

# Build on Positive Results

## *CED's Best Practice in Canada should have Major Implications for Upcoming Reforms to Social Security Legislation*

*The following is an abridgement of the brief submitted in March 1994 to the Parliamentary Committee on Human Resource Development by the National Policy Working Group of the Centre for Community Enterprise.*

The federal government has made a clear commitment to a process of major reform to Canada's Social Security system. The positive vision driving the reform effort of this government is perhaps best captured on the first page of the Liberals' election platform book, *Creating Opportunity: The Liberal Plan for Canada*.

"We want a country whose people live in hope, not fear. We want a country where all of us see ourselves as contributors and participants, not liabilities and dependents. We want a country whose adults can find good jobs and whose children can realize their potential."

The flip-side driving the reform effort appears to be the mounting federal deficit and the growing perception that 60s legislation, policy, and programs are no longer working adequately in the very different context of the 90s. In short, more and more people believe that the present social security system is not sustainable and is not yielding results—or, at least, its results certainly are not in line with the vision articulated above.

Beneath these broad motivations for reform there reside some other important factors that contribute to the context for policy change.

- Global economic restructuring, fueled by escalating capital mobility and technological change, is bringing about a "dual" economy. It is characterized by an increased polarization of income, wealth, and opportunity.
- A localization of the labour market is making entrepreneurial innovation more and more dependent on the quality of the local human resource. This trend is accompanied by a growing gap between the jobs available and the skills and knowledge of the people who want and need work. Beyond this is the problem of there not being enough jobs.
- Governments at all levels have less and less capacity to deliver services directly. This is leading to a new emphasis (rhetorically, at least) on the need for partnerships which include government, private sector, interest groups, and community organizations. The new government appears to strongly favour innovation in this area.
- Mainstream approaches to labour market adjustment, retraining, etc. (i.e., those which rely on government programming and incentives to the private sector) are manifestly inadequate. They do not reach the chronically unemployed and economically dependent populations.

All these trends suggest that historical distinctions between social, labour market, and economic policy are blurring. These were once considered the basis for distinct areas of policy, and accordingly for separate bureaucracies from which to deliver separate programs and services.

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But the old approaches are proving inadequate, and the awareness is growing that social and economic goals are in fact *interrelated*. As a federal official recently observed:

"In Canada almost all approaches (and concomitantly, public expenditures) aimed at eradicating poverty and impoverishment have focused on individuals rather than communities. Programs such as employment training, guaranteed income supplements, social assistance, and subsidized work initiatives have targeted individuals. There has been a growing public awareness that individual-centred approaches have not adequately addressed these problems. At times, such approaches have inadvertently reinforced already desperate situations by promoting dependency rather than independence."

It has been suggested by many commentators that Canada cannot sustain these expensive, ineffective approaches to the provision of social security. On the other hand, increased poverty and marginalization of millions of our citizens are economically, politically, and morally unacceptable. We require a national strategy that links our goals of economic growth with goals of increasing social equity.

A cornerstone to such a strategy is the growth of local, community-based organizations and institutions with the capacity to mobilize, direct, and manage development strategies dedicated to realizing "growth with equity." With such dedicated capacity rooted in local communities, it becomes possible to empower Canadians to become "contributors and participants" rather than remaining so-called "liabilities and dependents."

## AN OPPORTUNITY TO RAISE THE NATIONAL PROFILE & IMPACT OF CED

The Federal Government has established a multi-phased process to produce legislation to reform Canada's social security system before the end of 1994. The schedule is tight in the extreme and is coming in for some heavy criticism from a number of quarters. Nevertheless, the train is on the track and it is rapidly gaining speed.

In the first stage of the process, the Standing Committee on Human Resources Development is holding public hearings on concerns regarding social security and the labour market. The first round of these hearings took place in February and March. The Committee will release its first report to parliament on March 25th. They will hold more extensive, cross-Canada hearings from May through August to get commentary from Canadians on the government's action plan, due to be released at the end of April to Parliament.

The action plan is being prepared by Lloyd Axworthy, Minister for Human Resource Development, with the assistance of a task force he appointed in February. It has a mandate to synthesize research and recommend innovations to the Minister. Concurrent with this work is a series of bi-lateral discussions between Axworthy's department and provincial governments. These streams of work, along with the March 25th report of the Standing Committee, will feed into the action plan.

Following the release of the action plan, the Standing Committee will go to work. It is critical that those across the country working in CED prepare themselves to participate in this forum.

We recommend CED organizations take the following steps.

1. Get your name into the Clerk of the Committee immediately so that you get a copy of the Standing Committee report (March 25). Write to Mr. Luc Fortin, Clerk, Standing Committee on Human Resources Development, Room 602, Wellington Building, 180 Wellington Street, House of Commons, Ottawa, Ontario, K1A 0A6.
2. To get the action plan (mid- to late April) call the Minister's office at 1-800-268-0101.
3. To get on the list to make a submission to the Standing Committee during its second round of hearings (May-August) contact Lise Tierney during April at telephone number (613) 943-8725 or fax (613) 992-7974.
4. Contact Mike Lewis at (604) 723-1139 for an analysis of the government's action plan by the CCE's National Policy Group. It should be ready within a week or two of Axworthy's tabling of the plan in government.

The Centre for Community Enterprise is committed to helping CED organizations keep informed and will support their participation in this debate as much as possible in the months ahead. Let's use this opportunity to organize a concerted effort for change.

Remember, the process outlined above is just the start. The post-legislative work will be critical as well. If we collaborate and co-ordinate our efforts through this first phase we can end 1994 much better organized to advance CED across the country. To this end, please forward to the editor copies of any submissions you or your organization may make to the hearings.

## Building on Positive Results

We believe that community economic development, based on the best practice and research coming out of Canada, the United States, and Europe, must become integral to a strategy of social security and economic reform. Community economic development

is a comprehensive, multi-faceted strategy for the revitalization of community economies, with a special relevance to communities under economic and social stress. Through the creation of organizations and institutions, alliances are created and resources are put in place that are democratically controlled by the community. They mobilize and direct local resources (people, finances, technical expertise, and real property) in partnership with resources from outside the community for the purpose of empowering community members to create and manage new and expanded businesses, specialized institutions and organizations.

Mere abstract theory? By no means. There are many cases which demonstrate what solid CED practice can mean for people and communities—and the solid return it offers on taxpayers' investments.

Halifax's Human Resources Development Association (HRDA) has moved hundreds of people off the welfare rolls and into permanent jobs in the last 16 years. How? A subsidiary of the HRDA develops profitable businesses specifically to employ welfare recipients. They are assisted in the transition by a systematic training program. Currently, 155 people work for various businesses the HRDA has created. Most move on to higher levels of education and/or into the traditional labour market.

HRDA's initial capital (\$250,000) came directly from the municipal budget for social assistance which is cost-shared by the province. Core funding came from the city in the form of seconded staff. Later, some money was provided by the federal government through National Welfare Grants. A recent cost-benefit analysis by a U.S. firm conservatively estimated a return of \$2 to the public purse for every \$1 invested over the last 14 years.

Boulot Vers . . . , trains chronically unemployed youth in Montreal within a specialized, market-based manufacturing operation. Despite the difficulty of this mandate, a recent cost-benefit analysis indicates that Boulot Vers . . . made money for the public sector within one year of investment.

The Great Northern Peninsula Development Corporation (GNPDC), initially funded by Innovations Canada for \$600,000 over 3 years, now sustains itself through profitable business ventures. GNPDC has created over 40 direct jobs. It acted to

stabilize and enhance profitability of the forest sector, and is conducting R&D into aquaculture to replace jobs lost in the fisheries crisis. It also organizes and conducts training programs that make sense to the regional economy—and still finds time to assist individual entrepreneurs! A cost benefit has not been done but there is no doubt that the return is there.

Kitsaki Development Corporation (KDC) is another good example. Owned by the La Ronge First Nation in Saskatchewan, KDC has established ownership in 13 enterprises since 1985 and created 500 jobs (60% of which are aboriginal). It brings in approximately \$18 million in gross revenues annually. KDC also organizes training to enable the aboriginal work force to take advantage of upcoming job opportunities. KDC no longer requires core funding to sustain its operations.

Colville Investment Corporation of Nanaimo, B.C. is one of Canada's longest-standing Business Development Centres, providing loans and technical assistance for community-based business since 1980. It is working. A cost-benefit performed by the Economic Council of Canada indicated a net return to the federal government on its on-going core operating support and its capitalization of the lending operation.

In five of Montreal's poor neighbourhoods, the Regroupement pour la relance économique et sociale du sud-ouest de Montréal (RÉSO) has made major strides in the last five years. It has forged a coalition of community organizations, labour, small and large business which monitor the locality for signs of possible plant closures. RÉSO has provided technical assistance to these and other businesses (200 in the last two years) and has developed an extensive training system for local recipients of social assistance and UI. This outreach to both business and to the unemployed is leading to training investments that can be tailored to the specific requirements of the local labour market.

Duffield First Nation in Alberta is another, remarkable example. Since 1987, Duffield has moved from welfare dependency, substance abuse, and suicide (6-7 annually in the years 1983-87) to a community which systematically generates opportunities for social and economic development. A small group got things rolling. Their desire to help substance abusers and find a long-term solution to dependency gave rise to a systematic strategy. It started with people development and has subsequently gone on to foster a wide range of opportunities.

The strategy had four priorities: immediate help for people with problems; support and training for staff who were burnt or burning out; programs to increase the general skill and education level of adults; and management training and technical support for chief and council. These priorities, a comprehensive assessment of community needs and assets, and a training plan together formed the framework for long-term investment in people.

The results have been dramatic. Substance abuse is steadily declining. There have been no suicides or violent deaths for four years. The proportion of welfare recipients declined from 85% to 64% of the adult population. One hundred fifty adults have been involved in training, including community-based life skills programs. Housing and safety standards have improved. The unemployment rate is 35% and falling. There are seven successful business ventures and over \$2 million in community assets have been secured. And here's the clinch-

er—young people are returning to Duffield to work and raise their families.

Similar innovations are occurring in the United States and in Europe. They are not all called by the name CED; "local development," "bottom-up development," "urban social development," and "local employment initiatives" are all names that can and do speak to various aspects of what we call CED.

Much has been learned and on-going experimentation is yielding new hope and new approaches. The federal government has a real opportunity to ensure the social security reform package is structured to build on these innovations.

## Conventional Theory & Solutions are in Crisis

### *The "Economic Side" of the Social Policy Conundrum*

Conventional economic development policy tends to focus on one of two forms of enterprise organizational models. The entrepreneurial model, which was the primary engine of early industrial development, remains the idealized micro-economic model among theorists of market-driven economics. This development strategy places great emphasis upon the individualistic vision of autonomous, profit-motivated entrepreneurs as they respond to consumer-generated market signals. Postulates that inform the entrepreneurial model include the following assumptions:

- competitive advantage accrues to those who demonstrate greater innovation and efficiency.
- these virtues not only generate profit for the entrepreneur but provide wider choices at lower prices for the consumer.
- the unrestricted pursuit of private gain is also the surest means of achieving the optimal public good.

Although the entrepreneurial model continues to play an important role in Western-world economic development, it has lost its dominant position. The complexity and scale of industrial development forced a shift away from fast-responses to localized markets toward long-term planning, professional management, and global market integration. The corporate organizational model replaces the idiosyncratic managerial style of the entrepreneur with a formal management structure and centralizes power in the process. Both models have been the basis of economic policy in the past. Each have tended to make conflicting demands upon social policy.

In the last 60 years, the linkage between "economic" and "social" policy has been the domain of the state. The state taxed the revenues and incomes generated by "economic" activity and then transferred funds to its "social" welfare apparatus. This transfer process is not working. It is increasingly argued that taxation is constrained by global competition, while the middle class can only be taxed so far.

Moreover, the policy emphasis on entrepreneurial and corporate models ignores the experience of the World Bank. Forty years of efforts in economic development financing and programming have taught the Bank that unless the intended beneficiaries of economic development are involved in a project's design, operation, and ownership, it will ultimately fail—or even make people worse off.

## Labour Market Thinking: On the Brink of Irrelevance?

So how do governments re-link the economic and business dimensions of policy with the social dimension? Conventional economists have little new to add. The poverty of their explanations of the labour market adjustment crisis make that clear.

Unemployment has generally been seen as either cyclical or structural. The recessions of the last 12 years would appear to have put to rest the arguments among most economists regarding cyclical unemployment. It has climbed and it has stayed high. The cycle that would decrease joblessness has not come back.



The argument for structural unemployment being the problem is now much more accepted. Conventionally, this view holds that the skill mix of “supply” (people looking for jobs) does not match that of “demand” (the needs of businesses for skilled people). The solution to the mismatch is retraining. There is merit in this explanation, within limits. But it is now apparent that the actual number of jobs available, irrespective of skill mixes, do not match the number of people looking for jobs.

This conundrum has brought forward a new argument, which makes reference to the globalization of the economy. Given time, it is argued, this fundamental economic realignment will create new kinds of jobs. This was the essence of the position of those who advocate free trade.

Unfortunately, there is a growing indication that in fact new kinds of high tech jobs, etc., are not coming about. Indeed, companies like Northern Telecom—“the company of the future,” “generator of the sort of benefits one can expect from the restructured economy”—have been *laying off* thousands.

Small business is the other solution governments turn to in the midst of this confusion. It is small business which has created most new jobs over the last decade. The problem is that the rate of small business bankruptcies is very high. When you add that to problems with taxation and access to capital, the net contribution which small business can make to job creation diminishes rapidly.

Reality is fast overtaking theory. The final solution of some economists to this dilemma is to revamp their definition of “full employment.” They speculate that full employment in our society may still leave 8-10% of our labour force out of work (not including those on the welfare rolls). Some solution!

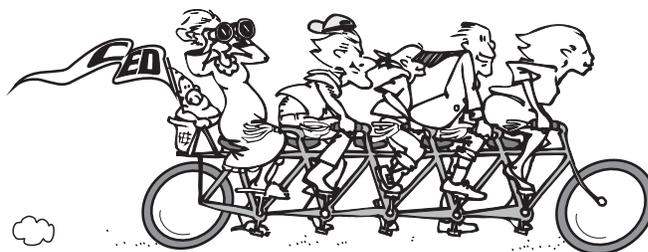
## The Federal-Provincial Shell Game: Institutionalizing Dependency

Newfoundland, whose economy has been dominated by the ups and downs of the fisheries, typifies the zero sum game built into the structure of our social security system. Seasonal work and/or make work programs are stretched wherever possible to qualify people for UIC.

Alberta, now in its second year of “welfare and labour market policy reform,” is a good example of the newest version of the shell game. It goes something like this. Have the social service department “fast track” as many people as possible off the welfare rolls and into the labour market. In the last year this strategy has had superficially dramatic results: 30,000 came off the social assistance caseload. This is touted as a very positive policy initiative.

But where did these people go? Not to permanent jobs! The bulk moved over into short-term training and work projects. It’s a pattern reminiscent of the 70s: shove people into government-based, 6-month long “active welfare” programs, so they qualify for the federal UIC stream. Very few make it into the traditional labour market. Assessment and placement centres are now wondering where to put these people. Business is not hiring them. The “fast track” system does not equip them with the skills to fit the needs, especially when layoffs throw plenty of “regular” skilled people into the job market. In fact, recent research in Alberta shows that employers will definitely not hire without incentives, and even with incentives their interest is marginal.

While there is some variation between urban and rural settings, this dilemma is well known in other parts of the country. In Halifax, the private sector has not responded to incentives to hire social assistance recipients. In contrast, HRDA uses these incentives as a source of equity to create or acquire businesses which directly contribute to greater social equity.



A very substantial literature review assembled by the Ontario Task Force for Critical Skills Training confirms this major point. Short, specific skill-focused retraining represents little more than a revolving door for welfare recipients. Out one way, and back in another.

What’s more, it is becoming painfully obvious that large corporations and government don’t know how to forecast and/or specify their labour force needs. Retrospective checks on conventional labour force analysis reveals a dismal prediction record. It would also appear that the training institutions directly serving labour force adjustments (e.g., community colleges) have low sensitivity to client training needs. Instead, they have a high, vested interest in delivery systems that are not working.

It would seem that we can no longer rely upon major corporate entities in collaboration with government training, retraining, and other labour force adjustment instruments to overcome chronic unemployment.

The cuts to UI in the recent federal budget and heightened eligibility requirements are part of this shell game. Clearly, the provinces are worried, and for legitimate reasons. More people will hit the welfare rolls at a time when there is a freeze on the federal contribution to the Canada Assistance Plan. The result: more provincial hand-wringing and perhaps greater pressure to “fast track” after the Albertan example.

In reality, of course, this whole shell game takes none of us anywhere we want to go. Governments end up wasting resources and individuals deepen in their cynicism and their dependence—a long way from the stirring vision of moving people into a position where they can become “participating and contributing” members of Canadian society.

### **Decentralization: A Strategy for Building Partnerships or Increasing Government Control?**

One government response to the crisis in innovative solutions has been to proliferate community and/or sub-regional boards under the guise of decentralization. In any one community in Alberta, 9-14 boards may concern themselves with employment, training, apprenticeship, or business development. Most are advisory. Few have resources or budgets they can call their own.

As a result, “decentralization” acts to bring government values, programming, and control mechanisms closer to the people. In many settings this can lead to a tightening of government control, rather than genuine partnership or participation. It can also lead to general confusion and a tremendous waste of time and energy, inside and outside of government. The ministries that sponsor these various boards transmit their problems into the midst of the community.

There is little evidence of genuine empowerment of communities or the creation of sustainable local capacity. (The only exceptions—and even here the record varies widely—are a number of the organizations and initiatives that have flowed from the Community Futures Program.) What we need are more comprehensive and innovative initiatives which grow from a community’s definition of priorities and strategies. Instead, we get powerless, segmented advisory groups which are little more than adjuncts of government bureaucracies—in short, continued centralization.

A policy of *real* decentralization, with the goal of more effective action and broader partnerships, must be based on real community involvement and real local control over local resources for local benefit. In other words, it must be about empowerment. The CED approach, with its focus on building locally-controlled organizations, is essential for real decentralization to be effective.

### **The “Red Book”**

The present government apparently wishes to stick by its pre-election platform, the so-called “Red Book.” So what better place to look for indications about the government’s outlook on the community’s role in local and regional development?

Unfortunately, there is little evidence of serious reflection on this point. “We want to support our local communities as the source of our social stability and economic strength,” says the Red Book. But apart from community labour force boards that may help plan and advise local human resource development, little is said to illuminate the role of the “community.” Only in the section on aboriginal peoples do we learn that community enterprises and community development institutions will be “the main engines of economic growth for Aboriginal peoples.”

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Otherwise, the Liberal plan talks vaguely about the magnetism of the vibrant community. The Liberal approach “is to encourage the spirit and capabilities of our communities. Entrepreneurship will follow where there is dynamic local government, as well as excellent educational institutions, sound provincial planning, rich economic potential, and lots of vitality.” Very nice . . . but what about all the places in Canada that lack some or all of these assets? What about the poor neighbourhoods and the hidden pockets of poverty throughout urban Canada? Where do they fit in this vision of the ideal setting for entrepreneurial innovation? Or do they?

While many of the initiatives outlined in the platform that brought this government to power are positive (see box, next page), the short shrift given to the community’s role in the reform effort must change. Translating social security policy reform into the generation of concrete benefits for poor people will not happen without organizational capacity at the local level.

### **Elevating CED into a Major Strategy**

The inadequacy of conventional theory and practice and the current government’s search for innovation are creating a lot of interest in the CED initiatives and accomplishments over the last 20 years. But increased attention alone is insufficient. Policy must be designed around the principles which derive from the best practice in the CED field. Much of this insight we owe to the persistence and creativity of those working where the crisis is felt most keenly, Canada’s distressed neighbourhoods and communities.

Community economic development emphasizes the building of institutions and local organizational capacity. CED . . .

- recognizes the entire community to be disadvantaged, not just individual residents.
- develops and strengthens community-based economic organizations that are

## CED & THE CURRENT FEDERAL GOVERNMENT AGENDA

The pre-election platform of the present government gives us important clues as to the general outline of the thinking of the present government. In particular, it is important to note what role the pre-election platform assigned the “community” in the transformation of the social, labour market, and micro-economic areas of federal policy.

The following quotes are from *Creating Opportunity: The Liberal Plan for Canada*, better known as the “Red Book.” All come from sections entitled “An Economic Framework” and “Investing in People.” We hope this indicates a new appreciation of the interrelationship of social and economic goals.

### . . . regarding social & economic goals

“We want a country whose people live in hope, not fear. We too want a country where all of us see ourselves as contributors and participants, not liabilities and dependents. We want a country whose adults can find good jobs and whose children can realize their potential.

We know that we cannot achieve all our social goals immediately. We know we must choose to make our social investments where we believe they will do the most good and have the greatest effect for the resources expended and for the long-term future.”

### . . . regarding the social security system

“We will work with the provinces to redesign the current social assistance programs, so sorely tested in recent years, to help people on social assistance who are able to work, to move from dependence to full participation in the economic and social life of this country. . . . The current passive support programs, which offer income to people in need but no plan for achieving self-sufficiency, are not enough. . . .”

“Canadians want to earn their own living. Some are prevented from doing so by limitations in current programs that create disincentives to full economic participation. . . . A Liberal government will work with all the provinces to use established funding mechanisms such as CAP (Canadian

Assistance Plan) in more innovative ways in order to move from passive to active support of people in need.”

“The cost to Canadian governments to support single-parent families on social assistance is high; it is better policy to help them enter the economic mainstream. The cost to Canada of keeping people dependent at low income levels shows up in increased health care costs, increased social assistance, and lost output. Measures that help to break the chain of dependence are good economic policy.”

### . . . regarding the labour market

“Jobs and growth depend upon making the necessary investments in ourselves and our children. Consequently, we will better prepare for the transition from school to the workplace; provide a constructive outlet for the skills and talents of younger Canadians, the innocent victims of Canada’s prolonged recession; enhance the opportunity for job training and improve literacy and numeracy skills of Canadian workers; and improve the access to employment for women and single parents by making quality child care more available.”

“Part of the problem is a serious mismatch between the jobs that are available in today’s economy and the skills of the people who want to fill them. While many thousands of positions are vacant at any given time, about 400,000 young people remain unemployed. A significant number of young people never complete high school, and about 60 percent of Canadians enter the work force with no vocational or post-secondary education.”

“Liberals are committed to reforming the decision making process for the delivery of labour market programs so that greater authority for program decisions and delivery will rest at the community level.”

“We know that we cannot achieve all our social goals immediately. We must choose to make our social investments where we believe they will do the most good and have the greatest effect for the resources expended and for the long-term future.”

- accountable to the community.
- able to establish priorities and target opportunities.
- able to co-operate with outside business and governments to maximize community benefits.
- able to manage the overall development process.
- targets and invests in businesses to increase the level of local ownership in the economy. The aim: the capture of profits, management development opportunities, jobs and training benefits by a community organization dedicated to the empowerment of low-income residents. Ownership is organized to ensure local investment and re-investment in the wealth-generating assets which can build and sustain an economic base.
- works to improve the local development environment for business—the skills, attitudes, organizations, and services which support business investment and operations—in a manner that accounts for the social, cultural, and physical factors which influence that environment.
- encourages the creation of jobs and businesses which improve local productivity and which reduce dependency on governments and/or single industries.
- recognizes that social and economic development go hand-in-hand. Without one or the other, enduring development which benefits low-income people and communities cannot be fostered.

It is critical that the next two years of legislative and policy reform build on the learning and best practice flowing from this CED perspective. The examples articulated earlier demonstrate cost-effective, sustainable strategies for income and employment generation among disadvantaged individuals and communities. They are directly relevant to social security reform. However, they are equally relevant to labour market, regional development, and various aspects of micro-economic policy.

## **Two Critical Priorities for CED**

### **1. Local Capacity**

Community or neighbourhood economies which are in distress as a result of economic restructuring, or which are chronically marginalized, cannot be “straightened out” from the outside in. Bureaucratized delivery systems, while useful for certain kinds of services, are not organized to be the proactive, entrepreneurial engines which make innovative development happen.

Local development organizations are crucial to planning, mobilizing, and directing the array of resources required to effectively integrate social and economic development. The best practice and models emerging from the field of CED have demonstrated the ability to get things done.

If the government wants reform to breed innovation and generate results, it must systematically invest in local capacity building. CED organizations, systematically qualified and supported, could be expanded into a major strategy which is more proactive in its approach to labour market and economic development. Such a strategy, appropriately structured, can be an important component of social security reform.

### **2. Equity**

If government wants to create benefit-generating partnerships *which can also become self-sustaining over the medium term*, it must enable these organizations to invest in assets that can generate the revenue necessary to maintain organizational infrastructure. Needed are innovative financing mechanisms that can support the local asset-building strategies of CED organizations. This is critical to the creation of a local base for investment and reinvestment which is dedicated to the interests of the low income community.

## **The Next 18 Months: Focusing Our Efforts**

There is important work to be done to prepare the ground for legislative implementation. Policy development, program design, and the adjustment of bureaucracy to play the role of a partner, rather than a parent—these are a few of the big projects.

Harnessing the energy and commitment of Canadians to implement reform must not be ignored. It will challenge all of us, as it should. But if the foundations for new partnerships are not commenced now, the implementation effort could be seen as another bureaucratic undertaking. This is not likely to inspire the creation of the broadly-based, dedicated partnerships needed to implement serious reform.

There has been considerable research done in the last few years in Canada, the U.S., and Europe. Not all of it is called CED, but it shares the CED principles outlined above. To-

gether, it represents a body of best practice that can be built on. Some innovative policy development has also been done by a network of CED practitioners, researchers, and analysts. They could help to weave CED into a major strategy with relevance to social security reform, labour market innovation, regional development policy, and economic revitalization efforts.

In the next eight months, legislation is needed that has the flexibility and strategic focus to elevate “best practice” and on-going innovation into a major initiative within the overall reform effort. A supportive legislative framework is necessary to facilitate the long-term effort required to really make a difference. The reform process provides a critical opportunity to achieve this.

## **Concluding Comments**

- CED builds local capacity which can create stakeholder partnerships and remain accountable to the community.
- CED is a cost-effective strategy that integrates asset-building, training, and job creation.
- CED integrates social goals and economic goals through business development and institution-building investments. These help to build an economic base dedicated to helping people climb out of poverty and to improving the quality of community life.

“Reform” must be undergirded with a strategy to successfully initiate and sustain a development process capable of addressing the persistent conditions of underdevelopment and marginalization being suffered by increasing numbers of individuals and communities. Empowerment is not a buzz word, it is a powerful and practical necessity if collectively we are going to make “reform” make a difference.

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The reform effort underway in Canada brings with it fears that it may just be an elaborate plan to cut the deficit. On the other hand, there are few that would not admit that there is definite need for reform, for innovation and for hopeful strategies. However, reform without a strategy will take us nowhere. Short term approaches such as harking back to the job creation days of the 70s will not work. Poor people, communities and local leaders want and need to build durable results that work—economically and socially. ✍

*The National Policy Working Group comprises researchers and technical assistance providers from across Canada. They are committed to working with the CCE to help articulate policy relevant to strengthening the economic and social fabric of Canadian communities. The group's particular priority relates to creating policy that empowers communities to proactively initiate, manage, and integrate social and economic development at the local level.*