's focus on physical vs. human capital [Stewart, 159].

The strength and stability afforded by a tripartite agreement indicate that this model should be used again. Not only are resources multiplied, but a level of coordination can arise between the different levels and departments which allows the effect of the three levels of government to be greater than the sum of their parts.

However, this stability and strength can be squandered if the program lacks long-term vision and funding. The vision should include legislative changes that will allow the program to leave a lasting legacy for both the community and for future CED initiatives.

Conclusions

Although the participation of the private sector should be encouraged, emphasis on physical improvements should not overshadow the greater needs for social amelioration; it is argued that the economic component of the initiative received more than its share of resources²¹. A holistic, true CED approach would not have skewed resources so heavily towards physical upgrades and away from community consultation, education, safety, employment and culture. A greater degree of community participation would help ensure that residents' concerns are not drowned out by corporate interests. The wealth of knowledge held by inner-city residents must also be tapped in the planning process to ensure that money is being spent where it will do the most good. There is no reason to expect a functionary in Ottawa or even in the Provincial Legislature to understand the needs of core-area residents. More resident participation would also have resulted in spending on housing and community facilities instead of on 'grandiose town planning gestures' [Loxley (2000) 103]. As reported by the coordinator of the 1990 Community Inquiry into Inner city Revitalization,

. . . inner city residents hold the key to sustained revitalization efforts. In principle, they have the most at stake, and their needs and aspirations - not those of outside institutions or investors - should prevail [Silver,

²¹A breakdown of funding by component appears earlier in this section.

(2000) 133].

The inquiry also determined that the link between education and economic development was not strong enough. The benefits to inner-city Aboriginal people would have been greater had more emphasis been put on affirmative-action hiring, particularly by companies that received government support. It was found that overall there was a failure to integrate the training part of the CAI with its job creation initiatives [Loxley (2000), 100]. The program itself caused an increase in the labour force which was not adequately dealt with. There should have been a stronger attempt to increase the demand for labour in anticipation of the growth in its supply. Better results could have been realized from the Economic Stimulus programs and the Industrial Development Program (neither of which hired Aboriginal workers) if they had been better coordinated with the training component of the initiative [Loxley (2000) 100]. Loxley also notes the high turnover rate with CAI job placements, further indicating that the training component was not adequately integrated into the Economic Stimulus programs [2000, 101].

The first phase of the agreement provided substantial improvements in community infrastructure and housing. Six thousand houses were improved and 500 new houses were built. The second phase built 327 new houses and more than 1000 houses were renovated [Loxley (2000), 102]. Although the initiative claimed that it was impossible to determine the impact of these housing improvements on the area's residents, one must assume that many families' lives were substantially improved.

Under the second phase of the agreement, 300 grants worth more than \$14 million were dedicated to facilities and services in the community [Loxley (2000) 101]. However, the Initiative's greatest shortcoming was its failure to link those resources

to CED tenets:

[v]ery little funding under the Neighbourhood and Community Development component was aimed at community economic development 'per se' [Loxley (2000) 102].

A 1990 Community Inquiry into Inner City Revitalisation revealed that community residents desired to take part much more in the planning and decision making. In keeping with CED tenets, it believed that there should have been more emphasis on local ownership, self-determination and community facilities and infrastructure, and less emphasis on expensive brick and mortar projects [Loxley (2000) 102].

There is empirical evidence that inner-city residents wish to control the revitalisation process themselves, and further evidence to indicate that the development of indigenous organisations is a necessary condition for success [Silver (2000) 135]. The tripartite agreement could have offered the inner city a strong foundation on which the community could have charted its own course. Winnipeg is host to a number of small but vital community organisations, such as Rossbrook House, which are sensitive to the particular needs of the inner city, and have strong ties to community members [Silver (2000) 136, 137]. Had the CAI worked more closely with these programs they could have helped them to overcome their funding and resource shortages, allowing them to implement CED strategies that would have delivered more satisfying results. Given that the 'foundations of such a community-based strategy are already in place' [Silver (2000) 136], the government should have connected with and supported them. The list of community organisations increased in the 1990's with the formation of SEED Winnipeg, West Broadway Development Corporation, Neechi Foods and the North End Community Renewal Corporation, to

name a few. Any future government CED initiative would do well to collaborate with such organisations.

Silver argues that government must play a new role. It should not be designing and implementing programs. Government should work with inner city organisations to develop and enforce operational standards and ways to measure their accountability. Once community organisations operate according to set standards and prove accountable, the government then is responsible to ensure reliable and adequate funding [2000, 138].

Winnipeg's CAI was clearly a bold experiment and is worthy of all the attention it has received. Despite its considerable shortcomings, it did provide valuable lessons for CED practitioners. Any future urban initiative would be well advised to study the CAI carefully before taking definitive action; the tripartite agreement in particular offers a way for CED to weather changes in political parties. The greatest tragedy of the CAI is that the three levels of government did not absorb the criticisms they received. Rather than listening to community members and CED practitioners, the agreement which followed strayed even further from CED principles.

4.2.2 Winnipeg Development Agreement

Implemented from 1995 to March, 2001, the Winnipeg Development Agreement (WDA) was meant to continue the work started by the CAI. It too was based on a tripartite agreement between federal, provincial and city governments. With each level of government contributing \$25M, the project addressed three areas:

- community development and security;
- labour force development. Those on social assistance, older and displaced workers, single parents, Aboriginal people, and young, unemployed or under-employed people with post-secondary education and/or training;
- strategic and sectoral investment. Transportation, small business, tourism,

information technology were targeted. Sectors connected to the city's cultural diversity were also included [Final Report, 2002].

Prior to the implementation of the WDA, a public consultation process was held to collect community input. The public forum was jointly chaired by three levels of government and seventy-three individuals and groups presented their ideas and concerns. Many organizations and individuals who did not appear personally submitted written presentations. A sample of participants included: Winnipeg Housing Coalition; Mission House; Council of Women, Capital Region; Economic Development Centre; North End Housing Project; Aboriginal Council; Winnipeg School Division; and the Lord Selkirk Community Centre [Public Consultation Process Final Report, 1].

Three roundtable discussions also took place, with each group addressing one of the three above themes. Attendance at the roundtables was by invitation and discussants represented community stakeholders with concerns about the specific theme being addressed [Public Consultation Process Final Report, 1].

The Agreement's 'commitment of all three levels of government to deal with fundamental root causes of the problems rather than the physical symptoms' [Winnipeg Development Agreement (1995) 5], was diluted by its city-wide scope. The WDA's mandate was to serve the entire city of Winnipeg; it did not focus on communities in need where the root causes of poverty reside. Once again, community economic development had to share valuable resources with industrial and entrepreneurial development, with little benefit accruing to the core area.

Conclusions

According to Silver, the community-based organizations (CBOs) which arose

out of both the previous agreements represents the most important contribution from those agreements. Silver claims that CBOs allow community members to participate in the CED process, and that CBOs greatly facilitate solutions for inner-city decay [(2003)1]. Although serious problems still exist in Winnipeg's inner-city, the optimism that exists for its future is in large part due to the efforts of the previous agreements [Silver, (2003) 2]. A study commissioned by the Urban Futures Group found that real progress is made when CBOs form to meet local needs and when reasonable (i.e., sufficient and dependable) levels of funding are available to the CBOs [Silver, (2003) 2].

The momentum realised by the renewal of the tripartite agreement provides hope for the next stage, even though CED *per se* was not implemented by the CAI nor (especially) the WDA. The next chapter on current policy will begin with an analysis of the recently signed Urban Development Agreement, being the next stage of the tripartite deal.

Chapter 5 - Current CED Policy

As we look at current government policy towards CED, we see a fundamental shift on the provincial level. Manitoba's creation of the Community and Economic Development Committee of Cabinet (CEDC) has been referred to 'an excellent model or best practice that could be emulated by other provinces and territories in Canada' [The Canadian CED Network (2003) 83]. The committee's CED Policy Framework and CED Lens are bold, visionary moves towards implementing CED tenets in Manitoba communities.

Some current federal policy does not appear to have made the crucial jump from disjointed business/entrepreneur development models combined with human resource and training programs, to the practice of CED as understood by this thesis. Despite DIAND's 'rediscovery' of the concept of CED in the 1990s, there is little evidence that Indian and Northern Affairs Canada's Economic Development Program has internalised the meaning of CED, or begun to implement it. However, the federal government is now supporting more community-driven initiatives than before and, as a party to the new Urban Development Agreement, it is hoped that even more financial support will be forthcoming for marginalised communities.

The federal government's Western Economic Diversification office and its Community Futures Partners of Manitoba program has enjoyed considerable success in strengthening local economies. Most of the programs in the various Community Futures Partners, however, have targeted business development and it is not always clear how deeply the communities have benefited from this development.

On the urban front, the next stage in the tripartite agreement offers Winnipeg a new opportunity to improve conditions in its inner city. This chapter will begin with a

review of the Urban Development Agreement and then follow with an analysis of current provincial policy, then federal policy for Aboriginal communities, followed by an examination of the work being done by Western Diversification. The penultimate section will examine the increase of provincial and federal funding for community-based initiatives. The insights and policy advice of various key informants will be presented in the concluding section, and where applicable, throughout the chapter.

5.1 The Urban Development Agreement

Despite the shortcomings of the CAI and the disappointment with Winnipeg Development Agreement, the tripartite agreement does offer CED a valuable template for future urban development. As of May, 2004, all three levels of government signed on to the Urban Development Agreement (UDA) in a further extension of the tripartite model, fuelling hope for Winnipeg's marginalised communities.

Each party to the agreement will contribute \$25M, for a total of \$75M, over the next five years. There are four component programs:

- Aboriginal participation, with three key priorities:
 - i. Aboriginal economic development;
 - ii. Aboriginal training, education and employment;
 - iii. Aboriginal health and social development
- Building sustainable neighbourhoods.

This component will work with the already existing housing policy of the City of Winnipeg and Neighbourhoods Alive!. Overall citizen participation will be included, with a strong emphasis on Aboriginal and recent-immigrant citizens who make up a significant portion of the inner city. Initiatives such as those that encourage community capacity, physical renewal, community development and sustainable development will be funded.

- Downtown renewal.

Capital infrastructure projects which enhance recreation, health and wellness, tourism, downtown residential neighbourhoods, accessibility to downtown and the arts and culture will be given priority. Safety, crime prevention and help for Winnipeg's homeless will also be given priority, although it does not appear that a CED focus will be used.

- Innovation and technology [Urban Development Agreement].

Parts of this new agreement appear to be more committed to community participation and the high priority given to Aboriginal social and health issues is encouraging. If these problems can be dealt with before, or simultaneously with education and employment opportunities and economic development, some of the problems highlighted in Falconer's report may be addressed. Funding in this component will be granted to those initiatives that promote one or more of the priorities noted above.

There appears to be a move towards a more holistic CED approach and this should be enhanced by component two for sustainable neighbourhoods. By working with already existing community organisations such as Neighbourhoods Alive! this component should be able to deliver strong results, provided it is adequately funded.

Components three and particularly four lean much more towards bricks and mortar projects and entrepreneurship. It remains to be seen if the mistakes made in the CAI and WDA will be repeated, namely skewing the spending heavily towards business development and capital infrastructure projects to the detriment of social issues. The agreement does not allocate specific amounts of funding between the components and it is not clear what criteria will be used to award funding to the many proposals that will be submitted to components three and 4. On the other hand, component three (downtown renewal) does acknowledge the need to deal with safety and homelessness, hopefully allowing any capital improvement projects to include a

social component. However, if this component is not approached with a comprehensive CED strategy, results will likely be disappointing again.

An evaluation plan is to be developed within the coming months. It will:

identify major evaluation issues, responsibilities for evaluation activity and data collection, and the scope and timing of data collection including baseline studies, monitoring and Component Program reports [Urban Development Agreement, 10].

Although it is difficult to know what direction the UDA will take, Garry Loewen is not optimistic that its results will be better than what happened under the first two agreements. He notes that too much money in these agreements gets frittered away in areas that do not help communities in stress. Loewen believes that the agreement is not geographically targeted enough. Although the ethnic focus is positive and needed (the Aboriginal community component), there are other core-area communities that require specific attention, and this will probably not occur under the new agreement²². According to Loewen the tripartite agreement has proven to be an effective way to administer programs, but at times there is a lack of coordination between parties that dilutes the benefits.

²²Interview with Garry Loewen was conducted in March, 2005

5.2. Manitoba's CED Policy Framework

According to The Canadian CED Network, 'the most comprehensive engagement with CED is clearly taking place in Manitoba . . .' [2003, 83]. The CED Policy Framework was derived by a provincial interdepartmental working group to respond to concerns raised by Manitoban communities. Communities believed that;

- government did not see CED as a priority and, therefore, did not offer support for CED;
- the government was not flexible enough to deal with community needs;
- there was a lack of coordination of government services [Government of Manitoba (2003b) 1].

One of the most important developments in this policy is the government's commitment to integrate and coordinate its resources with in-community initiatives such as Neighbourhoods Alive!, The Communities Economic Development Fund, The Community Choices Program and the Northern Development Strategy. It has also provided core funding to community groups such as SEED Winnipeg and the Neighbourhood Renewal Organizations, thereby supporting programs that stimulate community participation. *The Sustainable Development Act* legislates environmental, human health and social concerns into economic decision making [Government of Manitoba (2003) b 2].

The government clearly states that 'business as usual' has not provided equal opportunity to all Manitobans and that it wishes to balance business objectives with a community's social and environmental development [Province of Manitoba (2003) 2]. Perhaps most importantly, the province recognises:

that [CED] processes and strategies must be *owned and driven by communities*, (my italics) and be directed towards fostering the economic, social, ecological, and cultural well-being of communities . . .' [Province of Manitoba (2003) b 4].

The government understands that CED is not something that is forced upon a community from outside, but that it is a process of endogenous change, directed by the community itself. It is also worth noting how similar the province's description of CED is to the one adopted for this thesis.

Support for CED is delivered through the government's commitment to five main goals:

1. Building greater community capacity in such areas as community education, organizational and strategic development, institutions and relationships;
2. Nurturing individual and community pride, self-reliance and leadership. This goal is of particular interest in addressing the needs of urban-Aboriginal communities;
3. Building knowledge and skills;
4. Developing businesses that is sensitive to social, environmental and economic requirements. In other words, recognising that CED is about more than business development;
5. Supporting sustainable economic development. This goal addresses the need for economic diversity and linkages between sectors and businesses. Avoidance of leakages in order to build the local economy is targeted [Province of Manitoba (2003) b 5].

Another important policy decision taken by the province is the adoption of 10 key CED principles. These principles were developed in Winnipeg by Aboriginal and non-Aboriginal community members. These principles specifically target the repair of leakages, facilitate the formation of economic linkages within the community's economy and allow for the development of dignity, security and equity within the community. The 10 principles promote:

1. Local employment (long-term) that will lead to self-sufficiency;
2. Local ownership and decision making;
3. Local economic linkages;
4. Avoidance of leakages - reinvest local profit back into the community;
5. Development of local knowledge and skills;
6. Protection and improvement of the environment;

7. Health and well-being;
8. Neighbourhood stability and community cohesion;
9. Human dignity;
10. Improvement of interdepartmental and intergovernmental collaboration [Province of Manitoba (2003) b 6].

The significance of Manitoba's adoption of these 10 CED principles cannot be overstated. The first three principles were inspired by the convergence theory [Loxley and Wien 232] presented in Loxley's *The Great Northern Plan*²³, and first appeared (with the exception of number 10, which applies directly to the government) when Neechi Foods²⁴ adopted them as its guiding principles. Since then the Community Development Business Association, SEED Winnipeg, the Jubilee Fund, Christmas L.I.T.E. and the Assiniboine Credit Union have also embraced these principles. From Manitoba, the principles spread and have been accepted by the Canadian CED movement as fundamental to its philosophy. That a government body would acknowledge and accept these principles is a major breakthrough in policy, because it is acknowledging that conventional free-market principles do not always work. The adoption of the principles by the province is the manifestation of a coherent theory into a workable policy.

Not only does the CED framework try to identify and overcome community barriers to CED, it acknowledges that its own departments may experience resistance to CED. Departments are encouraged to redirect existing resources to support CED and to submit estimates to an 'Estimates process' when existing funds are not sufficient to cover a required CED program [Province of Manitoba (2003) b 8].

²³ *The Great Northern Plan* was examined in Chapter 3.

²⁴ Neechi Foods is an Aboriginal worker-owned retail co-operative in Winnipeg's North End.

Departments are to re-evaluate policies and programs to ensure that they are consistent with CED tenets.

The CED Lens is part of this new policy framework. It is a tool to align departmental planning with the Estimates process so that CED activities can be identified, developed and implemented. The Lens also helps government workers to understand and work with the CED strategy. It can be applied to any area where government works with CED, including legislative reform, funding, administration, client accessibility, community consultation and coordination with other policies and programs [Government of Manitoba (2003) a 1]

The following section will canvass the opinions of government officials and CED practitioners on the province's CED policy.

5.2.1 Results of in-person interviews with Shauna MacKinnon, Derek Pachal and Garry Loewen²⁵.

MacKinnon believes that the CED Lens is important because it places a framework around the idea of CED. Also, CED is specifically defined, so everyone is working from the same base. The Lens provides the province with a useable tool; part of the reason that it is so useable is because there was a lot of community consultation in its design. But she worries that this tool is not being used enough. The province needs to build in a process so that the various departments begin to implement the Lens.

²⁵Interviews were conducted in March of 2005. MacKinnon was Project Manager for the CEDC Secretariat, Province of Manitoba; Garry Loewen is a long-time CED activist, was the first executive director of SEED Winnipeg, and first executive director of the North End Community Renewal Corporation; Derek Pachal is also a long-time community activist and former-executive director of SEED Winnipeg.

Mackinnon points to resistance from various departments to accept the Lens. She notes that some departments, such as Intergovernmental Affairs, have aligned themselves with the Lens, but other departments, like the Department of Industry, are much more interested in working with big business than with communities. Also, government services and procurement programs have not supported the Lens. According to Mackinnon, there is a sustainable development procurement policy which has a CED element to it, but it is not being used at all. The government has to educate its employees about CED and the Lens so that they will begin to implement it. Employees also have to be trained to measure progress so that improvements can be made to policy.

Loewen also has the impression that aside from a specific program focus, the Lens is not yet delivering results. He does not believe that government departments have re-shaped themselves so that their non-CED programming can reflect CED priorities.

According to Mackinnon, on the other hand, Aboriginal and Northern Affairs is a department that has embraced the CED Lens. It has developed its own program and included CED principles. But she points to a lack of coordination between the three levels of government, particularly in the area of housing, as an obstacle to improving Aboriginal communities.

Along with Loewen and Pachal, Mackinnon does not believe that the CED Lens would survive a change in government. The Lens is clearly politically driven and any new government would feel compelled to terminate it. For this reason Mackinnon sees a sense of urgency in the Len's implementation. The more the various departments can integrate the Len's principles, the more entrenched and resistant

they will become. Pachal suggested that using legislation to enshrine the Lens would be one way to ensure that it survives. MacKinnon contemplates the possibility of integrating CED into the already existing sustainable development legislation. The sustainable development legislation already has social and environmental objectives, and the social side lends itself to the adoption of a CED component. However, given that changes to legislation happen so slowly, Pachal would prefer to see educated government employees adopt the CED Lens simply because they understand that it is an efficient way to help communities. Both he and MacKinnon see a need to educate the provincial civil service about CED.

The province's CED Lens, then, is an important step forward for CED in Manitoba and even for Canada. It is the first time a government has adopted a comprehensive CED strategy and attempted to implement it throughout its bureaucracy. However, it must be noted that adoption of the Lens is only the first step of many that need to be taken. Education of civil servants so that they will begin to implement the CED Lens is crucial. The faster the Lens can be worked into the everyday business of the government - through government procurement for example - the sooner CED will become part of standard government policy and be shielded from the vagaries of political change.

5.3 Federal Government

5.3.1 Community Economic Development Program (CEDP)

In spite of the name of this program, it has much more to do with business development than with CED as understood by this thesis. The CEDP is meant to provide long-term development opportunities in employment and business. The CEDP continued the concept of the Community Economic Development

Organizations (CEDOs) introduced in the policy assessment for the 1990s. By 2001, 505 CEDOs had been set up to help Tribal councils, First Nations and Inuit communities: develop 'community economic plans' (a definition is not provided); develop business, training or resource development plans; hold equity positions in private or community enterprises; and manage financial and technical services [Indian and Northern Affairs Canada (2001) 5].

No where in the program's information pamphlet is CED, as referred to in the department's 1990 Status Report, mentioned²⁶. There is no mention of social or cultural issues and the whole program seems to be directed exclusively at economic development.

The CEDP is meant to allow First Nations communities access to the menu of programs offered by the federal government, such as the Resource Partnerships Program, the Major Business Project Program and the Procurement Strategy for Aboriginal Business. Various tools are available to participating communities and include: business plans, the National Aboriginal Capital Corporation Association, internet tools and information sheets. The program is somewhat more streamlined than previous programs offered by this department, however there is no indication that it can be considered an application of CED. Not only is there an absence of social and cultural issues, but it is not clear how much control the communities will have over the projects that do get accepted.

The next section will examine a federal department that offers programs to both

²⁶The Status Report referred to CED as 'a relatively new way of looking at economic development. It is a bottom-up (community controlled) process of local and regional revitalization that makes the community the foremost player in its own growth and renewal. . . CED argues that the economic and social well-being of a community are too closely interconnected to be handled separately'[Indian and Northern Affairs Canada (1992a) 2].

Aboriginal and non-Aboriginal communities.

5.3.2 Western Economic Diversification Canada

According to the Western Economic Diversification (WD) web site,

“WD administers programs and services that advance innovation, entrepreneurship and sustainable communities. In all our activities we use innovative partnerships with public and private sectors, other levels of government, academic and financial institutions, and research centres to make the most of our investment in Western Canada [http://www.wd.gc.ca/about_asp].”

In the fulfilment of its mandate, WD has been involved in CED programs, although it is not dedicated specifically to CED. According to Dale Johnston, WD has not yet pinned down a working definition of CED, although it is considering it²⁷. Because WD offers its services to a variety of different types of initiatives, it can find itself supporting a CED-based program, and it will accept the CED definition adopted by the community.

According to Johnston, WD is a facilitator of partnerships. It is able to partner with the province, other federal departments and with municipalities. As well as bringing partners to the table, WD can provide much needed funding to community projects. The closest that WD comes to a CED policy is through the administration of its Community Futures Development Corporations (CFDCs).

Manitoba has 16 CFDCs, each one led by a local board of volunteer directors. A team of employees provides a ‘ . . . range of community economic development and business services [Western Diversification Canada, last page]. The CFDCs are to

²⁷Dale Johnston was interviewed on March 21, 2005. Johnston has worked for many years for both the federal and provincial governments in the area of CED.

help community organisations plan CED, build strategies and implement the community's plans [Western Diversification Canada, last page]. Although the term CED is used often in the WD literature, it is not clear in what context the term is being used. There are varying degrees of CED practised by the CFDCs and some do not practise it all. Dr. Robert Annis of the University of Brandon's Rural Development Institute notes that rural communities often use the term CED differently than do CED practitioners ²⁸. Notwithstanding the lack of a real CED focus, the CFDCs are providing a valuable service to Manitoba communities and, in some cases, may be building CED strategies without being aware of it.

Johnston points to WD's support of grass-roots development in the province's north. The Northern Diversification Centre Initiative in La Pas looks for alternatives to forestry and other resource-based, capital-intensive development. Projects may include the gathering and processing of wild mushrooms or rice and the making of Christmas wreaths. CFDCs work together with the communities to market the products at the local level so that they can be shipped south for sale. Although it is not CED, strictly speaking, these projects are community driven, and WD's role is to facilitate and fund these sorts of community-based initiatives.

According to Johnston, WD has a solid working relationship with the province. But he cites a recent Association of Manitoba Municipalities report that recommends more integration of federal and provincial programming. A strategic planning sessions with the province is planned to deal with this recommendation, and communities will also be invited to participate.

²⁸Telephone conversation with Dr. Annis, April, 2005

WD is to be highly commended for its support of organisations such as SEED Winnipeg and, through its CFDCs, for community-based programs throughout the province. However, WD would do well to adopt a more CED specific focus, either by setting up a CED department to promote CED to communities, or by the development of a comprehensive CED strategy such as the province's CED Lens. A comprehensive strategy would ensure that the CFDCs are not just attending to business development all the time. Johnston notes that it is easier for the province to design such a strategy than the federal government. Something like the CED Lens would have to come out of the Treasury Board, not WD. He does think that when the province applies its CED Lens, it helps WD to practise CED as well.

Along with WD's support for community-driven projects is the growing tendency of both the federal and provincial governments to support community initiatives. The following section will examine this trend.

5.4 Bilateral government support of community initiatives

The federal and provincial governments have recently provided financial support for initiatives in Winnipeg. In 1999 a joint agreement between the government of Canada and the Manitoba Economic Partnership Agreement delivered a total of \$200,000.00 to SEED (the federal government's portion was \$100,000.00 and was funnelled through Western Economic Diversification) [Loxley (2003b), 9]. In fact, most of SEED's core funding comes from both the federal and provincial governments. The governments' decisions to grant SEED charitable tax status means that the United Way can stream donations to SEED, allowing it to direct money to communities as it sees fit. The same charitable tax status granted to LITE and the Jubilee fund allows these organisation to also receive charitable donations

[Loxley (2003b), 14]. Human Resources Development Canada finances SEED's *learn\$ave* program which helps people save for business starts or education [Loxley (2003b), 11].

Another example of provincial/federal collaboration is seen with the support of a not-for-profit development corporation known as Community Ownership Solutions (COS). Western Economic Diversification and the province's Department of Intergovernmental Affairs each committed \$250,000.00 over four years. COS's mandate is to support enterprise start-ups and incubation and to encourage employee empowerment, management and ownership [Loxley (2003b) 12]. However, the funds that were committed by the Crocus Investment Fund - which initiated COS - (\$90,000.00/year for four years) will no longer be available since the fund has been shut down.

The Urban Entrepreneurs with Disabilities Programs was both initiated and is financed by Western Economic Diversification [Loxley (2003b) 12]. Some of the renewal corporations, such as the West Broadway Development Corporation and the North End Community Renewal Corporation, rely heavily on government funding. Government financial support provides the base for many CED initiatives in Winnipeg [Loxley (2003b) 14].

Loxley notes that both provincial and federal support of CED in Winnipeg has increased noticeably. This improvement on the provincial level is due to the election of the NDP government in 1999 and the adoption of the CED Lens. On the federal front, Western Economic Diversification in particular has provided important financing for SEED and other initiatives [2003a, 2].

5.5 Results of interviews with key informants

Semi-structured interviews were conducted with a variety of key informants, including government representatives and community leaders. Interviews were conducted in spring, 2005, with the following key informants:

- Joan Hay - community activist
- Darlene Klyne - community activist
- Dale Johnston - has worked for provincial and federal governments
- Garry Loewen - long-time CED activist, first executive director of SEED Winnipeg and first executive director of the North End Community Renewal Corporation
- Shauna MacKinnon - formerly of the Community and Economic Development Committee of Cabinet
- Nanette McKay - Executive Director - North End Community Renewal Corporation
- Derek Pachal - long-time CED activist and former executive director of SEED Winnipeg
- Tom Simms - long-time CED activist, now with the Community Education Development Association (CEDA).

This section will be organised according to the topics covered.

5.5.1 What has been achieved in Manitoba in CED, and the role government has played

Key informants had a variety of responses to this topic. Joan Hay felt that policy has made things more difficult for people in need. She, along with Darlene Klyne, were critical of the amount of paper work and regulation involved in both funding organisations and helping individuals with immediate needs.

All key informants recognised the importance of government funding for CED. Tom Simms noted the improvement in funding since the NDP took office. He believes, however, that over the last two decades in general there has been a lack of a policy *framework* and notes the emphasis on projects rather than comprehensive policy, although things have improved since the 1980s.

Garry Loewen sees two accomplishments in CED: funding and policy changes. Funding of organisations like SEED Winnipeg, Community Ownership Solutions and Neighbourhoods Alive! are significant for two reasons: firstly, they are being funded by government, and secondly, the governments have made a policy decision to let community-based enterprises design and run the programs. This is a huge improvement from the days when government-designed programs were administered from afar, or contracted out to the private sector. There is now a community-based philosophy and dynamic to much of the government policy being implemented in the cities, and this represents a significant accomplishment.

Loewen also points to improvements in welfare administration. Whereas the province used to prohibit someone who was on welfare from borrowing money to start a business, today it is allowed. He is also encouraged by a new CED equity tax credit from the province which will allow organisations to raise money for the start up of

social enterprises. Unfortunately, there is a considerable amount of legal work involved which is too costly when weighed next to the often small amounts of investment needed. MacKinnon also praised this policy - which provides a 30% credit on investment in CED enterprises - but said that the legislation lacks a community mechanism to make it work.

According to Loewen, there has also been significant commitment of policy to pre-employment life-skill training, job-skills training, literacy and addictions treatment. Most importantly, there was government funding that went to community organisations to do this work. He believes that government policy has made a huge difference in advancing CED.

Derek Pachal thinks that the most significant policy achievements have been Neighbourhoods Alive! and the grow bonds approach. Neighbourhoods Alive! is important because its programs are designed by communities, allowing them to set the priorities when they prepare their application. The community gets to make all the decisions. Pachal worries that a change in government will mean the end of Neighbourhood Alive! and would like to see changes in legislation that would protect this kind of policy.

The grow bonds have been useful tools in rural and northern communities. Grow bonds provide a vehicle through which people can invest in community development and the government guarantees the amount of the initial investment [Loxley (2003b)19]. An investor has the potential to earn a return on the investment, but even if a return is not paid, the principal is guaranteed. Although this initiative is not targeted exclusively at CED projects, it can be used in a CED context. Loewen argues, however, that grow bonds lack a CED values-framework, rendering them an

ineffective CED tool.

From Shauna MacKinnon's perspective, the adoption of the 10 principles (from the CED Lens) by the Winnipeg CED community has been significant. Furthermore, the adoption of the principles by the province's CED Lens has legitimised the principles. She also points to the strengthening of organisations, awareness of CED and the growing politicisation of communities. Government has had a role in providing funding and in the dissemination of the principles. Not all communities understood what the principles meant until the government popularised them.

Nanette McKay also sees the province's CED Lens as a significant accomplishment in CED. She believes that the Lens sends an important message province-wide to change practises. She also sees a stronger commitment by the province to CED. Although there is some understanding of CED in City Hall, she believes that there is a lack of policy²⁹ to support CED at the municipal level.

McKay thinks that a lot of innovations in CED come through what she calls 'maverick CED'; CED that happens in the community without the intervention of policy. Most policy comes about because the communities have pushed for it. Government has to remain open to new ideas that come out of communities. McKay also recognised the importance of government funding to the NECRC. Funding for various types of development may have been available through foundations, but it is government core funding that allows the NECRC to coordinate development rather than having to attend to bit by bit.

²⁹She defines policy as formally defined rules and practises of governments and major institutions in a social environment, as well as the unspoken practises that exist in that system.

5.5.2 The need for further policy improvements

Funding

All interviewees agreed that the recent improvements in funding need to continue. Not only is more funding required, but project time lines need to be extended. McKay, Loewen and Hay all point to the unrealistic time lines placed on many government programs. CED can take up to 20 years to deliver results, and pulling funding before programs have had a chance to deliver results is extremely frustrating for communities who are committed to change. McKay complains that the government has a very short attention span.

As well as criticising the amount of funding available and short program time lines, Loewen asserts that CED organisations need money that is not tied to specific programmatic results. Enterprises need core funding - not project funding - that will allow them to create program plans and initiate project applications. Loewen claims that consultations with the Voluntary Sector Initiative reveal that this lack of core funding is a major concern in the community-based sector.

Business development tools

The ability for CED enterprises to raise capital is crucial. Loewen refers to grow bonds again as an example of a tool that could be fitted to urban CED. He suggests that the province hand over the ability to issue grow bonds to CED organisations who could then raise the capital, making it available to entrepreneurs who are starting or expanding a business in the north end. In return, certain hiring requirements would be agreed to, allowing the CED organisation to be part of the recruiting arm of the business expansion.

He believes that programs that have worked in the renovation of downtown

Winnipeg, such as Centre Venture, could also work in the north end, West Broadway or Spence Neighbourhood. A program of this nature would provide publically-owned buildings to a CED enterprise who would either renovate them, or sell them to someone who would. This tool would allow the community to revitalise while providing organisational sustainability at the same time.

Tax credits provide another tool for CED enterprises. Both Pachal and Loewen recommend that the province implement a tax credit similar to the New Hampshire model. This tool would give up to a 75% tax credit to corporations that invest in businesses and/or CED activity of any kind, and would allow partnerships to grow between private enterprises and community organisations. He believes that more than money is exchanged; relationships can be forged that create a dynamic which is beneficial to both parties. The existing tax incentive offered by the province is a step in the right direction, but a more extensive tax credit would make the incentive even more appealing to corporations. McKay, however, complains that many of the organisations in the north end do not have the capacity to take advantage of a tax-incentive program, with the possible exception of SEED Winnipeg.

McKay also points to a need for improvements in the tools used to evaluate CED. Governments want proof that NECRC's programs have made a difference in the community, but the kind of indicators that McKay needs are not available at the neighbourhood level. Indicators such as employment levels, employment by sector, store-front vacancies and business growth are only available at a national or provincial level, and are of little use to the NECRC. Data needs to be further broken down into neighbourhoods.

Johnston agrees that the development of evaluative tools is important and is optimistic that the methodology being developed by WD will be useful. It would be helpful if WD would share their research with other levels of government and with communities.

McKay also sees a role for government to play with financial institutions. Regulations, or some form of incentives, need to be found so that financial institutions provide the appropriate services for CED. As financial markets tighten up, big banks are less willing to invest in CED, and those that are willing to are limited by regulations. In some cases a provincial loan guarantee has allowed programs to go ahead.

Coordination between federal government departments

Loewen sees a need to improve federal programming between departments. He describes programs as 'heavily siloed', that is, there is a lack of communication and coordination between federal departments. He points to the *learn\$ave* program as an example of an initiative that initially had to face the 'siloed' mentality of Human and Resource Development Canada (HRDC). HRDC had a mandate for employment, but not for housing, making it difficult for program participants to save for a down-payment on a home. The Winnipeg Individual Savings Account Pilot Project was set up with donations from the Province of Manitoba, the Thomas Sill Foundation and the United Way. This program, on the other hand, allows participants to save for both education and housing [Loxley (2003b) 11].

Education and job placement

Simms believes that the true measure of the success of CED is in how many people can turn their lives around, and that this only happens when people are placed

in good jobs. He sees an opportunity in the fact that the work force is aging and that there are so many upcoming potential employees in the Aboriginal population. Forty per cent of the Winnipeg School Division's employees are over 50 years of age, and the government should be looking now at a training program to get Aboriginal people into these jobs. This strategy would have the added benefit of getting Aboriginal teachers into the system who could provide a much-needed Aboriginal perspective to Aboriginal students who may otherwise drop out of school.

Simms, Hay and Klyne all consider the work done at the Urban Circle Training Centre as important. Simms believes that this program eventually needs to be expanded so that training is not just available for low-end health-care jobs and teaching assistants, but for teachers, nurses etc. All levels of government also need to place Aboriginal workers in the civil service. Good, unionised jobs will be available as the civil service begins to retire, and training should be happening now to ensure that Aboriginal workers are ready for these jobs. Indian and Northern Affairs Canada hopes to have 50 percent of its Manitoba staff represented by Aboriginal workers (as of 2001, 48.2 percent of its staff were Aboriginal) [Loxley and Wien, 237]. It is not known if other federal departments have a target for hiring Aboriginal workers. The province's goal is to hire enough Aboriginal workers to represent 10 percent of its workforce; as of 2003, 7.85 percent of all workers were of Aboriginal descent [Loxley and Wien, 237]. Only 4.4 percent of the City of Winnipeg's workforce is Aboriginal, slightly less than the percentage of Aboriginal representation in the city's labour market (4.6 percent) [Loxley and Wien, 237].

Klyne and Hays were both adamant that education (and CED programs) for Aboriginal people be holistic and that it contain Aboriginal culture. Too many

Aboriginal students suffer from feelings of inadequacy brought about by centuries of racism and loss of Aboriginal culture and language. Hays has found that many First Nations individuals who come from the north are behind in their math and science skills. When there is no support for them to upgrade those skills, they end up failing, feeling discouraged and returning home.

Loewen sees a need for support for work-experience programs. Meaningful employment is only available to those who have the proper experience and many disadvantaged people will only get that experience with the support of government programs. Johnston agreed that individuals have to be given ways to obtain positive life skills and upgrade their work skills. He wonders why some Manitoba communities are turning to immigration to meet their labour-market needs when Aboriginal communities adjacent to them have extremely high rates of unemployment. He has been involved with programs that work with Aboriginal youths to get them into entry-level jobs, but notes that they are expensive to run. One must consider what the opportunity cost is of NOT running these programs; the long-run social costs will not doubt be far greater.

Welfare reform

Welfare (or Employment Income Assistance - EIA) was another area targeted for policy improvement. Hays and Klyne complained of the lack of practical help available to individuals. If someone needs a bus pass or a new pair of jeans to go to school, money should be available for that without having to go through layers of bureaucratic wrangling. Hays also spoke of a lack of respect for welfare clients, and wants case workers to acknowledge that people do not choose to be on social assistance.

Loewen believes that changes to welfare regulations could be helpful. For example, it is now punitive to move people from welfare into employment, making it very difficult for people to make incremental changes in their lives. According to McKay, social assistance rates are far from adequate and the policies that enforce it are resistant to change. People on social assistance should be allowed to participate in home ownership, for example. She suggests that Manitoba look at Saskatchewan's policy for social assistance and housing co-ops. It makes much more sense for people to be building equity in a home rather than paying rent. She believes that the Saskatchewan model has proven to be very stable; when people are allowed to invest in their own home they find and keep stable employment, they stay in one place and their children finish school. This one small change in social assistance policy end up making a huge difference in people's lives.

Aboriginal communities

Through her experience with Aboriginal people in the Spence Neighbourhood, Hays sees a need for institutional help for those who move to Winnipeg from rural and northern areas. She thinks that a sort of government launch-off centre is required so that people could learn what resources are available. Housing is the biggest problem faced by newcomers, and they need time just to adjust to an urban environment.

Both Simms and Klyne believe that racism is still the biggest obstacle facing Aboriginal communities. As Klyne says, one only has to read the *Indian Act* to see how racism has been institutionalised. Simms worries that the decisions being made about Aboriginal communities is being made by non-Aboriginal people. There is a power imbalance that only exacerbates the problems faced by these communities.

Aboriginal women

McKay, Klyne and Hays agree that access to quality childcare and education are the most pressing issues facing Aboriginal women. On one hand there is pressure on women to upgrade their skills and go to work; on the other hand they have to look after their children. Quality, affordable child care would make all the difference to many women who are willing and able to improve their lives.

Klyne also hopes that a better policy can be found to deal with domestic violence. Aboriginal women want to keep their families together, and the high rates of Aboriginal-male incarceration do nothing to solve the violence, nor maintain stability in the family. She believes that Aboriginal communities must be given the tools to deal with this issue in their own way.

5.6 Conclusions

Much of the UDA and federal policy, including Western Economic Diversification, are still too tilted towards business development and the UDA may miss yet another opportunity to facilitate change in Winnipeg's needy communities, although the Aboriginal component of the UDA could prove helpful. The most helpful move is found in the federal and provincial governments' willingness to channel CED funding through community-based organisations such as Neighbourhoods Alive!. This new funding, likely the result of the CED community's efforts to educate governments about CED - combined with a more current favourable political climate - cannot be assumed to last forever. Accordingly, ways need to be found to protect a CED funding from changes in political attitude.

The province's CED Policy Framework is perhaps CED's best hope of preserving support. As noted by the key informants, the CED Lens has already had

a significant impact on Manitoban communities, institutions and even on WD. We must remember, however, that the job is only half done. Not only has the current government not fully implemented the Lens, but we can expect it to be abandoned if and when the NDP loses power. The CED Policy Framework's greatest test lies in whether or not a mechanism can be found to anchor the framework permanently into government practise. That mechanism may be legislation, education, or a combination of both.

Federal programs towards CED continues to be mired in a business-development-only philosophy. The Community Economic Development Program, for example, is targeted at business, financial and technical services and - although it does consider the possibility of building equity in community enterprises - there is a notable lack of discussion of social, cultural and environmental issues. There is still no federal policy to deal with the growing urban-Aboriginal population, and issues such as self-government, Aboriginal health, education and housing have not been brought under the CED umbrella.

WD's Community Futures Development Corporations offer the potential to deliver CED to Manitoba's rural communities, but to date little CED *per se* has taken place. The approach taken by the CFDCs, it must be noted, is decided by the communities involved, and it may well be that these communities are not aware of CED strategies. Dale Johnston indicated that WD is willing to support CED initiatives when the communities propose them. WD should take a leadership role in educating rural communities about CED.

Chapter 6: Conclusions

This thesis has examined forty years of government policy towards CED. It showed how ‘community development’ in the late 1950s and 60s evolved into today’s concept of CED. One may be struck by the similarities between those earlier policy ideas and today’s CED. The earlier policy, for example, contained the same economic vs. social development debate that exists today. But today’s policy environment is much more influenced by organisations such as The Canadian CED Network, community-based associations, non-profit enterprises, the voluntary sector and academic research. It is in good part due to the *combination* of these influences that provincial policy has advanced as much as it has.

As one traces the evolution of government policy towards CED, one is struck by the flexibility of the provincial government relative to the federal. The progress made by the province, however, has been in fits and starts and is often dependent on the right political climate. As Tom Simms pointed out in his interview, CED policy was virtually non-existent in the Filmon years, and the archival research also revealed that improvements on the provincial front have more often corresponded with NDP governments. Whatever the swings in politics, CED has been kept on the table thanks to the strong social-movement spirit that exists in Manitoba. Independent organisations such as Neechi Foods, for example, have inspired CED development in the rest of the province.

Examples of coherent CED policy were found in the 1970s under the NDP’s *Guidelines*, and the community-crown-corporation model. The bipartite agreement also made a successful appearance in the 70s with the FRED program. This initiative’s ability to deliver results despite changes in government is testimony to the

importance of the bipartite agreement.

The tripartite agreement also offers a policy vehicle that is resistant to political changes. The CAI was the premier example of a tripartite agreement; indeed, one of the most salient features of the CAI was the use of a tripartite model. For all its problems, the CAI would not have fared as well as it did had it not been for the successful cooperation of all three levels of government.

Others have pointed to the need to enshrine CED principles in legislation so that they do not disappear when political parties that are not CED-friendly gain power. Education of the civil service at all three levels would also avoid periods of policy drought which can set communities back for decades. Nanette McKay and Derek Pachal hope that once civil servants see the positive effects of coherent CED policies they will continue to use CED tools, regardless of what party is in power.

The federal government's failure to absorb CED tenets is reflected in its continued adherence to business development. One must wonder how much federal policy is influenced by strong business lobbyists. This bias towards economic development can be seen in federal policy for Aboriginal programs and throughout the three tripartite agreements for the city of Winnipeg. A clear definition of CED should be officially adopted by the federal government and circulated to all its departments so that everyone understands what the goals of CED are.

Key informants and the literature also refer to a lack of coordination between government departments that goes deeper than just having different interpretations of CED. It is impossible for policy to be holistic when it is administered *ad hoc* by several different departments, especially given that federal departments are so entrenched in their own agendas. This same handicap is found to a certain degree

in the smaller provincial government, where the CED Lens has not been implemented throughout.

The increased tendency of the federal and provincial governments to fund community-based programs and organisations is one of the most positive moves made in policy. Given the unwieldy nature of federal programs in particular, it is logical to provide funding to community organisations who understand what needs to be done. Gone are the days when docile communities wait for Ottawa to tell them what to do and how to do it. Government should be acting as a *facilitator* of community-based initiatives. Government programs need to offer a framework for communities; how each community constructs and fills in that framework will depend on the community. Securing funding into the future, however, remains a considerable challenge.

Government should exploit the strong institutional support that exists for CED. Partnerships between universities, non-profit groups, the voluntary sector, women's groups, credit unions and community-based organisations offer a strong foundation on which to build CED initiatives. Manitoba in particular is home to many vibrant community enterprises who could, if properly funded, instigate positive change. Examples of successful CED enterprises such as Neechi Foods, which influenced the provincial government, should be examined at the federal level.

More integration of federal and provincial programming is needed. Programs such as the Canada/Manitoba Economic Partnership Agreement show that progress is made when the two governments work together. Governments need to share data as well as information about successes and failures. A federal data bank for CED would allow provinces to access information from all levels of government across

Canada.

The City of Winnipeg needs to develop a CED policy framework that complements the province's CED Lens. Nanette McKay complained of a lack of CED awareness at City Hall, although there are, she says, individuals who understand CED tenets. This lack of awareness at the municipal and federal levels translates into tight time lines being imposed on funding, as well as funding being tied to unrealistic expectations. The City is also hesitant to relinquish control to communities, preferring to administer programs itself.

Government also needs to provide more tools to communities. Secure financing into the future remains an obstacle to progress. Alternatives to Canada's big banks, who refuse to support CED initiatives, must be considered. Credit Unions such as the Assiniboine are willing to participate, but can only do so much given that they have to make a profit for their shareholders. Governments can provide useful tools such as the New Hampshire-style of tax incentive or a grow-bond strategy that would function in an urban setting.

CED practitioners need access to meaningful indicators, and governments are the only organisations equipped to provide them. Government also needs to provide or support training in CED to individuals and communities. Rural communities in particular would benefit from more exposure to CED theory and practise; WD is well positioned to provide or sponsor this training.

CED offers tremendous hope to Aboriginal communities, but government must first look for ways to build capacity in these communities. Falconer rightly warned that urban Aboriginal communities have to deal with self-determination, political accountability, the role of women, racism and migration at the same time, or

before, a CED program is implemented. Aboriginal youth need education and job training, and programs that have been successful in the past, such as LEAP, need to be revisited regardless of the expense. The opportunity cost of not dealing with Aboriginal unemployment will be far greater than what must be spent today. Klyne believes that Aboriginal women have to be empowered through access to day care and education. Once women are allowed to play their traditional role in Aboriginal communities, healing and meaningful change will occur. The vacuum in federal policy towards First Nations People, especially at the urban level, only exacerbates the problems.

Policy towards CED is slowly progressing. As acknowledged by almost all the key informants, government policy has meant the survival of CED. The adoption of the CED Lens by the province, in particular, represents a strong beacon of hope, but the Lens must be implemented throughout the civil service or its full impact will not be felt. If the federal government can find a way to internalise CED tenets and streamline its policy interdepartmentally and with the province, more effective programs will be available.

Policy's greatest challenge will be in dealing with Aboriginal communities, simply because many of the problems are based on the highly dysfunctional nature of existing federal/Aboriginal relations, making the CED equation even more complicated. Not until the over-arching issue of Aboriginal self government is sorted out will the equation be simplified.

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