

CRISIS, VALUES, GOVERNANCE AND TERRITORIAL DEVELOPMENT

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This third issue of *Universitas Forum* focuses on territorial economic development, the social economy and the relationship between them - a debate that began in the first issue which explored innovative solutions and alternatives to the present multifaceted crisis. The articles in this issue draw primarily on experiences in Latin America and in the province of Quebec, in Canada, where this debate is particularly vibrant. In several countries within Latin America, the local and social economy are recognized for the capacity to address social exclusion, poverty reduction and the challenges of local development in urban and rural settings. The nomenclature varies from references to the community economy, the territorial economy, the popular economy, the solidarity economy, the social economy, and so on. Whatever the term used, they refer to territorial and citizen-based socio-economic initiatives involving community groups, civil society organizations, public and private institutions including local government that are valorizing local resources, creating employment, developing new enterprises and contributing to economic and social well-being of communities. The experience of local economic development in Latin America and elsewhere has shown that human development is possible when local actors jointly develop economic strategies and initiatives, mobilizing their own territorial resources. Local Economic Development Agencies are a specific participatory instrument for implementing these strategies and in Latin America they have proven to provide fundamental support. The Quebec experience in social economy has become an important reference for many regions in the north and in the south. In many ways, it is a template for the evolving social economy in other parts of the world. In particular, its rootedness in local communities speaks to the central theme of this issue and the link between the social economy and territorial development.

Several of the contributions situate these experiences in a post-crisis global environment, not only as responses or reactions to the crisis, but as illustrations of an emergent alternative paradigm inherent in these experiences that embeds economic initiatives in their social, cultural, political and historical contexts. The contributors put forward new approaches to address the challenges that arise from the crisis, in particular the need to find a balance between human needs and nature, accumulation and equity, production and finance.

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Three main issues are raised, both in the “critical concepts” and “in practice” sections, weaving a common thread among them: (i) the need for new “values” of reference to define policies for development; (ii) the need for new mechanisms of “governance” in which people play a key role in the implementation of these policies and (iii) the need for new enabling tools that challenge the dominant views on the allocation and distribution of resources. In addition to land, labour and money (investment capital), this includes the mobilization of knowledge.

From a macro perspective, Moreno-Brid and Puchet Anyul argue that there is a new ideological and technical space for a more pragmatic design of macroeconomic policies that is not tied to the orthodoxy of fiscal imperatives, commercial openness, privatization and the need to abandon sectoral policies as the pillars of a single macroeconomic strategy to assure sustained growth in the medium and long period. According to Albuquerque and others, this new space must address the problems related to the energy and food crises, climate change, and processes of migration and demographic change, which are the issues that will dominate the economy in the future. For that reason, monetary policies, he continues, must contribute to the objectives of local and sustainable economic development which require, in turn, that central banks and credit institutions have adequate public controls so that investments are oriented in that direction.

For Aubin and Cotorruelo, this new space must be built on values such as the “common good”, “well-being” and “living together”. Or rather, it implies reclaiming these concepts that have been associated exclusively with the creation of material wealth and economic growth.

Is it not possible, asks Albuquerque, to combine active policies of job creation with the principles of decent work, the need for competitiveness with social and environmental sustainability so that basic needs of the population are satisfied, thus resulting in the improvement of the quality of life of everyone? Another critical issue, for Canzanelli, is how to identify those goods and services that best satisfy these needs.

It is at this point that the discussion moves to the social economy, when, for example, Coraggio reminds us that while modern societies separate economic, social, political and cultural spheres, in fact, they are practically and symbolically united in the human being, as indigenous communities demonstrate. By understanding the embeddedness of the economy in society and challenging the utilitarian view of humanity that also conceptually separates individuals from their communities, we can argue that another world and another economy is possible, when and where a population with its own ways of socialization, its own design of living space, its historical context and its perception of development, is part of and nourishes that living unit-space that is the territory.

It is not surprising, as Neamtan suggests, that the expression “social economy” is making its way into the vocabulary of those concerned with sustainable development, in that it expands the notion of collective interest beyond that which is associated only with traditional forms of government. It is this broader concept of the collective interest that

reflects the increased capacity of civil society, through solidarity organizations, to respond to collective needs (jobs, environmental protection, social services, etc.) that cannot be considered “market goods”.

Development refers to the future and is often associated with a linear process that denies and/or ignores the reality of society, to borrow from Karl Polanyi. In fact, the past that has traditionally been called upon in the name of development is one that is constructed by those promoting a specific vision of development, most often from the outside and top-down. The reality of society, in contrast, has a past that is rich in relationships that organize and regulate the production and distribution of goods under different principles, under different “rules” so to speak. The concept of “endogenous development” at the heart of local economic development strategies and Coraggio’s turn to indigenous communities is very important in this regard, as are the many initiatives in the social and/or solidarity economy that have a long history. That they are now interesting to a larger public confirms the failure of traditional market-based strategies and a pragmatic search for models that work. This has created openings for the recognition and legitimation of solidarity-based initiatives to meet societal goals through economic initiatives, thereby undermining the strategies that have dominated the mainstream development agenda and the principles that inform them.

That said, these solidarity-based and/or collective initiatives must not justify the disengagement of government. On the contrary; local economic development actors and those in the social and solidarity economy are developing new relationships with government in many regions of the world at all levels – local, regional and national - that suggest a new form of engagement for government and public institutions, in partnership with civil society. Policy effectiveness has increased in those countries and regions where government and civil society are co-constructing new enabling policies. In Quebec, this process is institutionalized and enables the diversity of sectors that constitute the social economy. In other countries, such as Cuba, as discussed by Jiménez Guethón, while the macro policy environment remains state controlled, the increasing autonomy given to the cooperative movement is an interesting example of state flexibility, when the positive impact of community based or collective initiatives on local development is recognized and supported.

Therefore, if the subject of development is the human being in his/her harmonious relationship with others, and if the objective is living well and satisfying historically-determined needs, the main challenge is how the population, in an advanced and modern democracy, can reach these objectives – and with which strategies. Clearly, one must address the cultural and historical specificities of regions both in the north and in the south. Their diversity will also determine the manner in which these policies evolve. Still, the growing visibility of territorial and citizen-driven strategies and their increasing ability to structure new markets and meet social objectives does strongly suggest that the institutional framework of countries is permeable.

In exploring how these strategies can or cannot be adopted, the first question concerns governance. All the contributors of this issue raise this point and emphasize the need for a proactive and participatory process in which the population establishes the objectives, identifies priorities and designs mechanisms of implementation of development plans. In particular, Alburquerque considers that there will be no alternative without a popular organization of social actors resisting the intransigence of those who have benefited from the crisis, disguising the current situation. For this, it is necessary to move from a welfare approach, dependent on subsidies, to an active or engaged approach, agreed to by different actors, with an integrated vision of development that includes all its different dimensions. Barquero argues that the new forms of “public-private proactive governance” are necessary both for strengthening the processes of development that can evolve by utilizing the capacities, skills and creativity of the population, and for redefining the relationship between the state and the market. Current challenges are many and the solutions are so complex that actions and initiatives of governments and social and economic actors must be proactive and coherent in order to positively affect the dynamics of economic and social progress. The experience of Local Economic Development Agencies (LEDAs) and the Quebec experience in which this process has taken place and new forms of governance are emerging, will hopefully serve as best practice examples that can be referred to by actors and policy makers committed to designing new processes of policy formation.

Clearly, new intermediary spaces between government and civil society are required. These new hybrid spaces for dialogue and deliberation are institutional innovations in that they include widespread multi-stakeholder representation. These intermediaries are increasingly recognized as innovative socio-political spaces that increase the policy effectiveness of government. Information asymmetries, so often the source of misplaced or misguided policy decisions, are considerably reduced. For social actors, participating in decision-making spaces with an increased potential for the coordination of policies with their objectives, brings direct results. Of course, not all hopes are realized, but the increased capacity to negotiate embedded in this more dialogic and deliberative process, is welcome.

This need for intermediaries is further underlined in the round table on territorial economic development. Local economic development agencies, serving as intermediary structures of governance, play a strategic role in the design and implementation of actions to resolve the specific problems in each territory, to facilitate vertical and horizontal coordination and synergies between the centre and the peripheries, sectors and the territories, and challenge the paradigm that inhibits locally-concerted actions. In this direction, the results of a study carried out by ILS LEDA, show how the LEDAs promoted by the UN have contributed to human development in the territories in which they have been established, particularly in reducing poverty and social exclusion, building local capacity in planning and implementation, empowering women’s participating in the economy, environmental protection and in the promotion of social and solidarity economy. Documenting these experiences in the north and in the south has an important conceptual impact as traditional views on public institutions and their

relationships with their respective constituencies are increasingly recognized as ineffective and out of date.

Therefore, proactive governance is not a vague form of participation in public life, as is frequently the case when the population is simply invited to participate in discussions or consultations, approve development plans or initiatives in municipal councils or when working groups or committees of development are created to advance proposals to be approved later by other actors. Proactive governance is the creation and permanent functioning of mechanisms related to the social and relational capital of a community that can identify and analyze problems, find solutions and affect decisions.

The answer is not only decentralization to the territorial level of decisions concerned with development: in many cases this simply reproduces a top-down framework at the local level. Rather, what is referred to as *flexible governance*, *empowered participatory democracy*, *deliberative democracy* or *collaborative planning* to name but a few of the concepts in the growing literature that recognizes decentralization as a first step, speaks to the critical need for intermediaries, for new and hybrid sites for decision making.

Indeed, answers to broad macro questions are more easily found if the need for decentralization is acknowledged as a more effective strategic response to the challenges of a global economy. In his contribution to the round table, Boisier asks whether globalization and competitiveness are compatible with centralized structures of decision-making. Arocena adds that the more processes are globalized, the more particular territorial identities with their specific characteristics and histories gain ground. Barquero emphasizes that identifying these specificities will determine the capacity of local territories to respond. And Cotorruelo, notes that it is the “local factor” that stimulates alternative development strategies, where the local community, “region-cities”, “intelligent regions” become the architects of a new global competitiveness, where there is a necessary and positive dialogue between business, territories and society and where the values and identities specific to each place emerge. Thus, what is called for are regionally specific solutions that reflect their culture, knowledge and traditions.

The Quebec experience, which is unique among Canadian provinces, demonstrates this regional variability. Because of the positive results in Quebec, however, citizen-based organizations in other provinces are working towards similar, but regionally specific institutional arrangements. Their success varies across Canada, reflecting the variability of regional political cultures. This would certainly be true for other countries in which regional governments assume responsibility for an increasing number of socio-economic issues. These observations reveal how critical it is at this time to share knowledge across the global community, knowing that the answers to difficult questions will not be homogeneous. Quite the contrary: however, a mosaic of answers multiplies the knowledge and experiences at the disposal of the global community and contributes to inventing innovative solutions for the critical struggle for global human well-being.

Turning, then, to the key question of knowledge and innovation, both Albuquerque and Boisier point out that the development of locally-rooted knowledge also leads to new forms of production and of management, improvements in human capital, and the development of processes of entrepreneurial cooperation, inter-institutional coordination and public-private governance that emerge more rapidly and more easily at the territorial level, where both endogenous and exogenous opportunities can be seized.

The experience of Trois Rivières as described by Aubin, Neamtan's more macro analysis of the social economy and the article by Dumais *et al.* are all embedded in a new form of knowledge mobilization that has had and continues to have political impact. In Canada, community-university research alliances, as illustrated in the video published here, have existed formally for more than a decade. These move beyond both traditional applied research methodologies as well as the often typical presence of "experts" from the academic community working with practitioners. What has become known as the *co-construction of knowledge* is producing new "social knowledge" that directly reflects the needs and aspirations of local communities. This is an innovative process of knowledge mobilization. Applying a new interdisciplinary and multi-stakeholder methodology challenges mainstream models of economic development. Policy makers are increasingly engaged in this process that greatly reduces the transactions costs and coordination problems associated with policy formation, implementation and hoped-for results, that are often unrealized.