



The End of the Beginning

CED & the social economy break through onto the federal agenda

Editorial

By MIKE LEWIS

When Nancy Neamtan and I and 20 other Canadians met together for the first time in 1988 (in Chicago of all places) we decided to set off on a journey together.

Like thousands of others in Canada's many neglected nooks and crannies we had been at work for years, making a difference in the local quality of life. We were making progress, but felt there were real barriers to scaling up success.

In the years following Chicago we started to grow networks, to do research, and to write books and articles. Based on our common understanding of what was working, we also began to build a policy agenda that could help us leverage the results we had achieved, scale them up, and increase their social and economic impact.

I believe we have now arrived at the end of the beginning of that exhilarating (and sometimes exhausting) journey. After 15 years of effort, an opportunity lies before us that we must not fail to grasp. Now the hard work begins.

In February of 2004 the language of the "social economy" featured in the Throne Speech of Canada's federal government. The following day Prime Minister Paul Martin reinforced the importance of the social economy, social entrepreneurship, and community economic development in a speech to Parliament.

Martin knows of what he speaks. He was a strategic player in helping the decaying neighbourhoods of Montreal's Southwest transform into a vibrant, engaged, dynamic part of the city by means of CED and the social economy. As Regional Development Minister for Québec in the early '90s he made timely and substantial *multi-year funding* available for the core operations of RESO, the Southwest's remarkable community development corporation. (See "Transformed by Community Economic Development," p. 21.) This investment, as well as federal money for *human capital development*, were crucial to the Southwest's success. Some years later, Martin helped bring the federal government into a partnership with the Province of Québec and the Québec Solidarity Fund to create a *\$5 million equity investment pool* for RESO development projects.

These actions supported what I sometimes call the three Cs of CED – capacity building, community capital, and competence.

They foreshadowed a call made several years later by the Canadian CED Network for a broader federal investment in CED and the social economy. CCEDNet, founded by 16 CED organizations in 1999, had drafted a national policy framework that was finalized after a series of regional discussions and a national policy forum in Vancouver in 2001.

People were listening. A new government in Manitoba took up the agenda to create a thoughtful and effective approach to multi-year investing in community capacity. They went still further, creating a cabinet committee to examine all government activities through a CED lens.

Next, in mid 2002, CCEDNet allied with the *Chantier de l'économie sociale*, Québec's social economy "network of networks" that has been making the voice of communities heard loud and clear in that province's economic decision-making. The allies began a drive to lobby federal politicians to create a "Three C" policy environment:

- multi-year funding
- incentives to mobilize community financial capital
- policy changes and increased funding aimed at solving several serious problems hampering the effective development of human capital

(For more on the Chantier and the Québec movement, see "The Political Imperative," p. 26.)

Our efforts hit paydirt in the 2004 federal budget announced March 23. In what is undeniably a fiscally conservative document, Martin's government committed to social economy enterprise \$100 million in credit and "patient capital" over the next five years as well as access to existing business financing programs. In addition, the budget earmarked \$17 million over two years for community capacity-building pilots and \$15 million over five years for community-university research funding (apparently to be administered through the Social Science and Humanities Research Council – SSHRC).

Also noteworthy is the budget's reference to an expanded mandate for Community Futures Development Corporations. This move could be a real boost, especially if the new mandate

encourages greater democracy and a broader CED and social enterprise thrust in CFDC organizations.

Modest investments to be sure. The 2-year capacity-building investment is wholly inadequate to the needs of existing CED organizations, many of which struggle with project-to-project financing. On the capital financing side, the emphasis on credit and patient debt is a long ways from what we called for: tax credit incentives for the mobilization of community investment capital.

Despite these limitations to the federal government's commitment, there is no question in my mind that the 2004 federal budget is an opportunity that we must seize and shape to advance our work and leverage it into the future. So let's ...

- *Celebrate!* For CED and the social economy to appear on the federal government's budget and political agenda is unprecedented.
- *Communicate!* The budget's commitment to the social economy was a big deal in Québec, but was largely overlooked by the English language press. This has to change. We must do a better job in English Canada of moving our issues and stories into the mainstream press.

CED & the social economy are not just ideas "whose time has come." The modest progress to date is the result of a 15-year journey of education & agitation for change. To sit back now could put these achievements in peril.

- *Educate!* Good policy and programs will *not* follow the budget allocation automatically. We must energetically target senior civil servants with opportunities to become educated about CED and the social economy. (This magazine is one of them.) Moreover, we must have a place at the table where the terms and conditions governing the expenditure of budget resources are drafted.

We also need to strengthen the dialogue between the Canadian CED Network and the networks and movements with which we share many values, goals, and members. These groups include co-operatives, credit unions, women's groups, aboriginal and anti-poverty organizations, Community Futures Development Corporations, the trade union movement, and the business sector – particularly businesses that deliberately integrate social and environmental values with their corporate accountability framework. (See "Going Glocal," p. 37.)

- *Evaluate!* The budget allocations are modest and not on target in some respects. We must be at the table to specify their use so these precious resources are invested strategically.

Take for example the small allocation to community capacity-building, that cannot begin to meet the pent-up demand of CED organizations for multi-year funding. Rather than dispersing this money across a large number of initiatives, it must be invested where it can have the biggest impact.

It's the same story with the research money. The \$15 million cannot merely become a grab-bag for academically-led research projects. Practitioners must define the priorities for research that can advance the field in each region of the country. Yes, we will work with the academic community. But they cannot drive the priorities. Nor can we let administrative rules of the SSHRC inadvertently deflect a targeted research agenda.

The financing portion of the allocation will require our intense scrutiny. How will "patient capital" be defined? How do we ensure that it is designed to meet the needs of social economy enterprises – whether nonprofits, associations, or co-operatives? How do we organize ourselves to ensure we have the right partners working together to deliver it effectively?

Québecers are well-prepared to move on this agenda, given their existing infrastructure. The rest of us have an awful lot of catching-up to do.

In matters of human capital, the budget was relatively silent, so we must continue to press for greater integration of existing programs. Minimally, we must get underway the five-city demonstration project advocated by the Learning Enrichment Foundation and CCEDNet for the last three years, plus rigorous research to demonstrate the positive cost-benefit of an integrated, outcome-driven approach to human resource development. With John Godfrey as Parliamentary Secretary for Urban Affairs and Elena Bakaponos as Parliamentary Secretary for the Social Economy (both of whom report to the Prime Minister and can cut across departments), surely we can make some progress on this file.

- *Activate, Innovate, & Agitate!* With these matters settled, it is up to us to get on with activating our capacity for social innovation. But let's not kid ourselves. CED and the social economy are not just ideas "whose time has come." The modest progress to date is the result of a 15-year journey of education and agitation for change. To sit back now could put these achievements in peril.

Celebrate, communicate, educate, evaluate, activate, innovate, and agitate – the end of the beginning is here. Let's see what we can do next!



MIKE LEWIS is Executive Director of the Centre for Community Enterprise (a member of the Canadian CED Network and co-chair of its National Policy Council) and editor of **making waves**. Contact him at (tel) 250-723-1139 or (e-mail) ccelewis@island.net.

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