

DOWN SIZING

by design

Tough times have kick-started local solutions in cities jilted by resource recession

By WAYNE ROBERTS

SUDBURY — When the going gets tough, a new brand of economics says, the tough stay put. That's why community economic development, or CED, is reaching the takeoff point in several one-industry towns and native reserves across Ontario's north, not to mention low-income neighbourhoods in the south.

Though communities are usually thought of as small areas, the new thinking on CED is on the grand scale. Increasingly, those inspired by neighbourhood enterprise are leaving behind the social-work definition of CED as self-help for the dispossessed. Instead, they are hoping that the CED vision of an alternative economy can put the boots to the giant multinationals in the marketplace.

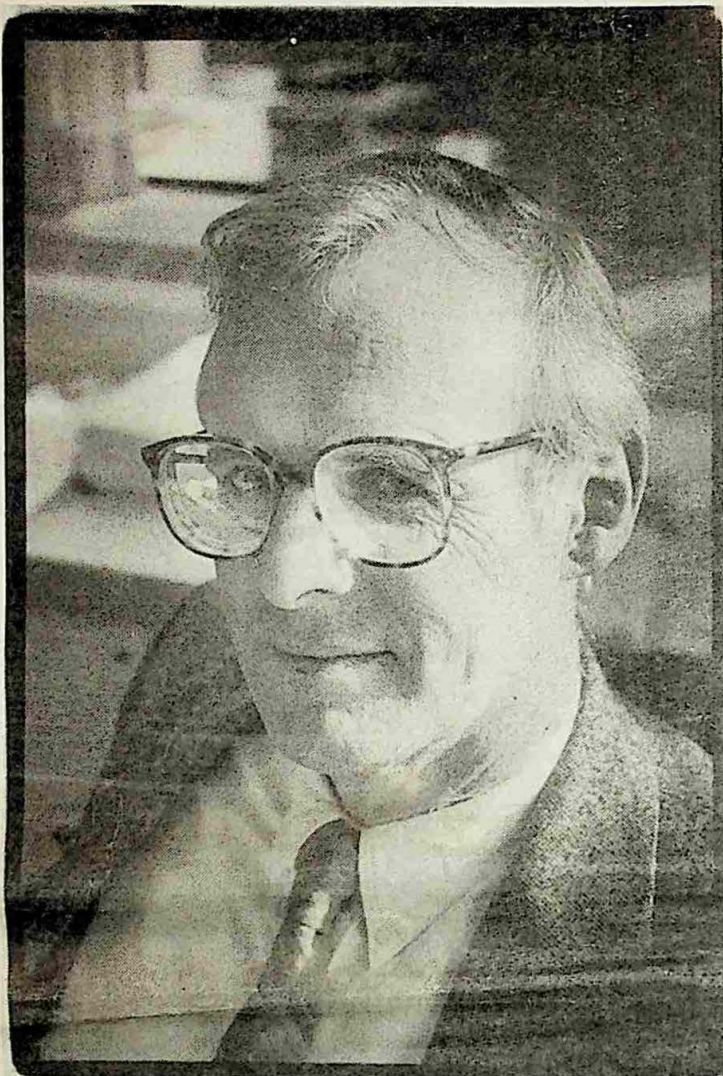
"The movement has its carnivores and herbivores," the ever-metaphoric Robin Murray, director of Ontario's CED secretariat, tells NOW. Murray was the keynote speaker at a February conference in Sudbury hosted by GEOD, a grassroots community economics group that takes its name from a common local stone with a beautiful crystal centre.

The vegetarians in this scenario are drawn to economics with a human face, and prize the CED commitment to neighbourhood caring and sharing. The hard-edged meat-eaters like the idea of building an alternative economy with production efficiencies that could leave multinationals in the dust.

Murray, the most inspired bureaucratic appointment made by the NDP since its election in 1990, is a theoretical omnivore.

International figure

The former Sussex economics professor enjoys world-class expertise in hands-on business development, having worked as director of industry in London, England, dur-



Robin Murray, the NDP's community economic development director, believes neighbourhood consortiums will one day out-perform big business.

ing the 1980s. He's also served as consultant to governments and governments-in-waiting in South Africa, Russia, Eritrea and Jamaica. As well, he's a ranking figure in

international socialist debates.

In the 1960s, he joined forces with E. P. Thompson and Raymond Williams to define a humanist and "bottom-up" socialist current

against the scholastic directions of the New Left Review.

In 1989, he wrote the centrepiece essays in *New Times*, an anthology of work by neo-new left British strategists trying to pick up the pieces after prime minister Margaret Thatcher broke the left over her knee.

His experience in London, where 1 million industrial jobs were lost over a decade, had turned him into a critic of the traditional left as much as the neo-conservative right.

He tried to chart a course for "an alternative socialism adequate to the post-Fordist age," a charmingly understated British way of saying a socialism that understood something about, of all things, how wealth was produced in an era of computerization.

Blocking dogma

The key to success in the new world economy did not lie in public takeovers of capitalist firms or Keynesian-inspired government spending, he argued, but in networks of small firms with highly skilled workers committed to continuous innovation and improved customer service.

This seeming blasphemy of socialist dogma rested on an understanding that the juggernaut mass production methods associated with Henry Ford were being outflanked by a customized "new competition," which, if properly handled, could raise working conditions and living standards instead of lower them.

Murray's fascination with the microclimate affecting business methods takes the discussion on CED away from standard left-right reflexes on macroeconomics — the importance of deficit- or inflation-fighting, taxes, interest rates and other snorefests — and sets the stage for a new political dialogue centred on the specifics of community and workplace organization.

* * *

While Murray speaks from international experience, the activists

gathered at the GEOD conference are from communities left high and dry with few options by the collapse of resource prices. They are no more entrepreneurs than theorists. Rather, they are organizers who want to own their problems as much as they want to own a business.

In Kapuskasing, where workers who made pulp for the *New York Times* long referred to their employer as "Uncle Spruce," paternalism ended suddenly in 1991 when Kimberley Clark announced a shut-down.

But, says Peter Goth, general manager of Kap's community futures committee, once townspeople owned up to the problem. "The resolution was not far behind.

"They were not prepared to give the right of decision to someone else," says Goth, so they bought the mill. It now runs at a profit, though employing some 400 workers less than before.

Social workers do need analysis, but we wanted to do hope analysis, says Sandra Mark, director of West End Ventures, based in a low-income suburb of Ottawa.

CED, she says, is for "people who want to take charge of their futures without waiting for corporations or governments."

Mark's group has sponsored nine new businesses since 1991, including a training restaurant for the employment disadvantaged and a business sewing reusable shopping bags.

Community businesses do not run on schmaltz, however. People here are very strategic about selecting areas of the economy they can work in. They are looking for their piece of the action in the spaces overlooked by big business and big

CONSERVATION TALLY

Number of Ontario cities in the green community initiatives: **7**

Amount of water wasted from smallest drip of a leaky faucet: **50 gallons (about 227 litres) per day**

Average waste by leaving tap on while brushing teeth: **5 gallons (about 23 litres)**

Average waste by leaving tap on while shaving: **10 to 20 gallons (about 45 to 91 litres)**

Amount of water saved through kitchen and bathroom low-flow faucet: **280 gallons (about 1,273 litres) per month for a family of four**

Sources: *Fifty Simple Things You Can Do To Save The Earth*, Earthworks Group

Rural sages harvest new Act

By JOHN BACHER

A bunch of imaginative farm-bred radicals, who cultivated a new approach while the party was still in opposition, are responsible for one of the most significant, but ignored, moves made by the NDP government — December's passage of the Community Economic Development Act.

The Rural Caucus' founder was the feisty, maverick voice of the Ontario countryside at provincial council gatherings, Tony McQuail.

McQuail, a Quaker and former U.S. war resister, bucks the mainstream of conventional agriculture by using ecological methods, farming with a team of Belgian horses and marketing his own blend of apple butter.

A close associate of McQuail in bringing the NDP's message to rural Ontario before its stunning electoral sweep of the region is Elmer Buchanan, who was early appointed minister of agriculture, a portfolio he still retains.

Shortly after the NDP's election victory, Buchanan established a task force on farm financing that resulted in the creation of the Rural Loan Program, designed to give farmers and farm-based businesses more access to capital.

RRSP credits

Under the program, community residents can earn RRSP credits by investing in Agricultural Guaranteed Investment Certificates. Money from their sale will be pooled in

credit unions and caisses populaires for loans to the agricultural community.

Buchanan expects that this will end current practices of rural funds invested in banks being exported not only out of their communities, but out of the country.

An unexpected added boost to the strategists of community economic development came from Stephen Lewis' report in the wake of the 1992 Yonge Street riots.

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government.

There's lots of room to practise import substitution, waste management and customized services in the north.

Enough money, for example, flows through the James Bay region to theoretically keep its 7,000 residents, less than 1,500 families, in the lap of luxury.

Counting welfare and some cash value for food caught in the bush, there's about \$110 million dollars worth of business done in the region each year, says Rick MacLeod Farley, staffer with Mushkegowuk tribal council in Moose Factory.

"But all the money leaves as soon as it comes in," to pay for imports of diesel fuel, food and consultants, Farley says. Close to 90 per cent of the local population is unemployed, he adds.

But with a new commitment to CED, spearheaded by band councils through the Pasico Development Corporation in Moose Factory, locals hope to capitalize on businesses serving themselves.

There are about 70 business plans going around, and 20 ready to go for the summer, says Farley. The plans run the gamut from pool halls to grocery stores and bakeries to taxi services, tree nurseries and ecotourist operations.

Oddly, though the soil is rich and the growing season lasts two months, there are no plans for community gardens.

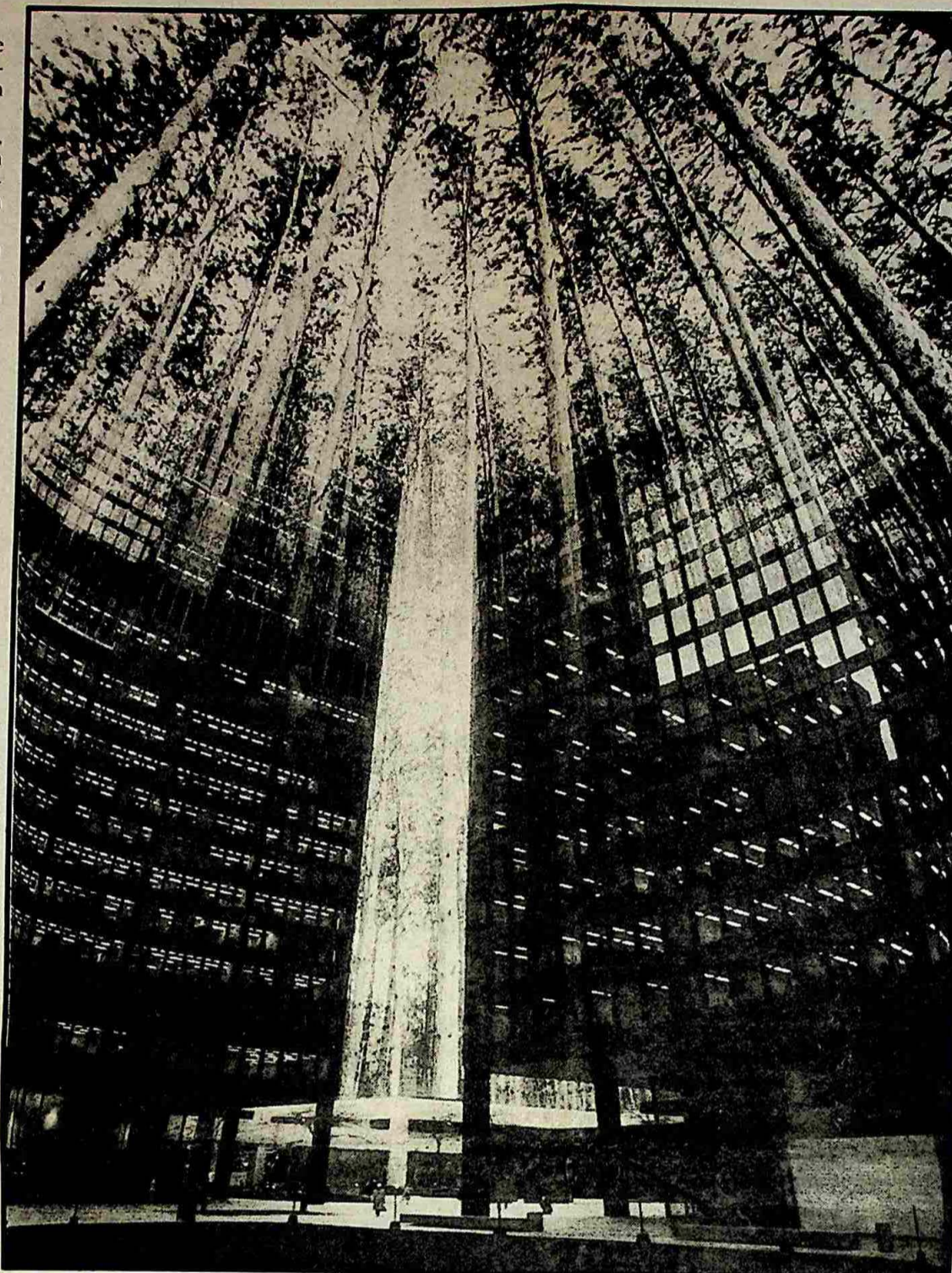
Gardening brings back bad memories of the residential schools that uprooted children from their families. The community is still suffering from those residential schools, says Pasico manager David Faries, with a generation of parents who have no experience of how parents and kids are supposed to function.

But for Faries, CED is about getting over those wounds, going beyond never-ending legalistic grievances and getting down to business.

When he talked to his father about legal claims to self-government, his father turned on him and said, "You talk like a stranger to me. All I know is you go out and do the best you can for yourself and your family," Faries says. "It's advice like that that turned us around."

Another native band, on Birch Island near Manitoulin Island, has adapted the microlending methods of the Third World to finance local businesses that keep money circulating within the community.

Neighbourhood lending circles



"When I first talked about linking waste, energy and water, it was like I said, 'carpet, firetruck and man from Mars go together.'"

vet business proposals from members and commit to repayment of bank loans borrowed on security

from the Toronto-based Calmeadow Foundation.

Since 1990, 23 businesses, all but

three led by women, borrowed \$75,000 to start catering, taxi, craft and similar companies. There have

been no defaults on loans.

Co-ops are major players in CED efforts to capitalize on cultural traditions that many corporations and governments turn a blind or hostile eye to.

The view of CED supporters is that local cultures are a binding agent, not a bind, for local entrepreneurs.

Co-op grocery stores and restaurants sponsored by Finns were pioneer fixtures in Kirkland Lake, Timmins and Thunder Bay.

Francophone farmers in the Cornwall and North Bay areas have relied on their own credit unions, called caisses populaires, as the only way to avoid gouging by banks that discriminated against the French, says Ginette Lafreniere, director of Laurentian University's school of commerce co-op program.

Humble roots

The caisses and other farm co-ops nurtured by francophone farmers "appeal to what is left of their collective mentality," she says, and provide institutions where they can conduct business in their own language.

Francophone credit unions in Ontario and Quebec, started in 1906 with \$26.40 in deposits, now have assets of \$90 billion, she says.

Four worker co-ops are now operating out of Sudbury, with another 15 ready to go, says Denis Castonguay of the Worker Co-op Federation.

To succeed, they need to find a niche where start-up and capital costs are low but prices are not subject to ruthless competition. That's not an easy combination, since most companies that have what economists call "low barriers to entry" suffer from overcrowding and cutthroat wage competition — for example, the office janitorial or home garment industries.

One successful area co-op, for example, charges Sudbury Hydro \$10 each to take 3,000 leaky electric water heaters off their hands. Hydro saves the dumping fee, and the co-op sells the copper, aluminum and fan in the heater separately before selling the remains as scrap, leaving the local landfill that much emptier.

CED director Murray also likes to build off the waste that large companies and governments let leak through the local economy.

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LAURENCE AGLAND

Going with the flow wins energy savings

By WAYNE ROBERTS

At a time when governments can't seem to do anything right, a swat team of six Ontario civil servants armed with a two-year \$5 million budget has created 280 new jobs, saving \$95.6 million in sewage, electrical and landfill costs in seven communities across the province.

As a return on investment, job creation programs don't get any better. Government make-work schemes, such as the federal government's infrastructure program, cost taxpayers about \$60,000 per job year.

An average calculation of the savings per job created indicates that each new job created by the Green Community Initiative (GCI) program, established in December 1992, saved Ontario residents \$30,000, plus another \$20,000 in avoided UIC or welfare payments

for every previously unemployed worker hired.

Based in the ministry of energy and environment, the program has turned seven mid-size towns and cities — Atikokan, Guelph, Elora, Peterborough, Port Hope, Sarnia and Cornwall — onto the nuts and bolts of environmentalism.

An affirmation of green economics, the program also offers a glimpse into a possible future for the public service.

The success of this program suggests that it's better to say that governments won't — not can't — solve problems.

Political buzzwords

Partnerships, leverage, common ground, community ownership, on-the-ground delivery — these are the buzzwords of the new politics and the stock-in-trade of green commu-

nity staffer Keith Collins.

"When the Berlin Wall fell, everyone saw it. But there's a whole lot of crumbling going on," Collins says.

"The old parties, old systems, old ways, are crumbling very fast. Green communities are one way these pieces are being put back together."

* * *

The GCI is a government operation that still makes house calls. House calls is where opportunity knocks for a program that gets in the door with promises of energy savings.

The GCI is a departure from standard government issue like Ontario Hydro's power saver program, which crash-landed in last year's budget cuts.

The program was a relic of an age when money was no barrier and government institutions enjoyed

enough respect that they could operate solo.

Collins watched the program unwind while he was at the Ontario roundtable on the environment and economy, a half-retreat, half-gulag for thoughtful civil servants about to be moved down or up. Collins, then on leave from Treasury, figured that the whole strategy for delivering environmental programs had to be reworked.

Controlling consumer behaviour through rising prices alone didn't work.

Although electric bills went up by one third over three years, there was no equal increase in conservation.

"At \$10, low-flow showerheads will pay for themselves in two months, and over their 10-year lifespan can save homeowners \$1,000. People need to know that," he says. "People not only need a

price signal, they need information and access."

Collins also calculated that traditional government-assisted environmental and conservation programs spent 90 cents on the dollar just getting a pamphlet — on waste reduction, water conservation and so on — to a resident's door.

There was no follow-up, no tour of the house, no list of reliable renovators and no linkup to other conservation activities.

"We were broadcasting at random, with no customized strategy for getting over the barriers," he says. "When everyone can list 100 things to do for the environment, but can't act on any of them, it's just out of control."

The secret to delivering conservation programs, Collins says, lies in joint ventures where government

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Local trade soars

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He'd like to see local governments develop their own town-card currency, for instance, based on optimal use of established services.

Many public services and service industries require what economists call "lumpy" investments. It takes a big lump of upfront money or debt to build a swimming pool, rec centre or subway line, and the fixed costs stay the same whether there are two customers or 2,000.

There is what's called "zero marginal cost" to offer these services at deep discounts, which is what last-minute clubs, frequent-flyer plans and senior discount days in the private sector thrive on.

That's also what several British municipal governments have done, Murray says. Town cards offer free or heavily discounted access to transit and recreation facilities on off-peak hours.

Local merchants line up to get on the card, to offer discounts for movies seen in the morning, meals bought mid-afternoon, door opener sales and other deals.

True grid

In effect, he says, the town card can become the basis for a local currency that puts a premium on purchases that keep money circulating in the hometown.

That kind of playing fast and loose with the rules is standard in the new economy, Murray says, and small community-based enter-

prises have a crack at doing it first and best.

The auto-assembly line laid out a gridlock for an entire "Fordist economy," Murray says.

Mass production demands for huge volumes of identical products had a ripple effect throughout the workplace, society and government.

The need for predictability meant rigid and centralized controls and heavy levels of supervision. That tended to go along with the deskilling of workers and consumers, necessary for the no-exceptions uniformity the assembly line required. That also corresponded with putting quality controls at the end, instead of where they would do the most good.

That kind of economy turns at the clunker pace of an ocean liner and can't meet the demands of a diverse world in constant change.

As Murray sees it, the Italian firms identified in Michael Best's *The New Competition* have found the secret to success. Coming from communities with strong local traditions and deeply felt trust and consensus, these companies turn on a dime with inventiveness, responses to new customer trends and the ability to work big deals without mounds of paperwork and lawyering, Murray says.

Parma monopolizes the world market for parmesan cheese and fine hams, thanks to a voluntary consortium formed by the town's 980 small cheese makers, each retaining its own special touch.

The same pattern of specialty shops integrated in co-ops and consortiums accounts for Pratto's hold on 70 per cent of the world market for specialty cloth, Sassuolo's control over half the world sales of ceramic tiles and Poggibonso's grip on high-end furniture.


It's not the romance of the loner that leads to these underdog successes.

"There's a basis for these small-and medium-sized firms being able to compete. (With their consortiums and co-ops) they're not small against big, because they are part of the big system themselves."

These big-time scores are a bit more farfetched than a new taxi firm in Moosonee or a catering company in west-end Ottawa, but it gives a sense of just how large scale are the changes needed to make small-scale changes work.

With files from David Kraft.

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