



Fast

# FACTS

CANADIAN CENTRE FOR POLICY ALTERNATIVES - MANITOBA

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## Community Economic Development in Manitoba and the Inclusive Economy

**M**anitoba is a province of economic growth and economic disparity. It is a province with low unemployment rates, diverse development and incredible resource wealth. On the flip side, Manitoba has continuously had some of the highest child poverty rates in Canada, the highest homicide rates, and Winnipeg has been called the most racist city in Canada. This paradox of development and disparity is not without hope. In Manitoba there is also a rich set of grassroots organizations intent on tackling poverty, racism, crime and disparity. These groups, institutions and initiatives have looked to the process of Community Economic Development (CED) as a means of creating broader social and economic inclusion. CED does not focus on the creation of profitable businesses alone. It also seeks to improve local communities through stable employment, improved health, a better physical environment and community control of resources.

The Manitoba government has had an active role in fostering a CED policy framework, identified as amongst the best in Canada. This support has not only provided physical means and financial support to CED initiatives, it has also provided legitimacy for the movement. The previous government's willingness to pursue CED initiatives and experiments has contributed substantially to CED thought in Manitoba today.

CED in Manitoba is guided by the holistic and demanding framework put forward by The Neechi Principles<sup>1</sup>. These principles consider much more than profit. They

propose that the economic decisions of production, consumption and investment need to first consider the potential benefits to the community. Social outcomes such as improved health, human dignity, skill development, stability and positive environmental effects need to be of concern.

The economics behind the Neechi principles can be traced back to an attempt at Community Economic Development in Manitoba's Northern communities; The Northern Manitoba Development Strategy of the 1970s. This was a provincial project that introduced the idea of convergent economics, where local need is met by local supply, to Manitoba.

Convergent economic development reverses the activities and conditions that cause underdevelopment, being external ownership and a lack of self-sufficiency. When goods produced by the community are controlled by outside interests and destined for export (as with resource or raw-material extraction), often the profit leaves the community. Simultaneously, when goods that the community needs are being imported, the profit made from producing and selling these goods remains outside the community as well. This creates an economic divergence between what is supplied and what is needed, with communities importing what they consume and exporting what they produce.

It's important for communities to take control of economic surplus (profits)

there is an alternative.

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so they are not at the mercy of decision makers whose interest lie elsewhere. Outside control leads to problems that bleed out of the realm of economics and into the realm of social inclusion and participation. With no control of economic resources political control is diluted, self-esteem is affected and the community begins to see poorer social outcomes.

A convergence strategy enhances self-reliance and community control of economic outcomes. Its foundational tenet is to converge local need with locally supplied goods and services. This may sound intuitive to some, but the idea is counter to classic economic theory.

The use of the word *need* instead of *demand* is deliberate. Demand, in the framework of classical market analysis, is what individuals are willing to pay for. Demand is limited by each individual's personal budget, reflecting any inequalities in income distribution existing in the community. Need, on the other hand, is not attached to market demand: need describes the aspects of life that lead to a full, healthy and inclusive existence – monetized or not. Some needs are now found in the market, such as food, shelter and clothing. Low incomes may mean that individuals cannot demand from the market what they need. Need goes beyond the market and also encompasses aspects of life such as clean air, opportunity to recreate, good mental health and the ability to care for children and the elderly.

CED in Manitoba has taken many forms to serve many needs. It has gained traction across different levels of government, community groups, and social entrepreneurs. Governmental support for CED has led to projects ranging from integrated industrial and agricultural development (as shown in the FRED Interlake Agreement), to Hydro Projects and major construction endeavours, to Neighbourhoods Alive! which looks to fund local renewal projects by focusing on economic and community development.

CED organizations have touched industries from construction, to banking, to home hardware, to car sharing, to grocery stores. Manitoba has shown how social enterprise and co-ops can diversify CED projects.

Though CED in Manitoba is broad reaching

and diverse, the scale of CED activity compared to the scale of poverty and social exclusion is small. The efforts thus far are impressive, and gains have been made, but they have been insufficient to change the incidence of poverty.

Nonetheless, Manitoba's Community Economic Development sector is impressive in its breadth and diversity. It has been built on the foundation of dedicated individuals, resilient organizations, and a long history of alternative, convergent economics. The Neechi Principles have provided guidance tailored specifically to the needs of Manitobans. They have driven a culture of community engagement, ownership and holistic development.

As CED moves forward in Manitoba some shortcomings need to be considered. CED seeks to fill holes left by the market system. This often means CED projects are financially unviable despite being socially necessary. Structural weaknesses in finding supportive funding need to be considered. Governmental funding ebbs and flows according to shifting political priorities. External funding also shifts power away from the community to outside hands. Diverse funding for CED needs to be sought and alternative sources need to be created. Community involvement and ownership need to be at the forefront of CED projects, but this will not happen without some government support.

CED has never been easy. Despite this, a CED sector has continued to grow in Manitoba. Excitement is building around the possibilities of social enterprise, co-ops, community based service delivery, and development focused training initiatives.

With more time, resources and exposure to the benefits of CED, its positive effect on our province will only continue.

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<sup>1</sup>Use Of Locally Produced Goods And Services; Production Of Goods And Services For Local Use; Local Re-investment Of Profits; Long-term Employment Of Local Residents; Local Skill Development; Local Decision-making; Maximizing Public Health; Protecting the Physical Environment; Neighbourhood Stability; Protecting Human Dignity; Support For Other Ced Initiatives

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