

# What's Up, Doc?

We have in Canada a **2-sided economy**. Many places are booming. Many others are going bust ...

Some towns & neighbourhoods have line-ups for restaurants. Others have line-ups for food banks. In some places, houses are going up – in number & value. In others, houses are falling down – in both. In some places, there's more jobs & less poverty. In others, there's less jobs & more poverty.

Over the last 25 years, this has become a country with a lot of communities that **have** or **have more**, & a rising number that **have not**. The "have-nots" must get by with a lot less than the rest: less work, less income, less safety, & less health. Nobody wants to see this continue. What then can turn things around for **have-not communities**?

Let's ask some famous Doctors of Economy which treatments they might prescribe. We met **Adam Smith, Herbert Spencer, John D Rockefeller, & Milton Friedman** in Insider Guide #1 ("The Root of the Matter").

Cut away barriers to trade – that should do the trick!

I recommend you un-clog the pursuit of self-interest!

A good dose of competition may be in order!

Give 'em a jolt of corporate power, that's what I say!

This is just the kind of treatment most have-not communities receive nowadays. Paramedics, bring in the patient ...



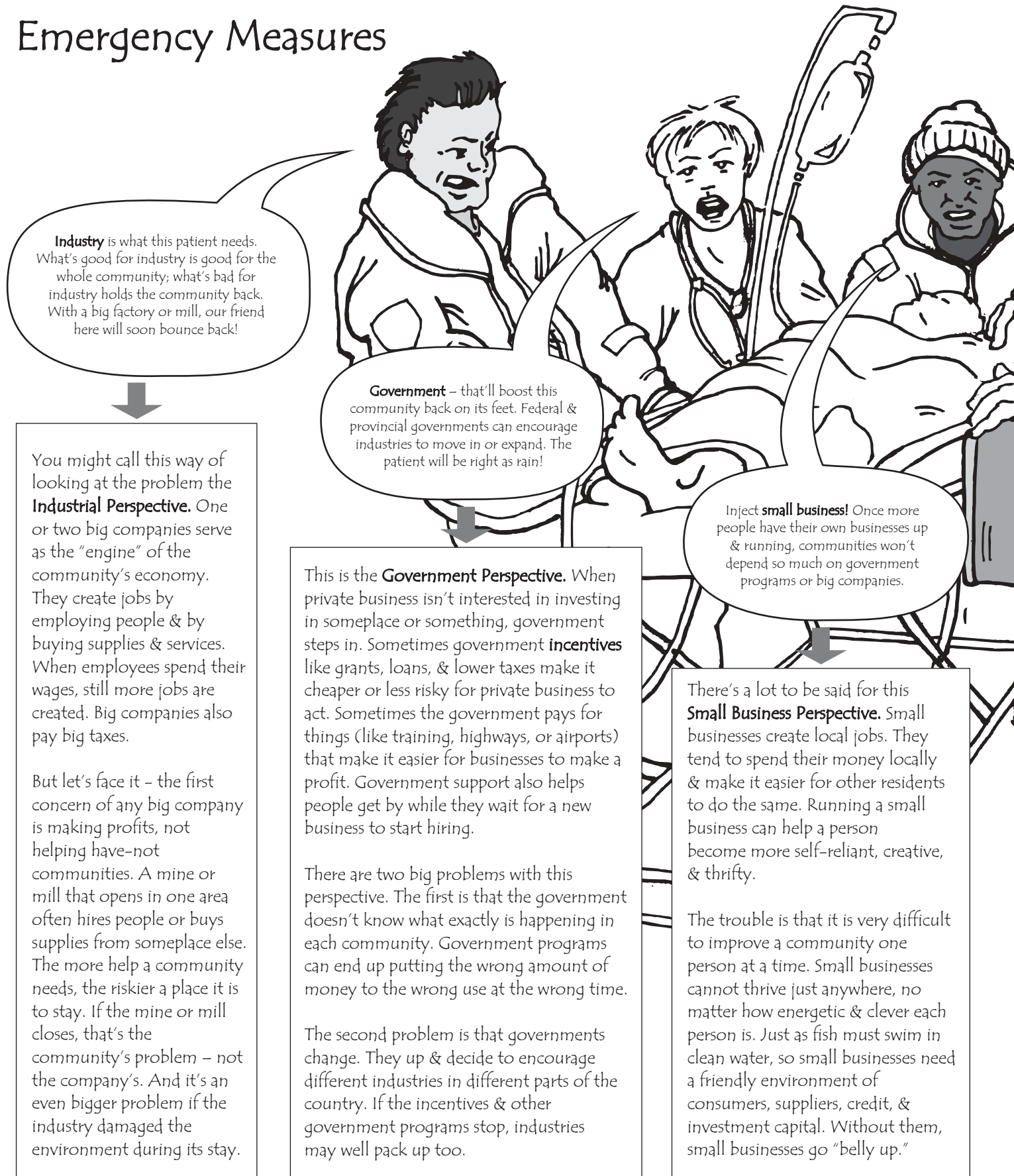
Friedman

Rockefeller

Spencer

Smith

# Emergency Measures



**Industry** is what this patient needs. What's good for industry is good for the whole community; what's bad for industry holds the community back. With a big factory or mill, our friend here will soon bounce back!

You might call this way of looking at the problem the **Industrial Perspective**. One or two big companies serve as the "engine" of the community's economy. They create jobs by employing people & by buying supplies & services. When employees spend their wages, still more jobs are created. Big companies also pay big taxes.

But let's face it – the first concern of any big company is making profits, not helping have-not communities. A mine or mill that opens in one area often hires people or buys supplies from someplace else. The more help a community needs, the riskier a place it is to stay. If the mine or mill closes, that's the community's problem – not the company's. And it's an even bigger problem if the industry damaged the environment during its stay.

**Government** – that'll boost this community back on its feet. Federal & provincial governments can encourage industries to move in or expand. The patient will be right as rain!

This is the **Government Perspective**. When private business isn't interested in investing in someplace or something, government steps in. Sometimes government **incentives** like grants, loans, & lower taxes make it cheaper or less risky for private business to act. Sometimes the government pays for things (like training, highways, or airports) that make it easier for businesses to make a profit. Government support also helps people get by while they wait for a new business to start hiring.

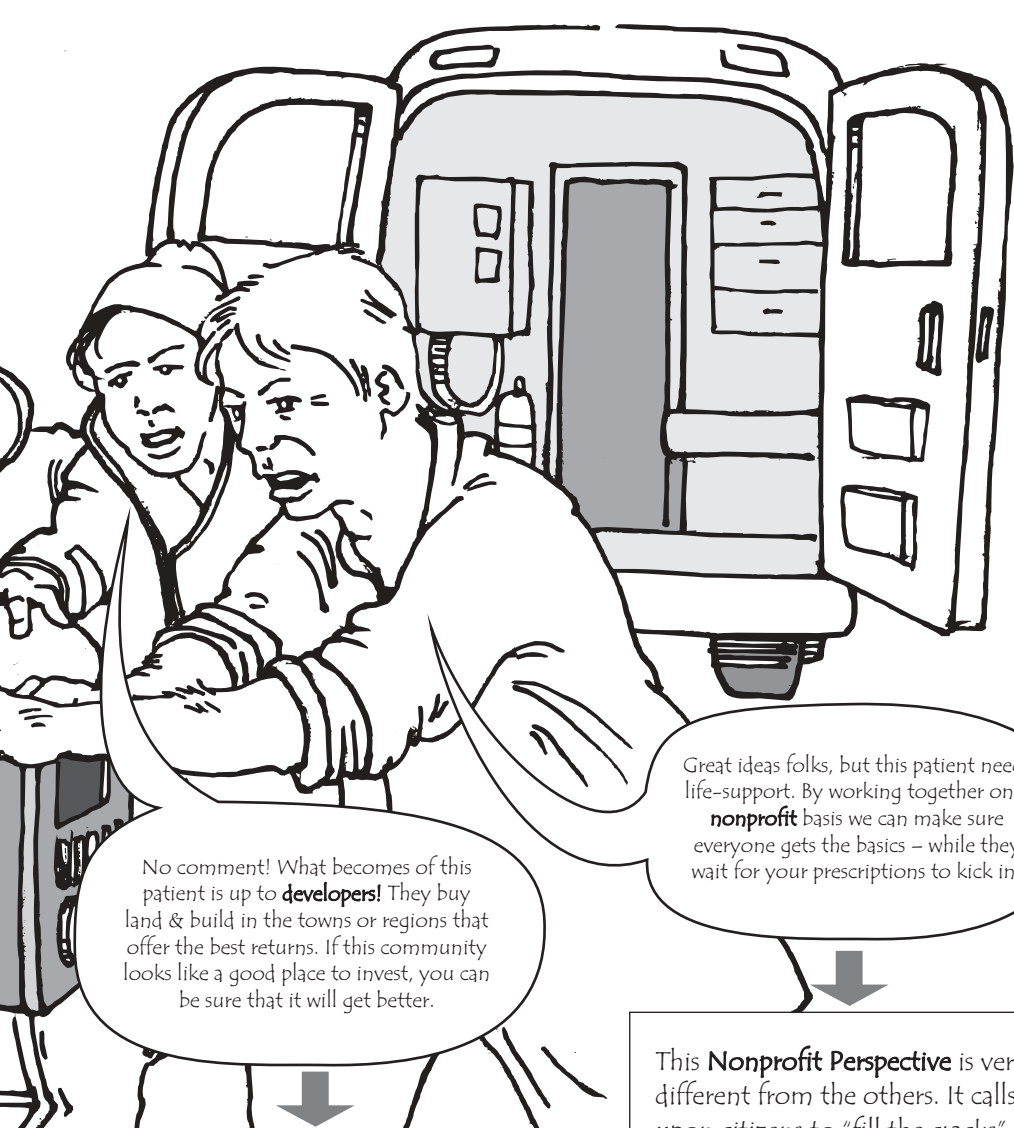
There are two big problems with this perspective. The first is that the government doesn't know what exactly is happening in each community. Government programs can end up putting the wrong amount of money to the wrong use at the wrong time.

The second problem is that governments change. They up & decide to encourage different industries in different parts of the country. If the incentives & other government programs stop, industries may well pack up too.

Inject **small business!** Once more people have their own businesses up & running, communities won't depend so much on government programs or big companies.

There's a lot to be said for this **Small Business Perspective**. Small businesses create local jobs. They tend to spend their money locally & make it easier for other residents to do the same. Running a small business can help a person become more self-reliant, creative, & thrifty.

The trouble is that it is very difficult to improve a community one person at a time. Small businesses cannot thrive just anywhere, no matter how energetic & clever each person is. Just as fish must swim in clean water, so small businesses need a friendly environment of consumers, suppliers, credit, & investment capital. Without them, small businesses go "belly up."



No comment! What becomes of this patient is up to **developers!** They buy land & build in the towns or regions that offer the best returns. If this community looks like a good place to invest, you can be sure that it will get better.

Great ideas folks, but this patient needs life-support. By working together on a **nonprofit** basis we can make sure everyone gets the basics – while they wait for your prescriptions to kick in!

This is the **Developer Perspective** on the problem. It makes sense if your community is already prosperous. It will attract developers who will build apartments, malls, & big box stores. People will then buy or rent the space or come to shop.

But what if your community isn't prosperous, or isn't "prosperous enough"? You may decide to attract developers with cheap land, lower taxes, & other special deals. You may even go after developers regardless of the harm they will do to the environment. These are all costs to compare with the benefits that the developer brings to town.

Finally, when the buildings go up, they may stand empty. Or they are built on the outskirts of town & leave the downtown to decay.

This **Nonprofit Perspective** is very different from the others. It calls upon citizens to "fill the cracks" through which others are falling. Using special grants & donations, people build houses, make food, clothing, & training available, & stand up for rights of the oppressed, for example. This perspective's attention to people over & above profit is a great strength.

It is also a great weakness. This approach to helping the have-not community relies on gifts from people, organizations, & government. A great deal of work must go into finding money & volunteers, year in & year out. The more people there are "falling through the cracks," the more nonprofit organizations there are competing for grants & donations. As a result, there isn't enough to go around.

Each of these perspectives sheds some light on why some communities have-not & what might turn things around for them. But all five have a very narrow understanding of **what** makes a community thrive & **who** makes it thrive.

They hinge the community's future on the actions of a few powerful outsiders or a few resourceful insiders. They focus on one thing at a time (like building businesses). They also tend to expect quick results, even though many communities have been in trouble for years & years.

Have-not communities nowadays require something much more powerful. Something that draws wisdom from all 5 perspectives, & combines it with a better understanding of both **community & economy ...**

# Community Economic Development (CED)

From the **CED Perspective**, the community as a whole must be the foremost player in its own recovery. From the CED Perspective ...

The insight, needs, abilities, & interests of a very wide **range of local people** must shape a larger, longer plan of action.

People must act **now**, yet understand there is no "quick fix." It will take years & years of effort for the community to recover.

The community needs to do **several things** better: start & expand businesses ~ make loans & investment money available ~ plan & research ~ build roads, schools, & other "public goods" ~ strengthen skills & leadership. Progress in each of these depends a lot on making progress in the rest.

**Local ownership** – by the community & by private citizens – is the best way to strengthen the community. But the skills & resources of outsiders are also essential.

The **key task** is to strengthen the ability of local people & organizations to plan wisely, carry out decisions skillfully, & learn from experience so they can build a future in keeping with their values, needs, & priorities. Another name for this ability is **capacity**.

People & the environment are not meant to serve the economy. In fact, the **main purpose** of the economy is to care for **people & for the environment**. CED is a way to weave the economy, the environment, & our social relationships back together. (See Insider Guide #1, "The Root of the Matter.")

When a whole town or neighbourhood is falling apart (as many are today) is it reasonable to expect a few people, or programs, or businesses to save it? Can one big company or store possibly restore it?

The whole community is in distress. So the whole community must have a say in its recovery & a role in its recovery. That is the **CED Perspective**.



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This first series of Insiders' Guides has been generously supported by

 **VanCity Community Foundation**

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