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How social service agencies can help build a collaborative and caring economy

By Rob Howarth

Social service non-profit organizations are uniquely placed to leverage their community relationships and assets in ways that would make a practical and significant contribution to creating systems of economic inclusion and democratic participation.

We urgently need these contributions in our current context, where traditional economic pathways to opportunity are greatly hampered. Without a strengthened foundation of collective agency in our neighbourhoods, we remain vulnerable to the dynamics of division and despair, and the corrosive scapegoating that flourishes all too easily in such contexts.

At this juncture, I believe it is essential to broaden our efforts to support people's experience of possibility, through opportunities to work together in ways that practically advance their economic prospects.

Specifically, our current opportunities include the advancement of community land trusts, expanding local lending and banking programs for individuals and business development, co-designing empowering social service alternatives, deepening opportunities for neighbourhood democratic deliberation and control, and enabling cooperative local enterprise. Such practices are logical extensions of the valuable, but under-appreciated, economic contributions that our non-profit sector is currently making to enhance community wellbeing.

Frayed pathways to prosperity

Research has amply documented the trends of growing economic inequality and geographic segregation in Canadian communities (see, for example, the work of the Neighbourhood Change Research Partnership and reports by the Canadian Centre for Policy Alternatives). Non-profit social service organizations must now come to terms with the fact that, while our standard efforts make a positive difference in many people's lives, those we most want to support are becoming poorer, and our communities more divided.

As the United Way of Toronto's 2015 report *Opportunity Equation* noted, "Hard work and

determination are not a guarantee for success — a person’s background and circumstances have a far greater influence on their future. As a result, income inequality is creating barriers for people to access the opportunities they need to build a good life — quality jobs, affordable housing or meaningful social networks. In effect, the opportunity equation — hard work plus access to opportunity leads to success — is breaking down.”

Insofar as our efforts to connect people to employment, educational opportunities, income supports, and attempts to reform public policy fail to deliver improved pathways out of poverty and disadvantage, we are also at risk of losing the trust of community members, and their confidence in our offerings.

Continuing with our traditional social service and civic engagement roles may ameliorate some of the growing inequities in our communities, but it is no longer a sufficient response to improve people’s wellbeing.

The significant expansion of our community social services sector over the last 60 years was grounded in a theory of change that said, essentially, “If we support people through tough times, and improve their access to things like learning, employment, and public services, they will do better.”

With these pathways in place, our sector was able to make substantial contributions to individual and community wellbeing. This included providing locally-responsive, innovative and adaptive programming, supporting expanded social networks and welcoming spaces, engaging people in efforts to improve their access to essential goods and services, and working to reform systems that discriminated against people based on their colour, sexual orientation, beliefs, physical abilities, gender, or other demarcations of our diversity.

In this way, we made significant, though incomplete, shifts from the charitable legacy of “a hand out” to the enabling strategy of “a hand up.” Today we must move towards “a hand with” strategies that empower community members to actively shape a more equitable and sustainable economy.

Deepening debt entanglements

Growing poverty and economic inequality is not only a result of narrowed pathways to opportunity. It also results from greatly increased household debt via both housing loans and unsecured credit via payday loans, student loans, credit card debt, car loans, and lines of credit.

Over the last 30 years, our economic system has been re-shaped in ways that have greatly expanded the pathways of private accumulation for those who already have assets and money, and growing indebtedness for those without. This is generating unprecedented wealth for a small elite.

The economist Thomas Piketty has shown that economies with slow growth alongside better financial returns on investments results in a dynamic where inherited wealth will, on average, “dominate wealth amassed from a lifetime’s labour by a wide margin” (2014). In such a context, income from employment loses its capacity to create wealth. If we leave these economic dynamics unchallenged, our social service contributions will lose more and more of their power to provide people with pathways to economic inclusion and opportunity.

As geographer Alan Walks notes, the burden of household debt is higher among lower-income neighbourhoods, immigrant-reception neighbourhoods, and neighbourhoods with concentrations of

families with small children.

Further, “rising household debt has implications that extend beyond the affected individuals and families, to local communities and economies. The flood of credit into mortgage markets is linked to the gentrification of a number of poor inner-city neighborhoods and speculative ‘new-build’ housing, reducing the stock of rental housing and pushing up local rents [. . .] High and rising debt-service costs mean there is less money to spend and circulate in the local economy, with resulting impacts on local business, institutions, and tax revenue. At the larger scale, this leads to a drop in demand, producing unemployment and recession. At the local scale it can lead to an increase in vacant storefronts, under-maintained or abandoned properties, job loss, vagrancy, and a decline in local government services.” (Walks, 2013)

Given this growing indebtedness, policy efforts to reduce people’s low incomes via minimum wage and welfare increases, or basic income experiments, offer only a temporary fix. We also need to create options for people with low incomes to avoid the escalating compound-interest payments that they are taking on to make ends meet.

Diminished democratic impact

It is tempting to turn immediately to the power of public policy reform to respond to our current challenges. These reforms have historically been the most potent tools available to bend the curve of increased inequality and disadvantage. Through progressive taxation, improved labour market standards, the provision of key services like housing and childcare, adequate income support programs (e.g. improved EI and welfare rates, basic income), expanded pensions, support for unionization, and greater regulation of financial services governments can achieve significant impacts.

Efforts to identify and promote such policy reforms, and engage community members in related campaigns, are crucial. But they are not the only, nor would I argue, the most important contribution that non-profit social services can make at our current juncture.

For the most part, over the last few decades our governments have not demonstrated a capacity to respond robustly to pressing challenges in ways that deliver equitable outcomes. These include climate change; lack of adequate affordable housing, public transit, or childcare; growing poverty; and persistent racism, colonialism, and prejudice.

People’s confidence in public institutions, electoral politics, and meaningful policy reform has diminished as their voting and associated advocacy efforts seem incapable of generating bold results. In a February 2017 Edelman poll, only 43% of Canadians said that they trust their government — down from 53% a year earlier. In addition, 80% of Canadians reported feeling that their country’s elites are out of touch. In Edelman’s annual Trust Barometer in 2017, for the first time in 17 years, Canada joined the ranks of “distruster” countries in which more than half of citizens say they distrust their civic institutions.

Non-profit community agencies are well placed to respond to the deepening wariness and frustration that is emerging as community members reflect on the fact that more and more people are treading water or falling behind, while the actions of their governments seem unable to significantly alter these realities.

Four strategies we can build upon

Non-profits can play a critical role in helping people to work together to build a more collaborative and caring economy. We can model such practices. Acting with community leaders and other interested stakeholders, non-profits can position themselves as sites of democratic/civic deliberation and practice, and position our organizations as platforms for generating community-led economic alternatives. Four strategies, including concrete local project and larger-scale examples, are highlighted here.

Communities across the globe are actively exploring these creative initiatives, and more.

Community land trusts and the Garden City model

A number of communities across Canada have turned to the model of community land trusts (CLTs) as a strategy to develop and maintain the long-term housing affordability for residents with low and moderate incomes. Through this model, land is placed in a democratically governed community trust, thereby separating land values out from the rent costs for housing and commercial spaces. Over time, this generates more sustainable and affordable housing and commercial rents. This model has also generated significant success in a number of communities in the United States and United Kingdom.

Communities like Parkdale in Toronto are now turning to land trust models to address the loss of affordable housing arising from intense re-development. To advance this work, a network of local community social service organizations is taking on the important role of supporting residents and other stakeholders to create the inclusive democratic structures needed to steward the land trust and related development.

Extending the basic organizing principles of community land trusts to broader municipal-scale platforms can further socialize the economic value from rising land costs, instead of having it realized solely as private profit. Stakeholders can then reinvest these assets to pay for community infrastructure, while sustaining low-cost rents for housing and businesses alike. Letchworth in England, which now has a population of 33,600, initiated this larger-scale model, as the “Garden City” movement, in 1903. The report *Commons Sense: Co-operative place making and the capturing of land value for 21st century Garden Cities* documents a range of creative land trust and Garden City models.

Social finance, community banking partnerships, and public banks

Canada has a long history of co-operative and credit union banking, which has created savings and loan offerings to support local economic development and greater economic inclusion. These systems could be extended to support greater access to interest-free loans and banking services for individuals and organizations so that they can escape the loop of debt-financing, gain access to funds needed to stabilize volatile low- and mid-income earning patterns, and access capital to grow local enterprises.

There are opportunities for social service organizations to build upon these structures to create non-profit sector community investment funds by pooling a portion of existing agency investments and reserve funds to support local initiatives. Moreover, we could integrate these community banking services with the emerging financial empowerment and financial literacy programs that a number of social service organizations are developing.

We could also build upon promising US and UK models that integrate financial literacy/empowerment

services, community banking, and community economic development objectives in powerful new Community Banking Partnership models. The National Association of Credit Union Workers' 2008 publication *Community Banking Partnerships* outlines some examples.

On a broader scale, we could benefit greatly by reviving the Bank of Canada's capacity to provide low-cost loans to our governments in order to fund the social, economic, and environmental infrastructure investments we need, as was the case between 1938 and 1974. Through this mechanism, we could in effect loan investment dollars to ourselves instead of relying on the new Canada Infrastructure Bank, where we will depend much more upon private investment dollars, and ultimately generate greater public indebtedness to private shareholders.

Cooperative enterprise, social co-ops, and the Cleveland Model

With the erosion of good jobs in our increasingly precarious labour market, it is becoming more important that we find ways to help people access assets that can help generate wealth. In this regard, we can champion and expand proven employee-owned/shared business models and co-ops that help expand workers' asset-generating and decision-making capacities. We can also explore "platform co-ops" as a way to organize our emerging gig economies to create community benefits. Through these online platforms, community members could coordinate local services (e.g. home repair, gardening, snow-clearing, child minding, grocery delivery) so that workers and consumers/community stakeholders share in the profits of these businesses.

For a range of social services, we could adapt the hybrid "social care co-op" models that are used across Italy to combine employment opportunities and service supports with co-op opportunities to create social enterprises, engage in collective management and decision-making, and share in the ownership and assets of these initiatives. These multi-stakeholder (worker, client, community) social care co-op models have demonstrated impressive therapeutic impacts for psychiatric survivors and other vulnerable community members, and offer more economically- and socially-empowering models of support than the provision of services alone.

At a broader municipal scale, we can mobilize the purchasing power of local governments, and "anchor institutions" including hospitals and universities, so that their procurement contracts enable local community businesses to deliver services. If we integrate incentives that enable co-op and worker-owned firms to gain these contracts, social procurement can greatly expand community members' access to wealth generating opportunities. This approach has demonstrated significant results in Cleveland, Ohio, with its Evergreen Cooperatives: now encompassing a co-op greenhouse, green energy and retrofits, and laundry businesses. As its website notes "rather than offering public subsidy to induce corporations to bring what are often low-wage jobs into the city, the Evergreen strategy calls for catalyzing new businesses, owned by their employees. Rather than concentrate on workforce training for employment opportunities that are largely unavailable to low-skill and low-income workers, the Evergreen Initiative first creates the jobs, and then recruits and trains local residents to fill them."

Deepening local democracy and the partner state

Community social service organizations can work collaboratively with other neighbourhood organizations and leaders to support neighbourhood-scale planning, and help set up democratic multi-stakeholder residents' councils to generate community-led visions in partnership with local non-profits and business. In this way, residents can be supported to generate a "people's platform" for inclusive

development that can be used to introduce their social and economic development demands into policy processes and election debates, rather than merely choosing from the policy platforms on offer. These people's platforms can then sustain ongoing efforts to hold elected officials accountable to community-generated priorities. Barcelona has developed inspiring examples of community-led policy platforms as well as mobilization to advance them.

At a broader scale, we need to start thinking about how we can move from the paternalistic state to the "partner state." This involves transforming the relationships between our communities and governments in ways that will enable expansion of civil-society and locally-governed initiatives.

In modern times, the regulatory role of the state has swung from the promotion of either the private sector through its support of the capitalist economy, or the redistributive function of government through state control of economic planning. Both approaches are flawed in ways that generate unsustainably high economic, environmental, and social costs. The idea of the partner state, in contrast, positions the state in the service of civil society, as a vehicle to advance and protect the common good. [1]

Unique opportunities for non-profits

Not all social service non-profits may see themselves as participating directly in advancing these strategies. But levels of engagement in this work can vary, from creating new local systems to simply allocating a portion of an organization's reserves to investments that provide community economic benefits. And other social service agencies may feel their current expertise can best be used to facilitate expanded opportunities for community deliberation and democratic oversight of a shared economic vision.

The good news is that many of these strategies are extensions of the work we are already engaged in. And their central building blocks of trusting and supportive community relationships are the unique assets that social service agencies have to build upon. For-profit systems and government institutions are not nearly as well-placed to lead the kind of bottom-up renewal efforts that would put people back at the centre of creating and directing their economy.

Through our local efforts, we can re-empower community members as protagonists of their own destiny, and build people's expectations and democratic capacities to actively construct more and more of their economic landscape in ways that enable them to flourish.

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[1] See Cooperative Commonwealth & the Partner State and also the Canadian Community Economic Development Network's federal Policy Proposals for Canada's Social Economy.

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