

# Introduction

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In recent years there has been a blossoming of community economic development (CED) initiatives worldwide and a commensurate increase in publications dealing with CED. These are not unrelated. Much of the literature is produced by practitioners of CED, with the aim of both sharing their experiences and advocating best practices. The practice of CED has, in turn, stimulated academic interest, and there has been a global increase in institutions and academic departments dealing with teaching and research in the area. In many parts of the world, the state and international institutions, such as the World Bank or United Nations agencies, have actively encouraged CED as a means to address pressing social issues in decaying urban centres and in troubled rural and remote areas, further stimulating both CED practice and the discourse around it. (Ironically, many CED initiatives in the Third World have been reactions to neo-liberal policies promoted by these very same state and international actors, who then seek to engage CED organizations and activists in addressing problems they themselves have caused.) Reflecting the influence of practitioners, much of the resulting literature addresses the practical experiences of CED, outlining the history, organization and success or failure of specific projects. Practitioner influence is also reflected in the growth of CED manuals or “cookbooks” on how to organize CED projects, their funding, evaluation and management. All of this is most useful for the intended audience, which again consists largely of practitioners. Such case studies and manuals are also important source materials for classroom study and do find their way onto course outlines for CED, giving students exposure to the hands-on experience of those actively engaged in building CED projects. This injects an important element of praxis into what otherwise might be abstract, academic courses.

There are, however, problems with some of this literature. Much of it is superficial or uncritically laudatory. Much of it is descriptive and lacks analytical insights. There is often no intellectual framework within which specific concrete experiences are evaluated and, often, even the criteria by which success or failure is assessed are often not specified. This is the by-product of a much more serious failing in the literature, that of the absence of a coherent theory of CED. Without such a theoretical base, the discourse

of CED can only be anecdotal, unclear and fragmentary. While this may not be troubling to postmodernists, with their “skepticism and distrust of all metanarratives” (François Lyotard, quoted in Veltmeyer 2001: 4), and for whom stories, anecdotes, language and discourse are the stuff of intellectual inquiry, it is to those with a more historical, institutional or structural approach. It is mainly to the latter group that this book is addressed.

This is not to say that there is no CED theory: there is, and one of the purposes of this book is to review it and to assess its usefulness, comprehensiveness and coherence. Another purpose of this book is to examine remaining gaps and inconsistencies in the theory and to suggest where further reflection is required.

Chapter 1 attempts a first overview of some of the major economic, social and political questions raised by CED. It sets the stage by differentiating between community development, on which most theoretical literature is focused, and community economic development. It then examines the objectives of CED, differentiating between less ambitious *gap-filling* approaches to the problems of capitalism and the more radical *transformative* view that sees CED eventually replacing capitalism. Conceptual difficulties in defining the term *community* are then addressed, focusing on issues of interpretation, social class divisions and the exercise of power from within and outside. Similar difficulties arise in defining community *needs*, and this raises important theoretical issues about the role of community activists and community development workers in that definitional process.

The economic theory of CED has a number of dimensions. Strategies of economic development often focus on production of goods (timber, agricultural products, fish, manufactured goods, etc.) and services (e.g., tourism) for sale outside of the community. This is known as an export strategy and is the dominant one mentioned in the literature because it allows a small community to produce for a larger market. At the other extreme, and becoming more influential, is a strategy associated with transformative CED, that of local economic development, inward-looking development or *convergence*. This approach focuses on maximizing the use of local resources to meet local needs. Comparable to gap-filling project approaches, convergence often requires that small-scale projects be subsidized or supported by the community by the payment of prices for products that are higher than those for competing products produced outside the community.

Convergence approaches place constraints — more acute than those in gap-filling CED — on the involvement of the private sector in CED. Chapter 1 examines the motivations for and limitations to private sector involvement in CED and briefly examines alternative collective organizational forms. It then looks at the thorny issue of democratic decision making in CED, a recurring theme throughout this book. It sees a failure in CED practice to address issues

of elitism, patriarchy, anti-unionism and arbitrary management systems and a failure in the literature to theorize these adequately. There is also a serious theoretical deficiency in identifying the political dynamics required to achieve transformative CED. This leads to a consideration of the role of the state in promoting CED, the various forms of state assistance made available to CED and the motivations behind them. The dangers of dependence on the state are raised together with strategies to deal with the problem.

The chapter concludes by examining the nature of capital in its Marxist variant, on which an extensive literature exists. The treatment of human capital in CED is less extensive and particularly weak on the need for educational motivation if transformative CED is ever to be a reality. This leads to a consideration of social capital, which, in terms of theory, is a problematic concept in many of its variants. The role of culture is also problematic, given its class nature; as such, the main question to be addressed is the role of culture in promoting or hindering CED initiatives.

Chapter 2, by Parvin Ghorayshi, Heather Graydon and Benita Kliever, examines the historiography of the term *community* essentially from a sociological perspective. The authors see CED, in its transformative variant, as an alternative way of organizing society that avoids the pitfalls of capitalism, its undemocratic nature, its intrinsic inequalities, its patriarchy and its preoccupation with earned incomes and economic growth. They see the local as a focal point of empowerment; this not a new role, as some discussions of CED might suggest, but rather one it has played historically. The local has for long been the site of creativity in dealing with changing circumstances, and community-based organizations outperform capitalism in many ways. The role of women in these activities, and the difficulties they face in participating in CED, has not, however, been fully recognized.

The chapter goes on to question whether or not there is a coherent theory of CED and examines the implications of several different, often competing, definitions of CED for theoretical analysis. Likewise, it examines what it means for theory that there are various and often conflicting senses in which the term *community* is used. It argues that the ideal view of community as being coherent, engaged, democratic, economically self-sufficient and non-alienating overlooks the diversity of communities, assumes the superiority of local knowledge and plays down the repression of women and the potential for the local to be bureaucratic and elitist. Community development vehicles can be used by the state to help fix the deficiencies of capitalism and can be locked into mainstream models of development. These uncertainties, and the questionable role of community in advanced industrialized societies, mean that the community question is unresolved.

The term *community* has even been appropriated by the neo-liberal agenda and the governments and international organizations that promote

it. Communities, NGOs and individuals are given responsibility for addressing issues of poverty within capitalist structures, over which they have little control. The lack of social capital is examined as a major explanatory variable in poverty. This emphasis on growth and the proposed strategies to deliver it are questioned, while the term *social capital* is found to be seriously deficient.

The chapter concludes by examining how CED might become transformative, acknowledging both the obstacles and the innovative possibilities that globalization presents.

In Chapter 3, Laura Lamb argues that there is no systematic economic theory of CED, but that theories used in regional economics and economic development can, to some extent, be drawn upon to give insights into CED theory.<sup>1</sup> Regional economics offers export base theory, which sees regional economies driven by their capacity to export. Through multiplier effects, these exports generate indirect local economic activity through orders for supplies to the export sector and through consumption activities of workers employed in that sector. Location theory and attraction models, also used in regional economics, offer other relevant insights. International development offers the staple theory, which also stresses export-orientation, but which has other, useful institutional and organizational attributes. Staple Theory also clarifies and extends the analysis of economic linkages, concepts that are crucial also to the big push theory, which advocates building complementary industries simultaneously. The chapter also examines convergence theory, one becoming increasingly influential, which offers a coherent theoretical basis for inward-looking CED. It then raises questions about the role of local as opposed to outside capital.

Lamb then turns her attention to the issue of the scale of production, arguing that inefficiencies of small-scale production can, to some extent, be offset by the deliberate creation of economic linkages between production units, which reduce unit costs, and, if need be, complemented by a policy of state subsidization. The state would be encouraged to subsidize CED activities because of the net social benefits that projects would provide. Governments would also respond favourably to requests for subsidization of CED activities if it could be shown that they produce net fiscal benefits to government; this chapter lays out explicitly and in detail what these benefits might be.

The chapter concludes by examining the theory of collective action in economics and the way in which individuals might arrive at their optimal level of collective action. This novel approach represents a potentially important contribution to the economic theory of CED. Issues of leadership and of gender are, however, seen to be under theorized in this approach.

In Chapter 4, Byron Sheldrick examines further some of the crucial elements of political theory raised by CED. The chapter looks at the radical

and transformative potential of CED, the promise of CED vehicles in terms of participation and democracy and the possibility of CED organizations forming new types of partnerships with the state. Various models of CED are discussed, each with different approaches to participation and differing potential for transformation. The dangers of professionalizing CED activists and of social containment, inherent in some approaches, are spelled out. Likewise, the chapter outlines the tensions between the need to meet bureaucratic requirements of the state for accountability and the demands from below for democratization. Recent restructuring of the state in the West, driven by the neo-liberal agenda, often provides for new partnerships with local communities, often involving service delivery. The nature of these partnerships and their implications for local democracy are examined.

The chapter then goes on to question how the democratic administration of CED organizations might be enhanced and what this might mean for community capacity building, education and mobilization. It also looks at the implications of this for the state in its relationships with CED. Sheldrick draws theoretical insights into this question by examining concrete attempts by the state, in Western Canada, to help advance grassroots democracy and by analyzing some of the problems encountered.

The chapter concludes by considering how the operations of the state and its bureaucrats might change if alternative notions of accountability, which involve genuine devolution of power and expertise and departures from the neo-liberal model, were to be accepted. Again, Sheldrick looks to concrete experiments along these lines, this time from New Zealand, and raises questions about the replicability of this experience.

Chapter 5 reflects on the previous four and considers some theoretical questions that have not been addressed and some theoretical concepts that have recently been applied to CED. It begins with reflections on how the economic analysis of Chapter 3 might be extended by considering reasons for subsidization that go beyond matters of scale. It then examines the various forms that subsidies might take and their rationale. If CED were to become widespread, comprehensive subsidization and cross-subsidization might be the result, and the chapter argues that, at this point, the whole question of social pricing might become relevant and replace project-by-project subsidization. The widespread adoption of CED also raises some important issues for the *timing* of CED investments and the criteria selected to drive investment choice over time. The possibilities for convergent CED must be looked at from the point of view of economic dynamics, in that large changes in, for instance, commodity prices, might drastically alter the economics of local production. Finally, the chapter examines commodity chain and economic network approaches and assesses what they might have to offer CED.

Chapter 5 then goes on to examine recent theories of social exclu-

sion and inclusion, in both their weak and strong variants. These theories represent an important advance over approaches that focus narrowly on material poverty. They have many similarities and overlaps with analyses of social capital and, when carefully articulated, may move from the conceptually sloppy to the useful. Already, these ideas have become influential in European social democratic political circles and are beginning to influence CED theory and practice. At the very least, this literature highlights the very narrow technocratic emphasis of economic network analysis and the need for a closer examination of that approach from a sociological perspective.

How can CED empower communities and individuals? Like recent theories of social inclusion, the notion of *political capital* attempts to address this question, but the term is defined so narrowly and so statically as to be limited in what it has to offer. As Chapter 5 concludes, part of the answer may be found in recent literature on participation in developing countries that emphasize citizenship and political transformation. For transformative CED to be true to its name, it may have to be accompanied by empowerment that goes beyond the project level.

What follows, therefore, is not a comprehensive theory of CED, but rather an attempt to take stock of the current state of theory, its insights, strengths and weaknesses, and to point the direction in which theoretical inquiry might usefully proceed in future. The intent of the book is to further interest readers in CED, not just as an academic exercise, but as a foundation for transforming the basis of our society. This is an ambitious, long-term project to help build a society that is more equitable, more democratic, more nature-friendly and more people-oriented. It is a difficult project, but a worthwhile one: capturing and clarifying the theory underling CED is but one small, albeit important, component of that project.

## Note

1. While Lamb's approach is necessarily technical, every effort has been made to simplify the text and to confine technical matter to the appendices. For most non-economists, what remains should be accessible; for economists studying CED theory, the appendices are crucial and should be read in conjunction with the text.