Community Economic Development (CED) as an Approach to Fight Urban Poverty:
Questions-Lots of Questions

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CED is a strategy that has been developed primarily but not exclusively in response to the deterioration of local economies and lack of hope for revitalization from the outside-either the private market through investment or with the support of government programs. Initiatives with leadership from community organizations and partnership relations with local actors were designed to create new economic options that would provide jobs, services, or infrastructure. The partnership included representatives from the private sector, unions, local institutions, and government. Through these processes, community organizations have now become players in the process of economic development. (Shragge: 1997) The practices have varied from the promotion of small-scale enterprises that were put in place to employ people who faced long-term unemployment, to loan funds to support CED initiatives, to planning initiatives that promote local economic development. The underlying goals are to find ways to revitalize local economies, ameliorate poverty through training and job creation, and to involve residents and other local actors in these processes. What has led to these changes? The conditions of unemployment, low-wage precarious jobs, and poverty, at a time when government social services were diminishing stimulated innovations to respond to this situation.

New practices have resulted, including economic initiatives such as skills training and job creation programs, in addition to efforts to meet the desperation of the poor. Social solidarity, as well as the recognition that the state had abandoned its responsibility and was unlikely to resume its role as the central provider motivated the emphasis on economic development and related services to provide training for the unemployed. Further, a new strategy of consensus-based partnerships created alliances of community organizations, business, government and, at times, unions (particularly in Quebec) to sponsor new local initiatives. These were directed toward finding limited solutions to problems without examining their causes. These partnerships obscured conflicting interests and differentials in power. The community sector, as the politically weakest player, did the front-line work of implementing resulting programs.

There are many approaches and definitions of CED. Michael Swack (1992) agues that the premise of CED is the strengthening of local capacity to mobilize resources and use these resources to build a strong economic base for the community. CED seeks to change the economic structure of the community and build permanent economic institutions, thus implying greater control of local resources. CED is a people-initiated strategy, which seeks to develop the economy of the community, region or country for the benefit of its residents. CED is a systematic and planned intervention that is intended to promote economic self-reliance. A principle objective of CED is to help consumers in becoming producers, users in becoming providers, and employees in becoming owners of enterprises. CED does not assume that the market alone will solve the economic problems of the communities. It utilizes entrepreneurship methods similar to those used

by traditional businesses in the private sector to develop efficient productive and profitable ventures and enterprises, but does so in the context of a community's social, cultural, and political values. His definition is fundamental and looks at the potential of local initiatives to use economic development as a tool to achieve social ends.

Not all CED initiatives are based on the same premises. De Roche(1998), drawing on Fontan's (1993) definitions, differentiates between "liberal" and "progressive" CED traditions. The liberal tradition is economic development for and by the community. It does not challenge basic economic relations but it is business development from the bottom-up. It aims to repair the economic fabric of the private sector in order to create jobs. Local revitalization can take place through the promotion of local private entrepreneurship and related measures to develop the 'employability' of the population and the creation of related jobs. In contrast, the progressive vision is broader and places greater emphasis on social processes. Thus the progressive tradition attempts to integrate economic and social development; improve the community's environment and quality of services; build local control over ownership; and create alternative non-traditional economic forms such as cooperatives, alternative businesses, community enterprises, self-management, non-profits.

Bruyn(1987) and Roseland (1998) have developed progressive orientations. Bruyn argues that historically we have been presented a false choice between "a free market with electoral democracy" versus an undemocratic restrictive interventionist state, central planning (state socialism). He argues for a third option in which the role of state

is not to regulate the economy but to enable it to regulate itself and become accountable to the people it affects. In order to overcome the problem of the market destroying the community without government control the social emancipation of land, labour and capital from the competitive market is a required step. It is a process leading to local autonomy. He argues that this transition can take place within the context of economic viability at the local level. He and his colleagues in a book titled <u>Beyond the Market and the State</u>, demonstrate the viability of this strategy of transformation. They cite examples of how land, labour and capital have been reinvented through local action. For example, community land trusts are a way of creating local ownership of land and keeping it out of the market. Worker cooperatives have a long tradition and are a tool that labour can use to own the means of production. Finally, there are examples of community loan associations or credit unions through which capital can be democratically managed for local use. These are examples of alternatives created within the existing system that use economic tools within a democratic framework for social objectives.

Roseland provides a perspective that merges the principles and goals of CED and green businesses in order to move toward what he calls "sustainable communities" (p.160). Moving toward local self-reliance implies that the community enhances its local wealth through the development of it resources. Tools to achieve this include maximizing the use of existing resources, circulating money within the community, reducing imports of gods and services, and creating new products. He also emphasizes the use of incentives to attract environmentally responsible businesses. He argues that local self-reliance does not imply that absence of support from outside bodies including government and the use

of lobbying for policies that can support the institutions and conditions for this green CED vision. This last point is particularly important because it raises a political dimension and the necessity of outside support in order to create the conditions to support local work.

There are many types of practice that can be considered CED in either the liberal or progressive traditions. The factor that differentiates CED from other community development practices is an economic or a business component. Most of the practices use these components in order to obtain social ends. Some CED practice is highly institutionalized through para-governmental organizations. Montreal provides a good example of these organizations. Beginning as local initiatives in working class neighbourhoods in the mid 1980s, coalitions of labour, community organizations and business sought strategies to combat poverty and unemployment that was a result of economic deterioration and factory closures. Revitalization strategies were to be put in place through local organizations. These included strategies to either save or restructure local business or create new ones and put in place training programs in order to get people back into employment. In addition, the structures of these organizations were to involve the local population through representation of different sectors on their boards. After the development of three of these organizations, joint efforts by the municipal, provincial and federal governments resulted in the establishment of one of these CED organizations in each of the city's administrative districts except the downtown core. The programs of the organization are designed to provide technical and financial support to both traditional and community businesses, support programs designed to enhance local

residents' entry into the labour market. With subsequent reforms in the late 1990s these organizations have been integrated into the provincial government network of development agencies. With each reform the autonomy of the organizations has become diminished and their programs narrowed. There is some opportunity for innovation and support for socially-oriented community initiatives, such as day care, services for the elderly and projects such as eco-tourism. The advantages of these highly institutionalized CED organizations are their stability and the resources that they offered, both technical and financial. The disadvantage is that as they have become under the control of the provincial government, the local population has less power to shape the priorities and direction of the organization. In addition, as they have become part of the mainstream, their activities focus much more on traditional, market-oriented development. The explicitly social aspects become less important. An important struggle has been to use the staff and other resources of these organizations to provide assistance in finding innovative solutions that go beyond the liberal perspective.

In contrast to institutionalized CED, which play a role in the support and development of projects, there are organizations that I would describe as independent that use a CED strategy to reach social ends. An example is A-Way Express in Toronto (see Church:1997). This business grew out of a movement of people who have survived the mental health system and call themselves psychiatric survivors. The business provides a courier service, using public transportation. However, despite its success as a business, it is far more than that. A-Way describes itself as an alternative business. It was established partially to counter the myth the people who have been institutionalized can never work,

and to build a community of solidarity for this group. It provides a flexible work environment in which people can negotiate their hours based on their specific needs and capacities. In addition, it is democratically structured with the board of directors in the majority drawn from employees. The leadership and the recent directors are psychiatric survivors. At the same time as A-Way is using a business to reach social ends, it has resisted the idea that the business has to be "self-sustaining". It has successfully negotiated support from different outside bodies on a regular and ongoing basis. This support is justified on the social merits and outcomes of the business. Just as the private sector receives many different subsidies, grants and supports from the government, (often the bigger the business the bigger the support), it is an error to assume that CED initiatives must sustain themselves on their market generated revenues. CED is a form of social development that uses business as a tool to achieve these goals. In this context of government cutbacks, organizations like A-Way play a significant social role going beyond anything that the state could provide as an effective social service. Its strength is in its democratic practices and as a centre for personal and collective learning and power for a group that has been traditionally without voice. A-Way provides an example of an autonomous organization formed as a CED project to obtain social ends. There are many similar CED projects that have independent structures that use the market and business development but do not act like a private sector business, particularly because of the priority given to internal democratic processes and social ends.

Questions and Limits of CED

There are examples where CED organizations have played a role in organizing a strong voice at the local level that can participate in the shaping economic development, or

creating democratic work places. However, the mainstream of CED is orientated toward much more traditional forms of business development determined by marketplace demands for profitability. As well, as economic power has been concentrated supra-nationally, the local has very little power in controlling its economic direction. CED thus sits in the same dilemma as most organizing, it can create innovative alternatives and possibilities, and open democratic spaces, but it has difficulty moving beyond the limits of government policy and market demands. The concerns that I raise grow out of doubts and personal questioning about my own involvement in CED practice. I feel that CED has some potential as a vehicle for social change and a means of building a voice for those excluded from economic debates in our society. But more often I see CED as a means of directing the community sector into an entrepreneurial mode without any vision of what can be gained by that process and without asking how business development can be a tool for social change. CED is seen to a large extent as a strategy to reduce poverty, as a form of economic development that can provide low-income people with a way to participate in the capitalist economy. However, it is ironic that one of the reasons for the increase in poverty is the withdrawal of state intervention in regulating the market. Meanwhile, the state and others (e.g. foundations) have called upon poor communities to use the same less regulated market as a means of ameliorating local economic and social conditions. In other words, the state has lessened its responsibilities to deal with the social consequences of capitalism and the related social inequalities, while the poor themselves are called upon to step up and become entrepreneurs within the capitalist system that has failed to meet even their most basic employment needs- a decent job with an adequate income. Can CED and associated small business do anything to ameliorate

poverty without other extensive policies designed to redistribute income and wealth, and intervene to support in a large way alternative economic development and intervention in the private sector to limit exploitation? The danger of CED is that it is understood as a way for poor people to participate in and use the market economy rather than a way of organizing on the local level for power to influence state policy and at the same time create democratic options. Can CED practice generate adequate economic development at the local level to be an alternative that can ameliorate the consequences of economic restructuring? In an economic climate in which many new jobs tend to be low wage or in the service sector, does CED act to reproduce the same type of low wage work that is being created elsewhere?

These questions are played out as tensions facing CED practitioners. In an economic climate in which many new jobs tend to be low wage or in the service sector, does CED act to reproduce the same type of low wage work that is being created elsewhere? CED related businesses and projects tend to pay very low wages or as in the case of A-Way that benefits from the labour of those receiving social assistance. There are limited choices and often the work in these businesses is far more desirable for the employees than no work at all; yet the issue of working conditions needs to be raised as a basic tension for CED businesses. In addition, as government has reduced spending on social programs, do CED practices that provide services act as a cheap replacement for government programs? For example, in recent years in Quebec there has been an increased demand for homecare services for a variety of groups. Traditionally these services have been provided by government clinics, in which the workers providing these

services are unionized and have relatively permanent jobs as well as benefits. With the shift to the community sector, CED projects, in Quebec these have been referred to as the 'social economy', have included the provision of homecare services. As a consequence, these services have acted to replace those of the state and with far worse working conditions. This provides an example of how CED type projects have been supported by government funding as a consequence create services that are far cheaper to operate. It is important to understand how CED practices can be used by the state for its own ends. Perhaps not all of CED activities face play this kind of role but this analysis reminds us of the contradictions of practice and how it can be used to achieve different ends.

These questions raise the limits and problems faced by CED practice. The projects have to confront the power of market in determining the success and sustainability of the projects. CED without a strong commitment to democratic processes, mobilization and popular education can result in the 'commodification' of social development. In other words, it represents a shift from what was once considered non-market processes- public services including local development and turning them into goods and services to bought and sold. The early vision of the welfare state was to take essential goods such as healthcare and education out of the market and treat them as basic social rights. With the shift to the community sector and some of the CED strategies, there is a tendency to create business out of what used to be considered a public service. There is real pressure from the government's neo-liberal policy agenda to push CED practice into this direction. However, many of the diverse organizations that make up those involved in CED bring a rich tradition of opposition to this new context and they

have not been entirely swallowed up. There are examples where CED organizations have played a role in organizing a strong voice at the local level that can participate in the shaping economic development, or creating democratic work places. However, the mainstream of CED is orientated toward much more traditional forms of business development determined by marketplace demands for profitability. As well, as economic power has been concentrated supra-nationally, the local has very little power in controlling its economic direction. CED thus sits in the same dilemma as most organizing, it can create innovative alternatives and possibilities, and open democratic spaces, but it has difficulty moving beyond the limits of government policy and market demands.

Another problem is that the local community has very limited power to shape its internal processes. Power in community has to be linked to real authority to act and backed up by resources to be used to achieved the desired ends. David Morris(1996) promotes the idea that "Authority, responsibility, and capacity are the cornerstones of sustainable communities." (p. 437) Authority implies the mandate to make rules to protect and enhance community life. As opposed to the conservatives who support responsibility, and capacity, the notion of authority raises the dimension of decentralized power that can be used formally by those at the local level to effect real change by having control over economic processes. Decision-making over zoning or economic planning is an example of the type of questions that residents should control. Capacity building without political power is dead-ended. In addition, capacity for him implies the power and confidence that comes with ownership of economic tools. As Morris states:

"Authority, responsibility, capacity: the ARC of community. Without authority, democracy is meaningless. Without responsibility, chaos ensues. Without productive capacity, we are helpless to manage our affairs and determine our economic future."(p.445)

Thus community-oriented strategies are part of a process to build local power and authority and to represent the interests of low-income populations and to struggle for social justice. If the goal is to make limited changes in community life, as an end in itself and as a way of creating networks of 'helpful citizens' then the outcome will support the neo-liberal policies we have seen imposed in recent years.

What can be gained by practice?

CED is often played out as a strategy of consensus-based partnerships created alliances of community organizations, business, government and, at times, unions (particularly in Quebec) to sponsor new local initiatives. These were directed toward finding limited solutions to problems without examining their causes. These partnerships obscured conflicting interests and differentials in power. The community sector, as the politically weakest player, did the front-line work of implementing resulting programs. While there is a cost to be paid for being at the table with the 'big players'-- the loss of political autonomy and an independent vision and stance- we should not be too quick to dismiss the contributions of CED organizations. We have to remember that many of the diverse organizations that make up this sector bring a rich tradition of opposition to this new context, which has not been entirely swallowed up. Despite contradictions, the community sector remains an important site of opposition.

There are four factors that grow out of the traditions of the community sector that contribute to its potential as an agent and ally for social change.

Social Movements

Many community organizations were founded by activists from social movements. For example, the student left of the 1960s and 1970s was involved in setting up welfare rights and grassroots neighbourhood organizations. These mobilized people, contested policies of government, and demanded social rights for the poor. Similarly, the womens' movement put in place new services that recognized needs and redefined social issues. Many of the organizations established continue to exist and although they have become less politically engaged, they are nonetheless present in social struggles. A good example of this was the international march of women in 2000. The base for this successful mobilization was the diverse network of womenís organizations created by earlier movement activists.

Social movements, by definition, have a short life. They rise into prominence and then fade. The organizations that grow out of them act as a form of continuity despite the mutations they undergo such as developing services, with professionals displacing the role of activists and a practice of representing those they serve rather than mobilizing them. The initial values and visions do not entirely disappear. In addition, they provide stability and continuity absent in most social movements. As new movements arise or campaigns are launched many community-based organizations play a role in supporting and nourishing them and can be a place from which to organize people and carry out political education.

Democratic Traditions

Community organizations, particularly those founded since the 1960s, grew out of a tradition of direct and/or participatory democracy. This has created places in which citizens can have a role in shaping their communities and their own lives. As power in our society becomes increasingly remote, spaces that are controlled by citizens must be created to foster open discussion and debate and to enable people to participate in decision-making processes and have a voice on wider issues. Democratic traditions encourage active participation and citizenship and thus counter the passivity generated by consumer society in which the only real decision people are asked to make is which brand-named product meets their manipulated desires and wants. Real politics is neither about consumerism nor electoral choices every four or five years but about active participation in society where there is a real stake. Community organizations offer this opportunity.

Political Education and Leadership

Within community organizations there are processes that contribute to political education and leadership development. These can be formal, as through education sessions, or they can involve informal learning. In either case, people are able to develop an analysis of interest and power and understand the political and social stakes they have in relation to the larger society. The lessons may be local and related to organizational self-interest, but underlying these are issues of power, how it operates and how to challenge it. These are the basic skills for political struggle. The processes demystify the notion that the political system operates in the interest of all of us. They help people learn how to make demands that push specific interests. Community organizations are sites for political education, helping to build individual capacities for social struggles.

The Possibilities of Local Power

Many community organizations have been effective in forging local power and having influence at that level. This can be a double-edged sword. On the one hand, organizations are able to mobilize local resources and exercise some influence with and through local actors and politicians. As well, community organizations participate in local roundtables that bring together those with common interest. As a result there is some degree of local power that can be built upon. On the other hand, the main purpose of these roundtables is to negotiate organizational support from government. There is an underlying organizational self-interest present that shapes the way they 'do business'. Moreover, these bodies have limited perspective either because of locality or because of sectional interests. It is difficult for them to go beyond concern and engage in broad political and social struggles. However, even with these limits, the left needs to see them as having potential for participation in campaigns and wider social mobilization.

Implications for Social Change

All this having been said, there are definite limits to the potential of community organizations as agents of progressive social change. As I have argued, some community organizations do carry progressive values into practice and despite all of the pressures they face to collapse into politically innocuous entities. They have managed to use resources derived from the state and/or private foundations to contribute to ongoing political education and mobilization of citizens in defense of social and economic justice. It is not easy and some of the more progressive groups remain without adequate financing.

There are many organizations that seek to develop what can be classified as alternatives. They will not create a new society within the shell of capitalism but they do provide a meeting place and some roots of an alternative economy. There are two notable examples right in my neighbourhood -a green cooperative store and one that supports community gardens as part of a strategy of food security. These types of organizations are places in which political discussion can meet alternative and democratic practices. The community gardens are organized not as individual allotments but as collective production. In addition, they provide a place of critique of corporate food production and a place of mobilization on issues of food security through participation in a coalition concerned with this question. In addition, we have to experiment with new forms of organizing. The Immigrant Workers Center in Montreal works in a multi-cultural neighbourhood in order to educate on labour rights and campaign for justice and contribute to the unionization of immigrant workers. Neither of these organizations are embedded in the complex structures of community-para-governmetal bureaucracy so common in Quebec today. As a consequence, they remain unstable and under-funded. The accepted wisdom is that t5he path to social change takes place through mass mobilization. At the same time, we also need to build alternatives so we can live our values. Within limits, CED organizations, and others in the community sector such as these new initiatives, despite the problems of finding stable financing, support both these imperatives.

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