

ARRESTING URBAN DECLINE:
THE COMMUNITY ECONOMIC DEVELOPMENT
ALTERNATIVE
BY
TOM SIMMS

A Practicum Presented To The
Faculty of Social Work,
University of Manitoba
In Partial Fulfillment of
The Requirements for
The Degree of
Master's of Social Work

December 31, 1987

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ISBN 0-315-44141-0

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TABLE OF CONTENTS

		Page
CHAPTER I	Introduction.	1
CHAPTER II	Hypotheses of Urban Decline	4
CHAPTER III	The Community Economic Development Alternative.	58
CHAPTER IV	Co-operatives: A Vehicle for Community Economic Development.	79
CHAPTER V	The M.A.P.S. Housing Co-op Ltd.: A Case Study in Community Economic Development	119
SELECTED BIBLIOGRAPHY		177
APPENDIX A	M.A.P.S. Housing Co-op User Satisfaction Evaluation Interview Guide.	188
APPENDIX B	M.A.P.S. Housing Co-op User Satisfaction Evaluation Summary.	189

TABLES

TABLE 1	Census Data - Inner City	11
TABLE 2	Dimensions of the Four Types of Neighbourhoods.	14
TABLE 3	Census Data - M.A.P.S. Area	129

ILLUSTRATIONS

FIGURE 1	Map of Inner City Study Area	9
FIGURE 2	Map of M.A.P.S. Study Area.	125

CHAPTER 1

INTRODUCTION

The format of this paper follows the "Suggested Outline for Practicum" found in the M.S.W. Student Handbook 1986-87. Initially, the objectives of the practicum will be presented followed by a brief overview of the expected educational benefits of this exercise to the student. A literature review regarding urban decline, community economic development, and the role of co-operatives as a community economic development tool for addressing urban decline processes will be examined. A case study of the M.A.P.S. Housing Co-op Ltd. will be provided as an illustration of community economic development intervention to address the urban decline process in an inner city neighbourhood in the city of Winnipeg. Finally, an evaluation of the intervention assessment will be provided.

Objectives

The objectives of this practicum can be divided into two major categories. The first category of objectives relate to the broad purpose of this exercise, while the second category of objectives relate specifically to the aims of the actual intervention examined in this study. From a general perspective, three objectives emerge. The first involves an objective to develop a knowledge base regarding the theories of the process of urban decline. Such a knowledge base about the factors which contribute to the ongoing deprivation of the inner city allows the practitioner to have a better critical understanding of the potential intervention opportunities for addressing social and economic

problems at the local community level.

Secondly, a major objective of this study is to explore the potential for self-help initiatives in the process of addressing the social and economic problems of the inner city. The practicum seeks to develop a knowledge base about the potential of community economic development for affecting change at the local community level. A major objective is to move beyond the present day rhetoric of community economic development and move towards practical implementation of a community economic development initiative.

Thirdly, an objective of this practicum is to develop a knowledge base of a specific vehicle of community economic development--co-operative organization and enterprise--as a self-help tool for residents of inner city neighbourhoods to utilize in order to improve the quality of life in their communities. The history, principles, and organization of co-operatives will be examined in order to further develop a knowledge base on the subject.

Now that the general or broad objectives of the practicum have been established, it is appropriate to identify the specific objectives of the actual intervention that will be undertaken for the purpose of this practicum. The first specific objective of the intervention undertaken in this study is to establish a community based institution to capture investment that will be used to meet local community needs. A second objective will be to improve the quality of affordable housing in an inner city neighbourhood. A third objective of the intervention is to promote the development of leadership in the local community through democratic processes.

Educational Benefits

An important characteristic of the education of a social work practitioner is not only to develop a theoretical knowledge base, but to develop practise skills as well. To this end, the practicum undertaken by this student will serve to develop a theoretical knowledge base regarding the processes of urban decline as well as the principles, strategies and vehicles of community economic development. In terms of practise skill development, the practicum will serve to develop community development intervention skills with a specific focus on constituency mobilization, community institution building, and developing local capacity and leadership skills. This integration of theory and practise will provide this student with a well rounded educational experience in the field of community economic development.

CHAPTER II
HYPOTHESES OF URBAN DECLINE

Introduction

Most community economic development initiatives take place in either impoverished rural or urban communities. This practicum will focus on community economic development initiatives in urban based economies. In order to have an understanding of the potential for strategic intervention of a community economic development approach in an inner city setting, it is useful to develop a knowledge base of the processes which contribute to urban decline. This chapter will explore the literature regarding the process of urban decline. An examination of the difficulties in developing a definition of the inner city will be initially explored. A definition will be presented which has limitations but serves as a means to develop a framework for further analysis of inner city conditions. A neighbourhood typology will be formulated in order that the inner city could be better analysed in terms of the smaller neighbourhood units which are contained in an inner city area. Finally, hypotheses of neighbourhood change will be examined in an attempt to develop a better understanding of the urban decline process.

Definition of the Inner City

"There is no single definition of the inner city nor should there be. The term is strictly relative. That is, the inner city has to be defined from a specific point of reference and set within a particular social and political context" (Bourne, 1978, p. 5). It is important not

to fall into the trap of attempting to formulate an all encompassing definition of the inner city. In the first instance, the inner city is a term which describes a number of different communities of people. It is not monolithic. Consequently, any definition of the inner city needs to reflect the unique processes and dynamics of the neighbourhood units which represent the term inner city. Secondly, because of the complexity and subjectivity involved in developing a definition of the inner city, any definition that is formulated must be viewed as tentative at best - providing a general framework for further analysis.

The inner city is often defined in simply physical terms. This provides a neat, spatial and geographically precise definition which offers a manageable focus and framework for organizing information about the inner city. "The inner city refers to the area of transition, decline and development continuous to, and usually inclusive of, the central business district or commercial centre of the city" (Heilburn, 1974, p. 25).

There are disadvantages in using a spatial definition approach. Inner city conditions may not be confined to the identified geographical area and may appear in pockets outside the inner city area. The specific determination of where the inner city boundaries should be drawn is often problematic. A spatial definition is essentially static. It does not reflect the dynamic change processes that are occurring within an inner city area.

A second approach to defining the inner city could be viewed as a problem centred approach. From this perspective the inner city is defined as a "heavy concentration of the most acute physical, economic,

social and political problems of the city" (Case, 1972, p. 7). A list of these social and physical problems typically associated with large cities includes:

- "1. A declining economic base, loss of blue collar jobs and high unemployment.
2. An overall loss of population, particularly in the most productive age groups which undermines both the demand for social and retail services and the social diversity needed to maintain an attractive residential environment.
3. The in-migration of low income, unskilled groups which produces a mis-match between worker skills and kinds of jobs available.
4. Absolute poverty - the disproportionate concentration of society's most economically disadvantaged.
5. Crime, disease, social pathologies and the fear of ethnic, or racial groups which are seen to be different.
6. Physical deterioration of buildings and roads and of social services such as schools, police, fire and garbage collection.
7. Environmental pollution, litter and noise.
8. Fiscal problems deriving from interaction of a declining tax base and the increased costs of social services.
9. Discrimination of private lending agencies and government housing problems" (Bourne, 1978, p. 7).

Those areas which consistently show the highest incidence of some or all of these problems constitute the inner city.

More recently, a re-definition of the inner city problem approach has been developed which takes into consideration the expanding nature of what has been termed inner city problems.

The reality of what is urban or how we define inner city is not static. The growth of the suburbs and now their aging process has obliterated what we traditionally saw as the boundaries between the central business district, the enclaves of wealth, government structure and charity. Housing renovation or "white painting" continues in older suburban areas, the elderly are often decentralized in

suburban senior homes, the most affordable housing and rental accommodation for low income residents is increasingly being located in the suburbs, and immigrants are more likely to settle near sources of employment, more often the suburbs (Hill & McClain, 1982, p. 4).

The problems of the inner city, therefore, are no longer confined to the core area of the city but are now shifting to the suburbs.

The major difficulty with the problem definition approach is that not all urban social problems can be identified spatially.

Research on deprivation reveals that not all social problems can be expressed spatially and that although wards in the inner city area may be suffering from above average levels of deprivation in one social indicator or another, there exists no distinct set of areas, either in terms of spatial location or social problems within the cities which could be labelled as most deprived. In addition, problems of poverty, substandard housing, and crime are not confined to the inner city only and may be found in industrial towns and villages as well as in many rural areas. (Toupin, 1985, p. 11).

While the spatial definition approach and the problem definition approach of defining the inner city have limitations, they do begin to provide a general framework on which further analysis can be based. McLemore et al. (1975) developed an "operational definition", which is essentially spatial in nature, to identify the inner city. This definition will be used as the basis for defining the inner city for the purposes of this paper. Essentially McLemore's definition involves four general characteristics:

"1. Age of Housing Stock

The oldest housing stock in the urban area, much in poor condition and subjected to pressures for redevelopment.

2. Form

The inner city is dense, contains a wide mixture of land uses, many of which are transitional in nature.

3. Location

A location between the central business district and the suburbs causing a concentration of transportation routes.

4. Sociological Functions

The first area of settlement immigrants (from outside the country) and migrants (from other areas in the country)."

(McLemore, 1975, p. 2)

The inner city is defined, by using the age of housing stock (pre-1946) as the only criterion. Census tracts are included in the inner city if the average age of the housing stock was more than twice the age of the average stock for the entire metropolitan area. Tracts which did not meet this criterion, but which were surrounded by those which did, were also included. Figure 1 provides a map of the inner city boundaries based on this definition for the city of Winnipeg.

A major limitation of the McLemore definition is its heavy reliance on the age of the housing stock as a determining factor in defining inner city boundaries. Old housing stock does not always necessarily need to be equated with deteriorated housing stock. McLemore's definition could be strengthened by including socio-economic indicators as well as the age of the housing stock. Therefore if indicators such as average income levels and levels of unemployment were included in the definition as well as the age of the housing stock, McLemore's definition of the inner city would be that much more stronger.

Figure 1: Map of Inner City Study Area

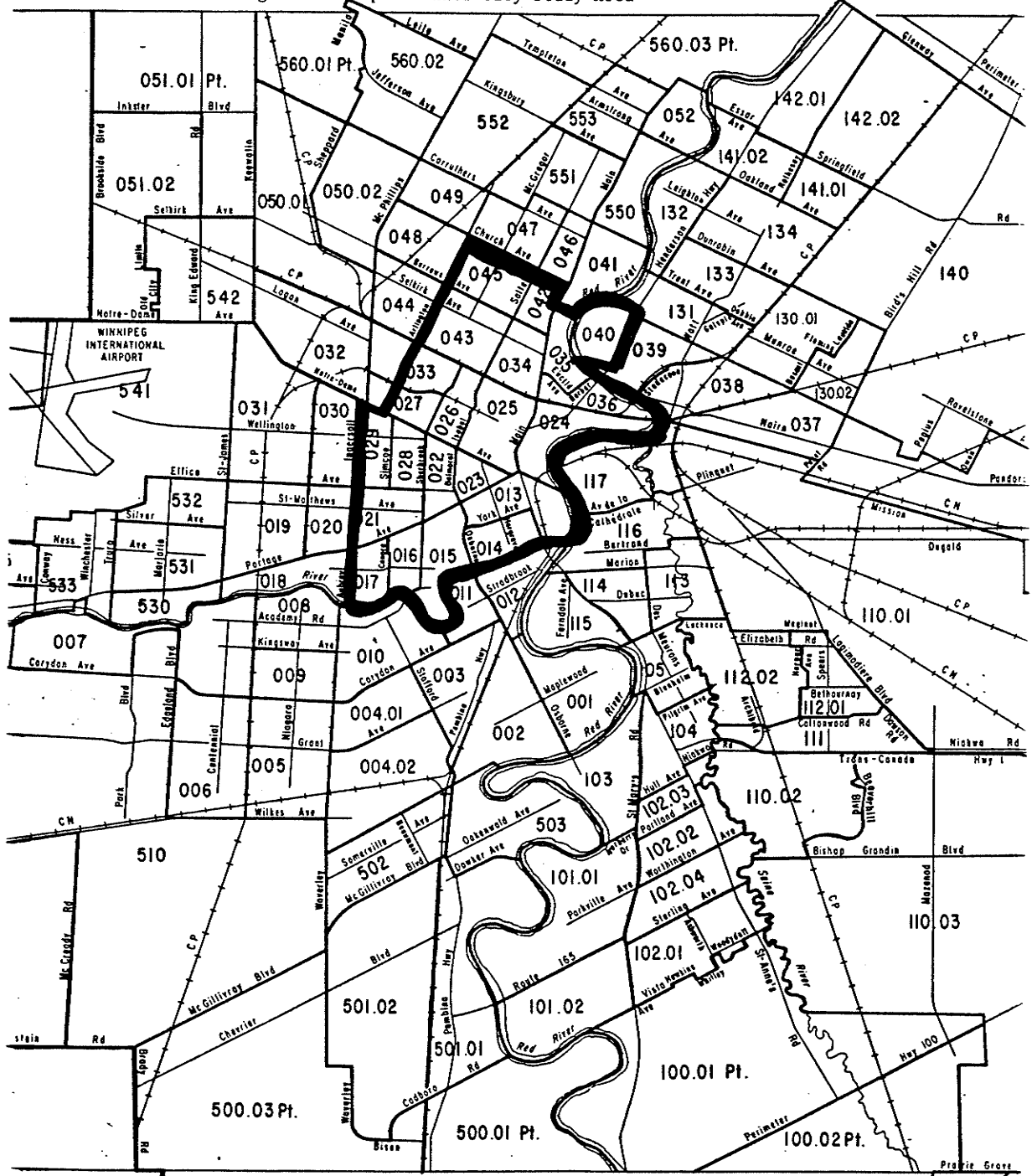


Table 1 provides some statistical information on the Inner City and the Winnipeg Census Metropolitan Area (CMA) for 1971 and 1981. This information establishes patterns of change in the Inner City area and helps to identify processes of change that may be reshaping inner city neighbourhoods.

The Census Metropolitan Area (CMA) is defined as "the main labour market of a continuous built-up area having a population of 100,000 or more" (Canada Year Book, 1978-79, p. 136-137). It should be noted that the inner city boundary has changed over the 10 year period. This phenomenon illustrates the other major limitation of the McLemore definition. The McLemore formula in essence creates obsolescent neighbourhoods. As the pace of new housing developments increases, the percentage of the average age of the housing stock for the entire city decreases. This decline in the average age of the housing stock over time results in an increased area or increased number of census tracts which are determined to be inner city areas according to the McLemore formula. To illustrate this point, in 1971, using the McLemore formula of pre-1946 housing stock, the inner city area encompassed 21 census tracts. However due to the drop in the proportion of pre-1946 CMA housing stock from 42% in 1971 to 25% in 1981, the number of census tracts considered to be inner city based on the criteria rose from 21 tracts to 39 tracts. In this particular study, the same geographic area (21 tracts from 1971 analysis) has been used in order that a comparative descriptive statistical analysis could be undertaken.

From the information contained in Table 1, some trends can be highlighted. Clearly the inner city is experiencing an outflow of

TABLE 1 - CENSUS DATA

CHARACTERISTIC	INNER CITY		WINNIPEG CMA	
	1971	1981	1971	1981
1. Population % change	91,560	71,408 -22%	540,625	584,842 +8%
2. Age				
Less than 19	25,985(28%)	18,085(25%)	174,785(32%)	174,750(30%)
Over 65	10,840(12%)	12,120(17%)	51,250(9%)	67,395(12%)
3. Number of Households	33,810	30,490	186,670	217,205
4. Household Size	2.7	2.3	3.2	2.6
5. Number of Families	19,915	14,970	132,860	152,145
6. Family Size	3.1	3.0	3.5	3.1
7. Family Structure				
Two Parent	-	11,655(78%)	-	132,710(87%)
Single Parent	-	3,315(22%)	-	19,435(13%)
8. Ethnic Origin				
British	30,980(34%)	17,480(25%)	232,125(43%)	210,065(36%)
French	6,325(7%)	3,355(5%)	46,205(9%)	44,185(8%)
Other	54,255(59%)	49,275(70%)	261,935(49%)	330,592(56%)
9. Born Outside Canada	27,965(31%)	24,455(34%)	107,425(20%)	112,135(19%)
10. Educational Level				
Less than Gr. 9	40,765(48%)	16,840(25%)	197,530(40%)	73,410(14%)
University Grad	2,750(3%)	3,855(6%)	24,800(5%)	43,715(8%)
11. Occupied Dwellings	33,735	30,485	166,480	217,210
Single Detached	11,825(35%)	10,700(35%)	105,565(63%)	128,500(59%)
Multi-Unit	21,910(65%)	19,785(65%)	60,565(37%)	87,900(41%)
12. Pre-1946 Construction	26,100(77%)	17,050(56%)	69,005(42%)	54,205(25%)
13. Condition				
Minor Repairs	-	21%	-	16%
Major Repairs	-	8%	-	5%
14. Mobility				
Moved in last 5 Yrs	57%	78%	50%	48%
15. Rooms per Dwelling	4.7	4.7	5.1	5.3
16. Owner Occupied	10,475(31%)	9,730(32%)	98,375(59%)	127,690(59%)
17. Average Value of Dwelling	\$14,166	\$38,244	\$ 17,780	\$ 58,666
18. Average Annual Gross Rent	966	2,926	1,296	3,840
19. Unemployment Rate	10%	8%	7%	5%
20. Average Household Income	\$ 6,542	\$14,842	\$ 9,382	\$ 23,208
21. Incidence of Low Income				
Families	-	32%	-	14%
Unattached Individuals	-	52%	-	40%

population. While the declining number of children should be viewed within the context of a universal movement towards smaller families, it should be noted that there was a greater rate of decline of the number of children in the inner city. The population of inner city is aging as senior citizens are becoming a greater percentage of the population of the inner city. Household size and family size is lower in the inner city indicating a greater concentration of single people. Ethnic groups or new Canadians have become a larger proportion of the population. A very interesting statistic is the dramatic decrease in the number of people in both the inner city and CMA who have less than a grade 9 education. However, the inner city remains substantially higher than the CMA in this category. The percentage of single units to multi-unit dwellings has remained fairly constant in the inner city indicating that there is little evidence of conversion of single units to multi-unit dwellings in the inner city during this period of time. Many of the older pre-1946 dwellings have been demolished and coupled with an increase in new construction, this has resulted in a decline in the proportion of older housing as a percentage of the entire housing stock. Inner city dwellings still tend to be smaller than CMA dwellings as indicated by the lower average number of rooms per dwelling. The percentage of owner occupied dwellings in the inner city appears to have remained fairly constant over this period of time. The value of inner city dwellings has appreciated at a lower rate than the Winnipeg CMA. Rent prices increased at about the same rate in both the inner city and the CMA but the average inner city gross rent remains about 25% lower than the CMA. Unemployment rates remain higher in the inner city.

Household income tended to rise at a greater rate in the CMA as compared to the inner city, while the average household income level in the inner city remained substantially lower than that of the CMA. The incidence of low income amongst families and individuals remains substantially higher in the inner city as compared to the CMA.

It is evident from Table 1 that there are a variety of physical and social processes operating in the inner city which contribute to urban decline. These patterns of change for the entire inner city are too general to explain the types of changes that are occurring in all inner city neighbourhoods as there are a variety of processes that may be identified as operating in different inner city areas. In an attempt to better identify the change processes that are occurring in the neighbourhood units of the inner city, the following section of this chapter considers methods of determining types and conditions of inner city areas relative to the neighbourhood characteristics.

Types of Inner City Neighbourhoods

McLemore et al. (1975) have developed a typology which classifies neighbourhoods in terms of the direction of change irrespective of their initial character or starting position. Four types of areas are outlined. Ten characteristics which are meant to reflect physical economic and social conditions in each area are used to identify the dimensions of each neighbourhood. The dimensions of the four types of areas are illustrated in Table 2.

The four types of areas can be outlined as follows:

- "1. Decline is applied to areas undergoing continuous and worsening physical deterioration, outflux of the economically mobile

Table 2 Dimensions of the four types

	Decline	Stability	Revitalization	Massive redevelopment
Population	Continuing loss of population	No significant losses or gains	Little change	Gain in population
Socio-economic status	Decreasing	Stable	Increasing	Increasing
Family status	Increasing proportion of non-family units and elderly	Maintenance of population mix	Maintenance of population mix	Loss of families, gain of singles, young couples
Ethnicity	Varies-can be influx of deprived ethnic group or breaking down of traditional community	Sometimes strong ethnic community	Sometimes loss of ethnic groups	Seldom important
Community organizations	Poorly organized, unstable	Varies	Increasingly well organized	Usually unorganized
Physical conditions	Worsening	Stable	Improving	Improved housing, possible environment problems
Housing/land costs	Increasing much less than metro average	Increasing at same rate as metro average	Increasing more rapidly than metro average	Increasing more rapidly than metro average
Tenure	Increasing tenancy	Varies, but often high ownership	Little change	Tenancy
Non-residential functions	Loss of commercial-industrial functions with no replacement	Maintaining a mix of functions	Maintaining a mix of functions	Losing some commercial functions, but gaining others
Pressure for redevelopment	Low	Low	Strong, but controlled	High

(McLemore, 1975, P.7)

population, development of a series of social problems, lack of community organizations, etc.

2. Stability is used to apply to areas which have become relatively stable, physically and socially, because of a function which the area continues to serve (e.g. working class community, immigrant receiving area). Physical deterioration and social pathologies are not severe, and pressure for redevelopment is characteristically low.
3. Revitalization is the term applied to areas which are experiencing an influx of people more affluent than the present population. The newcomers buy, rehabilitate and occupy existing houses, gradually improving the physical quality and changing the population composition of the area.
4. Massive redevelopment refers to areas where public or private redevelopment projects are drastically altering the physical form and population composition" (McLemore, 1975, p. 5).

McLemore points out that

The four areas are ideal types; that is, they represent a simplification of reality. The development of neighbourhoods is an extremely complex process, and seldom will a case fit exactly into one or other of the four types. Areas often exhibit combinations of two or more types, though they may tend toward one particular pattern. An area traditionally defined as a neighbourhood may also consist of several sub-areas, each of which may be experiencing different basic trends (McLemore, 1975, p. 5).

The typology, therefore, should not be applied too literally. It should be used as a tool to further develop an understanding of the inner city. It illustrates that the inner city is not a homogeneous and uniform area, but points out four differing patterns of change occurring in inner city areas.

The typology developed by McLemore and the ten characteristics used to identify the dimensions of the neighbourhood type will serve as a framework from which the patterns of change occurring in an inner city community can be further examined. In order to better analyse these

patterns of change, the next section of the chapter will explore theories of urban decline.

Hypotheses of Urban Decline

Explaining the patterns and processes of urban decline is a very complex undertaking. There are numerous descriptions of the factors and causes of urban decline. These descriptions often tend to be characteristic specific and are limited in that they usually lack the development of a framework which would serve to provide a theoretical understanding of the pattern and processes of urban decline. L.S. Bourne (1978) attempts to develop a framework which he describes as more of a set of hypotheses rather than a set of theories of urban decline. This approach allows for specific factors to emerge from each of the hypotheses and seems to provide the most comprehensive framework for explaining the patterns and processes of urban decline. The approach is also appealing because it is realistic in that it does not claim to be definitive, such as having the status of a theory, but serves to provide an exploratory framework for analysing urban decline patterns and processes. Bourne's eight hypotheses of urban decline will be used as a framework for better understanding the dynamics of urban decline in this section of the chapter.

1. Ecological Hypothesis

The ecological approach can be viewed from two perspectives: the traditional theory of human ecology and contemporary theory of human ecology.

Traditional ecological theory is rooted in the works of Parks, Burgess and McKenzie (1925) who developed the idea of concentric zones

of income groups evolving outwards from a city centre with rising income. They applied the concepts and principles derived from plant and animal ecology to the analysis of the human community. Their studies focused primarily on the processes of competition, dominance, and succession, and their consequences for the distribution of population groups and commercial activities throughout the community. The human community was viewed as a dynamic adaptive system in which competition served as the primary organizing agent. Under the pressures of competition, each individual and group carved out both residential and functional niches in which they could best survive and prosper.

Industries and commercial institutions competed for strategic locations which enabled them to exercise dominance over the functional use of land in other parts of the community. The most strategic location, or area of dominance, was usually the centre of the community. It was here that the largest number of people converged to work, shop, and conduct their business. Land values were much higher in the central business district (CBD) than the surrounding areas. Consequently, speculators acquired the land immediately adjacent to the CBD with the expectation of reaping profits when the CBD expanded. Because land held for speculative purposes was usually neglected, the area surrounding the CBD often deteriorated into a slum or the "zone in transition".

The inner city performed an important function for the community. The inner city was viewed as being the point of entry or first settlement for immigrants or other disadvantaged groups because of its relatively inexpensive housing and proximity to expanding industries. Many ecological studies documented the invasion-succession sequences

that followed the ethnic immigrants. Each immigrant group initially concentrated in a highly segregated ethnic enclave within the deteriorating zone and with the passage of time they were able to climb the socio-economic ladder and escape the better residences further removed from the slums only to be replaced by another wave of newly arriving immigrants.

The driving factor in this ecological model was the growth of the city's population through in-migration particularly of ethnically different populations and the corresponding growth of the central business district through economic growth.

"Immigrants invasion of the city has the effect of a tidal wave inundating first the immigrant colonies, the points of first entry, dislodging thousands of inhabitants who overflow into the next zone, and so on until the momentum of the wave has spent its force on the last urban zone. The whole effect is to speed up expansion, to speed up industry, to speed up the junking process in the area of deterioration" (Park & Burgess, 1925, p. 57).

These succession-like movements take place within a model of concentric zones which reflect stratification of areas of increasing social status outward from the city centre.

Although immigration was viewed as the major source of invasion-succession process, McKenzie (1925) outlined other conditions which initiate the invasion of a new population into a neighbourhood:

- "1. Change in transportation forms or routes.
2. Physical obsolescence due to age, change in use or fashion.
3. Erection of major public or private buildings.

4. Change in structure or introduction of new industry.
5. Redistribution of income of residents due to economic change.
6. Real estate promotion changing the demand for sights" (Park & Burgess, 1925, p. 75).

If the invader is offered little resistance, the new population begins a process of displacement and selection which eventually drives the majority of the former residents away. The degree of solidarity and type of invader will determine the strength of resistance by the resident population. The invading population will have the strongest effect on land values and rentals.

The climax of the process occurs when the dominant group is able to withstand invasion. Structures become uniform, land values stable and there is less competition for land, housing, and commercial space. The result is a well defined neighbourhood, defined in terms of land values with the highest land values at the centre and the lowest at the periphery.

Related to the theory of invasion and succession is the theory of filtering. "Filtering is an indirect process for meeting the housing demand of a lower income group. When new quality housing is produced for higher income households, houses given up by these households become available to lower income groups" (W. Smith, 1964, p. 1). Very simply, the housing stock "filters down" to lower income residents as it ages. Inherent in the process is the arrival of new low income residents as well as young couples. These new arrivals are forced to inhabit the cheapest accommodation. Invasion-succession theory represents the addition of a sociological element to filtering's mechanical supply and demand perspective.

The filtering concept can be traced to an empirical study made during the 1930's by Homer Hoyt. His study offered a concept which explained and predicted the location within a city of certain types of residential uses - the so called "sector theory". The theory implied a succession of occupancy in dwellings originally built for higher income families. Filtering was a dynamic element in sector theory.

Hoyt's essential notion was

that as a city grows, the fashionable residential district moves outward from the centre, always in the same direction. Obsolete houses left behind by the well-to-do become occupied by the poor, particularly recent immigrants. A number of rules determined the direction which fashionable residential development would take. It moves towards high ground, for example, along the best transportation routes, and avoids dead ends which would impede further movement. Pre-existing, commercial nuclei may exert a pull on high income residential development and real estate promoters may succeed in bending the direction of this growth (Hoyt, 1939, p. 114-21).

Filtering is rooted in an orthodox view of the housing market.

Housing price is determined by impersonal market relationships. Landlords will only rehabilitate their property if the marginal revenue is greater than the marginal cost of doing so. Imperfections occur in the system due to short run profiteering in various sub-markets. However competition will return the market to an efficiently allocative mechanism. Neighbourhood decline occurs when the return on the properties in a neighbourhood diminishes to minimal cashflows and there is no capital appreciation or tax shelters. Reduced demand results in rapid filtering. Reduced supply results in disinvestment (Solomon & Vandell, 1982, p. 84).

There are a number of weaknesses with traditional ecological theory.

Critics pointed out its muddled distinction between biotic and cultural elements, its excessive reliance on competition as the basis for human organization, its total exclusion of cultural and motivational

factors in explaining land use patterns, and the failure of its general structural concepts such as concentric zonation to hold up under comparative examination. Taken together, these criticisms served to call into question the overall validity of the traditional ecological approach. In the face of mounting skepticism in the late 1930's and the 1940's, human ecologists all but abandoned their broad theoretical and empirical studies of community structure (Berry & Kasarda, 1977, p. 6).

In 1950, Hawley was successful in reviving ecological theory which involved the development of what could be termed contemporary ecological theory. Hawley's work began to examine the functional interdependencies of man's collective life. This was in contrast to the competitive orientation of traditional ecological theory. Community structure was construed as a territorial based system of functional interdependencies that results from the adaptation of a population to a constantly changing yet restricting environment. Adaptation is considered to be a collective phenomenon, resulting from the population developing a functionally integrated organization through the accumulative and frequently repetitive actions of a large numbers of individuals. "The basic premise of the ecological approach is that as a population develops an effective organization, it improves its chances for survival in its environment" (Hawley, 1971, p. 11).

Berry and Kasarda (1977) identified four reference variables which contemporary ecologists utilize in analysing change and stability within social systems. These four variables - population, organization, environment and technology constitute the "ecological complex". They are reciprocally causal and functionally interdependent.

Contemporary ecologists tend to conceptualize these four reference variables rather broadly.

Population refers to any internal structured collectivity of human beings that routinely functions as a coherent entity. Organization refers to the entire network of relationships that enable a population to sustain itself in its environment. Environment is defined as all phenomena, including other social systems, that are external to and have influence upon the population under study. Technology refers to a set of artifacts, tools, and techniques employed by a population to obtain sustenance from its environment and to facilitate the organization of sustenance producing activities. Through the application of technology populations are not only able to adapt to their environment, but they are often capable of substantially modifying it (Berry & Kasarda, 1977, p. 6-7).

Urban decline, from this contemporary ecological perspective, would involve the impact of change in one of the four reference variables. Therefore, as an example, the impact of the outflow of the population from the inner city and the role technology has played in substituting capital for labour in the production process would be factors from a contemporary ecological perspective which would contribute to urban decline.

In a contemporary interpretation of the invasion-succession approach, Hudson (1980) applied the theory to analyse processes of revitalization. He identified a set of sub-processes, acting within the succession process.

These include immigration, establishment, site modification, competition, and ecosystem stabilization. Immigration is the process whereby the initial pioneers enter an area. Survival of these pioneers in the area indicates the establishment of a new and different population from the indigeneous population. Once the new population is established, the process of site modification begins. In the case of inner city neighbourhood changes, the process can include restoring and renovating housing, lowering densities, and the development of new commercial and service functions.

The pioneers may begin a process of site modification that eventually alters the area to such a degree that the pioneers themselves are not able to remain. The later arrivals are able to compete with the pioneers and are able to dislocate them. Such invasions and successions always involve the expenditure of a certain amount of energy in the process of adaptation. These activities are in part preparatory to the later functioning of the community. There is a need to accumulate information in order for the system to operate smoothly and that in time acquired information is expressed in a new organization of the ecosystem. As the process of adaptation works itself out, there is less energy expended in such activities and the community moves to greater stability (Hudson, 1980, p. 403).

Neighbourhood revitalization can be seen as completed when communities reach the stage of maturity or stability at which the process of invasion-succession has run its course. A new stability has developed. The community develops a network of relationships that is well suited to the population and are successful in halting the invaders. The rapid changes that marked the earlier periods of revitalization decrease. While the population may be characterized by turnover through immigration and outmigration, the basic demographic characteristics will remain the same, as will several aspects of the community's social organization.

The ecological approach is criticized because

it leaves an impression of a mechanistic or natural evolution of the urban structure, not unlike that of biological communities. The older inner parts of the city become depositories for those unable to compete and those newly arrived. As we now know there is little about this process which is in fact natural or predetermined. It assumes rapid urban growth, in-migration and industrial economy and the relative absence of planning. It is devoid of psychological attitudes. It ignores the variety of other forces which can lead to decentralization and the segregation of land uses and social groups, and to inner city decline or revitalization (Bourne, 1978,

p. 32).

2. Consumer Preference Hypothesis

The consumer preference hypothesis can be broken down into two components - an economic component and a socio-cultural component.

The economic component of the consumer preference hypothesis is based on a neo-classical, micro-economic model of urban structure which focuses on locational preferences of firms and households. The decline of the inner city is viewed as the logical consequence of the working out of preferences and tasks in the market for urban land and housing.

Households demand goods and services in the amounts and proportions which best satisfy their preferences; that is, they attempt to maximize their utility. Firms supply goods and demand land, labour, and capital in the amounts and proportions which maximize their profits. The distribution of the value of net output between the three factors of production - land, labour, and capital - is explained with reference to marginal productivity theory. According to this theory, each of the three factors will be used until they cost more to use than the value they produce. The price for any factor is determined at the margin (Toupin, 1985, p. 40).

A central issue of this neo-classical model of urban structure is that of the preference trade-off between cheaper land and accessibility. Alonso (1971) developed a static model to explain the paradox he observed that the poor tend to live in the centre of the city on expensive land while the rich tend to live on the periphery on cheaper land. He explained this phenomenon in terms of the consumer balancing out their costs and preferences. "A consumer, given their income and patterns of tastes, will seek to balance the cost and bother of commuting against the advantages of cheaper land with increasing distance from the centre of the city and the satisfaction of more space

for living" (Alonso, 1971, p. 159).

People have chosen not to remain in the inner city or at least have shown a preference for living in suburban areas, despite the higher costs of commuting to work.

As locational preferences shift away from the inner city, and the demand for housing declines, then housing will deteriorate and abandonment will spread. The argument is that people are willing to move to the suburbs because of their preferences for new housing, larger lots, lower densities, or other amenities outweigh the costs and inconvenience of commuting. In other words, the elasticities of demand for suburban housing services are higher than for older housing, and commuting becomes an inferior good. The result is that people are pulled to the suburbs and away from the central city (Bourne, 1978, p. 30).

There are a number of weaknesses in the neo-classical preference position. Firstly, the journey to work is in many cities now no longer for suburban residents than for central city residents. This brings into serious question the validity of the housing vs commuting cost trade-off hypothesis. Secondly, other dimensions besides the housing vs commuting cost trade-off need to be taken into consideration such as dwelling characteristics, location, quality of the physical environment, and the social status of the neighbourhood. Also, factors such as high taxes, crime, and poor services tend to push residents out of the inner city. Thirdly, probably the most important factor which has influenced preference for suburban locations has been the rapid growth of personal income which has allowed people to consume more housing. Finally, the micro-economic preference approach assumes the free hand of a competitive market. It ignores the constraints imposed on the market by government, institutions, and social attitudes.

A second component of consumer preference theory looks at the socio-cultural factors which influence preference options. The decline of the inner city from this perspective is linked with cultural predispositions of North Americans. "There is a tendency of North Americans to prefer the new over old, private over public places, low density over high density, and mobility over stability" (Berry & Kasarda, 1977, p. 175). These characteristics are to be found more so in a suburban than an urban environment. Consequently, these cultural values play a major role in shaping preferences which favour suburban development.

Socio-cultural preference features have been also used to explain regeneration dynamics of inner city neighbourhoods. Jacobs (1961) developed the theory of "unslumming" which was essentially based on the notion of people's preference to remain in the inner city. "Unslumming hinges paradoxically on the retention of a very considerable part of the slum population within a slum. It hinges on whether a considerable number of the residents and businessmen of the slum find it both desirable and practical to make and carry out their own plans right there, or whether they must virtually all move elsewhere" (Jacobs, 1961, p. 272).

Some of the reasons inner city residents remain in the core area by choice after it is no longer economically necessary to do so relates to the personal content of their lives.

The choice has much to do with the slum dwellers' personal attachments to other people, with the regard in which they believe they are held in the neighbourhood, and with their sense of values as to what is of greater and what is of lesser importance in their lives. Indirectly, however, the will to

stay is obviously influenced by the physical factors of the neighbourhood. The treasured security of the home base is, in part, a literal security from fear. People who do stay in an unslumming slum, and improve their lot within the neighbourhood, often profess an intense attachment to their street neighbourhood. It is a big part of their life. They seem to think that their neighbourhood is unique and irreplaceable in all the world, and remarkably valuable in spite of all its shortcomings (Jacobs, 1961, p. 279).

Jacob concludes that urban renewal plans "need not bring back a middle class, and carefully protect it like an artificial growth. Inner cities grow a middle class. But to keep it as it grows, to keep it as a stabilizing force in the form of a self-diversified population, means considering the inner city's people valuable and worth retaining, right where they are, before they become middle class" (Jacobs, 1961, p. 282).

The notion of the invading middle class "back to the city movement" or the process of gentrification is also an illustration of neighbourhood change utilizing consumer preference theory. Most writers, however, tend to view the process of gentrification as more of a collective consumer preference phenomenon as opposed to the exercise of individual consumer preference. Allen (1980) identifies three types of motives for this middle class back to the city movement which includes practical factors, preference factors, and ideological factors.

The practicality of inner city living tends to be further enhanced by energy shortages, poor public transportation between cities and suburbs, and the convenience of the extent of public transportation within cities. Some people have taste and preferences for dense neighbourhood styles of life such as wanting to spend less time commuting and more time with families; liking the architectural or historical character of a neighbourhood, preferring to live in a restored old house rather than a new one; the participatory style of life through a

neighbourhood voluntary association which is often characteristic of a gentrified community; and simple pleasures such as taking walks, that many suburbs paradoxically have lost through growing dependence on the automobile in the latter. Ideological undertones of commitment to a dense redeveloped city neighbourhood include intergenerational differences in social values - young people of the 1960's, now in the home buying phase of life, were inculcated and remained concerned with the urban social problems they were exposed to in college and the mass media; the gratification of involvement and participation in a social movement; and interest in the social and cultural diversity of the inner city represents a child rearing advantage over "homogeneous" suburbs, because children are exposed to social "reality" and to the give and take of social accommodation with those who are different. For adults, the urban ambience of diversity is a continual source of stimulation and renewal and a reminder of the cultural relativity of one's own style of life (Allen, 1980, p. 413).

While urban renewal often actively encourages this movement of the middle class back to the city as a means to improve neighbourhood stability, there are negative consequences to this approach.

Because it also leads to increasing competition for inner city housing, more and more urban planners are beginning to question the assumption that the movement is necessarily progressive. Some of the costs now being realized are: the displacement of previous residents due to sudden increases in rents or property taxes; the deconversion of multi-unit structures into lower density units, resulting in a net loss in the number of housing units in the city; and higher costs for improved municipal services demanded by the new articulate middle class residents (Weston, 1982, p. 11).

It is interesting to note the analysis developed by Smith (1979) about the process of gentrification in which he questions the assumption that gentrifiers are simply disillusioned suburbanites. Smith argues that gentrification is a back to the city movement all right, but of capital rather than people.

A broader theory of gentrification must take the role of producers, as well as consumers into account, and when this is done, it appears that the needs of production - particularly the need to earn profit - are a more decisive initiative behind gentrification than consumer preference. Gentrification is a structural product of the land and housing markets. Capital flows where the rate of return is the highest, and the movement of capital to the suburbs along with the continual depreciation of inner city capital, eventually produces a rent gap. When the gap grows sufficiently large, rehabilitation (or for that matter, renewal) can begin to challenge the rates of return available elsewhere, and capital flows back. The so-called urban renaissance has been stimulated more by economic than cultural factors in the decision to rehabilitate, an inner city structure and the consumer preference that tends to stand out above the others - the preference for profit, or preference to make a sound financial investment" (N. Smith, 1977, p. 540, 546).

Gentrification, therefore, could be interpreted within the framework of both the economic and socio-cultural elements of the consumer preference approach.

A major shortcoming of the consumer preference hypothesis is its heavy emphasis on the free market approach and lack of analysis of the structural and institutional factors which impinge on free market forces. For many inner city residents, the exercise of choice or preference in locational and accommodation decisions is non-existent. They are forced to live in conditions that are deplorable because of their limited income.

3. Obsolescence Hypothesis

Closely related to preference theories of urban decline is the view that the built environment and social infrastructure of the inner city have become obsolescent. Obsolescence can take several forms.

"Functional obsolescence involves the existing structure, such as a port

facility, becoming no longer economically usable because of design, location or demand. Physical obsolescence involves the structure becoming simply uninhabitable. Social obsolescence involves preferences changing to the extent that the structure is no longer in demand" (Bourne, 1978, p. 35).

Functional forms of obsolescence could involve "site obsolescence factors such as the lack of off street parking. Locational obsolescence would result if improving transportation networks caused certain neighbourhoods to become relatively less accessible to jobs and other centres of activity. If they become absolutely less accessible, as could happen to central city neighbourhoods if jobs suburbanized, they would have suffered a form of deterioration" (Grigsby et al, 1984, p. 39).

Instances of physical forms of obsolescence include style and structural obsolescence where "multi-story Victorian houses exist in a market where the preponderance of households prefer ranch style dwellings. Residences with archaic electrical wiring or water pipes are examples of equipment obsolescence" (Grigsby et al, 1984, p. 39).

Forms of social obsolescence may occur with the appearance of better products, or a shift in consumer preferences in favour of safety, status, privacy and other consumption objectives, or a shift in the way consumers relate various housing attributes to these objectives. A central city neighbourhood could also become locationally obsolescent if consumer preferences shifted in favour of outdoor space. Conversely, if tastes change in favour of easy walking distance to shops, churches, schools, and the like, outlying neighbourhoods would become obsolescent

with those within the urban core.

Associated with neighbourhood obsolescence is a shift of some households to the new home market. Builders continually try to attract customers away from the standing stock by offering features which existing homes do not have.

Thus, the same new home construction that may be partially a consequence of obsolescence creates additional obsolescence. To protect their properties from declining demand due to obsolescence, owners as a group invest large sums annually in modernization of their properties. But some structures are difficult to modernize even at great expense, and a private owner can do little to counteract site or locational obsolescence. Neighbourhoods with numerous housing units affected in this way thus experience a decline in demand, either absolute or relative to others, or both (Grigsby et al, 1984, p. 40).

Although obsolescence is an almost inevitable consequence of aging buildings and their environment, the pressures of aging need not imply obsolescence. The impact of technological change on residential and industrial buildings and organizations must also be looked at as a factor which contributes to obsolescence over the passage of time.

Obsolescence can be analysed in functional and physical forms, but it is largely socially defined and thus is closely linked to preference theory. Urban decline can be viewed, therefore, a

stemming in large part from the market consequences of preference for suburban living and the rise in incomes which permits these preferences to be satisfied. As families who can afford to do so move outward to new homes, they initiate a filtering process which initially makes better structures available to low income families and ultimately results in the abandonment of the worst sectors of inner city housing stock. As values decline, however, home purchases become impossible, landlords' attitudes about upkeep shift, responsible ownership gradually disappears, institutional leaders withdraw

from the market, the upgrading activities that occur on a regular basis in a stable neighbourhood in order to combat obsolescence cease, and even the city reduces its level of services. Thus several forms of neighbourhood abandonment occur even while the structures are occupied. In contrast to what is assumed in the filtering image, that the low income families improve themselves as they move upwards in the housing stock, the filtering process is seen here as being perverse in its effects. The poor are in a real sense the victims as well as the beneficiaries of housing progress. They get less housing for their money than they would in a stable market. Demand site subsidies do nothing to ameliorate the problem, because there is no way for individual property owners to prevent site and locational obsolescence; they cannot alter either lot sizes or street patterns or surrounding land uses.

The key element of the obsolescent image, though, concerns middle and upper income families. Since their desire for low density and for greenery is so widely held and deep seated, and since inner city row housing cannot be readily adopted to satisfy these preferences, residential rehabilitation, better city services, and related programs to prop up the inner city are incapable of stemming the outward flow."³⁶ (Grigsby et al, 1984, 83)

An essential criticism of the obsolescence hypothesis, which is not unlike that of preference theory, is that the model assumes the major role that the free hand of the competitive market plays in social obsolescence related preference deficiency. Such a position does not take into account institutional factors which are important in terms of the issue of urban decline.

4. Unintended Policy Hypothesis

One view of public sector policy in shaping urban areas examines the declining inner city in the context of the indirect and largely unintended result of non-urban policies at the national level and their detrimental impact on the inner city. These policies were designed to achieve other results and objectives, but when combined have had the

side-effects of creating and exacerbating many of the traditional inner city problems. The "hidden or unintended urban policy" is referred to within this framework.

A clear example of how national policy impacts the inner city detrimentally involves the national government's policy with respect to economic recovery in the early eighties.

As recent economic policy statements reveal, Canada's strategies for economic recovery involves the primary objective to restore profitability and competitiveness in certain Canadian industries and provide more favourable conditions for private investment in the country. The private sector is seen to be the "engine" for economic recovery. To achieve these goals, inflation is put forth as the number one problem. The causes of inflation are seen as workers wages, government spending, and low productivity rather than monopoly control of prices. The means of curbing inflation are such austerity measures as the federal 6 and 5 wage restraint program and cutbacks in social spending (eg. hospitals, medicare, public services, education and foreign aid). These measures in turn have been strengthened by a series of corporate tax reductions and direct investment incentives for such sectors as the petroleum industry. In effect the survival of capital takes priority over labour in present strategies for economic recovery (Baum & Cameron, 1984, p. 11).

The people who most have to sacrifice in an economic recovery strategy, where inflation is given primary attention and unemployment is viewed as an inevitable problem, are the working poor, the unemployed, young people, women and those on fixed income - the people who tend to be concentrated in the inner cities of our country. For it is these people who are most vulnerable and who suffer the most from layoffs, wage restraints, and cutbacks in social services. Because inflation rather than unemployment has been recognized as the number one problem to be tackled in order to overcome the present crisis, urban decline is

further accelerated. Those least able to cope with the crisis are forced into even more dire straits. The cumulative effect of such a policy preference is to contribute to the deterioration of the already marginal quality of life and living conditions in the inner city.

A second illustration of the unintended policy hypothesis involves post war housing policy. After World War II, factors such as the return of soldiers, the increase in marriages and births, and the accumulated backlog of unfilled or potential demand for separate households that had built up through the depression and the war, created a tremendous need for the construction of new housing. This tremendous need for new housing posed a major dilemma for the government.

In many older cities there was relatively little vacant land on which new residential structures could be built - or the land available was not suitable for residential building. Urban renewal, whether public or private, would have been too slow in assembling and clearing sites and in building new apartments. Destruction of older housing, however poor as long as it was livable, would have created still more serious housing difficulties. The obvious direction to go in providing new housing was toward the suburbs. The additional households simply had to be located somewhere, and neither farms nor old inner city centres were in good positions to absorb them (Clawson, 1975, p. 182).

Federal government housing policy during this post war period sought to accelerate new housing construction. However,

the effect of these various programs was to stimulate the building of single family homes for sale to home buyers. The low down payments, low monthly payments, income tax reductions, and subsidized services, all combined to stimulate purchase of homes. In total, the scales were steeply tipped toward home purchase, as against co-operative apartments or as against rental. The single family home on its separate lot is a voracious consumer of suburban land, and thus federal measures to stimulate this type of house building indirectly strongly stimulated suburbanization (Clawson, 1975, p. 185).

While such federal initiatives were well intentioned at the time, their overall effect, when combined with unfavourable tax treatment on improvements to older housing, was to seriously undercut the demand for existing housing units. This in turn reduced the incentive to maintain older housing stock in the inner city. At the same time financing for older housing was costly and restricted.

A third example of detrimental unintended policy which impacts inner city areas involves the field of transportation. These policies were initiated by national governments to provide for the construction of highways within and between major cities.

The construction of an extensive network of interstate and intra-urban freeways vastly improved the accessibility of outlying suburban areas as places for living and working. In doing so, however, it encouraged decentralization and reduced the relative locational advantages of the inner city. Moreover, the financing of the highway system diverted public works funds which might otherwise have gone into public transit maintenance and financing of new transit construction, further depressing the attractiveness of the inner city. The construction of the highway network had the direct effect: it destroyed vast areas of the inner city. It removed social infrastructure, or paved it over, reduced the tax base, depressed land values and ruined the environmental quality of many inner city neighbourhoods (Bourne, 1978, p. 38).

The consequences of these actions served to further promote urban decline. At the time of original consideration of these policy initiatives, the negative impact of the policies were not anticipated.

5. The Exploitation Hypothesis

The exploitation hypothesis involves the examination of power and influence within an institutional and structural framework. In order to best deal with this approach, it is useful to analyse the exploitation

hypothesis from two perspectives. The first perspective examines the role of agents and institutions in terms of the allocation of resources, power relationships within urban areas, and who makes decisions which influence the inner city. A second perspective attributes inner city decline to the systematic exploitation of classes under the capitalist mode of production.

The first perspective, the institutional approach, sees the inner city being shaped by interest groups and institutions existing outside of its boundaries.

The crux of the problem is that we cannot have community unless we have an aggregate of people with some decision making power. Everybody recognizes that in the central city today the people who make decisions about it do not live there and do not feel themselves to be a part of its community. They may live in the suburbs or in another part of the world altogether. Hence the city as a decision making unit is really disintegrating. From being a social organism, it has declined to being a chance aggregation without even the organizational structure that permits the decisions to be made that will affect the local community. The central city is a victim of forces beyond its own control, a sacrificial lamb on the altar of corporate and national ambition. The great danger here is that the sense of local community will be wholly eroded by the sense of importance on the part of local people. This can create a situation in which the cities almost literally fall apart (Boulding, 1960, p. 1117, .

Lack of control over social and economic resources and decision making at the local community level can be characterized as major features of a process of underdevelopment. The process of underdevelopment is usually used to describe national or regional economies. However, the dynamics of underdevelopment would also appear to be present in terms of the ongoing deprivation experienced by an

inner city neighbourhood economy. The process of underdevelopment can be defined in broad terms as "the blockage of potential, sustained economic and social development geared to local human needs" (Rothney & Watson, 1975). "The primary mechanism by which local development is suppressed is by the outward drain of economic surplus from the region. The most significant loss from the failure to retain surplus is the destruction of local self-determination" (Watkins, 1977, p. 91).

Thomas (1974), in his analysis of underdevelopment, further reinforces the notion of surplus drain as being a major factor in the process of underdevelopment. He argues that the forms of economic dependency which are critical factors of the underdevelopment process include:

- "1. the reliance on foreign technology
2. the critical role of foreign decision making in domestic employment, output, and income generation
3. the persistent income drains which occur because surpluses obtained locally are transferred to owners of capital, technology, and managerial skills located outside the country or region" (Thomas, 1974, p. 51).

Morris and Hess (1975) provide a concrete illustration of the underdevelopment processes experienced by an inner city neighbourhood and the magnitude of the surplus drain from the local economy.

One of the earliest studies done in 1969 by Earl Mellors, examined the Shaw-Cordozo neighbourhood in Washington, D.C., a primarily low income area with a population of 87,000. Mellors discovered that the area had an aggregate personal income of \$144 million, of which \$44 million flowed out in taxes and fees. And, according to Mellors' best estimates, only \$34 million came back in services and public welfare, leaving an excess of \$10 million going outside the community. Even the \$34 million identified as money going back into the community goes mainly to people like police and teachers, who

live outside the neighbourhood and come in only to perform their services. Thus, there is no multiplier effect from this salary output on the local economy (Morris & Hess, 1975, p. 70).

It should be pointed out that because the local neighbourhood economy lacks in the development of an internal capacity, the majority of the \$100 million of aggregate personal income that not expended on taxes and fees also leaves the local economy. The present internal commerce of the community is dependent, as is its level of public services on commerce and personnel outside the neighbourhood as food, clothing and housing must be imported into the community. Under such circumstances, the neighbourhood exports the majority of its aggregate personal income. Inner city neighbourhoods, therefore, experience similar processes of underdevelopment as do nations or regions.

Pahl (1975) developed the notion of urban managerialism to describe the power brokers who controlled resource allocation and decision making within the urban context. Pahl described urban managerialism as "a sociology of organization of urban resources and facilities: the controllers, be they planners or social workers, architects or education officers, estate agents or property developers, representing the market or the plan, private enterprise or the state, all impose their goals and values on lower participants in the urban system" (Pahl, 1975, p. 207).

While Pahl recognized that these managers operated within a context of ecological constraints, he identified the managers as the independent variable of any analysis. This position had two major shortcomings. First, it was by no means clear how managers were to be defined, how their relative power was to be assessed, and that the identification of urban managers was largely descriptive rather than analytical.

Secondly, this approach seriously underemphasized the importance of the market and of central government in constraining the actions of urban managers.

These issues forced Pahl to revise his analysis. In his second version, he maintains that while it is still important to study those who control the allocation of resources, any analysis must be grounded in a specific theory of the economic and political environment in which the state operates.

We must be able to explicate the constraints within which the urban managers operate and to show the relationships between access and allocation in urban and regional systems. Unless we have a clearer notion of the nature of capitalist society, it will not be possible to come to a sound theoretical understanding of the city and the space economy. Certainly in terms of practical policies in connection with the urban crisis, it is clear that the attack at the level of urban management may be misdirected. It is rather like workers stoning the house of the chief personnel manager when their industry faces widespread redundancies through the collapse of world markets (Pahl, 1975, p. 203).

Pahl limited his identification of urban managers to state officials at the local level and argued that they perform crucial functions in mediating between the state and the local population on the one hand, and between the private sector and the welfare sector on the other. Urban managers, therefore, remain significant as allocators of scarce resources, but their control over the availability of resources is negligible. From being independent variables, they have become the intervening variables of any analysis.

While Pahl, in his reformulation of the managerialism thesis, identifies the nature of the constraints on urban managers such as ecological forces, the dependency on the private sector, and

central-local relations, he fails to theorize the situations in which these constraints become paramount, and to distinguish these from those situations in which managers may enjoy discretion in the use of their power. The work by Saunders (1980) on urban managerialism which draws on theories of the local state serve to further explicate the discretionary role of urban managers.

Saunders begins by maintaining that any attempt to formulate the role of the urban manager in the local state needs to take as its starting point the division of state functions of what O'Connor (1973) terms "social investment" and "social consumption".

Social capital is expenditures required for profitable private accumulation; it is indirectly productive. There are two kinds of social capital; social investment and social consumption. Social investment consists of projects and services that increase the productivity of a given amount of labour power and, other factors being equal, increase the rate of profit. A good example of this is state financed industrial parks. Social consumption consists of projects and services that lower the reproduction costs of labour and, other factors being equal, increase the rate of profit. An example of this is social insurance which expands the reproductive powers of the workforce while simultaneously lowering labour costs (O'Connor, 1973, p. 6).

Saunders uses the division functions developed by O'Connor to provide a further analysis of the role of the local state and urban managers, in terms of the allocation of resources.

While social investment, which involves the socialization of elements of constant capital investment by the state in order to reduce the costs of the private sector, is typically the responsibility of national and regional agencies in the corporate sector, social consumption, which involves the provision of collective support for the working population in the form of housing, social services and so on, is the prime responsibility of

local government operating in the competitive sector. The tension between corporate and competitive politics and between central and local government can thus be seen as the manifestation of the more fundamental tension between the state's need to support capital accumulation through social investment policies and its need to accommodate popular demands through social consumption policies (Saunders, 1981, p. 44).

A dualistic perspective of the state's functions, therefore, recognizes that different types of policies are located at different levels involving different degrees of accessibility for different types of political interests. Pluralist theories may be pertinent to an analysis of social consumption policies at the local level where the state is relatively open to popular demands within an overall context of political and economic restraints. However, a pluralist analysis is inadequate when addressing social investment policies as such influence is restricted to monopoly capitalist interests.

Saunders points out that

the significance of the urban managerialist approach in all of this is that the local authority officers stand at the intersection of central and local government and of investment and consumption policies. They are subject to conflicting pressures between a central state committed to supporting private sector profitability and a local population pressing for resources which, if provided, would contribute to a drain on profits. In this situation, urban managers appear to have little significance for an analysis of the causes of state policies, but they have a crucial significance for an analysis of how tension among these policies are moderated (Saunders, 1981, p. 47).

An illustration of the role key agents of the state can play in influencing policies which contribute urban decline can be found in the property tax reassessment issue in the city of Winnipeg. The city's assessor had failed to carry out his statutory obligation to do a

general property tax reassessment once every three years. The last time the city had a general reassessment was in 1962. The assessor's abrogation of his statutory duties created a situation whereby inner city residents were paying an inequitable portion of the tax load as compared to suburban residents. A study done by the Social Planning Council of Winnipeg in 1985 (Stevens, 1985) concluded that in the tax year of 1985, the older inner city wards paid an overpayment of \$15.39 million in property taxes, while the newer suburban wards made a \$14.73 million underpayment of property taxes.

This situation was very ironic because as a program such as the Winnipeg Core Area Initiative was injecting \$96 million into the inner city for redevelopment purposes over the 1981-86 period, an inequitable tax system drained out of the inner city \$15 million per year or \$50-75 million over that same period of time. Such a situation served to undermine revitalization efforts in the inner city. In the fall of 1985, a group of inner city residents known as the Self Help Alliance for Fair Taxation (SHAFT) took the City Assessor to court and was successful in getting a court order which ordered that the City Assessor complete a general property tax reassessment by December 31, 1986.

The role of the City Assessor in the property tax reassessment issue can be understood within the context of theories of urban managerialism and the local state. A resource leverage in SHAFT's favour regarding this issue was the nature of the target - the local state. The property tax issue reflected what O'Connor would term as relating to social consumption as opposed to social investment policy. Social consumption policy is relatively responsive to popular pressures.

Due to the more pluralist nature of the process in which resources are allocated under social consumption policies, interest groups such as a SHAFT have greater potential for effective power and influence in the policy formulation and decision making process.

While urban managers such as the City Assessor have typically little significance in how policy such as property tax assessment is developed, they play a significant role in how the tensions among these policies are mediated. The City Assessor in this case used the discretion of his office to disregard the statutory obligations with respect to his duties as a means of mediating the tensions of the political dynamics which were being experienced by the elected officials. Neither the city council nor the provincial government wanted to be perceived by the electorate as being responsible for raising suburban dwellers' property taxes. An urban manager such as the City Assessor, therefore, played a vital role in terms of influencing policy which had a major negative impact on the inner city.

A second example of the urban managerial thesis is the role played by financial sources that shape urban change. "Money is a powerful force both for city decline and for city regeneration. But it is not the mere availability of money, but how it is available and for what, that is all important" (Jacobs, 1961, p. 292).

Jacobs (1961) stated,

Three principal kinds of money finance and shape most of the changes that occur in residential and business properties in cities. Because this money is so powerful an instrument, as it goes, so go our cities. The first and the most important of the three kinds of money is the credit extended by conventional, non-governmental lending institutions. These include savings and loan associations, life insurance

companies, commercial banks and mutual banks. The second kind of money is that provided by governments either out of tax receipts or through governmental borrowing power. The third kind of money comes from the shadow world of investment, an underworld of cash and credit, so to speak (Jacobs, 1961, p. 293).

Jacobs goes on to make a distinction between "cataclysmic" money and "gradual" money. "Cataclysmic money pours into an area in concentrated form, producing drastic changes in cities. The kind of money necessary for capitalizing upon, building upon and supplementing what exists is gradual money" (Jacobs, 1961, p. 303). She feels that a more gradual source of money is less disrupting and damaging to a neighbourhood.

There are three stages of neighbourhood decline which she outlines that are initiated by these financial brokers. "First the withdrawal of all conventional money (a process of redlining); then ruination financed by shadow world money then selection of the area as a candidate for cataclysmic use of government money to finance renewal clearance. The last stage makes cataclysmic re-entry of conventional money for financing renewal project construction and rehabilitation" (Jacobs, 1961, p. 311). She concludes that money was becoming more institutionalized necessitating its cataclysmic use.

A third example of the managerial thesis in the process of urban decline involves the role of slumlords - owners who seek a quick dollar by crowding their structures and charging monopoly rents to families who have nowhere else to go. "This image usually assumes that the slumlord, in order to extract an even greater income from their inventory, pursues a deliberate policy of undermaintenance. The fact that the slumlords' structures eventually become uninhabitable does not matter to them

because by then they have long since had their initial investment returned together with an exorbitant profit" (Grigsby & Rosenberg, 1975, p. 202).

It does matter to the community at large, however. Not only do the neighbourhoods which become accessible to poorly maintained households quickly deteriorate, but their decline weakens the market in adjacent areas, making it possible for the slumlord to extend their insidious practices into previously sound blocks. This spreading deterioration of the housing stock is known as the "neighbourhood effect" and is often accompanied by redlining or limited finance availability. Neighbourhood decline, therefore can be viewed in terms of the gatekeeper role played by slumlords in controlling and influencing housing resources and conditions in inner city neighbourhoods.

Other examples of how interest groups' power "manipulate" decision making to suit their particular needs include how "some landowners, real estate agents and speculators attempt to drive down the price of land and housing so as to buy cheap and sell later at much higher prices for private or public renewal. The automobile companies, historically, benefited enormously by the decline of urban transit systems, most of which were located in the inner city. Some municipalities benefit from the deterioration of the business climate in a competing city. And some businesses benefit by altering the geography of markets within and between cities" (Bourne, 1978, p. 41).

A major shortcoming of the managerialist perspective is that it lacks a structural analysis. It fails to put into context the interests of the urban gatekeepers within a larger ideological or political

framework. In order to better comprehend the exploitation hypothesis, further analysis is required.

The second component of the exploitation hypothesis attempts to develop a more structural analysis of urban decline. Marxist theory goes beyond the managerial approach by attributing inner city decline to the capitalist mode of production and the struggle to maximize profits.

Marxist assumptions about the role of capitalism in an urban environment include:

- "1. The State - that is, federal state and local governments and public agencies - serves the interests of the ruling class.
2. Economic growth serves the interests of a few.
3. Processes of change in urban spatial structure, whether occasioned by altered government policy or by the actions of private individuals and groups, are managed by elites so as to perpetuate existing inequalities and enhance exploitation of the have-nots.
4. The logic of developing capital is the moving force behind all urban change in a capitalist society; individual initiative and collective action are fruitless as long as the basic nature of the society remains unchanged" (Guterback, 1980, p. 431).

A starting point of Marxist analysis is the drive for private capital accumulation. Inner city decline is therefore seen as a consequence of the accumulation process as it is played out in a society wide structure dictated by the needs of capitalist organization. From this perspective, the inner city "consists of people who, in the face of changing exigencies of accumulation, are no longer very much needed and who live on land which, because of these same changes, is no longer very much needed. They produce little wealth, and the land they occupy pays off little in taxes. Neither they nor the land they occupy is particularly useful for the expanding needs of accumulation; these needs can be met more cheaply and efficiently by others and elsewhere; the

left behind underclass has little moral or coercive capacity to claim some share of the fruits of production" (Molotch, 1979, p. 305). The inner city in the context becomes one of the spatial and social scrap heaps of modern capitalism.

Three major factors highlight the structural analysis of urban decline. These include the capitalist mode of production, social class, and the state. Wolfe et al. (1980) describes the role played by these within the context of the housing market.

The capitalist mode of production has impacted the use of urban space and the development of modern major cities. Cities have changed from commercial to industrial to corporate form following major changes in the organization of private capital (Gordon, 1978, p. 21-54).

This trend of monopoly capitalism leads to a contradiction between commodity and productive capital. A distinction needs to be made between productive capital which is the physical form of capital used in industrial production; commodity capital which promotes the exchange of goods; and finance capital which is used to speed up the accumulation process. Commodity capital promotes high cost housing while productive capital creates demand for low housing costs. Conflict is minimized in the short run by increasing state intervention which usually favours productive capital. Thus expressways are perceived as promoting the profitability of automobile firms more than satisfying consumer preference. Inner city housing also benefits industrial capital as there is less likely to be pressure on industry to raise wages if housing costs are low. In the suburbs, by contrast, cheap housing is generally not available so that potential conflict between commodity and productive capital is mediated by easy access to financial institutions (Wolfe et al, 1980, p. 353).

A second factor to be looked at is the importance of class in defining urban structure. "The main idea is that social class helps to define eligibility or access to those institutions which are financially

responsible for residential construction and distribution. Accordingly, inner city housing is defined by high risk and low capital cost. This, in turn, leads to the consideration of housing sub markets or the relation between social movement and housing form" (Wolfe et al, 1980, p. 358).

A third factor is the role of the state in promoting capital accumulation and legitimizing the social order.

In terms of housing, this takes the form of capital being advanced to the state at a below average rate of interest. It is used either to promote public takeover of unprofitable sectors of the economy or to bring sectors of low productivity into the orbit of monopoly capitalism. Another way for the state to aid private capital is by reducing land costs, usually through land assembly, tax concessions, or in the extreme municipalization. While subsidies may occasionally go to the working class to contain social unrest, it is assumed that the bulk will go to private capital. The important point is that the state functions primarily to promote capital accumulation (Wolfe et al, 1980, p. 353).

A structural analysis further contributes to understanding the process of urban decline. Any analysis of urban decline will be weak unless the role of institutions are examined within the structural context of society. The case of housing illustrates this point well. Neo-classical models have tended to ignore the constraints on access to housing resources. Problems of housing production and allocation have not been seen as surface manifestation of the basic social structure of society.

6. Structural Change Hypothesis

The essential argument made by this hypothesis is that urban decline is caused by macro changes in the economic structure and

demographic structure of the country. These external forces are beyond the control of the local environment. The inner city tends to bear the brunt of these swings in the national economy and in demographic trends.

In terms of changes in the national economy, a major shift that has been particularly detrimental to the inner city has been the movement from labour to capital intensive forms of production.

In the 1970's a combination of inflation, a general economic recession, and rapid technological advances encouraged firms to substitute capital for labour to minimize rising production costs. This has resulted in decreasing levels of employment for unskilled and even skilled workers. There is good reason to believe that the negative effects of capital substitution are likely to be disproportionately felt in the inner city because of its characteristics. Inner city areas tend to have concentrations of old and outmoded industrial plants, if only because they were developed first. When firms rationalize their activities it is these plants which are likely to close first. Secondly, the inner city contains a higher proportion of the more vulnerable groups like older people, low skilled workers, women, youth, ethnic minorities, and foreign workers who tend to occupy those jobs that are more susceptible to automation (Toupin, 1985, p. 49).

A second major shift in the national economic structure has been the growing internationalization of capital. "We are now in an age where transnational corporations and banks can move capital from one country to another in order to take advantage of cheaper labour conditions, lower taxes and reduced environmental restrictions" (Baum & Cameron, 1984, p. 8). Many western industrial cities have been detrimentally impacted by this movement within the corporate sector to minimize production factors by finding more favourable international investment environments. This loss of jobs further serves to contribute to the deterioration of inner city areas.

Other national structural changes have had severe impacts on the inner city. One is the recent and dramatic change in demographic structure and the shift in migrating patterns. Not only has population growth rates slowed, but family and household size has declined sharply during the 1960's and 1970's. In 1971, the average household size for Canadian inner cities was 3.0 percent per household compared to 3.5 for the national average. By 1981, it was estimated to have fallen to about 2.4 compared to a national average of 2.9 (Canadian Census Data, 1971 & 1981). If the inner city is typically an area of high turnover and out-migration, with the resident population replaced by in-migrants from outside the urban area (or outside the country), then it is the first to feel the effects of slower population growth and lower rates of foreign immigration. Decreases in family size has thinned out the population of almost all residential neighbourhoods in the city, but again the initial effect was felt in the inner city where the population base is already thinning through continued out-migration.

7. Fiscal Crisis Hypothesis

The fiscal crisis hypothesis can be described in the context of the larger financial crisis of government which is being experienced in western capitalist societies. It can also be viewed in the context of the interrelationship between central city and the surrounding suburban area in terms of the nature of their fiscal arrangements.

O'Connor (1973) has termed the tendency for government expenditures to out race revenues the "fiscal crisis of the state". He explains the nature of the crisis by first identifying

that the capitalist state must try to fulfil two

basic and often naturally contradictory functions - accumulation and legitimation. This means that the state must try to maintain or create conditions in which profitable accumulation is possible. However, the state also must try to maintain or create conditions in which profitable accumulation is possible. However, the state also must try to maintain or create the conditions for social harmony. A second premise is that the fiscal crisis can be understood in terms of state expenditure having a two-fold character corresponding to the capitalist state's two functions: social capital and social expenses. Social capital is expenditures required for profitable private accumulation; it is indirectly productive. The second category, social expenses, consists of projects and services which are required to maintain social harmony - to fulfil the state's legitimation function (O'Connor, 1973, p. 6).

O'Connor argues that monopoly capital utilizes social capital to socialize the costs of production. In this way the state promotes profitable accumulation by monopoly capital. "The growth of the state sector is indispensable to the expansion of modern industry. The greater the growth of social capital, the greater the growth of the monopoly sector. And the greater the growth of the monopoly sector, the greater the state's expenditures on social expenses of production" (O'Connor, 1973, p. 9).

The fiscal crisis develops because of the state's role in facilitating this accumulation process by monopoly capital. "Although the state has socialized more and more capital costs, the social surplus (including profits) continues to be appropriated privately. The socialization of costs and the private appropriation of profits creates a fiscal crisis or structural gap between state expenditure and state revenues. The result is a tendency for state expenditures to increase more rapidly than the means of financing them" (O'Connor, 1973, p. 9).

Urban decline, therefore, would be seen as related to the larger

financial crisis being experienced by government in western capitalist societies. The state, from this perspective, is increasingly in a position of having to restrain expenditure on public services which serve a large role in inner city communities. These restraints have to be imposed because of the nature of the fiscal limitations which develop as a result of the structure of the capitalist state.

Another explanation of the fiscal crisis involves the imbalance between resources and services which is caused by the nature of the fiscal arrangements between the central city and the surrounding suburban area.

If many central cities have a relatively greater budget deficit than the jurisdictions which surround them, then one cause may be their "exploitation" by suburban residents, especially commuters. Exploitation is said to occur if the benefits which central city governments provide to non-residents are not fully offset by such direct means as user charges and non-resident payroll taxes, and by such indirect effects as the economies of scale which centrally located activities can achieve precisely because of the existence of a wider metropolitan market (Harrison, 1974, p. 129).

The exporting of central city services to suburban residents is substantial.

It would be difficult to deny that the changing composition of the central city population has increased the need for certain municipal services such as public welfare and housing. However we should not overlook the fact that increases in suburban populations have created a large demand for many other central city services. For example, the suburban population makes regular use of central city streets, parks, zoos, museums, and other public facilities; its routine presence in the central city increases sanitation department problems and contributes to the cost of fire protection; the daily in and out movement of the large commuting population requires services that constitute a large portion of the operating budget of both the police and highway

departments. These are only some of the costs experienced by central city governments as a result of the services they provide to their suburban neighbours (Downs, 1970, p. 192).

Expansion and out-migration may be considered to be at the root of the service-resource problem facing our central cities. The forces of expansion have increased the demand for public services in the central cities but at the same time have redistributed beyond central city boundaries those best able to pay for the additional services. Left behind in the movement to the suburbs are the poorly educated minorities, hard core unemployed, the aged and others who are more likely to be a liability than an asset to the central city fiscal base. Those households with lower income left in the central city are caught between rapidly rising costs and taxes, and static or slowly declining incomes. Inner city decline, therefore, is explained by the inability for disadvantaged populations in the central city to develop an adequate fiscal base to pay for increased service demands.

An often proposed solution to the inequitable burden of service costs borne by central city governments has been the reorganization of urban government into a metropolitan structure which would spread costs and revenue more evenly over the urban area. A major question that arises over such a proposal is related to the extent to which minority interests or inner city concerns would be acted upon given a metropolitan government structure. In the case of black Americans, metropolitan government is viewed as an attempt to cheat blacks out of their growing political power in the city. "Blacks would surely be an electoral minority in any metropolitan government based on existing SMSA's. Why the suburban communities would be any more responsive to

the needs of black central cities within a formal regional apparatus than without one is not at all clear. The black mayors of large American cities have had little enough success in acquiring outside resources. Would their relative power be any greater in the councils of a metropolitan government" (Harrison, 1974, p. 141).

Metropolitan government often is structured such that central city interests or representatives are in a minority position within the overall structure. Such an arrangement leads to little change in terms of establishing a framework whereby inner city issues and concerns would be adequately addressed. The metropolitan government structure also ignores the difficulties faced by all local governments regarding the limited tax and resource base they have available to meet service demands. These revenue constraints further contribute to urban decline.

8. Cultural Isolation Hypothesis

This hypothesis focuses on the cultural and ethnic differences which can lead to prejudices and exploitation of minority groups by established social groups as a source of urban decline. These ethnic and cultural minorities either congregate in "like" neighbourhoods by choice or are forced into ghetto situations by low income and prejudice in the housing markets. These minority groups can include immigrants from non-English speaking countries, migrants from non-urbanized areas, non-white racial groups, low income elderly people, single parent families and alternate lifestyle groups. While low income is usually a common denominator of all these groups, it is their social position in society which allows for discrimination and exploitation of their situations. Some groups may not be low income and their cultural and

ethnic contribution to the city may be appreciated, however it is their cultural isolation which keeps them apart and creates unique neighbourhoods often in poor condition with high crime rates and social problems. The inner city is often a geographical expression of the segregation process and a reflection of cultural isolation and polarization.

Dual market systems in the housing sector develop out of racial prejudices of white society. This racial prejudice shapes the nature of urban development and affects housing prices in both the white and non-white housing markets. The impact of racial discrimination is most prevalent in large American cities in which black and hispanic neighbourhoods can be seen developing distinctly from white neighbourhoods.

Downs (1970) accounts for racial prejudice in the process of neighbourhood change.

White racial prejudice underlies the dual market system. Such prejudice takes three forms. Firstly, sellers and landlords (both black and white) practice racial price discrimination, often charging black buyers and renters more than white ones for the same housing units, particularly in areas where both groups are looking for housing. Secondly, white households that want to avoid living near blacks pay more for otherwise similar housing in white neighbourhoods than in integrated neighbourhoods, pushing housing prices higher in the white interior than in the transition zone. What is more, white expectations about the future neighbourhoods in the transition zone depresses prices for housing there. Thirdly, various actors exclude blacks from all white neighbourhoods. Realtors and lenders are evasive towards blacks about available housing and financing. Some white households are openly hostile toward entering black households. Thus, illegal exclusionary tactics plus other manifestations of white racial prejudice create both economic and non-economic incentives for blacks themselves to

perpetuate the dual housing market by confining their moves out of mainly black areas to transition zones. This is one reason it is so difficult to alter racially segregated housing patterns once they have been established (Downs, 1970, p. 92).

In Canada, the cultural isolation view has particular relevance to native Indian and immigrant groups:

Generally speaking, native Canadians receive a cooler reception in our cities than immigrant arrivals. The settlement problem in urban areas in the last decade has remained desperate with no signs of visible improvement. In the City of Winnipeg, 30 percent of the total population is composed of native people. Native households move frequently, a condition which seems to be linked to inadequate housing or forced moves. Native Canadians come to the inner city in the hopes of employment, better housing, and more opportunity for their children. Because of a lack of support services and, sometimes a lack of confidence which prevents them from stepping beyond their own community in the inner city, some opportunities are cut off. Of all the settlers in the inner city, native people are frequently the most isolated and experience greater problems of adjustment while living under extreme hardships (Hill & McClain, 1982, p. 316).

This hypothesis of urban decline identifies the importance of social class and racial conflict in shaping current inner city problems. This perspective has implications for urban redevelopment initiatives. "Current urban policies directed toward an improvement of the inner city through physical rejuvenation are likely to be ineffective. If images and prejudice play such a large role in isolating the inner city, then cosmetic solutions will be insufficient" (Bourne, 1978, p. 50).

Summary

No single hypothesis adequately explains the process of urban decline. However, taken together, Bourne's (1978) eight hypotheses of urban decline serves to provide a framework to develop a better

understanding of the process. Each hypothesis explains a unique aspect of this process. The strength, therefore, in the approach is the development of a comparative analysis which evaluates the unique contribution that each hypothesis makes towards an overall understanding of the process of urban decline.

Bourne's framework for identifying factors involved in the processes of urban decline serves to provide practitioners in the field of community development with an excellent knowledge base which proves to be most helpful when formulating strategic interventions in attempts to arrest the social and economic problems encountered by inner city communities. Several alternatives are available to change agents to address issues related to urban decline. An emerging viable alternative available to residents at the neighbourhood level is that of community self-help. A specific option within the self-help model has been commonly termed community economic development (CED). The upcoming chapters will further explore the nature of the community economic development alternative from both a general perspective and also through examining a specific vehicle of CED - the co-operative form of organization and development.

CHAPTER III

THE COMMUNITY ECONOMIC DEVELOPMENT ALTERNATIVE

Introduction

The jobs, income and increased standard of living which is espoused by advocates of the "trickle down" theory of economic development, never reach the vast numbers of people who live in the impoverished areas of our cities and our country. Economic indicators reveal that the Canadian economy has improved significantly over the past couple of years--inflation is down below 5% and the unemployment rate is below 10% on a national basis. Despite this apparent improvement in the economy, people in urban centres line up for food from food banks, continue to live in unsafe and dilapidated housing accommodation, and remain unemployed. Poverty, sadly to say, remains as prevalent in urban areas as it has ever been. The current economic system does not seem to be structured to meet the needs of the people who live in the blighted urban areas of our cities.

While the causes of poverty are deeply rooted in the economic and political structure of our society, the potential for reclaiming and creating wealth at the local community level should not be minimized. Many people such as Kotler (1969), Morris and Hess (1975), Wismer and Pell (1981), Ross and Usher (1986) and O'Connell et al (1986) advocate that decentralized local initiative is imperative if jobs and an increased standard of living is ever to emerge in the impoverished urban communities that are never reached by the "trickle down" economic ideology. This local initiative approach has been referred to as

community economic development (CED).

This chapter will further explore the concept of community economic development as an alternative for addressing urban decline processes. To begin, a definition of CED will be formulated. The guiding principles of CED will then be presented. Various economic development strategies consistent with CED will be examined. Finally an overview of the continuum of structures of both formal and informal economic activities from which community economic development emerge will be outlined.

Community Economic Development: A Definition

A good place to start in attempting to define CED is to better understand the concept of economic development.

Economic development is the process by which a society increases its level of material and social well being over time. An economy that is developing, therefore, is one in which employment increases, technological innovation occurs, and the rate of economic growth rises (Schweke, 1981, p. 1).

One of the problems with traditional economic development is how the rate of economic growth is defined. Ross and Usher (1986) argue that this is particularly problematic for CED initiatives which more often involve economic activity which is related to what they term the "informal economy." Official economic activity measurements, known as gross national product (or G.N.P.), are based on a very structured, technical definition of economic activity.

There will always be too many methodological problems to construct an agreed on measure of all economic activity. But what seems to be clear is that by simply calculating much of the activity that is now excluded and using present G.N.P. accounting methods, G.N.P. would rise considerably. By how much? The

only firm estimates are for household production, which would add 40 percent to G.N.P. Then by adding in mutual aid, volunteer time and goods, some community organizational activity and unpaid labour in small businesses and co-ops, it seems reasonable to believe that the unrecorded and legal (most of it formal) part of our economy would be at least one-half of recorded G.N.P.

In the final analysis, policy decisions based on G.N.P. and related to output measures used for monitoring a nation's economic activity are incomplete and too narrowly economic. And perhaps worst of all, they give enhanced status to formal activity while downgrading informal (Ross & Usher, 1986, p. 98).

There needs to be a recognition, therefore, that a whole range of local community initiatives contribute to the economic development at the local community even though they are not included in official economic indicators and definitions of economic development.

Definitions of CED vary but all essentially have a common thrust. Some definitions utilize a community development orientation that encompasses a narrow economic focus. Lotz (1977) defines CED as involving "an economic analysis of the community and research and decision making aimed at drawing up a plan of action to create or maintain the kind of community that people have collectively determined to be desirable" (Lotz, 1977, p. 9).

Other definitions focus on the local capacity building feature of CED. "Community economic development involves the creation and strengthening of economic institutions that are controlled or owned by residents of the area in which they are located" (Schweke, 1981, p. 4).

Kelly (1977) emphasizes the important community control attribute of CED.

Community economic development is something more than

just economic development. It is the creating of new local businesses, identifying of new resources and talent, improving of the physical and social environment, and of increasing of job and entrepreneurial opportunities. It is all the other things that economic development consists of as well, but it is different in that the creating, identifying, improving, and so on are done under the guidance of local residents (Kelly, 1977, p. 2).

Perry (1980) defines CED as more of a process.

Community economic development is a locally controlled multi-purpose strategy for community survival and enhancement of the whole range of community resources--human, physical, and organizational. The emphasis is on the tools for producing the economic output, not just the output itself. The community goal is increased self-determination (Perry, 1980, p. 10).

There is a range of definitions of CED, some are vague and are difficult to identify as a definition per se. However, while no all encompassing satisfactory definition of CED can be identified, the following factors would seem to be important in terms of a definition:

1. CED is a process.
2. Community members control the application of resources and the planning process.
3. CED attempts to build local institutions and develop local capacity.
4. Community self-reliance through the strengthening of the economic base of the local community is the goal of the CED process.

Community Economic Development: Guiding Principles

While the CED movement has not developed institutionalized articulated principles such as the co-operative movement, for example, there are some essential principles that writers of the movement identify.

Newman et al (1986) states,

CED is both a movement and a process designed to marshal human, physical, and financial resources to:

- Integrate economic and social development at the community level.
- Improve the community's environment, quality of services and capacity to address its own socio-economic problems.
- Stimulate self-sustaining, socially responsible economic growth.
- Direct change and capture investment returns for the benefit of the community.
- Engage in bottom up planning and decision making.
- Promote community self-determination and control over basic economic decisions such as employment, investment and location.
- Encourage collective self-reliance.
- Develop organizations which are responsive and accountable to the community (Newman et al, 1986, p. 25).

Wisner and Pell (1983) have also established guiding principles of CED. Six of their principles are closely related to the principles established by Newman (1986). The four additional guiding principles include:

- Democratic processes are maximized in internal decision making and community mobilization.
- The activities of the development process are innovative, redefining social and economic problems and working toward alternative solutions.
- The development process recognizes and supports a broad definition of work, including paid employment, volunteerism, subsistence activities, and work associated with the household or informal economy.
- There is a belief that community self-reliance can be best achieved by maximizing the use of local

resources, especially renewable resources (Wisner & Pell, 1983, p. 69).

Some of the identified principles overlap and co-determine one another. On balance, the principles attempt to provide an integrated and coherent approach which has as its base the expressed goal of greater community self-reliance.

Economic Development Strategies

A starting point for local community based initiatives is an analysis of the economic structure of the neighbourhood economy. Kotler (1971) identifies,

The important features of a poor neighbourhood are, first, the discrepancy between the aggregate expendable income of the neighbourhood and the level of commerce and, second, the discrepancy between the considerable tax revenue the neighbourhood generates and the low level of benefits it receives in public services. In both cases, the neighbourhood exports its income. Hence the income and tax revenue of the neighbourhood is of no service to its economic and political development. Its present internal commerce is dependent, as is its level of public services, on commerce and personnel outside the neighbourhood.

With regards to expendable income, the familiar picture of the poor neighbourhood is that its residents spend the largest part of their income outside their territory to corporations or individuals who reside outside the neighbourhood. In all a very small portion of the income remains within the neighbourhood. Thus, there is a steady and unrelenting dependence characterized by a dollar drain which the residents replenish through outside employment (Kotler, 1971, p. 9).

Given the structure of the neighbourhood economy in poor communities, Kotler (1971) concludes that,

The primary economic problems of the neighbourhoods today is not to increase the aggregate income, for no matter how that income increases, its flight--in

payment for commodities and public services--will also speed up. The net effect will be to strengthen a downtown economy and suburban middle class bureaucracy. This result can only be avoided if the neighbourhood can create internal economy and political control to attract and keep its expendable income for commodities and public services (Kotler, 1971, p. 11).

Morris and Hess (1975) reinforce the importance of local communities to work towards developing a stronger internal neighbourhood economy in order to sustain ongoing economic development initiatives.

Even if millions in foundation and government money poured into the community, it cannot become viable unless the money produces ongoing and self-reliant organizations. The poverty money in the middle sixties is a clear example of a literal flood of money which created jobs in low income communities for a period of time only to have the area fall back into lethargy and disunity as soon as the subsidy was withdrawn (Morris & Hess, 1975, p. 76).

Community economic development initiatives involve creating the human, economic, social and political infra-structure to enable development to take place at the local level. Money is not the only factor in terms of resolving urban decline problems. Rather, community economic development is very much a people and leadership development process. It is the local residents who establish and maintain the community institutions which are so crucial in terms of creating a viable internal economy which in turn allows for the long term and self-sustaining economic development potential for the local community.

Once communities have decided that they wish to actively promote their own economic development and work towards strengthening their internal economy, the central question that needs to be addressed is what kinds of economic projects should the community consider initiating. Loxley (1986) identifies five different economic strategies

of development that are open for local communities to pursue. They include:

- "a) subsistence strategies
- b) government services strategies
- c) export promotion strategies
- d) import substitution strategies
- e) convergence or self-reliance strategy" (Loxley, 1986, p. 28).

The following overview is based on excerpts from Loxley's (1986) description of each strategy alternative.

Subsistence Strategies

The essence of this type of strategy is production for direct use by the producer. Subsistence production does not involve market exchange or money transactions. The focus of subsistence production is the direct link between use of the resource base and the meeting of basic needs.

This convergence of resources with needs is characteristic of pre-capitalist economies but survives in a limited form in modern society. Some argue that subsistence transactions are much more important in contemporary society than is generally realized. The Vanier Institute of the Family is well known for arguing for what they term the "informal economy." They do not advocate the complete replacement of the "formal" economy, rather that the strategy is an important component of an overall strategy of self-reliance.

Subsistence strategies have great appeal where resources are abundant (including land and wildlife) and where market intrusions are still relatively limited. This would seem to indicate that such a

strategy would be more relevant to a rural based economy.

None-the-less, elements of the strategy could be important in an urban setting such as neighbourhood gardens, barter exchanges, volunteerism, and mutual aid.

Government Services Strategies

The assumption underlying this strategy are that the economic opportunities in the communities in question are quite limited but at the same time basic needs of the community are not being met. The state, therefore, intervenes to provide infrastructural investments. Funds for these initiatives come from capital and operating budgets beyond the direct control of the community. Sometimes, short term job creation projects will be used for these purposes.

The advantages of this strategy are that important basic needs of the community are met which otherwise would not be met. In the process, some employment and additions to local income are generated.

The disadvantages of the approach are that the community has little input about what is delivered and when it will be delivered. Many of the jobs created are short term only--often make work schemes--cover the construction phase of the projects. Thereafter, a high proportion of the permanent employees in such jobs are health, education, police, etc. are often recruited from outside the community. The permanent effects on long term community economic growth, therefore, are not likely to be significant although it may be an important prerequisite for it.

Export Promotion Strategies

Where production within the community is geared to satisfying market demand outside the community, the strategy being pursued is that of export promotion. Export promotion strategies are advocated because export markets offer communities a much larger market for their products than do the local community markets. This enables communities to earn larger incomes and to use larger supposedly more efficient production methods. Competing with others for outside markets is also held to promote efficient resource allocation. Earnings from exports then permit communities to buy the consumption and investment goods they need from large scale producers outside the community; thereby obtaining goods more cheaply than they could produce.

Critics of the export promotion strategy argue local economies become dependent on the export production areas, little economic diversification takes place around the export base, very few linkages are established at the point of production and in the local economy, and that demand and prices in the export market are highly volatile so that local production and/or local incomes are highly unstable.

Import Substitution Strategies

This strategy takes as its starting point the criticisms of export orientated strategies concerning lack of linkages. It seeks to expand the local economy by establishing projects which produce goods previously imported or provide services previously purchased outside the community. In the literature of economic development certain stages of import substitution are usually proposed, with simple consumer goods such as textiles coming first and more complex consumer goods

thereafter, followed at some interval by the local production of intermediate inputs and finally by production of capital goods previously imported. The argument for this progression over time is based on available market size.

The main advantage of import substitution is that a ready made market exists for the product. The market is known and quantifiable; and this forms a firm basis for project planning. Import substitution can provide communities with higher incomes, more employment and enhanced labour force skills.

The main critiques of this strategy are:

1. That the level and pattern of production it leads to are geared to the existing level of demand which in turn is based on existing level of income and the prevailing pattern of income distribution.
2. Strategies of import substitution have often led to high cost, inefficient, small scale production necessitating tariff protection, increased finished prices or heavy subsidization.
3. Often import substitution simply re-orders the patterns of imports without reducing the total leakages by very much. Thus, finished product imports may merely be replaced by imports of capital goods and intermediate inputs.
4. Local incomes generated by import substitution are often leaked out of the production region by virtue of the non-ownership of capital (including bank loans) and reliance on outside management and skilled labour (Loxley, 1986, p. 42).

Convergence or Self-Reliance Strategies

This strategy seeks to converge local demands with local resource use and, ultimately, local needs with local resource use--to reverse therefore, the main structural weakness of dependent economies ie. their divergent production structure. In a nutshell, the goal of this strategy is for communities to produce what they consume and consume what they produce. On the income side, the objective is to reverse the

outflow of profits, rents and other incomes which characterize dependent economies in which local property and skilled jobs are often held by outsiders.

The strategy focuses on the creation of a series of industries producing "basic goods" - goods which feature prominently in the production of a wide range of consumption and investment goods. They are characterized by extensive forward and backward linkages, and by high growth elasticities (increases in per capita value added in a given sector relative to changes in per capita income) (Loxley, 1981, p. 164). A whole range of products fall into this category rendering a number of industries worthy of consideration; among them food, machine tools, and construction.

The convergence strategy presupposes a systematic approach to development since production and demand linkages are planned in advance. It is also quite explicitly demanding in terms of participation. It assumes community owned or controlled enterprises because these are felt to be necessary (though by no means sufficient) to reverse surplus flows, to reduce income inequalities, and to ensure production proceeds along lines desired by the community residents. It requires, therefore, that democratically based community structures be in place to regulate and direct all phases of the planning cycle; to the articulation of community needs to the determination of planning priorities; the periodic review of goal achievements and realignment, if necessary of those goals and objectives. In this context, community participation means community control.

There are some major difficulties with the convergence strategy.

To begin with, the political assumptions on which the pure strategy is based are very demanding. It is assumed that one is dealing with a political entity that can regulate or prohibit trade flows, impose taxes, redistribute income, and plan production. These characteristics relate more so to a national economy rather than a regional or neighbourhood economy. A comprehensive strategy of convergence, therefore, is unrealistic at the community level. However, approximations can be made in a piecemeal fashion to use the convergence strategy to provide guidelines that could be followed to the extent that local conditions permit. Therefore, community based economic development strategies which advocate community self-reliance, community control, and integrated not for profit initiatives reflect an approximation of the convergence approach.

A second major difficulty of the convergence strategy is its assumption that production can be organized on a small scale community level and be economically viable. While such an assumption is indeed problematic, Thomas (1974) p. 206-212 effectively argues that in order to operate within size constraints production efficiency is not always achieved at what is regarded as a technically optimal scale size. He points out that the rate of fall in average cost as scale increases is often at its greatest at scale sizes which are well below the optimum. Thus the scale guideline to be followed is that not of the optimum, or least cost, but rather that of the critical minimum where the rate of fall of the average cost is greatest. Therefore, in the convergence strategy the aim is to produce basic goods at a critical minimum level of scale. The assumption is that the additional costs of producing

goods locally relative to the price of imports, will offset savings in social costs through long run gains to community income from this economic activity which would not otherwise take place.

The critical minimum level of scale argument, however, is probably a more relevant approach for isolated community (i.e. northern reserves) as opposed to urban neighbourhood economies. Additional savings in terms of transportation costs tend to make local production at the critical minimum level of scale more viable in isolated communities in comparison to urban areas where transportation costs are not as much of a factor.

Thirdly, given the highly competitive nature of the marketplace in the urban context, community based economic development strategies pursuing a convergence approach may find that the average cost of locally produced goods is greater than the cost of imported goods. In this type of situation the need for subsidization will arise which raises the issue of dependency and the credibility of self reliant strategies. An alternative to overt subsidization is the adoption of a sheltered market strategy. Under such an approach, the purchasing power of local community institutions and the government would be used to shelter local projects from destructive market competition.

Finally, if convergence strategies are to make an impact, a major component of the approach must involve dealing with the issue of appropriate or intermediate technology. The development of appropriate technology would enable the efficient use of available resources and foster the spirit of self reliance. In this context intermediate technology would involve production methods that are simple, cheap and

easily lent to decentralization; but capable of producing goods at prices competitive with other technology. Such an intermediate technology would be immensely more productive than the indigenous technology (which is often in a condition of decay) but it would also be cheaper than the sophisticated, highly capital intensive technology of modern industry (Schumacher, 1973, p. 180).

It would appear therefore, that in terms of the urban context, the convergence approach does not seem to be viable based on purely economic grounds. Rather, social factors need to be addressed along with economic strategies in order for the convergence approach to succeed in urban areas. A significant social factor which needs to be addressed within the urban context relates to the need to develop a consciousness or ideology amongst residents of the local community to "buy and produce" locally. Such an endeavour requires intensive animation and education interventions at the community level. Without this consciousness, the divergent production and consumption patterns of the local community will remain unchanged.

Secondly, besides consciousness raising, the community must develop a strong organizational capacity at the local level. This provides the basis for the political clout which is necessary to have in order to negotiate with government agencies and existing business institutions for program modifications and concessions which would assist local community initiatives to emerge and to ensure their ongoing success.

Thirdly, human and leadership development initiatives must be an essential component of the convergence strategy. As Schumacher (1973) points out,

Development does not start with goods; it starts with people and their education, organization and discipline. Without these three, all resources remain latent, untapped, potential (p. 168).

A precondition, therefore, with respect to the basic goods approach of the convergence strategy is to engage in activities that will foster the development of leadership skills and human capacity.

Fourthly, the notion of social accounting must be viewed as a critical component of a convergence approach. The convergence strategy will be limited if it is just measured in terms of economic criteria. Rather, social benefits such as the increased self esteem amongst people involved in community economic development initiatives, the reduction of dependency on welfare, and the ability of families to support themselves and take greater control over their lives must be taken into consideration when measuring the impact of these local initiatives.

Finally, in order for the convergence approach to be successful in an urban context, a strategy of intercommunalism and neighbourhood co-operation (Morris and Hess, 1975) must be adopted. Interdependent inter-neighbourhood production and consumption initiatives need to be undertaken in order to further enhance the viability of convergence strategies. The convergence approach in an urban setting will therefore be most effective when these social factors are integrated with the economic theory on which the convergence strategy is based.

In terms of a comparative analysis of the merits of each strategy within a convergence framework, while the subsistence strategy is not incompatible with a convergence approach in that the very essence of subsistence is the convergence of local resources with need, the convergence strategy goes beyond the subsistence strategy to encompass

production for monetary exchange and to suggest how this might be organized.

A convergence strategy could also encompass, as one element within a much broader overall strategy, the government services strategy. It would, however, have a lot to say about how that element should be approached. It would see the state responding to community priorities in the service area. The timing and the implementation of service projects would be jointly planned with the community. Principles of convergence within this context would necessitate that as far as possible material and personnel requirements for such services would be found locally and that training programs be established in anticipation of service provision.

In terms of an export promotion strategy, a convergence strategy can be viewed as being the polar extreme to this approach. While the export promotion strategy is based on accessing larger markets and utilizing earnings from these exports to buy the consumption goods outside the community or not produced in the local economy, the objective of a convergence strategy is to build up the local economy, maximize retention of spending power, and develop as many backward, forward and demand linkages as possible. Although the convergence strategy does not rule out altogether the possibility of exporting goods, it prescribes that exports should be residual to local needs if efficient scale warrants production of basic goods in excess of the quantity that can be absorbed locally.

While the import substitution strategy and convergence strategy have much in common in terms of the development of local capacity, there

are major differences between the two approaches. Import substitution strategies tend to be based on and limited to meeting the existing pattern of demand. The convergence strategy recognizes that because the existing pattern of income distribution on which demand is based is the product of an inherited structure of class and economic dependence, that does not reflect the real needs of the community. Therefore, the convergence strategy advocates for the gearing up of the local production structure to meet needs for housing, public health, recreation, nutrition, education, etc. that might not be adequately, if at all, reflected in the market place or within existing demand patterns. Convergence departs from an import substitution strategy in its view, both of the degree of substitution that is possible and the phasing of that substitution. It rejects the stages of the substitution approach and determines substitution strictly in accordance with the basic goods approach. The choice of the product will depend entirely on the nature of the resource base and the structure of needs. Therefore, the major difference between the import substitution and convergence strategies is that import substitution approach bases its product selection on the workings of the marketplace, whereas product selection with the convergence approach is strategically based on the production of basic goods which are characterized by extensive forward and backward linkages, and high growth elasticities.

From this comparative analysis, it would appear that each strategy contains characteristics which could be considered as elements of an overall strategy of convergence. Depending on the capacity of the local community, it may be appropriate to view each element as serving an

incremental role in achieving an overall goal of self-reliance.

Structures of Formal and Informal Economic Activity

Ross and Usher (1986) have developed a concept that they have termed the "whole economy." Ross and Usher argue that economic development is traditionally viewed and measured by economists in very narrow terms. Traditional economic development essentially focuses on what they call the formal economy--big business and the public sector. However, they point out that there is a whole continuum of economic structures which undertake economic development initiatives in what they have called the informal economy. Ross and Usher argue that the informal economy is essentially ignored since conventional economic analysis and policy deal almost exclusively with formal economic structures. They use the concept of the "whole economy," therefore, to designate the total of all economic activity occurring in society.

The continuum of economic structures combines both the formal economy:

1. big business
2. public sector,

as well as the informal economy:

3. small businesses
4. collectives and co-operatives
5. community development corporations
6. voluntary activity
7. barter and skill exchanges
8. mutual aid
9. household activity

In attempting to classify informal and formal economic structures, Ross and Usher state,

Informal activity is that which is appropriate and democratic. And in order to achieve this, activity must be performed in small scale structures that are guided by an operating rationale based on social (not private) accounting. Informal economic activity is that which solves the three basic problems of any economic system--what is produced, how it is produced, and for when is it produced--in a democratic manner which is appropriate to household and community needs.

This is opposed to formal economic activity which is often inappropriate or extraneous to household and community needs for three main reasons. Economic decisions in the private sector are guided by the need for private profit (which excludes a concern for social costs); effective economic demand is concentrated and not widely held (20 percent of the population controls 40 percent of the purchasing power in almost all industrialized countries); and lastly, decisions in the public sector are heavily biased in favour of the needs of a few politically powerful interests.

Informal economic activity emphasizes certain characteristics that are either absent or diminished in formal activity. Informal activity is associated with more face to face contact, both among those making decisions and those affected by them; by more consensus type decision making; by less specialization and stereotyping; by fewer regulations; by more direct attention to personal development; by more flexible work routines; by increased local decision making; by greater reliance on personal and community resources; by the benefits of production being distributed more according to need; by the absence of capital accumulation for its own sake; by reduced emphasis placed on money; by increased direct concern for the community; by environment and welfare concerns of future generations; and by more co-operation (Ross & Usher, 1986, p. 69).

The range of development structures for local economic development initiatives is substantial. Within the context of an economic development strategy, community economic development efforts should

examine closely the important contributions which can be made through informal economic development structures. To narrowly pursue economic development through traditional or formal economic structures restricts the potential economic impact that can be attained for a local community. As well, informal economic activities seem to be more consistent with the espoused principles and orientation of community economic development.

Within the continuum of CED structures for local economic revitalization is the immense potential for development played by the role of co-operative organizations. Inner city neighbourhoods could greatly benefit from the presence of the co-operative movement in the struggle to address the economic and social problems that are associated with the urban decline process. The upcoming chapter will explore the potential impact that co-operative organizations could have in an inner city setting.

CHAPTER IV

CO-OPERATIVES: A VEHICLE FOR COMMUNITY ECONOMIC DEVELOPMENT

Introduction

This chapter will examine a specific vehicle of community economic development--the co-operative form of organization and enterprise. A brief historical overview of the co-operative movement will be provided in order to establish the principles, philosophy and orientation of co-operatives. This overview is important in order to establish the historical context in which co-operative action has attempted over time to meet the needs of disadvantaged people through collective self-help as an alternative to enduring the exploitation of existing institutions. An examination of the obstacles to co-operative enterprise development in inner city areas will be presented. Finally, strategies to overcome the identified barriers will be developed in order that the co-operative sector might play a more dynamic role in the development of low income communities and as a vehicle for arresting the processes of urban decline at the local community level.

History of the Co-operative Movement

The history of the co-operative movement can be traced to the social unrest caused by the industrial revolution. The original co-operative society in England was established in 1844. It had been preceded, however, by many attempts at organization which ended in failure. These experiments had been the results of efforts to help the poor and oppressed victims of the harsh economic conditions of the time.

The first of these reform experiments was initiated by Robert Owen

(1771-1858). Owen sought to improve the quality of life of the factory workers who toiled under highly degrading and exploitive conditions with the emergence of the industrial revolution. He proposed to abolish the evils of the system by setting up model factories and communities. Owen accomplished this in his own factory at New Lanark in Scotland. He raised wages and greatly improved the working conditions, refused to employ young children, and provided schools for all children. His plan was that other employers should do the same, and that there would arise everywhere self-sustaining villages of co-operation, with common kitchens and common mills, where trading would be for common use and there would be education for everybody. Owen held that it was the duty of the leaders in society to free the poor from their misery.

During the active period of the Owenite movement, beginning about 1800, many co-operatives were started, but they were short lived and by 1840 they had all disappeared. Owen's plan was idealist, paternalistic and impractical. Although he failed to accomplish his purpose, his influence on the co-operators who came after him was great. He stimulated people to think seriously about the things that could be done to bring reform in the economic and social conditions of the period.

One of Owen's followers was William King (1786-1865). King agreed with Owen that the machine, which should be for the good of man, had made the worker a slave. While Owen believed that this could be remedied by the owners of capital, King had no such faith in the industrialists of the time and believed that the workers could not depend on the goodwill of their employers to improve the conditions in the factories. King proposed instead the organization of worker

production co-operatives--a plan by which workers of a community would acquire the ownership of land and factories for their own use.

Besides worker production co-operatives, King also promoted the concept of consumer co-operation. The focal point for his consumer orientated plan was the co-operative store. He believed that workers should join together to accumulate capital, and the easiest way to do this was through the store in which they bought their goods. By joining together they could acquire the ownership of their store and use the profits from the sales to build their own self-governing workshops. By the early 1830's, King had inspired the formation of nearly 400 co-operative shops, but after a flurry of success most failed in the depression which happened a few years later (Laidlaw, 1961).

The early co-operators were also influenced by the Chartist movement. This was a political movement which the industrial workers of the time organized to agitate for much needed reforms. The Chartists demanded universal franchise, the secret ballot, annual elections to parliament, and other political reforms. Although the Chartist movement, which was at its height in the forties and fifties, did not achieve its purpose immediately, it did serve to unify the workers and give them valuable organization experience (Laidlaw, 1961).

Eventually the experiments and failures in co-operative undertakings, and the study of those who were looking for a better life, led to the founding of the successful co-operative store in Rochdale, England, on which the British movement was built. This was accomplished by poor flannel weavers who opened their store in 1844. The Rochdale Pioneers, twenty-eight in all, were desperately poor. In 1843, the year

before the opening of the store which was to make history, the workers in the Rochdale factories had lost a strike. Their lot had become even worse than before, since many of the workers had lost their jobs and those who retained their employment had to take a reduction in pay. A group of workers used to meet every Sunday afternoon to talk about the deplorable living conditions in Rochdale. It was from these meetings of poor men, among whom were Owenites, Chartists and Christian Socialists, that the plan for a store of their own originated.

Why did the shop of the Rochdale Pioneers succeed where other co-operative had failed? One of the reasons is that the Pioneers profited from the mistakes of the past. They drew up their rules with great care. All the rules had been used somewhere before in earlier stores but never in such a combination.

They sold strictly for cash, remembering that other stores had failed because they gave too much credit; they sold at current prices to avoid disastrous competition from other stores; they ran the society on the principle of one member one vote. They held regular and frequent meetings; they had the accounts properly kept and audited, and they saw that the members were well informed on the financial condition of the society.

In the old co-operative stores, the surplus had been paid out according to capital invested by the shareholder; but the Rochdale Pioneers decided that the earnings of the society should be distributed to the members in proportion to their purchases, while interest on the share capital should be at a fixed rate. This proved to be the way to defeat the competition of the established stores since the more a person would shop at their co-operative, the more they would earn. This famous rule is still one of the main features of a co-operative that set it apart from other business (Laidlaw, 1961, p. 31).

The Rochdale principles are often stressed as the modern basis of co-operation. They may be summarized as:

- "1. Voluntary and open membership.
2. Democratic control by one member one vote.
3. Division of the surplus in proportion to patronage.
4. Limited interest on capital.
5. Political and religious neutrality.
6. Cash trading.
7. Promotion of education" (Craig, 1980, p. 4).

The Rochdale store thrived and its rules were applied elsewhere. Consumer co-operative movements emerged and took root in most European countries. In the late 1840's co-operative philosophy stimulated two credit movements in Germany. Schulze-Delitzsch organized in urban areas and Raiffersen organized voluntary credit societies in rural areas. The rules which they devised were derived from the philosophy of co-operation but the practise of these rules differed to some extent. On fundamental matters however, the three movements were consistent.

By the 1860's, all three movements were very successful. Each developed central organizations to institutionalize and defend the movement. Success inspired others and co-operatives spread across Europe. In France, there was a powerful Workers' co-partnership and profit sharing movement that was closely tied to French socialism. In Italy, there was a banking movement organized by Luigi Luzzati and a growing consumer movement centred mostly in the northern industrial cities. In Scandinavia, nearly all kinds of co-ops were flourishing prior to 1900, with the agricultural producer societies being especially important. Denmark, in particular had developed an extensive producer movement as a part of its bacon and dairy industries. Elsewhere, in

Belgian, Poland, Switzerland, Russia, Spain, and the Austrian-Hungarian empire, there were also significant movements, notably in the credit and marketing fields. In 1895 the various movements met and organized the International Co-operative Alliance (Craig, 1981, p. 5).

The co-operative movement began to emerge in North America where consumer and credit co-operatives continued to grow. This was an era when many indigenous protest movements embraced the philosophy of co-operation. New forms of co-operatives developed such as agricultural marketing co-ops and various types of service co-ops. As well, besides North America, comprehensive co-operative communities in the form of kibbutzim in Palestine refuted the notion that such communities were only Utopian dreams.

In 1963, the International Co-operative Alliance established a commission to study co-operative principles and practises.

The commission included five people, one from India, Great Britain, the U.S.A., the U.S.S.R., and Germany. These five were familiar with service co-operatives owned by urban consumers and farmers. They were also familiar with co-operatives in centralized socialist states, in liberal democracies with a capitalist economy, in social democracies like Scandinavia, and with government directed co-operative movements in the Third World (Craig, 1981, p. 7).

In 1966, the commission concluded that the implementation of the social philosophy of co-operatives required six principles. The emphasis of these principles was on finding the common features within the wide diversity of co-operatives. The principles are stated in general terms, but attempt to capture the essence of the philosophy of co-operation and its central values of equality, equity, and mutual self-help. These principles were adopted by almost all the movements

around the world and were approved by the International Co-operative Alliance in September 1966. They are known as "The Essential Principles of Co-operative Organizations":

1. Open and Voluntary Membership

Membership of a co-operative society should be voluntary and available without artificial restrictions or any social, political or religious discrimination, to all persons who can make use of its services and are willing to accept the responsibilities of membership.

2. Democratic Control

Co-operative societies are democratic organizations. Their affairs should be administered by persons elected or appointed in a manner agreed by the members and accountable to them. Members of primary societies should enjoy equal rights of voting (one member, one vote) and participation in decisions affecting their societies. In other than primary societies the administration should be conducted on a democratic basis in a suitable form.

3. Limited Interest on Shares

Share capital should only receive a strictly limited rate of interest, if any.

4. Return of Surplus to Members

Surplus or savings, if any, arising out of operations of a society belong to the members of that society and should be distributed in such a manner as would avoid one member gaining at the expense of others. This may be done by decision of the members as follows:

- (a) By provision for development of the business of the co-operative.
- (b) By provision of common services.
- (c) By distribution among members in proportion to their transactions with the society.

5. Co-operative Education

All co-operative societies should make provision for the education of their members, officers, and employees, and of the general public, in the principles and techniques of co-operation, both economic and democratic.

6. Co-operation Among Co-operators

All co-operative organizations, in order to best serve the interests of their members and their communities, should actively co-operate in every practical way with other co-operatives at local, national, and international levels (International Co-operative Alliance, 1966).

The Canadian co-operative movement did not become established until the early 1900's.

Conditions before 1900 were not suitable for the extensive development of co-operatives: knowledge of co-operative experiments elsewhere was limited, co-operative techniques had not been perceived as useful weapons for regional protest, and co-operative ideology had not been embraced by significant urban and rural groups (MacPherson, 1979, p. 8).

The co-operative movement in Canada gained prominence and stability just after the turn of the century with the farmers' marketing and purchasing societies. Impetus for the development of co-operatives on the prairies can be viewed as emerging from essentially two sources. Firstly, not unlike the Rochdale Pioneers from the British co-operative experience, western farmers became increasingly alarmed at the growing exploitation by the bankers, the grain merchants, implement manufacturers, and store keepers. They felt victimized by these institutions and sought alternatives to dealing with these exploitive interests.

The co-operative form of organization emerged because it was a pragmatic way to build countervailing, independent economic forces. Commitment to the co-operative ideal reflected this demand for countervailing and decentralized economic organization (Chevalier, 1980, p. 2).

Secondly, the development of the early co-operatives was steeped in rural traditions of neighbourliness, mutual aid, spontaneous co-operation, and a natural banding together to overcome problems.

These elements of co-operation were as natural to farmers, especially pioneering farmers, as the rugged individualism more commonly emphasized by observers of rural life.

Agrarian producer/marketing co-operatives proved to be the most predominant co-operative institutions of the early 1900's. Grain growers organizations on the prairies, dairy and fruit marketing co-operatives in Ontario, and fruit growers and marketing co-operatives in the Maritimes and B.C. began to establish themselves as major forces in the regional economies.

In contrast to the growth and acceptance of the agrarian producer co-operatives, early consumer co-operatives struggled to establish themselves. During the early twentieth century, co-operative stores appeared all across Canada, and they generally resembled one of three types. The first kind was closely tied to the trade unions and appeared in the mining communities of the country. The co-operative stores organized in these mining towns were developed in reaction to the existing retail systems, especially company stores or exploitive independent merchants. The second kind of store was an offshoot of the producer co-operative movement which developed supply departments to meet the needs of their members. Typically, they purchased such goods as twine, fertilizers, insecticides, and machinery for their members and distributed them through buying clubs or independently run co-operative stores. A third kind of store was found in manufacturing sections of larger towns and cities scattered across Canada. Most of these stores began as reactions to inflation and were supported by trade unions such as the Knights of Labour and by the Trades and Labour Congress.

Each of the co-operative stores experienced various difficulties. The co-op stores in mining communities were particularly vulnerable because of their dependence on the economic viability of the mining companies. Extended strikes or depressions in the economy forced many stores into bankruptcy. The co-op stores in rural communities often suffered because of poor management. Retail co-ops in rural areas were often afterthoughts of the people who organized the marketing co-operatives and in some cases were never well planned for in the first place. Consumer societies in industrial areas often failed because of the concentration and competition of existing retailers. While in Great Britain and some parts of Europe the development of consumer co-operatives in industrial areas was strongly supported by trade unionists,

Canadian trade unionists did not seriously embrace stores as an important defender of their interests. In Great Britain and Europe the trade unionists believed that it was essential to have some control over how their money was spent as it was to influence how much money they received. This idea never gained wide acceptance in Canada, where trade unionists relied almost exclusively upon unions and political parties to defend their interests (MacPherson, 1979, p. 24).

In Quebec, the major figure in the co-operative movement was Alphonse Desjardins with his concept of co-operative banking--the *caisse populaire*. Desjardins was concerned about the failure of finance companies and banks to meet the credit needs of the working class. The companies frequently charged usurious interest rates and the banks were ordinarily not interested in the small personal loans field. He came to believe that the poverty experienced by French Canadian farmers was largely caused by a lack of access to capital. Desjardins developed a

parish based system of peoples' banks along the lines of the co-operative banking system developed by Luigi Luzzatti in Italy. The success achieved by the *caisse populaires* was extensive and impressive. Quebecois who previously had no access to capital to redevelop their farms and to improve their homes, could borrow funds from the *caisse populaires* which operated on the basis to encourage thrift and rewarded good character through linking credit to an individual's reputation.

The important role of St. Francis Xavier Extension Department should be noted in terms of its importance in facilitating the development of the co-operative movement in the Maritimes. The basic instrument used to foster co-operatives in Nova Scotia was the study club, an adaption of the institution used widely in co-operative and adult education programs in Denmark and Sweden. The study club idea was very simple. Between ten and twenty individuals from the same community came together to discuss community issues. A single common problem would be isolated for study and joint action. Local leadership would be cultivated, and with the use of the resources of the St. Francis Xavier Extension Department, co-operatives would be formed. Generally, the study clubs were developed with a specific set of goals in mind, notably practical educational activities and direct economic action. This unique approach to adult education and community mobilization served as a key factor in the development of the co-operative movement in the Maritimes.

As MacPherson, 1979, p. 34 summarizes:

By 1914, the co-operative movement was characterized by a set of common purposes, with the most important being a determination to help supporters of co-operatives raise their standards of living. More

than selfishness was involved, however, since co-operators hoped to help the impoverished Canadians found in every region even in the best of the Laurier years: on the prairies when the wheat economy staggered, in the industrial towns when unemployment or inflation reduced living standards, in the agrarian areas of Central and Maritime Canada when rural depopulation and outside competition created poverty, and in company towns when low wages and company stores produced inadequate food and inferior housing. Such poverty, co-operators believed, was widespread in Canada, but it could be eliminated through developing co-operative methods of operating business and social institutions. Co-operators placed great faith in their system because they believed it could help society and exploitation of labourers and farmers by business and banking interests. By reducing the power of capital and elevating roles for consumers, labourers and farmers, co-operators believed they could end profiteering while producing goods more cheaply and distributing them more efficiently (p. 34).

A major test as to the durability of the co-operative movement was the economic crisis of the Great Depression during the "dirty thirties." The co-operative movement weathered the devastating years of the depression with surprising resiliency. Relatively few societies disappeared, many new ones were begun, and enthusiasm for the movement was widespread. As the economy faltered and as new avenues for economic development were sought, more Canadians investigated closely all kinds of co-operative action.

The wheat pools encountered the most difficulties during this period of time, but managed to survive. Other marketing organizations had been forced to retrench and the stores had been forced to postpone expansion. It was in the sudden cessation of growth rather than in bankruptcies that the Depression had its most negative effects. The adversity of the Depression created a more militant sense of vitality in the movement. On balance, the co-operative movement gained a new

momentum that would spark expansion and growth in co-operative circles for several decades into the future (MacPherson, 1979).

The post Depression, World War II era saw the co-operative movement firmly establish itself as a significant force in the Canadian economy. According to the federal government's National Task Force of Co-operative Development (1984), the following profile of the role of the co-operative sector in the Canadian economy can be established:

The Canadian co-operative movement reported a total of over 12.6 million memberships in 1981 and that 43% of Canada's adult population belongs to at least one co-operative organization. Revenues of Canada's co-operative sector reached \$15.2 million in 1980, or slightly less than the combined revenues of Canada's paper and allied industries. In fact, co-op revenues exceeded those of many of Canada's traditionally powerful industries such as textiles, wood industries, iron and steel mills, and forestry.

Jordan, Craig and Luke (1981, p. 27) further identify that:

At the end of 1979, the total co-op system had assets of \$3.2 billion. The four western grain co-ops handle about 80 percent of the grain delivered to country elevators. Co-ops manufacture and distribute about one-third of the fertilizer and 30 percent of the petroleum used by farmers. They process over 60 percent of the nation's milk, and market substantial quantities of beef, hogs, and poultry. In 1980, co-op housing construction represented about 20 percent of the total 25,211 new rental housing construction starts. At the end of 1980, Canadian credit unions and caisses populaires had total assets of \$31 billion. The credit unions have slightly larger assets than the fifth largest bank, the Toronto-Dominion, with its \$28 billion. In insurance, the major co-operative insurers had total assets of \$1.5 billion at the end of 1979, and one insurer The Co-operators, was the second largest non-life insurer in the country.

However, the extensive growth of the co-operative movement is not without consequences.

The growth of co-operatives makes it difficult to

make them responsive and responsible. Increasingly, management, especially in larger co-operatives, was becoming more powerful, thereby making the role of even the most effective amateur co-operators difficult, often ephemeral. The main problem caused by expansion, in fact, was the definition of the limits of reasonable involvement by members in decision making. In many ways, co-operatives are being increasingly faced by the challenge of themselves withstanding many of the personal institutional characteristics they had long decried in other organizations (MacPherson, 1979, p. 213).

Chevalier (1980) reinforces this concern regarding the direction co-operatives have taken in recent years.

History suggests two phases in co-operative development: first, the bringing together of interests dissatisfied with the status quo and formation of co-operatives as competing forms of economic organization; and second, the stabilization and growth of co-operatives in a pattern increasingly like the prevailing capitalist system. The convergence of co-operatives into the Canadian establishment makes it difficult (if not impossible) to return to roles on behalf of disaffected segments of society.

The fact that successful co-operatives are very much an expression of the middle income classes underlines that co-operatives inherently tend to become part of the dominant Canadian pattern. Because the system as a whole has achieved a respected place within the Canadian pattern, it is not likely to give much priority to initiatives that confront the establishment in any fundamental way, and will only pay lip-service to low income housing, worker co-ops, and other do-good co-operative endeavours (Chevalier, 1980, p. 2, 7).

Co-operatives and the Poor

The modern day co-operative sector has a dubious record in terms of being a relevant resource to the poor in this country.

Thirty years ago our great fear was that co-operatives would fail...now the fear is that they may be too successful, that is, successful as business and fail as a social movement...in many

places, co-operatives tend to become middle class institutions and are not tuned to the needs of the poor (Mulhall, 1975, p. 3).

"There is a perception that co-operatives are becoming less change orientated and more like the businesses which are their competitors" (Jordan, 1983, p. 60). This is indeed a sad commentary on the present state of the co-operative movement.

Unlike profit orientated corporations, established co-operatives have the social responsibility of using their expertise to help low income Canadians help themselves. To deny that responsibility is to deny a basic difference between co-operatives and private enterprise (Mulhall, 1975, p. 57).

This social responsibility towards the disadvantaged and oppressed is entrenched in co-operative philosophy and within the history of the co-operative movement. From a philosophic perspective,

Co-operation as a social and economic system is based on a collection of ideas and concepts, such as mutuality, the weak combining in solidarity for greater strength, equitable sharing of gains and losses, self-help, a union of persons with a common problem, the priority of man over money, and the non-exploitive society (Laidlaw, 1981, p. 32).

Contrary to a capitalist system's profit orientation, the philosophic orientation of co-operation clearly places a high priority on addressing issues such as the meeting of basic human needs, greater social justice, and the promotion of initiatives and opportunities for self and community development.

From a historical perspective, co-operative purpose and initiative have challenged and attempted to change the status quo, and focussed on co-operation among interests that were inadequately served by the existing system. As discussed previously in this chapter, the history of the co-operative movement is the story of oppressed and disadvantaged

groups organizing to better meet their collective needs. The Rochdale Pioneers and their efforts to deal with the oppression of the Industrial Revolution, the prairie farmers and their plight with the agrarian corporate interests, and the Quebecois and their lack of access to the local financial institutions are all examples of the tradition in which the co-operative movement have played an active role in addressing the needs of disadvantaged people.

"In the ordinary scheme of things people living below the poverty line have not seriously adopted co-operative methods to meet their needs. In view of this, co-operative experience in urban poverty circles is sorely missing" (Canadian Labour, March 1970, p. 11). The co-operative movement needs to reflect on its philosophy and history, and begin to play a larger role in attacking urban poverty issues through co-operative organizational initiatives.

Co-operatives could play an important role in impoverished urban communities by providing residents with practical opportunities for meeting the social and economic needs of the local community. Processes of community and economic development are readily operationalized through co-operative organizations.

There is a close interrelationship between the co-operative movement and community development. Since co-operative organizations promote and foster the spirit of self-help and joint action and encourage local initiative, they may play an important role in creating the necessary social and psychological conditions for community development. Conversely, as the process of community development continues and a new social ferment is created, the co-operatives may be expected to gather an added momentum and vitality (Fields & Sigurdson, 1972, p. 4).

In terms of potential economic development initiatives,

Co-operatives are a vehicle for enhancing people's economic well being and, as such, can be a powerful engine for improving people's standard of living. The co-operative form of enterprise facilitates the exercise of mutual self-interest by helping people organize themselves to improve their economic status. The democratic control feature of co-operatives assures people that all financial benefits generated by their activity will be available to them on a proportionate basis reflecting their contribution to the co-operative activity. The certainty of a equitable return, and structure for taking initiatives and making decisions, makes co-operatives a very suitable instrument for economic development (Goldblatt, 1987, p. 33).

The expertise, resources, and economic justice orientation of the co-operative sector could be an immensely positive force in the struggle to improve the quality of life in impoverished inner city communities. Co-operative techniques, with its commitment to self-help and grassroots involvement, could play a significant role in breaking the vicious circle of dependency, exploitation, and underdevelopment in urban centres. Not only do co-operative initiatives provide an opportunity to address concrete social and economic issues at the local community level, but participation and involvement by local people in co-operative processes promotes human development and leadership development as well. Such involvement can be a rich and rewarding experience for people. It aids personal growth and may have a major impact on changing peoples' lives. "Co-operatives of all kinds will have the effect of turning a neighbourhood inward to discover its own resources and start the services required. The co-operative idea of self-help, sharing common interests and needs, can be the social adhesive holding an urban area together and transforming it into a community" (Laidlaw, 1981, p. 65).

The co-operative movement in Canada has played an active role in

the field of assisting and facilitating co-operative development projects in Third World countries. That energy and ideological commitment to greater social and economic justice needs to be also channelled into our own backyard--in the blighted, exploited and dehumanized areas of our cities' inner core. While structural economic barriers and vested interests deeply rooted in our society will always be a significant factor in any inner city development initiatives, the co-operative alternative provides pragmatic opportunities for local people and communities to wrestle with the oppressive forces which devastate their lives and provide them with some tangible vehicles to improve the quality of their lives. Collective self-help is a deep expression of courage and hope. The history and resources of the co-operative spirit and approach must play a greater role in the struggle for a better life in the inner city. The challenge to the co-operative movement is to orientate itself to get involved in the inner city and to help people to help themselves.

While co-operative initiatives in the inner city would make a significant contribution to the quality of life in urban areas, such initiatives would also serve to invigorate and revitalize the reform element of the co-operative movement, to re-establish itself to its historical roots.

There is a danger of co-operatives losing their bounce and responsiveness. Organizations, like individuals, tend to become old and too relaxed--they must regularly be given a transfusion of youth and new thinking in order to ward off senility. In earlier times the concept of co-operation was fluid and flexible, and co-operatives were filled with the spirit of a cause and motivated by reform. Now they are more likely to be tamed, set like mortar in the framework of a secure institution, and thereby unable

to provide a springboard for imaginative educational action in the community. This is not a criticism of co-operatives, but rather a warning to them of the process of hardening of the arteries, which can overtake any organization or institution (Laidlaw, 1971, p. 327).

Barriers to Co-op Initiatives in the Inner City

There are many factors which impede the development of co-operative enterprises in an inner city setting. A primary consideration which impedes co-op development must involve the structural socio-economic context of inner city areas. Inner city areas essentially represent the industrial scrap heap of our capitalist system. The inner city community is an area of a high concentration of the most disadvantaged and exploited members of our society. Successful enterprise development is a difficult task in our society. This perception is supported by the fact that there is a high percentage of small business bankruptcies each year. Given the disadvantages that initially must be overcome by inner city co-operative ventures, the challenge of creating an economically viable co-operative enterprise is indeed substantial. Therefore, the economic structural constraints of our present capitalist system pose tremendous barriers to development initiatives.

Secondly, a narrowly defined adherence of co-operative principles can obstruct the development of inner city co-operative enterprises. The traditionally held co-operative value of self-reliance is indeed an important goal co-operative enterprises should strive for. However, if that is the only orientation of development or the only measure of evaluation of a co-op enterprise, then many important initiatives that meet a number of community needs would be lost. Economic viability

considerations should be the major objective of the co-operative. However, in view of the deprivation and underdeveloped nature of an inner city environment, compensatory considerations such as social development impacts need to be a part of the cost-benefit valuation process.

The recent Manitoba provincial government's housing co-operative initiatives reflect a need to transcend a narrow interpretation of co-operative principles and look at wider social impacts of co-operative enterprise. Clearly, the housing co-ops in the core area are not self-reliant. Equity grants, technical resource grants, and housing charge subsidies are significant state inputs into the enterprise in order to ensure the viability of the enterprise for low income people. However, the collective ownership factor of the co-operative could if developed foster tremendous social and ultimately economic benefits.

Liblet (1964) identifies the social and economic benefits of delivering housing services through co-operative housing organization.

Housing co-ops have succeeded in bringing back the spirit of neighbourliness and community that had all but disappeared from many low income areas of our big cities. They create feelings of permanence and stability. Small wonder that maintenance costs in housing co-ops are far below either rental or public housing (p. 89).

Membership concern for the proper maintenance of a co-operative housing development is perhaps one of the factors that awakens tenants to the realization that they are in a different type of development than ordinary rental or government housing. As long as the owner or the government paid the cost of broken windows and other vandalism, residents could look on with indifference. But when they became members of a co-operative they soon learn that the cost of vandalism must be shared by all members in terms of a higher budget and probably higher rent for each of them. This soon results in better care of the

property (p. 152).

Many co-operatives have found that the use of social pressure by other members of a co-op to bring about conformity and reduce payment delinquencies is both more effective and considerably less expensive than eviction (p. 155).

Properly operated co-operative enterprises aid in curtailing speculation in housing, and also tends to stabilize neighbourhoods and property values (p. 98).

These type of social and economic benefits are spin-offs from what is essentially a non-self-reliant enterprise. In this instance, self-reliance factors must be weighed against the positive impacts of the co-operative organizational structure benefits.

Thirdly, a significant obstacle to co-operative development in urban areas is the limited educational backgrounds of people living in poverty.

Perhaps the strongest deterrent to poor people's involvement in co-operative organizations is education--or lack of it. Most low income people are so busy trying to make a living that they don't have the time or inclination to find out about co-ops. Co-ops don't usually educate the overall community about benefits they offer, and those who suffer most from this lack of information are the uneducated poor (Mulhall, 1975, p. 57).

The education factor serves as a barrier to participation in co-ops from a number of perspectives. On a basic awareness level, if a person or a community has no consciousness of the self-help potential of the co-op alternative, it is understandable that no co-operative initiatives would be undertaken. Education plays an important role on the human, social, and leadership development level. Internal group conflict and negative inter-personal relations are often major obstacles to co-operative action in low income communities. "The effects of poverty

substantially increases the personal risks of attempting internal constructive interaction such that not only are residents not willing to risk constructively contributing to the community, but the interpersonal base is too fragmented and self-destructive for constructive contributions" (Loughran, 1985, p. 14). The collective capabilities of the community are often constrained by the human and social skill levels of the residents.

Liblet (1964) argues that effective leadership development is an essential factor of co-operative housing initiatives.

Co-operative living carries with it many problems. Families from different backgrounds and neighbours are brought together as co-owners of a joint enterprise. The interaction of all these families--how they get along and whether they work together--is essential to the life of the co-operative. As in any democratic institution, problems of group interaction arise. Disagreements, internal politics, etc., often create ruffled feelings. One must recognize and accept the fact that these rumblings, unpleasant as they are, will always emerge. It is through education and preparation for co-operative living, that we will be able to resolve some of these problems and avoid the possibility of conflict within the co-operative organization.

Education in co-operative living in a sense, means leadership training. We need leadership which will evolve from the members, and be answerable to the members. This leadership must be such that it will inspire other members to join with it in various activities. Moreover, good leadership must generate more leadership, always preparing new members to assume leadership (Liblet, 1964, p. 132).

Without leadership development training supports, the human and social development skills required for co-operative organizations will not take place. Co-operative enterprises will not emerge from communities without these necessary educational resource supports.

A fourth barrier to the development of co-operative enterprises is the issue of management. Many people who are interested in organizing co-operatives in inner city areas are often motivated primarily by social values.

In cases where the core organizing group for the new co-operative may be composed of people with little or no business expertise--this situation will more likely lead to failure than success. Strong social values, along with immense amounts of time and energy, do not compensate for a lack of business expertise and experience in business (Gordon, 1985, p. 20).

Fields and Sigurdson (1972) also identify inadequate management as being a key barrier to co-operative development in impoverished communities.

There is a lack of competent management personnel in many co-operatives. Furthermore, it is impossible to find suitable experienced managerial talent locally. In practise 'availability' has been the main criteria for the selection of management talent. Technical and managerial programs to train local personnel have been insufficient, that co-operative development staff to provide a regular advisory service has been inadequate, and that subsequent to being trained, local leaders are attracted to more lucrative employment (p. 17).

Because of the management vacuum at the local level, management expertise is often brought in from the outside. This dynamic raises a dilemma for local co-operative enterprises.

There is a basic contradiction in the management functions. For survival, self-help projects must depend on outside managerial assistance. However, it is very difficult to depend on the management expertise of others while also trying to maintain one's autonomy, and develop managerial skills. When key decisions must be based on expertise, its often the experts who make the decisions. Transference of managerial skills is necessary for developing local control, however it is very difficult to accomplish (Tudiver, 1973, p. 124).

Fifthly, the difficulty in developing equity in low income areas is a major obstacle to co-operative enterprise development. By definition, impoverished inner city communities lack access or control of the necessary financial resources in order to develop co-operative enterprises.

Prejudice, economic concentration, high information and transaction costs, inadequate risk pooling, the inability of private institutions to internalize social benefits, and the impact of taxation and regulatory policies, all limit the availability of capital in low income communities. Furthermore, enterprises in low income communities that do get financing rarely get it on the right terms and in right form to compensate them for the added costs and risks operating in depressed areas (Schweke, 1981, p. 7).

Other factors identified as obstacles for co-operatives raising capital from traditional financial institutions include,

the perception that the community benefit motive is thought to decrease motivation and syphon investment money into social projects and because of the perception that community control obstructs strong, responsive decision making (Loughran, 1985, p. 62).

Besides the specific barriers to raising equity capital which are unique in low income communities, co-operative enterprises in general have had difficulty in raising equity capital. Much of the difficulty centers around the unique characteristics of the philosophy of equity capital in the co-operative sector. Co-operative capital and traditional private sector capital have very different characteristics.

Perhaps most important among these differences is the redeemable nature of co-op capital. Equity raised through share capital in the private sector is essentially permanently assigned to the company. Secondly, a feature of most co-operative capital is the limited marketability of co-op shares. This feature of co-op capital has essentially ruled out

access to many equity capital formation mechanisms used by the rest of the private sector. Thirdly, co-ops pay a limited or no return on co-op capital. Co-op returns usually take the form of patronage refunds, whereas non-co-ops pay dividends on invested capital. Finally, co-operative capital reflects the social as well as the economic purposes of co-operatives. In meeting member and community needs, co-op capital serves both the traditional economic role of risk financing, as well as a social role usually ascribed only to capital in the public sector and charitable organizations (National Task Force on Co-operative Development, 1984, p. 36).

Co-operatives have found a number of capital formation models which are effective in providing financial flexibility while retaining the unique characteristics of co-operative capital. A major source of equity capital is accumulated through unallocated retained savings of the organization and retained patronage refunds allocated to individual member equity accounts. A second capital formation model is the "direct charge" co-operatives in which capital is raised through a relatively large upfront commitment from members, supplemented by a capital surcharge on member purchases and weekly service fees to members to cover operating expenses. A third model of capital formation can be found in the credit union and caisse populaire systems where individual member equity is raised through limited equity membership shares.

Most public sector policy aimed at stimulating private sector investment ignores the different role of capital in a co-operative enterprise. People form and invest in a co-operative because it can help them to meet economic and social needs--not because of the prospect of capital appreciation. Return comes in the form of enhanced services and a fair patronage refund rather, than as dividends or capital gains based on shareholdings.

Co-operative capital renewal efforts have been hampered by the absence of an equitable tax environment for co-op investment. Co-operators are frustrated by the continuing need to "fit square pegs into round holes" when dealing with public policy investment incentive programs which are usually designed with non-co-operative investment in mind. There is a need for comparable investment incentives that specifically address the unique nature of co-operatives.

While the co-operative sector as a whole experiences difficulties in the raising of equity capital due to a non-supportive investment environment, these type of issues only serve to further exacerbate the barriers which co-operative initiatives in low income communities are forced to confront. The formation and access to equity capital is a major obstacle to the development of co-operative enterprises in low income communities.

A final obstacle to the development of co-operatives in inner city areas is the role played by "center institutions." Because impoverished inner city communities lack the resources which would enable self-reliance, locally initiated co-operative enterprises are dependent on outside resources such as government programs or foundations for financial and technical assistance. These assisting organizations are what Tudiver (1973) termed as "center institutions" act to maintain underdevelopment of a community rather than promote its development.

This process of maintaining the underdevelopment of a community is accomplished by the center institutions through influencing the priority setting of the local organizations, diverting leadership accountability from the community, and by further entrenching the colonial relations of

dependency.

In order to receive assistance, the local group must gear its objectives, legal incorporation, organizational structure, and methods of community representation, to guidelines of the center institutions which provide the assistance. This very process of altering initial plans and intents to satisfy the demands from funding institutions undermines local control. It may also shift the orientation of the local group away from local needs and toward available outside opportunities.

Secondly, the leadership of the local organizations are pressured. Since survival of their organizations depends not on local constituencies, but on resources provided by center institutions, these center institutions become their relevant constituencies. Survival depends on satisfying people in center institutions rather than people in local communities, satisfying the former often compromises, or co-opts the latter.

Thirdly, the contradictory pressures of assistance are evident. On the one hand, the groups depend on resources of center institutions for their survival: on the other, much of the resources are provided within highly restrictive frameworks. These restrictions often preclude accomplishing the goals for which the resources were ostensibly provided. Hence, to build independent and economically viable organizations entails entering into relationships of dependence with many of the institutions which have most heavily exploited the region. Efforts to overcome the effects of colonialism are dependent on some of the major colonial exploiters. This would seem to structurally ensure failure (Tudiver, 1973, p. 129).

Co-operative enterprises often risk becoming the shadow leadership of government officials. The co-op retains the external appearance of an internally directed organization. That the co-op retains this apparent independence is critical to its legitimacy within the philosophical framework of self-help in which it is initiated. However, it is equally apparent that the evolution of such a veiled independence provides the basis for a growing credibility gap between the co-op and

the community which it seeks to serve. Due to the dependence of low income communities on the financial and technical resources of center institutions, the ability of co-ops to pursue an independent community need directed agenda will always be problematic.

Overcoming the Barriers to Co-operative Development

In terms of the structural context in which inner city co-op initiatives must function, the realities of the tremendous difficulties faced by inner city co-op initiatives must be recognized. A number of compensatory resource supports need to be established by the public sector and the co-operative sector if there is to be any success in overcoming the barriers. These resource supports will be discussed later in this section. One factor which stands out that assists local initiatives to better understand difficulties and overcome barriers is the role of shared ideological commitment within the co-op. A shared ideological commitment serves to provide co-operatives with the resolve to interpret the co-operatives role within the social and economic context in which they operate, provides a specification of common ends which guides the co-op's role in light of current conditions, and is important in developing a vision of the future--a means to attain a co-operative image of the good society. A shared ideology can be the glue that holds co-operatives together. Specific co-operative enterprises are not seen as an isolated initiative, but rather as a part of a larger framework of change.

Secondly, co-operative principles must be further interpreted and better put into practise. A narrow interpretation of the co-operative philosophy of self-reliance has been identified as a barrier to co-op

development in the inner city.

In order for co-ops to succeed in low income communities a basic re-orientation of co-op principles must be made. Co-op development in the inner city must be seen from a "blended" philosophical perspective. Presently, co-op principles clash with social welfare principles. These principles need to be better mixed or integrated in low income communities. The co-op principle of self-reliance should not be abandoned. Mid-range subsidies are required, however, with a long enough time horizon to ensure the viability of inner city co-op initiatives. The "blended" philosophical approach could be described as a midpoint between a "grant mentality dependence" and self-reliant operations. Co-op ventures in the inner city must be based on a sound incremental plan towards a goal of ultimate self-reliance. "Co-operatives and governments working together can create invaluable tools for self-development" (Mulhall, 1975, p. 60).

It is ironic that it was this principle of self-reliance which was the rationale used by Credit Union Central of Manitoba for closing down the low income orientated Midland Credit Union. The Credit Union's own viability was assisted by a \$25 million interest free loan in 1982 in order to help the stabilization fund withstand the \$7 million in losses which the credit union movement suffered in 1981-82 (Winnipeg Free Press, June 27, 1987). A "blended" philosophy was required to keep this large institution afloat. It is unfortunate that the same recognition was not afforded on a much smaller scale to a low income orientated initiative such as the Midland Credit Union.

Related to the potential role that co-operative principles could

play in the development of co-op enterprises in the inner city is the issue regarding the co-op principle of co-operation amongst co-operatives. In order for co-operative enterprises to develop in the inner city, the existing co-operative sector needs to play a larger supportive role in terms of stimulating this type of development. In a previous section of this chapter, it was established that in recent history the co-operative sector has played an insignificant role with the poor.

Axworthy and Phalen (1986) indicate that worker co-ops, an emerging vehicle for employment in impoverished communities, have received little support from the existing co-operative sector.

A stark example of where the co-operative movement is not pursuing the principle of co-operation amongst co-operatives very aggressively is with regard to worker co-operatives. There is not, as yet, a concerted co-operative strategy to assist in the capitalization and general funding of these co-operatives. A vigorous pursuit of the principle of co-operation amongst co-operatives would have at least the financial co-operatives heavily involved in facilitating the funding of worker co-operatives (p. 12).

As Mungall (1986) further states that in terms of small grassroots orientated worker co-operative initiatives, and their relationship to existing co-operative financial institutions,

Credit unions and caisses populaires are usually as conservative as the banks they were organized to supplant (p. 219).

Besides the existing co-operative financial institutions, Mungall (1986) also criticizes the lack of support by other established interests in the co-operative sector.

Saddest of all, the established co-operatives have so far failed to recognize that the worker co-op

movement is at a stage where they were 50 years ago. They could be the same people with the same pre-occupation with how to survive with integrity and at the same time help others in the same plight. But the big producer co-operatives, like the wheat pools and the consumer co-operatives like the United Co-operatives of Ontario and the Co-operators Insurance Company, have not offered support. They have not yet given financial backing nor business advice, nor purchased goods and services from the worker co-ops (p. 219).

While it could be argued on a general basis that there has been precious little co-operation amongst co-operatives, there are isolated examples of the potential opportunities that can emerge when such a principle is put into practise. The Ottawa Co-operative Garage provides an excellent example of this potential.

Right from the beginning, the Ottawa Co-operative Garage recognized the value of links with other co-operatives. The Co-op garage was promoted among co-ops and credit unions throughout Ottawa, and many of its first members belonged to other co-operatives. For example, the Appropriate Home Energy Co-op purchased \$1,500 in advance shares to provide the garage with start-up capital. The Co-operators, Canada's largest multiline insurance firm, was an early corporate member. There are mutual benefits--the Co-op garage buys its insurance from the Co-operators and does some of the Co-operators' repair work. The garage also exchanges flyers and advertising space with the Real Food Co-op and Appropriate Home Energy Co-operative. The garage has used the Ottawa Community Credit Union and local resource organizations such as Communityworks and the Potential Co-op Society (Association for Creating Enterprises, 1984, p. 32).

By more aggressively pursuing the principle of co-operation amongst co-operatives, greater technical resource supports and financial support could be made available to help foster co-operative enterprises in low income communities. Existing established co-operatives have the business skills and expertise to greatly assist emerging co-operatives

in terms of strengthening their management skills and business plans.

In terms of financial support, the larger established co-operatives have tremendous resources of which a small portion could be allocated to assist in the development of co-ops in low income communities. A brief survey of some of the annual reports of larger co-operative institutions indicate that in 1986 The Federated Co-operatives Limited had a net income of \$66 million; in 1986 The Co-operators Insurance Company reported \$37 million in net income; in 1986 The Co-operative Trust Company of Canada reported a net income of \$5 million; in 1986 The Inter Provincial Co-op Ltd. reported a net income of \$3 million; in 1984 The Saskatchewan Wheat Pool reported net earnings of \$21 million; in 1984 Manitoba Pool Elevators reported \$10 million in net earnings.

Obviously, there is a significant amount of surplus revenue generated within the large co-operative institutions. A commitment to the principle of co-operation amongst co-operatives would serve to reinforce the need to redistribute resources to disadvantaged communities. There should be some movement by the co-operative sector on this issue based on its principles.

It is interesting to note the co-operative sector's major commitment to assisting co-operative initiatives in Third World countries and its almost absence of a presence in domestic underdeveloped areas.

Canadian co-operatives continue to assist co-operatives in the Third World through the International Development Department of the Co-operative Union of Canada with financial assistance from the Canadian International Development Agency. Much of the C.I.D.A. funding is dependent on matching contributions from the co-operative movement. During 1985, the

International Department of the C.U.C. was responsible for approximately \$5 million in aid for projects in 30 countries (Canadian Co-operative Union Report, 1986, p. 14).

The International Development Department of the Co-operative Union of Canada embodies an orientation and philosophy that would greatly assist co-operative development in impoverished communities in our own country.

The international development arm of the C.U.C. operates an effective development program with three fundamental objectives:

1. The alleviation of poverty.
2. The promotion of self-sustaining growth.
3. Education and human resource development.

The C.U.C.'s policy of development aid is to promote the strengthening of small co-operatives and credit unions and their support structures in areas of need where such projects can be expected to improve the economic and social situations of their members, and where they show promise of becoming viable, self-sustaining enterprises within a reasonable period of time. It is the belief of Canada's co-operative sector that this kind of institutional development will in the long term help these organizations become self-sufficient, autonomous structures that will be key instruments of economic and social development in their countries (Co-operative Union of Canada, 1986, p. 19).

Canada needs this type of commitment from the co-operative sector to address the poverty, the need for education and human resource development, the need for local community institution building for the promotion of self-sustaining growth in our country's impoverished inner city areas. If there was a greater commitment to co-operation amongst co-operatives, this same type of creative and dynamic presence could be brought into inner city communities which could greatly benefit from co-operative organization and development. It is clearly not being

argued here that aid to Third World countries should be diminished. Rather, the development commitment and orientation to Third World co-operative enterprises should also be channelled into initiatives in low income communities in Canada. There should be no trade off--but the direction of development in the Third World countries should be used as a model for similar efforts in our own country. It is time that this domestic vacuum in terms of presence and resources be addressed by the existing co-operative sector establishment.

A final comment on the issue of the need for greater co-operation amongst co-operatives--Co-operative initiatives in low income communities will meet with greater success if they are not undertaken on an ad hoc basis or in isolation. Success would be achieved to a greater extent if co-operative initiatives were developed within the context of an inter-dependent organizational support system. This type of integrated approach is the primary factor in the success of the co-operatives in Mondragon (Thomas & Logan, 1982). The education, enterprises, banking, and research components of the system are interdependent and function as a mutual support system in order to ensure the success of the co-operative enterprises in the Mondragon area. The Mondragon co-operatives have attracted world wide recognition for their success in terms of generating employment and viable enterprises in the northern region of Spain. Co-operative efforts in the inner city, therefore, could benefit from this experience by viewing development as needing to be a more integrated and interdependent as opposed to an isolated undertaking.

A third barrier which must be overcome by co-ops in the inner city

is to address the issue of awareness, education, and management skill development with respect to the co-op alternative. The need for some form of education and community animation resource support seems to be crucial in attempts to further promote co-operative enterprises in the inner city. Where there is no form of consciousness of the co-operative alternative, there can be no action.

Decentralized local resource agencies can play a significant role in creating awareness of the co-operative alternative and can provide management skill development supports at the local community level. Evidence from Britain indicates that such local resource supports greatly assist in the development of co-operative enterprises. In 1978, the government set up the Co-operative Development Agency (CDA) to act as a national body to promote and assist worker co-operatives. This initiative has proven to be very successful.

The CDA's value is indicated by statistics for two years, from 1980 to 1982. In areas without Co-operative Development Agencies, the number of co-operatives increased 24 percent, and the number of jobs in co-operatives increased 7 percent. In areas that did have the support of the CDA's, the increase was much more; 131 percent for co-operatives and 56 percent for jobs in them. Worker co-operatives increased three-fold in Britain in four years, from 305 in 1980 to 911 in 1984. The cost to a local council for staff, salaries, and expenses comes to about \$4,000 per job created, compared to \$80,000 per job created by other British programs (Mungall, 1986, p. 211).

It would appear, therefore, that there is a great need for decentralized education and management training resource centres to be established in local communities in order to promote the development of co-operative enterprises. Such resource supports have a proven track record in mobilizing the development of co-operative enterprises and

have proven to be a cost effective vehicle for job creation. An ongoing resource for management skill development would need to be a critical component of these type of resource support centres.

A fourth obstacle that needs to be overcome is the issue of raising equity capital for co-operative enterprises in low income communities. There are a number of potential alternatives which could be pursued that would address the issue of generating equity capital. One strategy has already been suggested in terms of building on the principle of co-operation amongst co-operatives. The established co-operative sector has a significant amount of financial resources which could be channelled into leveraging more equity capital funds for inner city co-operative ventures.

Examples of initiatives already undertaken within the co-operative sector with regards to using its resources to address the issue of raising equity capital for community based enterprises include:

1. Credit unions such as the Community Congress for Economic Change in Vancouver, the Bread and Roses Credit Union in Toronto, and the Ottawa Women's Credit Union, have been established to meet the needs of low income people who lack access to traditional financial institutions (Credit Lines, October 15, 1979, p. 4).
2. Vancouver City Savings Credit Union has established a community ventures office with access to a small amount of seed capital--half a million dollars--and will give development assistance to fledging enterprises (Mungall, 1986, p. 218).
3. The Community Development Co-operative (CDC) of Nova Scotia has recently been organized to promote the development of worker co-operatives in the province. A venture capital fund has been established of over \$50,000 with investments from Co-op Atlantic, The Co-operators, Credit Union Central of Nova Scotia, The Nova Scotia Federation

of Labour, and the religious communities of the Sisters of Notre Dame and the Sisters of St. Martha (The Atlantic Co-operator, March 1987, p. 1).

Another strategy which could be pursued is to redefine how equity could be raised. Equity could be defined in terms of "sweat equity" or the amount of volunteer time an individual puts into an enterprise. Equity could also be recognized more as an ongoing savings plan as opposed to an upfront lump sum initial investment. Such a scheme would be along the lines of a "payroll equity" plan. Under this type of an arrangement, a percentage of a co-op member's wage would be set aside on an ongoing basis to build the members equity in the enterprise and improve the overall equity position of the co-operative. In this way, low income people who do not have the financial resources to put up the necessary capital to initiate a co-operative could build up the equity capital from their earnings. Specific equity capital targets and contribution policies would have to be pre-arranged in order that the scheme is not misused--ie. equity contributions are not made on a regular basis. A scheme such as this would require that existing financial institutions such as credit unions would have to recognize and endorse the payroll equity scheme in order that the scheme would be viable.

This type of self-finance capital accumulation model is a major factor in the degree of self-reliance that the Mondragon co-operatives have been able to achieve.

An entry fee forms the basis for self-financing the costs involved in one's job. The entry fee has to be paid within two years of joining the co-operative. Apart from a down payment of at most 25 percent of the total, this is normally done by monthly

deductions spread over two years....Rigorous adherence to this practise of capital accumulation through what can be termed as "forced savings," ensures job security, the financial viability of the enterprises, and long run growth and profitability (Thomas & Logan, 1982, p. 147, 154).

Another alternative to address the equity capital issue is through legislative action in the establishment of deferred taxation plans. Presently, co-operative capital renewal efforts have been hampered by the absence of an equitable tax environment for co-op investment. Because of the unique characteristics of co-op equity which were previously outlined in this chapter, capital markets are typically not appropriate as vehicles for co-op capital formation.

The National Task Force on Co-operative Development (1984) recommended that the tax laws need to be changed in order to provide investment incentives to assist in equity capital formation in co-operatives. The Task Force recommended that:

The federal government should develop a Co-op Registered Savings Plan that would encourage long term tax deferred investment in co-operatives. Provisions of the plan would include: tax deferral provisions similar to existing RRSP's, group administration to minimize cost per member, and the opportunity for members to automatically contribute patronage refunds to such plans (p. 47).

Members could invest directly into specific co-operatives. This would be the most desirable form because it would build commitment. However, it may also be desirable for some members to invest indirectly through regional development funds which would re-invest in co-operatives. The advantage of the regional fund over direct investment is that it spreads and decreases the risk.

It would also seem desirable to develop a national fund to attract

institutional money to the co-operative sector. A national fund would enable credit union centrals to invest into more liquid long term equity pools, and enable private pension funds and heritage funds to invest in the co-operative sector.

If co-operatives developed a system of regional funds to attract investments by individuals and a national fund to tap other sources of long term capital, the co-operative sector could then move from a shortage of equity capital to an abundance of both equity capital and long term debt capital. This represents more than just a shift in existing money in the co-operative sector. It would create long term equity funds and transpose some Canadian savings into higher risk equity funds which increase the productive capacity of the co-operative sector (Craig, 1981, p. 23).

These type of alternative sources of raising equity capital would serve to broaden the available funding sources for inner city co-ops. With innovative schemes for low income people to develop equity positions in co-op enterprises, inner city co-ops could access this potential source of capital. The long term pension fund investment potential could be especially helpful in providing alternative sources of financing for housing co-operatives in low income communities.

A final barrier to co-operative enterprise development in the inner city which has been identified is the controlling role of "center institutions"--the government or foundation funding resources which provide much of the financing for low income orientated co-operative projects. It is very difficult for co-operative ventures in low income communities to avoid dealing with center institutions because of the lack of resources in inner city areas which necessitates dependence on outside assistance.

A couple of points can be made which may be useful in terms of

addressing this obstacle for co-operative enterprise development. Firstly, it is important to be conscious of the controlling nature of center institutions. At least with an awareness or an analysis of the controlling nature of the center institutions, strategies can be undertaken to attempt to minimize the control factor. Secondly, the scale of the co-operative initiative may be important. Smaller scale initiatives may provide a greater opportunity for local control. Development may have a better chance of being internally need driven as opposed to an opportunity focus which is orientated to available resources established by external interests. Thirdly, where possible local co-operatives might attempt to secure outside resources from center institutions which may be more accommodating and relevant to local needs and priorities. As an example, if the more established co-operative organizations were mobilized to provide greater technical and financial resources to inner city co-operative initiatives, this might be a source of external assistance that may be more supportive to meeting local priorities on the local community's terms in comparison to state orientated center institutions.

CHAPTER V

THE M.A.P.S. HOUSING CO-OP LTD.:

A CASE STUDY IN COMMUNITY ECONOMIC DEVELOPMENT

Introduction

The M.A.P.S. Housing Co-op Ltd. will be examined in this chapter as a social work intervention utilizing a community economic development approach. Before getting into the details of the case study, the intervention will be placed within a theoretical context of the knowledge base which has been developed in this paper regarding the processes of urban decline, the community economic development approach and the potential role of the co-operative form of organization in inner city communities. This chapter will describe the duration of the intervention period, the setting in which this social work intervention of organizing a housing co-op was made, the recording process utilized to document the intervention, the procedures undertaken in the intervention, and finally an evaluation of the intervention.

Theoretical Context of the Intervention

The M.A.P.S. Housing Co-op Ltd. was organized as a local community's response to attempt to arrest some of the processes of urban decline in this inner city neighbourhood. The major urban decline factor which the co-op sought to address was to develop a community institution that could begin to deal with the exploitation by absentee slumlords and the detrimental impact they made on the housing conditions in the local neighbourhood. There is a whole range of

systemic or structural reasons why housing conditions remain in such a deplorable state in inner city communities. The explanations include an analysis of the marginal role residents of the inner city have in a present capitalist economy; that inner city housing conditions reflect the lower end of the natural workings of consumer preferences in the marketplace; that the present fiscal crisis of the state constrains social investment requirements for upgrading the housing stock in inner city areas; that the housing stock has become obsolescent because of its age; or that poor housing conditions exist because of racial discrimination in the housing market.

A local community action group could do very little at the local level to address most of the above mentioned factors which contribute to the poor condition of the housing stock in the neighbourhood. One area in which local residents could affect change, however, would be to work towards minimizing the exploitation by absentee landlords in the neighbourhood. A significant level of rental accommodation in the local area is owned by people who do not live in the local community. Many of the revenue properties are purposely undermaintained by these absentee landlords in order that they can exact a greater rate of profit from their investment. Statistics Canada (1981) indicate that over \$5.2 million was spent in rent in the M.A.P.S. neighbourhood in 1981. Because the majority of the landlords reside outside of the local area, (Strathcona School Housing Registry, 1986) a high percentage of this \$5.2 million expended on rent leaked out of the local neighbourhood economy.

In order to combat this type of exploitation by outside interests,

the M.A.P.S. Housing Co-op was formed to allow the community to take greater control of the housing accommodation in the neighbourhood. A local community institution could begin to stop the drain of housing expenditure from the local economy and capture housing dollars to be put to use to meet community needs. A local housing co-op could improve the quality of housing conditions in the local area and provide affordable housing to people on low and fixed incomes. The housing co-op, therefore, had the potential to provide the local community with a concrete vehicle for addressing the exploitation which it experienced by outside interests with respect to the housing conditions of the neighbourhood.

The economic development strategy pursued by the M.A.P.S. Housing Co-op could be described as a combination of an import substitution strategy and a government services strategy. Because of the high rate of absentee ownership of rental property in the area, the community had to import housing accommodation services from interests outside the community. If the local community had a vehicle at its disposal to acquire property in the area, the community would have greater control over how its housing needs were met.

The provincial government's Co-operative Homestart program was used by the local co-op as a vehicle to take greater control over the housing stock in the community. Previously, the program was essentially used by a more middle class target group, as these people tended to have more of the awareness of the program, and the confidence and technical expertise to access the resources from this type of government service. The M.A.P.S. Housing Co-op saw the government's co-op program as a

beneficial resource for the M.A.P.S. community. The program was therefore seen as a potential economic development tool in that the co-op would be able to begin to capture some of the housing expenditure that leaked out of the local economy. As well, the local community group saw the co-op program as an opportunity to create employment in the community from the renovation and construction work required by the housing co-op. A key issue that had to be addressed in terms of pursuing the government services strategy was the struggle the local co-op engaged in with the government to utilize the resources of this government program on the community's terms and not just within the framework of the government's agenda.

As identified previously in the paper, there are many obstacles to the development of co-operative enterprises in an inner city area. The observation is confirmed by the virtual non-existence of co-operative initiatives in Winnipeg's inner city. However, there is an emerging trend of co-operative development in the field of co-op housing. The major reason for this growth in inner city housing co-ops is because the government's Co-operative Homestart program effectively deals with the barriers to co-operative development in an inner city setting.

Firstly, the Co-operative Homestart program has recognized that a "blended approach" had to be pursued in terms of co-operative principles and social welfare principles if housing co-ops were to succeed in an inner city setting. The program recognizes that an inner city housing co-op can not be self-reliant without compensatory support from the government in the form of interest subsidies and rent subsidies. Secondly, the program recognizes that equity participation from low

income people is a significant barrier if housing co-ops in the inner city are to be established. The Co-operative Homestart program provides 100% mortgage financing with no equity requirement on the part of the sponsoring co-op. Members who move into the co-op are required to purchase a designated amount of shares which amount to being equivalent to a damage deposit. Where members are unable to afford the designated share requirement, because of their low income status, the government will provide a non-interest bearing loan to the co-op to cover the amount of the designated share requirements that the member is not able to afford to pay. Thirdly, the Co-operative Homestart program has a grant package which covers the cost to the housing co-op to hire a technical resource group. This valuable assistance allows the local housing co-ops to have the necessary management and technical assistance in developing and operating the housing co-op. A lack of management expertise is often a major obstacle to the development of successful co-operative enterprises in inner city areas. Finally, an agency such as the Community Education Development Association (C.E.D.A.) has provided the M.A.P.S. Housing Co-op with the educational support in terms of awareness of the potential of the Co-operative Homestart program benefits to the local community as well as the ongoing leadership and organizational development resources for the housing co-op initiative. Often inner city communities lack the awareness of such government programs, and as a result the vast majority of the take up of these type of government programs are middle class target groups. Also, inner city community groups often lack the leadership and group development skills, conflict resolution skills, and problem solving

skills to successfully undertake initiatives of this nature. A resource such as C.E.D.A. allowed the M.A.P.S. Housing Co-op to overcome these skill and awareness obstacles.

Duration of the Intervention

The intervention described in this chapter began in September of 1985, and while the initiative is ongoing, for research purposes, the end of the research period of the intervention is August 1, 1987.

Recording of the Intervention

A number of recording strategies were used in this intervention including:

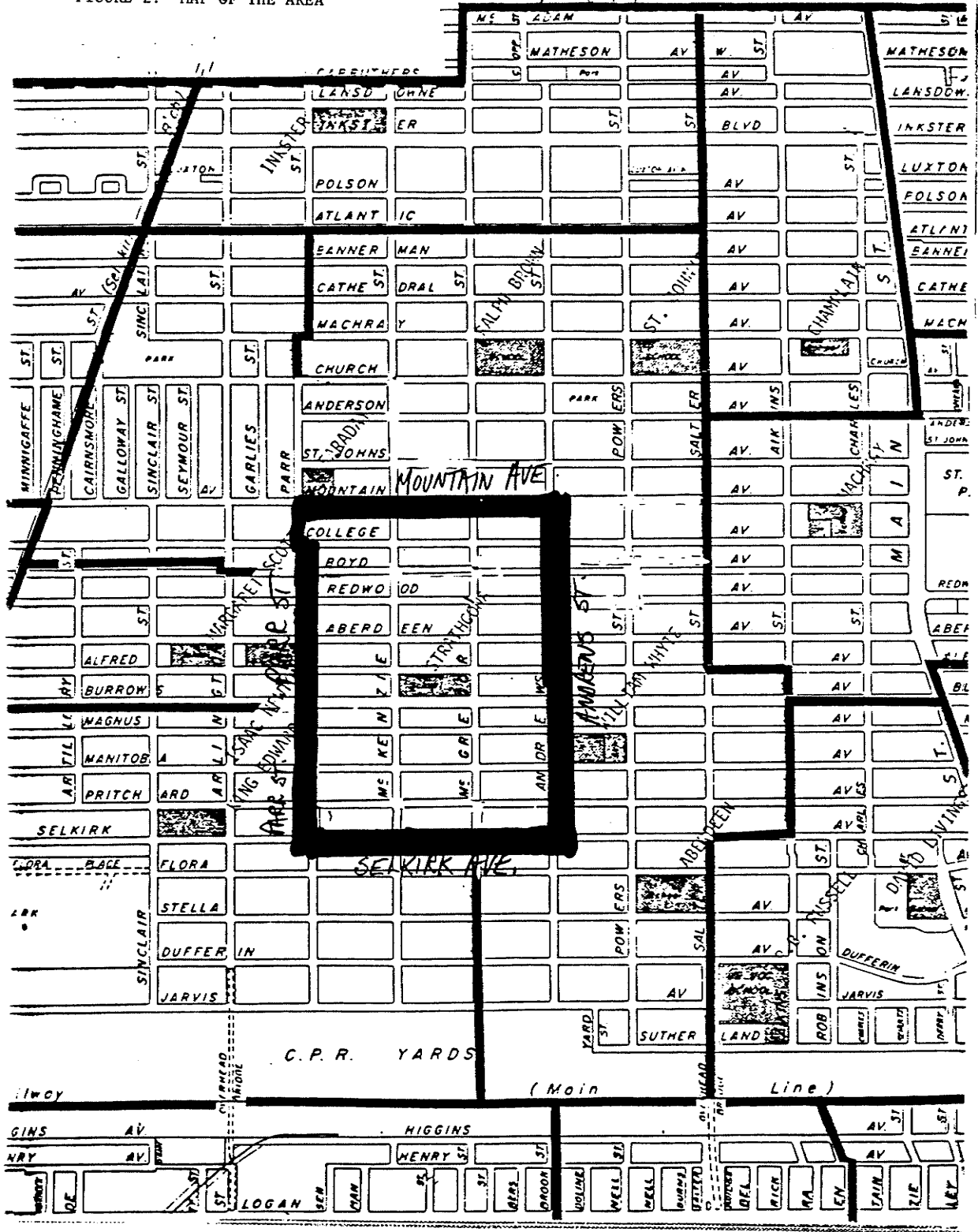
1. C.E.D.A. Information System - Project Documentation
2. Minutes from the meetings of the Board of Directors of the M.A.P.S. Housing Co-op Ltd.
3. Minutes from the meetings of the M.A.P.S. Improvement Committee.
4. A meeting and event log maintained by the author from December 1, 1986 - June 30, 1987.

Setting of the Intervention

The M.A.P.S. Housing Co-op Ltd. is situated in a neighbourhood north of the Canadian Pacific Railway Yard, and is bounded to the north by Mountain Avenue; to the south by Selkirk Avenue, to the east by Andrews Street, and to the west by Parr Street (see map of area in Figure 2).

From a historical perspective, this neighbourhood was significantly influenced by the construction of the Canadian Pacific Railway. Westdal (1986) provides an excellent description of the historical development of the area.

FIGURE 2: MAP OF THE AREA



During the period between 1875 and 1883, officials of the new City of Winnipeg bargained with the federal government to bring the mainline of the CPR through Winnipeg instead of the town of Selkirk. The reason for this was obvious. At that time, rail service was the only dependable method of transcontinental travel. Rail service was essential to the economic well being of any ambitious community. The city won its case by offering certain concessions. In return, Winnipeg became the distribution centre for Western Canada. As the west developed, Winnipeg's economy grew rapidly. This healthy economic growth led to continued construction and an aggressive immigration policy.

Winnipeg, however, was not equipped to handle the problem of increasing urban development. Many of Winnipeg's original suburban areas (of which the M.A.P.S. community had been a part) which had experienced limited to modest development, now began to attract large scale housing and commercial development. This was exacerbated by the fact that the City of Winnipeg proper was being filled up. The absence of building and zoning controls when developing areas such as the Selkirk Avenue area meant that even reasonable development standards were not being met. Furthermore, the proximity of both the railway and industry attracted newly arrived immigrants looking for work in the Selkirk Avenue area.

The concentration of various ethnic groups to the Selkirk Avenue area served to isolate racially this area from the rest of the city. The CPR geographically defined the district and physically separated it from the rest of the city. The district became referred to as the "North End" since it was situated north of the CPR yards.

To outsiders, the North End was both foreign and alien. Racist attitudes operated in conjunction with economic and geographic factors to sever the area from South Winnipeg. This isolation led to the development of a distinct subculture within North Winnipeg. The area literally turned in on itself. Thus, it became a city within a city, complete with its downtown area on Selkirk Avenue (Westdal, 1986, p. 1).

The M.A.P.S. area encompasses 10 streets, three blocks in length.

The area is predominantly residential in nature, with homes situated on

twenty-five foot lots. While major industry has not intruded into the neighbourhood, there is some commercial activity on the major thoroughfares--Selkirk Avenue, McGregor Street, and Mountain Avenue. The grid system of streets links the neighbourhood with the larger north end area.

The M.A.P.S. area contains a large number of small single family dwellings, a significant number of multi-rent dwellings, and there is 5 large apartment blocks in the neighbourhood. Condition of the housing stock tends to be poor to fair around the immediate vicinity of Selkirk Avenue. As you move north of Selkirk Avenue and west of McGregor Street, the condition and maintenance of the housing stock improves to a significant extent.

The area contains 1 elementary school, 6 churches, 2 large senior citizen apartment complexes, a Y.M.C.A., 2 legions, 2 fraternal organizations, 2 ethnic clubs, and one recreation centre.

Now that a historical background of the area has been developed along with a general overview of the M.A.P.S. community, a detailed analysis of the setting in which this community economic development intervention was undertaken will be provided. Factors which will be examined in the analysis of the setting of the intervention include a description of the characteristics of neighbourhood using comparative Census of Canada Statistics for 1971 and 1981; a summary of the pattern of change that the neighbourhood has experienced; and a theoretical interpretation of the urban decline processes experienced by the neighbourhood will be analysed based on Bourne's (1978) eight hypotheses of urban decline.

Characteristics

Table 3 provides information on the characteristics of the M.A.P.S. area based on Census of Canada statistics for 1971 and 1981. The M.A.P.S. community is defined by census tracts 43 and 45. While the area fit is not exact, census tracts 43 and 45 serve as the closest approximate estimate for the purposes of using census information to develop a socio-economic profile of the M.A.P.S. community.

Population

The population of the area has declined dramatically (-31%) between 1971 and 1981. This is a significantly higher population loss compared to the inner city as a whole which was (-22%) during this same period of time. The Census Metropolitan Area (CMA) of the City of Winnipeg experienced an (+8%) gain in population growth between 1971 and 1981.

There is a greater number of children as a percentage of the population in the M.A.P.S. area as compared to the inner city as a whole, but their numbers are declining more rapidly in the M.A.P.S. area (-42%) than the inner city as a whole (-30%) during the ten year period. The number of children as a percentage of the population in the M.A.P.S. area is about the same as Winnipeg's CMA but has declined at a drastic rate (-42%) as compared to the Winnipeg CMA (-1%).

The number of elderly as a percentage of the population is comparable for both the M.A.P.S. area (16%) and the inner city as a whole (17%) in 1981. The number of elderly increased at a rate for the inner city of (+12%) while in the M.A.P.S. area the number of elderly decreased by (-17%) between 1971 and 1981. The number of elderly as a percentage of the population is higher in the M.A.P.S. area (16%) as

Table 3-Census Data

CHARACTERISTIC	M.A.P.S.		INNER CITY		WINNIPEG DMA	
	1971	1981	1971	1981	1971	1981
1. Population % change	15,375	10,553 -31%	91,560	71,408 -22%	540,625	584,842 +8%
2. Age						
Less than 19	5,595(36%)	3,210(30%)	25,985(28%)	18,085(25%)	174,785(32%)	174,750(30%)
Over 65	2,045(13%)	1,695(16%)	10,840(12%)	12,120(17%)	51,250(9%)	67,395(12%)
3. Number of Households	4,840	4,070	33,810	30,490	166,670	217,205
4. Household Size	3.1	2.6	2.7	2.3	3.2	2.6
5. Number of Families	3,710	2,630	19,915	14,970	132,860	152,145
6. Family Size	3.5	3.1	3.1	3.0	3.5	3.1
7. Family Structure						
Two Parent	-	1,985(76%)	-	11,655(78%)	-	132,710(87%)
Single Parent	-	675(24%)	-	3,315(22%)	-	19,435(13%)
8. Ethnic Origin						
British	3,195(21%)	1,880(18%)	30,980(34%)	17,480(25%)	232,125(43%)	210,065(36%)
French	1,170(7%)	460(4%)	6,325(7%)	3,355(5%)	46,205(9%)	44,185(8%)
Other	11,010(72%)	8,213(78%)	54,255(59%)	49,275(70%)	261,935(49%)	330,592(56%)
9. Born Outside Canada	4,300(28%)	3,140(30%)	27,965(31%)	24,455(34%)	107,425(20%)	112,135(19%)
10. Educational Level						
Less than Gr. 9	8,330(60%)	2,935(30%)	40,765(48%)	16,840(25%)	197,530(40%)	73,410(14%)
University Grad	315(2%)	220(2%)	2,750(3%)	3,855(6%)	24,800(5%)	43,715(8%)
11. Occupied Dwellings						
Single Detached	4,815	4,090	33,735	30,485	166,480	217,210
Multi-Unit	2,535(53%)	2,505(62%)	11,825(35%)	10,700(35%)	105,565(63%)	128,500(59%)
Multi-Unit	2,285(47%)	1,570(38%)	21,910(65%)	19,785(65%)	60,565(37%)	87,900(41%)
12. Pre-1946 Construction	4,055(84%)	2,680(66%)	26,100(77%)	17,050(56%)	69,005(42%)	54,205(25%)
13. Condition						
Minor Repairs	-	27%	-	21%	-	16%
Major Repairs	-	9%	-	8%	-	5%
14. Mobility						
Moved in last 5 Yrs	49%	49%	57%	78%	50%	48%
15. Rooms per Dwelling	5.1	5.1	4.7	4.7	5.1	5.3
16. Owner Occupied	2,265(47%)	2,160(53%)	10,475(31%)	9,730(32%)	98,375(59%)	127,690(59%)
17. Average Value of Dwelling	\$11,380	\$31,929	\$14,166	\$38,244	\$ 17,780	\$ 58,666
18. Average Annual Gross Rent	948	2,700	966	2,926	1,296	3,840
19. Unemployment Rate	11%	9%	10%	8%	7%	5%
20. Average Household Income	\$ 6,409	\$16,208	\$ 6,542	\$14,842	\$ 9,382	\$ 23,208
21. Incidence of Low Income						
Families	-	34%	-	32%	-	14%
Unattached Individuals	-	61%	-	52%	-	40%

compared to the Winnipeg CMA (12%) in 1981, while the number of elderly in the Winnipeg CMA increased by (+32%) as compared to the (-17%) decline in number in the M.A.P.S. area during the 1971-1981 period.

The number of households in the M.A.P.S. area declined at a greater rate (-16%) as compared to the inner city (-10%) over the ten year period. This is in contrast to the Winnipeg CMA which experienced a (+30%) increase in the number of households during that same period of time.

Average household size is larger in the M.A.P.S. area (2.6) than the inner city as a whole (2.3) in 1981. The M.A.P.S. area household size (2.6) is comparable to that of the Winnipeg CMA (2.6). The average household size throughout Winnipeg declined over the 1971-1981 period.

Mobility of the population can be measured by movement into and out of the area. Statistics Canada defines a mover as persons who, on Census Day, were living in a different dwelling than one occupied 5 years earlier. In 1981, movers made up (49%) of the population of the M.A.P.S. area. This figure is significantly lower than the inner city as a whole (78%) and marginally higher than the Winnipeg CMA (48%). Immigrants, defined by Statistics Canada as residents born outside Canada made up in 1981 (30%) of the population of the M.A.P.S. area which is somewhat lower than the inner city (34%) but significantly higher than the Winnipeg CMA (19%).

Overall educational attainment in 1981 is lower in the M.A.P.S. as (30%) of the population had less than grade 9 compared to (25%) for the inner city. The educational attainment is much higher in the Winnipeg CMA as only (14%) of the population had less than a grade 9 education.

Significant progress has been made in the area of educational attainment in both the M.A.P.S. area and the inner city since 1971. In 1971 (60%) of the population in the M.A.P.S. area had less than a grade 9 education, compared to (30%) in 1981. In 1971 (48%) of the population in the inner city had less than a grade 9 education compared to (25%) in 1981. University graduates as a percentage of the population is significantly lower in the M.A.P.S. area in 1981 (2%) than the inner city as a whole (6%) and the Winnipeg CMA (8%).

Socio-Economic Status

M.A.P.S. area average household income indicates in 1981 a higher income level (\$16,208) than in the inner city as a whole (\$14,842) but substantially lower than the Winnipeg CMA (\$23,208). The unemployment rate in 1981 was (9%) in the M.A.P.S. area, slightly higher than the inner city as the Winnipeg CMA (5%). In 1981, the incidence of low income amongst families is higher in the M.A.P.S. area (34%) than the inner city (32%) and significantly higher than the Winnipeg CMA (14%). The incidence of low income among unattached individuals is also higher in the M.A.P.S. area (61%) compared to (52%) in the inner city and (40%) for the Winnipeg CMA.

Family Status

It has already been established under the population characteristics that the M.A.P.S. area has a higher percentage of children, a larger household size, and a declining number of households as compared to the inner city. The number of families in the M.A.P.S. area has declined at a greater rate between 1971 - 1981 (-29%) than the

inner city (-25%). This is in direct contrast to the (+15%) growth rate in the number of families which was experienced by the Winnipeg CMA over the same period of time. In 1981, the number of single parent families was higher in the M.A.P.S. area (24%) as compared to the inner city (22%) and almost twice the Winnipeg CMA (13%).

Ethnicity

The M.A.P.S. area consists of ethnic groups of a varied composition. In 1981, (78%) of the population was of an ethnic origin other than British or French. This compares to (70%) of the inner city and (56%) in Winnipeg CMA. Significant ethnic populations in the M.A.P.S. area include a large Eastern European, Slavic population, a large Native Indian population, a growing Fillipino population, and a small Portuguese and East Indian population. In 1981, (30%) of the M.A.P.S. population was both outside of Canada compared to (34%) for the inner city, and (19%) of the Winnipeg CMA.

Community Organization

Community organization within the M.A.P.S. area is extensive on various interest levels but in terms of addressing neighbourhood affairs it is virtually non-existent. Visible organizations include the parent council and recreation association at Strathcona school. The groups are very small and not very representative of the community because they did not include members from the native or ethnic community. The group focuses on recreation related programs and issues. The Ukrainian Labour Temple is a well organized group in the area. While this group has its headquarters located in the M.A.P.S. community, it takes little active

interest in local community affairs. The majority of the membership resides outside the local community and its focus is based more on cultural programs and events for members of the Ukrainian community at large. A third group in the area is the Northend Charitable Association. The group is affiliated with the North YMCA and its objectives is to raise money for projects in the northend, specifically programs run by the North YMCA. A fourth group in the area is the North YMCA. They have a board of directors of residents from the Northend. None, however, are from the M.A.P.S. community. Their focus tends to be on developing programs within their facility. A final group in the area is the Winnipeg Council of Treaty and Status Indians. Their purpose is to act as a political lobby group for urban treaty and status Indians. They tend to focus on city wide issues as opposed to local neighbourhood issues. At the present time, due to internal organizational problems, they are having a difficult time fulfilling their mandate.

While there are a number of community organizations physically located in the M.A.P.S. area, almost all of them address special interest issues as opposed to local neighbourhood issues. They are not well connected to each other and appear to operate in isolation. Consequently, a real vacuum exists in terms of a lack of a local neighbourhood mechanism to provide a collective voice for residents to address local community issues and concerns.

Physical Conditions

As of 1981, about (66%) of the housing stock in the M.A.P.S. area was constructed prior to 1946. This compares to a figure of (56%) for the inner city and (25%) for the Winnipeg CMA. Census information in

1981 indicates that (27%) of the dwellings in the M.A.P.S. area requires minor repairs. These figures are slightly higher than the inner city which indicate (21%) of the houses need minor repairs and (8%) of the dwellings need more repairs. In the Winnipeg CMA (16%) of dwellings need minor repairs and (5%) required major repairs. The poorest condition of housing is found in the south east area of the M.A.P.S. community. Apartment blocks in the area are very old and require extensive rehabilitation (with the exception of one block which was built 20 years ago in the centre of the area). Whitepainting, or cosmetic cover up maintenance, is an extensive characteristic of the area.

Government housing initiatives have begun to make a small impact on the area. There are about 7 infill housing projects in the area as well as one 12 unit row house project and recently an abandoned church has been converted into an 8 unit family housing project. On balance, due to the age of the housing stock, the majority of the houses are in need of some form of rehabilitation.

Housing Costs

Average house prices for the area indicate a pattern of lower house prices in the M.A.P.S. area relative to the inner city and CMA as a whole. In 1981 the average value of a dwelling in the M.A.P.S. area was \$31,929, compared to \$38,244 in the inner city, and \$58,666 in the Winnipeg CMA. During 1971 - 1981, the value of the dwellings in the M.A.P.S. area and inner city increased at about the same rate 64% and 63% respectively. The average value of dwellings in the Winnipeg CMA, however, increased at a rate of 70%.

Tenure

In 1981, owner occupancy in the M.A.P.S. area was (53%) which was significantly higher than the level in the inner city (32%) but lower than the Winnipeg CMA (59%). The number of single detached dwellings increased in the M.A.P.S. neighbourhood from 53% in 1971 to 62% in 1981. This compares to the inner city where 35% of the houses were single detached in both 1971 and 1981. The number of single detached dwellings declined in the Winnipeg CMA from 63% in 1971 to 59% in 1981. The M.A.P.S. area would appear to have a lower density in terms of housing as in 1981 only 38% of the dwellings in the area were multi-units whereas 65% of the dwellings in the inner city were multi-unit dwellings. In 1981, the average annual rent in the M.A.P.S. area was \$2700, lower than the inner city which was \$2,926 and substantially lower than the Winnipeg CMA which was \$3,840.

Non-Residential Functions

Retail activity is limited to Selkirk Avenue, McGregor Street and Mountain Avenue. Traditional longstanding family businesses, such as the insurance agencies, funeral home, laundromat, denture factory, florist shop and restaurants continue to operate in the area. The corner grocery store continues to survive on most corner streets in the area - there is about 10 corner stores inner city the area. Ownership of the corner stores reflect the change in the nature of the population in the area. Recent immigrants, primarily Fillipinos, own these establishments which were previously run by Eastern Europeans. The number of second hand stores, pawn shops and discount stores, has increased in the area which is a reflection of the declining

socio-economic status of area residents.

Pressure for Redevelopment

Significant pressure took place for redevelopment during the mid and late seventies. The city planned to construct an overpass over the rail yards to connect Sherbrook Street with McGregor Street. On the north side of the tracks, McGregor street and McKenzie Street were going to be turned into two one way freeways. Owners of the property living in the adjacent area would have been forced to move. A grassroots citizens campaign was organized to block the city's ill conceived plan. The residents were successful in taking on city hall and the idea to construct the Sherbrook McGregor overpass was put to rest.

Since then, the area has been included in the Neighbourhood Improvement Plan which was implemented by the City of Winnipeg. Houses were rehabilitated, green space within the community was enhanced in the form of corner parks and tot lots, and infrastructure improvements in the way of street and sidewalk repairs and lighting were undertaken.

While small scale, piecemeal initiatives have been undertaken, no major redevelopment is in the offing. The residents have no effective community organization to apply pressure for change. Consequently, the pressures for redevelopment are low.

Patterns of Change

From the characteristics that have been identified to the M.A.P.S. area, several overall trends or patterns of change emerge. These patterns of change will be outlined in terms of McLemore's 10 dimensions of the inner city neighbourhood.

1. Decline in the resident population: This reflects the overall trend in the inner city although the population loss is more extensive in the M.A.P.S. area. The decline of the number of children, the number of families, the number of households, and household size indicates an outflow of people from the area.
2. Declining socio-economic status: An average income well below the CMA average, a high incidence of low income, high unemployment, and low level of educational attainment are factors which indicate a declining income level.
3. Family status: The number of families has declined at a greater rate than the inner city as a whole, the number of children as a percentage of the population is declining at a greater rate than the inner city, the decrease in the household size, and an increase in the number of elderly as a percentage of the population indicates a movement towards single households.
4. Ethnicity: Indicators such as the high percentage of non-British and non-French ethnic groups in the population, and a high percentage of the population born outside of the country (relative to the Winnipeg CMA) reflects that the M.A.P.S. area is an entry point for minorities who make use of the supply of relatively inexpensive housing for initial short-term residency until their income will allow for them to move to better housing.
5. Weak social organization: The virtual non-existence of neighbourhood orientated organization indicates a lack of a collective approach to affecting neighbourhood change.
6. Declining physical conditions: An aging housing stock, declining housing quality, low income residents that are unable to invest in the maintenance of the dwellings, and limited whitepainting activity indicate declining physical conditions.
7. Below average city house costs: Average value of dwellings is well below average CMA values. Value of property is not increasing as much as the Winnipeg CMA.
8. Tenure: Increase in home ownerships at a rate significantly higher than the inner city and a decline in multi-unit family dwellings indicates a trend towards declining tenancy.
9. Decline in non-residential functions: The conversion of corner stores to residential property, the abandoned small shops on commercial activity streets, and the increase in the number of pawn shops, discount stores, and second hand outlets, indicate a decline in the commercial activity in the neighbourhood.
10. Little pressure for redevelopment: Limited, piecemeal recent redevelopment activity, few comprehensive proposals for development and a lack of community organization to pressure for change

indicates a low pressure for redevelopment.

According to McLemore's typology of neighbourhoods, the M.A.P.S. area's characteristics and trends reflect a pattern of change which could be defined as a neighbourhood in decline. The only aberration in the pattern of change in the M.A.P.S. area to the neighbourhood decline type would involve the area's high and increasing rate of home ownership occupancy relative to other inner city neighbourhoods. This characteristic will prove to be a positive source for change in any revitalization efforts in the M.A.P.S. community as homeowners will have a commitment for neighbourhood improvement in order to enhance their investment. However, because this is the only criteria that does not fit the typology, it is assumed that due to the overwhelming evidence demonstrated in the other criteria factors, the M.A.P.S. area could be accurately described as a neighbourhood in decline.

Theoretical Interpretation

The last part of this section will use the neighbourhood characteristics and the identified patterns of change in the M.A.P.S. area to interpret the applicability of Bourne's eight hypotheses of urban decline as they pertain to the M.A.P.S. area.

Ecological Hypothesis

There is evidence to suggest that the ecological hypothesis would be relevant in describing the decline process in the M.A.P.S. neighbourhood. Theories of invasion-succession as well as filtering are particularly relevant. The M.A.P.S. neighbourhood is an entry point for new immigrants as demonstrated by the large percentage of the population

which is of non-British or non-French ancestry and the large numbers of the population that were born outside the country. McKenzie (1925) notes that the factors which contribute to the invasion of the immigrant groups to an area include physical obsolescence of housing and the redistribution of income of residents, because of changing economic conditions. These factors which contribute to invasion are evident in the M.A.P.S. area.

Comprehensive succession of the invading groups in the M.A.P.S. area is not apparent. While new Canadians such as Fillipinos have established themselves in the neighbourhood through the purchase of homes and the taking over of ownership of the majority of the corner stores in the neighbourhood, the M.A.P.S. area represents in most cases a community of transition for the new immigrants. Most immigrants stay long enough for their income situation to improve then they move to areas where there is better housing. The community, in this sense, does not reach a situation of stability where the new immigrants dominate the community. Consequently, due to the transient nature of the community, comprehensive succession of the invading population does not take place.

There is also a bit of evidence of concentric zonal theory. Selkirk Avenue in some ways represents the central business district of the community. Housing conditions immediately adjacent to this commercial area are generally owned by absentee slumlords and are in the poorest condition of all the housing stock in the area. As you move away from Selkirk Avenue and the adjacent area, the quality and maintenance of the housing stock improves. The periphery of the M.A.P.S. area around Mountain Avenue is far more stable and

socio-economically better off than around Selkirk Avenue.

While invasion-succession theory provides an overall sociological interpretation of neighbourhood change, the theory of filtering, which is closely related to invasion-succession theory, provides a more mechanistic market orientated interpretation of urban decline. Basically filtering has occurred in the M.A.P.S. area by the movement of people to better housing once their incomes rise. The homes they leave behind are inhabited by low income families which can afford the relatively cheap housing accommodation in the M.A.P.S. area.

Other people who move out of the area move to the suburbs or areas on the periphery of the inner city. This type of movement would reflect Hoyt's (1934) sector theory which saw the movement of people outward from the city through an ongoing process of concentric circles. The reduced demand for the deteriorated houses in the M.A.P.S. area spreads up the filtering process as low income families are the only consumers willing to live in the area. Over time as the supply of housing in the M.A.P.S. area has been reduced due to the filtering process, disinvestment and undermaintenance takes place furthering the deterioration of the neighbourhood.

Contemporary ecological theory identifies four reference variables which impact neighbourhood change - population, organization, environment and technology. Any change in one of these interdependent variables contributes to urban decline. Thus, factors like the outflow of population from the M.A.P.S. area, the weak nature of the community organization in the neighbourhood, and the educational attainment in the M.A.P.S. area which puts residents at a competitive disadvantage in an

increasing technological employment workplace, all can be interpreted as factors which contribute to decline in the M.A.P.S. area.

Consumer Preference Hypothesis

There is little evidence of the relevance of the consumer preference hypothesis in terms of interpreting the neighbourhood change dynamics in the M.A.P.S. area. The consumer preference hypothesis is based on a neo-classical micro-economic model of urban structure which focuses on locational decisions of firms and households. The majority of residents who live in the M.A.P.S. area live in the community not by choice but are forced to live in the area because of limited income resources and the relative affordability of housing in the area. There is basically little choice or preference involved in their locational decisions.

There appears to be little evidence to indicate that gentrification is taking place - decisions by middle class people to move back to the inner city for ideological or cultural reasons. Income distribution within the neighbourhood is fairly homogeneous. As mentioned in the invasion-succession analysis, the M.A.P.S. area is a stepping stone community in which people tend to aspire to leave - not move into.

The large percentage of homeownership in the M.A.P.S. area as compared to other inner city neighbourhoods could be interpreted in two ways. Firstly, due to the relative affordability of housing in the M.A.P.S. area, low income people are able to afford to purchase homes because they are at the low end of the housing market. Secondly, such a characteristic could indicate a preference by especially elderly residents to remain in their community that they have lived in for a good portion of their lives. Jacob's (1961) theory of unslumming would

interpret this as a result of attachments to other people, the regard in which they believe they are held in the neighbourhood, and the treasured security of the home base and community. In this sense, a degree of preference might possibly be argued.

On balance however, the consumer preference hypothesis is of limited value in explaining the neighbourhood change dynamics in the M.A.P.S. area. The majority of the residents' housing preferences are severely limited by low income. The M.A.P.S. area is a refuge for these residents because it represents the low and deteriorated end of the housing market.

Obsolescence Hypothesis

There is strong evidence to suggest that the obsolescence hypothesis is relevant in interpreting decline in the M.A.P.S. area. The percentage of pre-1946 constructed houses is greater in the M.A.P.S. area than in the inner city. The aging housing stock contributes to the physical obsolescence of the neighbourhood. Equipment obsolescence, such as archaic wiring, water pipes and plumbing make the houses less functional. The major costs of rehabilitating these older homes leads to undermaintenance by landlords in an attempt to exact greater profits. Low income homeowners often can not afford to make these types of repairs. Their physical obsolescence factors lead to further deterioration of the neighbourhood.

Unintended Policy Hypothesis

Evidence exists in the M.A.P.S. area which indicates that the unintended policy hypothesis is relevant to interpretation of

neighbourhood decline. Essentially the unintended policy hypothesis refers to policy decisions which have an indirect and unintentional negative impact on urban development.

In terms of the M.A.P.S. area, a transportation policy decision in the mid-seventies had a potentially devastating impact on the M.A.P.S. neighbourhood. In an effort to improve the transportation corridors between the suburbs in the northern section of the city and the downtown commercial area, the city council decided to build an overpass over the rail yards in order to connect Sherbrook Street to McGregor Street. As a result of this decision, the M.A.P.S. area would have been transformed from a quiet residential neighbourhood into a freeway zone for commuting traffic.

The issue galvanized the neighbourhood into action. A strong grassroots people's lobby was organized and was successful in blocking the plan. This transportation policy decision illustrates the unintentional and potentially devastating impact that state policy can have in terms of contributing to neighbourhood decline in the M.A.P.S. area. Fortunately, in this particular situation, the community was able to collectively dodge the bullet.

Post war housing policy has tended to promote suburban development. As a result of these policies by the state, inner city neighbourhoods such as the M.A.P.S. area were ignored as funds were drained to the suburbs in order to finance new infrastructure development. Inner city neighbourhoods such as M.A.P.S. were neglected because of the expense of new development in the suburbs. In an ironic set of circumstances, the inner city has actually subsidized the new developments in the suburbs

due to an inequitable property tax system.

National economic recovery strategies which focused on combatting inflation as opposed to alleviating high unemployment also served to exacerbate the decline process in inner city neighbourhoods such as M.A.P.S. Due to the high concentration of those people most vulnerable to conditions of high unemployment, the M.A.P.S. area residents bore the brunt of such economic policies as compared to other areas. While the objective of these national policies was to revitalize the economy. A consequence of the policies was to promote conditions of decline in inner city neighbourhoods.

Exploitation Hypothesis

Evidence suggests that the exploitation hypothesis is relevant in analysing the process of decline in the M.A.P.S. area. In terms of a structural analysis, the M.A.P.S. area can be seen as a neighbourhood which is a byproduct of the capitalist structure - a scrap heap of the system. From an institutional or managerialist perspective, there are numerous actors outside the community who control the decision making process which contributes to a negative impact on development in the neighbourhood.

Urban redevelopment officials make numerous decisions regarding the provision of infill housing, public housing, and the renovation and conversion of various buildings in the M.A.P.S. area. The community has no input into these decisions made by outsiders about the M.A.P.S. neighbourhood. The Core Area Initiative is a good example of this type of managerial control. Programmed, policies, and priorities are in essence developed in a vacuum by the planners and resource allocators

with little or no public input. Such decisions have a tremendous impact on inner city communities such as the M.A.P.S. area.

Besides state officials, the M.A.P.S. area is negatively impacted by absentee landlords. A significant proportion of the housing in the M.A.P.S. area is controlled by absentee slumlords who charge high rents given the condition of the accommodation and deliberately undermaintain the property in order to minimize costs and increase their rate of return on the property. Financial redlining by the financial institutions in the area restricts the availability of mortgage money. The three chartered banks in the area have removed their loans and mortgage services from the local branches and now essentially provide only a deposit service.

The list goes on. Outsiders control the way in which the children of the community will be educated. This white middle class institution defines the content, the values, and structure of the children's daily experience. Barriers are constructed in order that this paternalistic, self-serving relationship with community residents is maintained. Outside social workers control major aspects of people's lives. They decide how much food money you are eligible for this month, they control the special needs money, you have to go to them for bus tickets in order to apply for a job. If you are not careful, they will come into your home and take your children away. On balance, therefore, outsiders play a key decision making role in many of the lives of residents of the M.A.P.S. area. They have little or no means available to them to hold these outsiders accountable for the decisions and actions that are taken.

Structural Change Hypothesis

The M.A.P.S. area reflects the demographic changes and economic structural changes of our country. Evidence suggests that the national demographic trend is towards smaller family size, smaller household size, and a declining population growth. These trends tend to be more dramatic in the M.A.P.S. area. Other factors of neighbourhood decline contribute to heightening these national trends.

Due to the low educational attainment status of a significant number of residents in the M.A.P.S. area, they are vulnerable to shifts in the national economic structure towards more technological forms of production. Inner city residents are also affected by shifts towards capital intensive as opposed to labour intensive forms of production. As a result of these structural change factors, the M.A.P.S. area experiences a higher level of unemployment than the rest of the city. Neighbourhood decline is perpetuated by these negative impacts as unemployment means less income for maintaining the family and the home. When unemployment is experienced for an extended period of time, an increase in social problems is often the result.

Fiscal Crisis Hypothesis

Due to the metropolitan form of government in Winnipeg, the central city, from a fiscal perspective, does not suffer from the fiscal restraints as in other cities in North America. From this perspective, the fiscal crisis hypothesis has little relevance for the central city of Winnipeg and inner city neighbourhoods such as the M.A.P.S. area. However, the inner city voice on city council is a minority in relation to the representation from the suburbs. As a result, key decisions at

city hall tend to reflect the interests of the suburbs at the expense of the inner city.

Suburban sprawl poses a severe drain on the city's budget as new municipal infrastructure and service must be provided. Due to the inner city's minority position on council, central city services and concerns tend to be neglected. Therefore, while central city neighbourhoods such as the M.A.P.S. area do not have to deal with budget pressures of being an independent municipality, the overall impact is a service crisis for central city areas because of their minority position on council.

Areas such as M.A.P.S. experience the fiscal crisis as experienced by the provincial and federal governments. In times of economic restraint, the social services and education sectors tend to be major targets for cutbacks. Residents of the M.A.P.S. area are impacted by these cutbacks more so than other areas because of the concentration of dependent and vulnerable populations in the M.A.P.S. area. Therefore cutbacks to child welfare programs, public health programs, services for the elderly and compensatory education programs would be very detrimental to the neighbourhood.

Cultural Isolation Hypothesis

New immigrants and native Indians tend to be attracted to the M.A.P.S. area due to relative cheap costs of housing. Recent immigrants such as the Fillipinos and Portuguese tend to purchase affordable homes in the area. Native Indians are less likely to purchase homes and are more likely to rent accommodation in the area. A recent housing registry set up in the M.A.P.S. area uncovered hostile and blatant discrimination against native Indians and welfare recipients. Due to

low income, native Indians are forced to live in poor housing conditions. However, the prejudice and discrimination demonstrated by the landlords in the area indicates that native Indians and welfare recipients are further forced to live in the poorest of the poor housing conditions.

While the M.A.P.S. area is an entry point for new immigrants and native Indians, little evidence exists that these groups have established a stable cultural community in the M.A.P.S. area. Rather, the M.A.P.S. area appears to be highly transient, a place to stay for a short duration until income increases which allows the family to move out of the community or until a family is forced to move either because of poor housing conditions or landlord-tenant disputes.

It would appear that especially in the case of native Indians and welfare recipients, discrimination and exploitation in the housing market forces them to live in deplorable housing conditions. This is a factor in neighbourhood decline as it keeps the landlords who own these uninhabitable dwellings in business. It reinforces the slumlords' undermaintenance practices which allows them to exact the greatest rate of return from their properties. The existence of these properties in the neighbourhood tends to keep the values of the rest of the properties in the neighbourhood down. This type of environment discourages capital reinvestment in the neighbourhood.

The transiency which is the result of this racial exploitation and discrimination creates a number of social problems. Support networks for families are eroded because they are constantly on the move. The children's education is negatively affected because of the constant

movement between schools.

Intervention Procedures

In September of 1985 the author of this paper was assigned to the Strathcona school area (M.A.P.S. area) to set up a residents committee. As was pointed out previously in this paper, the M.A.P.S. neighbourhood lacked a strong representative community organization which could enable the community to collectively address concerns and issues in the neighbourhood. The author's objective was to organize a direct membership residents association in the area. The direct membership organization (Staples, 1984) is based on the mobilization of individual residents into a community organization in which each resident has one vote in the organization in terms of priority setting and decision taking. This contrasts with the classic Alinsky (1971) type of organizational structure in which the community organization is developed as a coalition of existing organizations and membership rights are vested within the delegations of the local organizations as opposed to the individual resident. The two organizing approaches, aside from organizational structure are quite similar in that direct action, confrontation and negotiation with target groups in order to resolve local issues are the operational goals of the organization.

Between September 1, 1985 and December 1, 1985 a process of local community leadership identification was undertaken. This involved over 125 personal visits to leaders of formal organizations in the area and members of these organizations (ie. churches, senior citizen groups, schools, recreation centres, etc.). The major purpose of these visits was to identify important community concerns and issues, and secondly,

to develop a list of informal leaders within the specific groups or organizations. Upon completion of this 3 month leadership and issue identification period, 15 of the 125 formal and informal community leaders were invited to become a part of an organizing committee which would establish a residents association in the local community to address neighbourhood concerns and issues. The first meeting of the organizing committee, took place in early December 1985. Care was taken to ensure that the committee was structured to be representative of the community in terms of ethnic, socio-economic, and age characteristics.

At the first meeting of the organizing committee, a general discussion of the issues concerning the people of the local area was explored. A vote was taken to enforce the idea of setting up a residents association. The organizing committee agreed to provide interim leadership until the new residents association got off the ground.

In early January, 1986, the organizing committee met again and:

1. Decided on a name for the organization--the Mountain-Andrew-Parr-Selkirk Improvement Committee.
2. Elected an interim chairperson.
3. Prioritized the four major issues of neighbourhood concern:
 - (a) the need for a pedestrian corridor in front of a senior citizen's apartment complex in the local community
 - (b) a drop in centre for teenagers in the area
 - (c) to take action on the boarded up and abandoned houses in the area
 - (d) and to acquire and renovate existing run down property in the area by setting up a neighbourhood housing co-op.
4. Set the date of February 26, 1986 as the founding neighbourhood meeting of the resident's association.

During the next 2 months the organizing committee met on a regular basis to further plan the agenda of the big neighbourhood meeting, further research and strategize around the identified issues of concern, and engaged in a 6 week door to door recruitment campaign to enlist the support of the local community for the residents' association.

The founding meeting of the residents' association turned out to be a tremendous success. The auditorium of the local elementary school was almost filled to capacity with over 150 local residents in attendance. A four person executive was elected. The four issues that were identified by the organizing committee were ratified by the community at a public meeting. Issue committees were set up to provide the ongoing work on the identified concerns.

Twenty-four people volunteered to work on the housing co-op committee. The housing co-op was not an initiative, therefore, that emerged in isolation. It was a part of an overall community institution building process. This is an important point to recognize because the co-op had a constituency of community support that it could draw upon in its future political dealings with the bureaucracy.

The first meeting of the housing co-op committee was held in the middle of March 1986. At this meeting the general idea of what a housing co-op was all about was presented. A discussion was also held regarding how a housing co-op strategy could be used to improve the quality of the housing conditions in the neighbourhood.

The next meeting of the housing co-op committee took place on April 1, 1986. A resource person from the Department of Co-operative Development of the provincial government was invited to the meeting to

assist the group in terms of incorporation of the co-op and developing the by-laws for the organization. A second meeting was held in the middle of April to complete the incorporation and by-law development process. At this second meeting in April, a nine person board of directors was appointed to oversee the first year of operation of the co-op. Of the nine person board, 4 people were receiving social assistance, 2 were students, 2 were unemployed and 1 person was employed. Upon completion of this meeting, all the documents required for incorporation were in order. The next step was for the registrar of the Department of Co-operative Development to accept the co-op's articles of incorporation. The name of the co-op was incorporated as the M.A.P.S. Housing Co-op Ltd.

At the end of April a board meeting was held in order to interview technical resource group consultants to assist the co-op in the development of the co-operative, the acquisition and design of property, and the application of mortgage financing of the co-operative. Two consulting groups were interviewed, DSI Consultants and Siwak & Rapson Consultants. The board decided to hire the Siwak & Rapson consulting group.

The M.A.P.S. Housing Co-op's initial strategy was to work with the consultants to develop an application to the provincial government's Co-operative Homestart program. The Co-operative Homestart program was originally conceived as a three program package for co-operative housing. As we shall see later in this paper, the M.A.P.S. Housing Co-op played a significant role in terms of lobbying for modifications to the original program to make it more relevant to the M.A.P.S.

neighbourhood. The original design of the three program package included:

Program I: Provision of Complementary Assistance to projects funded by the federal government's Co-operative Housing program for new construction. The objectives of Program I were threefold:

1. to improve the viability of federally funded new construction housing co-operatives
2. to increase the accessibility to those housing co-operatives to low income households
3. to potentially increase the number of units allocated by the federal government to the province of Manitoba.

Program II: Provision of provincial funding for the acquisition and renovation conversion of existing properties for co-operative housing. The objectives of this program included:

1. to promote co-operative tenure as an alternative housing form
2. to provide co-operative housing to a broad income mix
3. to encourage the rehabilitation of existing older housing and the conversing of existing under utilized non-residential buildings to residential use.

Mortgage assistance at below market rates of up to 100% of allowable project costs is a major feature of this program. Rent subsidies geared to market rents and rent subsidies geared to income are also provided under this program.

Program III: Technical Resource Group Assistance. This is available to all incorporated non-profit housing co-operatives wishing to develop a co-operative housing project in the province of Manitoba. The goal of this program is to foster the development of third sector groups wishing to generate co-operative housing projects. This is achieved by providing financial incentives to housing co-operatives for the initial promotion, planning, and development work required by a group organizing a co-operative housing project. The assistance is intended to be used by the housing co-operatives to acquire the necessary professional and technical expertise needed to undertake the planning, feasibility and organizational work required to make the project a long term success. Program III assistance comes in the form of a grant up to a maximum of \$17,500 per project for: a) project organization and identification, and b) project feasibility studies.

The housing co-op met up with an unforeseen delay during the months of May and June. The Department of Co-operative Development did not

incorporate the co-op until June 13, 1986 because of administrative difficulties within the registrar's office of the Department. Consequently, the co-op could not secure the start up grant from Manitoba Housing to hire the consultants to begin the formal application process for start up funds. Everything was put on hold for two months. Once the incorporation was obtained, the group began the site acquisition identification process. Every piece of property in the neighbourhood that had potential was identified. Site visits were undertaken in a selected number of properties.

The period between September 1985 and June 1986 could be characterized as the group formation stage of the intervention. A summary task of this stage of the intervention was institution building, an attempt to facilitate interacting and to modify and to build new relationships within the community. The major procedures used to accomplish this was extensive community outreach and consciousness raising about the potential of collective community action. Once a representative organization was developed, a secondary set of interventive objectives was to link the community to resource systems. This was accomplished by making linkages with the Department of Housing and the Department of Co-operative Development who provided the funds and the technical resources to assist the co-op in its formation as a legal entity.

It was during the group formation stage in which the emerging leadership of the organization was able to define its priorities with regards to addressing the issues and concerns in the community. After the need to establish a housing co-op was identified as a practical

response to improving the housing conditions in the area, the organizer also played an important role in assisting the co-op in establishing an economic development strategy for the area. A natural strategy to adopt when dealing with housing was that of an import substitution strategy as a significant number of houses in the community were owned by outside interests. The organizer began to research the magnitude of the housing expenditure in the local area and found it to be substantial--\$5.2 million in 1981 (Statistics Canada, 1981). It was felt that a large amount of this money could be re-circulated in the neighbourhood if a local institution could begin to reclaim this aspect of the neighbourhood economy which was presently controlled by outsiders.

One of the linkages that was made using the import substitution strategy was to establish a workers' co-op of unemployed local trades people to undertake the renovations of the homes that are purchased by the housing co-op. A general consensus emerged that this potential employment opportunity should not be lost to local community members. Thus, the P.A.M.S. Construction Co-op Ltd. was also organized in the spring of 1986 to do the renovation contracts for the M.A.P.S. Housing Co-op.

Over the summer of 1986 the co-op moved into an operational stage of its development. During the operational stage of the co-op's development, the co-op focussed its activity on negotiating and lobbying the center institution, the Department of Housing, to make the existing co-op housing program more relevant to the needs of an inner city neighbourhood housing co-op such as M.A.P.S. The original Co-operative Homestart program was set up to convert non-residential buildings such

as churches and warehouses into residential buildings. The program was also set up to renovate large multi-unit existing residential apartment buildings to become housing co-operatives. The M.A.P.S. Housing Co-op, however, wanted to improve the quality of housing in a neighbourhood area which contained predominantly single family units, duplexes and triplexes. The existing Co-operative Homestart program was simply not structured in a way that would meet the objectives of the M.A.P.S. Housing Co-op. Consequently, changes were needed to be made to the program's policy if the M.A.P.S. Housing Co-op was to be successful in implementing its objectives.

During the operational stage of the co-op the board of directors needed to become educated on how the existing Co-operative Homestart program was structured, further understand the responsibilities and role of the board of directors, and had to identify the issues that had to be negotiated with Manitoba Housing if the Co-operative Homestart program was to be relevant to the M.A.P.S. Housing Co-op's needs. Four issues were identified which would be negotiated with Manitoba Housing on an ongoing basis for the next 10 months.

The first issue involved the need for a revolving downpayment fund. Because the existing Co-operative Homestart program had been set up for warehouse/church conversions and the renovations of existing multi-unit apartment blocks, real estate negotiations took place in the commercial real estate market. Property in the commercial real estate market does not generally move as fast as in the residential real estate market. Therefore 6-month options for offer to purchase agreements that were made with the vendors to allow Manitoba Housing the necessary time to

process mortgage applications was not a major problem for the sponsoring housing co-ops. However, because M.A.P.S. was interested in acquiring and renovating single family units, duplexes, and triplexes, they were negotiating with vendors in the residential real estate market in which property moves quite fast. Options for offer to purchase agreements to secure mortgage financing in the residential real estate market is generally of the duration of 14-30 days. The Co-operative Homestart programs 6-month options for offer to purchase agreements simply would not work in the residential real estate market.

The M.A.P.S. Housing Co-op devised a proposal that would partially help overcome this problem. The group proposed that Manitoba Housing set up a \$10,000 revolving downpayment fund. The fund would be immediately accessible to the housing co-op to put downpayments for options on available properties in order to enter offer to purchase agreements. The monies expended from this fund would be replenished from the proceeds of the mortgage when the mortgage application was finally approved for the property in question by Manitoba Housing. This revolving downpayment fund allowed the co-op quick access to cash and served to circumvent some of the lengthy bureaucratic processing procedures. After a number of months of negotiations, Manitoba Housing agreed to set up the \$10,000 revolving downpayment fund.

The second issue that the co-op had to negotiate with the Department of Housing on regarded shortening the processing time of the mortgage applications for the housing co-op. While the downpayment fund allowed the co-op to enter into options for offer to purchase agreements with reasonable speed, Manitoba Housing initially could only offer a 90

day turn around period on processing the mortgage application. This 90 day period was simply too long for the workings of the residential housing market as very few vendors were willing to take their house off the market for 90 days with no guarantee that mortgage financing to finalize the deal would be forthcoming. Consequently, ongoing negotiations were undertaken with Manitoba Housing which essentially resulted in an agreement whereby a 30 day turn around period would be the arrangement for the mortgage approval process.

The third issue that the co-op had to negotiate with Manitoba Housing was to make single housing units eligible for the Co-operative Homestart program. After lengthy negotiating with Manitoba Housing, the government agreed to the co-op's proposal. In order to include single family units in the program, an entirely new program section of the Co-operative Homestart program was developed which became known as the Neighbourhood Co-operative Revitalization program. Under this new program, community action groups with the specific intention of revitalizing the small scale (single family detached and up) housing stock within their neighbourhoods are eligible for financial assistance in the form of a first mortgage to cover 100 percent of the allowable project costs. Single family dwellings eligible for this program must have been constructed prior to 1961 and be designated as substandard by Manitoba Housing, i.e. condemned/derelect/vacant/boarded up. Single family dwellings must require a minimum of \$20,000 in mandatory repairs to be eligible for financing. Also, the sponsoring community action group must agree to renovate a minimum of 10 housing units over a 3 year period.

The fourth issue that had to be negotiated with Manitoba Housing concerned the need for rental subsidies for co-op members. The program had a rent subsidy program in place that was set up to provide a maximum of \$200/month to bring co-op economic housing charges down to the market level of rent in the area. However, because the vast majority of the members of the M.A.P.S. Housing Co-op were on low or fixed incomes, they were unable to afford market level rents. As a result, the M.A.P.S. Housing Co-op entered into negotiations with Manitoba Housing for a rent subsidy program geared to income. Under the M.A.P.S. proposal, no co-op member would have to pay more than 25% of their income for housing accommodation. The government agreed to provide 50% of the M.A.P.S. Housing Co-op housing units with a rent subsidy geared to income. The co-op, while appreciating the government's movement on this proposal, finds the position still to be inadequate. Ongoing negotiations are being undertaken to ensure that rent subsidies geared to income will be provided on a need basis as opposed to the fixed 50% of the M.A.P.S. housing units.

The M.A.P.S. Housing Co-op met with a fair degree of success in terms of negotiating with the center institution, Manitoba Housing, for program and policy modifications which served to make the Co-operative Homestart program more relevant to the local community's needs. A number of factors contributed to this success. A major reason for the co-op's success in negotiations with Manitoba Housing was due to the support the co-op received from the Minister of Housing. Early in the operational stage of the development of the co-op, the group met with the Minister in the fall of 1986 to discuss the co-op's concerns about

the Co-operative Homestart program. At this meeting the Minister endorsed this particular initiative of the community and promised that she would send a clear message to the bureaucracy that the co-op's issues and concerns should be accommodated. Because the Minister represented an inner city constituency, she was anxious to see that the programs of her department were made fully available to inner city residents. Such a presence of her department in the inner city served to not only address important community needs, but it also provided the Minister with an opportunity to enhance her political profile amongst inner city residents as well.

A second factor which assisted the co-op in its negotiations with the center institution was a general level of support for the initiative amongst top level bureaucrats. A representative of the department attended the founding meeting of the residents association and was most impressed by the large number of residents who attended the founding meeting. This served to provide the M.A.P.S. group with a high degree of credibility in the eyes of the bureaucracy. The ongoing work, success, and profile the M.A.P.S. Improvement Committee on other community initiatives, further served to reinforce the group's credibility. The Deputy Minister was most impressed with the innovativeness and commitment demonstrated by the community with this housing co-op initiative. From his perspective, he was used to community action groups putting pressure on his department for the government to take action on housing conditions but he had never encountered a group which wanted to take the ownership of addressing housing concerns with the resource support of the Department of Housing.

In principle, therefore, the co-op enjoyed the support of highly placed bureaucrats.

While support in principle was received from the bureaucracy, the co-op found itself in almost a year of negotiations to iron out the details of how the government's housing program could meet the community's needs. These ongoing negotiations took place on an informal and formal level. Three major formal meetings took place over the course of the year to negotiate the outstanding issues. The co-op, as a negotiating strategy, found these formal negotiations not that useful. The bureaucrats tended to obscure the discussions with generalities and administrative red tape obstructions. The co-op did not see these general discussions to be very helpful in terms of moving the negotiations along. The negotiating strategy that the group employed that was found to be effective happened more on the informal level. The example of the single family dwelling issue would serve to illustrate this point.

Instead of getting bogged down in the general and conceptual discussions of administrative guidelines, the co-op would submit an application for funding a single family dwelling which the co-op selected during its site visits. By bringing the discussion to a concrete and specific level, the bureaucrats were not allowed to go off in theoretical or conceptual tangents which tended to confuse the co-op members and put them off track. Instead the issue tended to be more black and white in the minds of the co-op members. Either the government would fund the house selected or it wouldn't. Administrative guidelines had to be modified to meet the application requirements posed

by the dwelling which the group selected. The co-op negotiated on the specific modifications required by the proposal as opposed to negotiating at the more general conceptual level. The specific modifications that were negotiated in the concrete application process would serve as a model for the general program modifications that would have to be made on a program policy level. The bureaucrats continually made overtures to the co-op to start with a multi-unit project as it would be administratively easier to get a project off the ground. The co-op refused to move from its position that the group wanted the application of its single family dwellings processed. As time passed, the bureaucrats began to get pressure from the Minister regarding the lengthy delays that the M.A.P.S. group was encountering. Finally, after these type of influences, the bureaucrats agreed to finance the single family unit application. An entirely new program--the Neighbourhood Co-operative Revitalization program was developed to accommodate the M.A.P.S./Housing Co-op's needs.

The role of the organizer during the operational stage of the development of the co-op changed from a group formation and constituency mobilization role, to more of group maintenance and skill development focus. On an ongoing informal basis, the organizer would attend to the maintenance development needs of the group. This was done through one to one interaction with co-op board members to listen to their concerns regarding the co-op. Encouragement and confidence building support was provided to the group members who felt at times intimidated about participating in the initiative. Inter-personal communication, problem solving, and conflict resolution support and development was provided to

the group members on an individual basis. On a formal level, regular maintenance focussed special board meetings were called to deal with intra group communication, problem solving, and conflict resolution issues on a group basis. The organizer played a group dynamic facilitative role in these situations. Also, the organizer contracted with another C.E.D.A. worker to provide a five session board development workshop series on effective meeting skills, communication skills, problem solving skills, and conflict resolution skills.

Besides playing a role attending to the maintenance needs of the group, the organizer also played a strategic preparation role in terms of providing the board with support, issue clarification, and alternative strategy exploration prior to entering into negotiations with the government or the consultants. An effective interventive procedure used in these preparation sessions was to structure a role play of the situation in an attempt to help build the understanding and confidence of the board members in order that they may effectively handle the situation.

The operational stage of the group's development can be seen as ending in April 1987. The implementation stage of the co-op's development can be seen as emerging at this point in time. The housing co-op, after months of negotiating with the government to provide the necessary program modifications to make the Co-operative Homestart program relevant to the local community's needs, entered into an offer to purchase agreement to acquire a four bedroom single family home on Manitoba Avenue. The offer was made April 9, 1987 to purchase the home for \$44,000, \$12,000 was to be undertaken in renovations, and \$6,000 was

earmarked for legal, architectural, and consulting fees. The total mortgage for the project was \$62,000. Manitoba Housing agreed to have the mortgage approved by May 18, 1987, and the M.A.P.S. Housing Co-op would take possession of the home July 1, 1987. Because this was the first application through the system under the single family unit dwelling program, a number of delays developed and Manitoba Housing asked for a 2 week extension on the mortgage processing deadline. This pushed back the possession date to August 1, 1987. On June 1, 1987, the mortgage was approved by Manitoba Housing. The first board member selected to move into the house moved their family into the home on August 1, 1987. The family was provided with a rent geared to income rental subsidy because of the family's low income status.

It took over a year and a half for the housing co-op to acquire its first piece of property. However, the acquisition of this first piece of property serves the co-op as a symbol of the future impact that this group can make in terms of improving the quality of affordable housing in the local neighbourhood. The co-op plans to purchase and renovate at least 20 housing units each year.

Many challenges and tasks confront the co-op in the future. A property management system will have to be developed at the local level. A decision making process will have to be developed to determine who gets to live in the housing co-op units. A set of rules and regulations will have to be established on member resident rights and obligations. Ongoing upkeep and maintenance issues will have to be attended to. The list of future activity is indeed substantial.

The M.A.P.S. Housing Co-op has provided the local community with a

vehicle to address the neighbourhood's housing concerns and needs. Housing expenditure that was previously leaving the local neighbourhood economy can be gradually reclaimed by the community for local use because the community now has a local vehicle to capture housing expenditure. Families will now have greater access to more decent and affordable housing. The migrancy rate in the local schools will be stabilized. People on social assistance will not have to take money from their food and household budget to cover excessive rent charges. Employment will be created for local unemployed residents to undertake the renovation of the houses that the co-op purchases. In this small neighbourhood of the inner city of Winnipeg, many positive social and economic impacts have been and will be in the future made by the M.A.P.S. Housing Co-op Ltd.

Evaluation of Intervention

The type of evaluation instrument used by the post intervention assessment could be described as a user satisfaction evaluation. In this type of evaluation, the users' opinion of the program under evaluation is substantial. The evaluation will concentrate on the perceptions and expectations of the co-op board members in order to build an understanding of the co-operators' satisfaction with respect to the process as well as the user's perceptions of co-op development problems and insights towards problem solutions.

A non-scheduled structured interview was utilized to develop the evaluation data base. The unscheduled structural interview has four characteristics:

"1. It takes place with respondents known to have been involved in a

2. It refers to situations that have been analyzed prior to the interview.
3. It proceeds on the basis of an interview guide specifying topics related to the research hypothesis.
4. It is focussed on subjective experiences regarding the situation under study.

Although the encounter between the interviewer and respondents is structured and the major aspects of the study are explicated, respondents are given considerable liberty in expressing their definition of the situation that is presented to them. The non-schedule structured interview permits the researcher to obtain details of the personal reactions, specific emotions, and the like. The interviewer having previously studied the situation, is alert and sensitive to inconsistencies and omissions of data that may be needed to clarify the problem (Nachmias & Nachmias, 1981, p. 191).

The non-schedule structured interview was undertaken with each housing co-op board member on an individual basis. Of the original nine founding board members, seven remained on the board at the time the interviews were undertaken. One board member resigned in December of 1986 because she moved out of the community upon reconciliation of her marriage. A second board member resigned in March 1987 because he secured employment as an aide to the Minister of Housing and it was decided that his continual involvement with the M.A.P.S. Housing Co-op's board of directors would constitute a possible conflict of interest. The stability of board of directors' representation over the one and half year life of the co-op indicates a high level of commitment amongst board members to the concept of the neighbourhood housing co-op. Two new board members were appointed in March 1987.

The questionnaire design of the interview guide contained five sections. The first section sought to establish the board member's

previous experience with the co-operative movement. The second section attempted to establish the expectations or needs of the board members with respect to the housing co-op. The key question in this section was why did the board member become involved in the housing co-op. The third section of the interview guide attempted to solicit the level of satisfaction the board member had with regards to the concept of the neighbourhood housing co-op. In this section, the board member's perceptions regarding the strengths, weaknesses and suggestions for information regarding the housing co-op concept, was explored. The fourth section of the interview guide looked at the board member's perceptions of the problems/issues/satisfactions/suggestions for improvement regarding the various stages of development of the housing co-op. The stages of development identified by the researcher for feedback were the group formation stage (September 1985 - June 1986); the operational stage (July 1986 - April 1987); and the implementation stage (April 1987 - August 1987). A question included in this section asked the board member if they ever considered leaving the co-operative at any stage during the development process, and if so why. The final section of the interview guide sought the board member's perceptions of the problems/issues/satisfactions/suggestions for improvement regarding the actors involved in the co-op housing development process. The actors included: the organizer; the board of directors of the housing co-op; the consultants; and the role played by Department of Housing. The compiled results of the interviews were analyzed in order to evaluate the co-operators' perceived needs, expectations, problems, satisfactions, and proposed improvements to the functioning of the

housing co-operative. A copy of the interview guide can be found in Appendix "A" of this report. As well, a summary of the specific comments made by the board members in the user satisfaction evaluation can be found in Appendix "B" of this report.

In terms of the evaluation results, a number of generalizations emerge with respect to the board members' satisfaction regarding the development of the housing co-op. None of the board members had previously been active in the co-operative movement. One board member stated that she had shopped in a co-op food store in Northern Manitoba, but was not actively involved in the co-op. Another board member had relatives who were actively involved in a food and housing co-op. It can be concluded, therefore, that the individuals involved in the M.A.P.S. Housing Co-op had very limited knowledge with regards to the concept of co-operatives.

In terms of the board members needs and expectations with respect to the concept of a neighbourhood housing co-op, three trends can be identified. The first involves the need for board members to use the co-op vehicle to secure affordable and decent housing accommodation for their families. This self-interest appeal of the housing co-op proved to be a crucial variable in terms of providing the board members with ongoing motivation to participate in the housing co-op and to endure the frustrations and delays of the co-op housing development process. Secondly, board members saw the housing co-op as a vehicle to affect change with regards to the housing conditions in the local neighbourhood. Besides the individual needs being met, the housing co-op was seen to be important as an overall community development tool

as well. Thirdly, the board members expressed that social and personal development needs were met by the housing co-op. It provided people who were previously socially isolated with an opportunity to meet other people and to get out of the house. Involvement in the housing co-op also provided people with the opportunity to gain valuable experience, skills, and knowledge.

Section 3 of the evaluation examined the board members' perceptions of the concept of a neighbourhood housing co-op. From the board's perspective, the strengths of the concept were that it was a means by which the housing conditions of the local area could be addressed. The housing co-op would allow the neighbourhood to have local control over how housing needs were met in the area. Area residents were no longer at the whim of landlords for dealing with issues such as maintenance. The board also felt that the idea of a housing co-op would strengthen the social network within the community, and promoted personal growth and skill development. The major weaknesses of the concept according to the board involves the wide range of expectations of what people thought the co-op should be; that there was going to have to be a careful balance of not just social and community objectives, but the co-op would have to learn to focus on the economic and business objectives as well; and some concern was voiced that care and ongoing support would need to be provided in order to ensure that the housing accommodation was being maintained by members of the co-op. A suggested improvement of the concept was that the co-op should get more people involved.

The fourth section of the evaluation looked at the board members' opinion regarding the stages of development of the co-op. Stage one was

identified as the group formation stage. The board members felt that the strengths of the group formation stage included the wide level of support that was demonstrated for the residents' association and housing co-op by the large turnouts at neighbourhood meetings and committee meetings; the motivation of the community to take action on housing concerns at the local level; and the social development aspect of forming a group such as the housing co-op and the pride of getting involved in one's neighbourhood. One board member stated that as soon as she was appointed to the board, she got on the phone and called up all her friends to tell them how she was "becoming a pillar in the community, now." Some of the weaknesses identified at this group formation stage of development included that the board did not know how to work as a group; the group had unrealistic expectations about the length of time it would take to get the co-op running and the amount of work and commitment that was required; and that at times it appeared that the group was not clear on what it was doing. Suggested improvements for this stage of development of the co-op was that workshops should have been held on group communication and group work.

The second stage of the co-op's development has been identified as the operational stage. The strengths perceived by the board members of this stage of development was the learning experience of how the government housing program worked; the fact that the group was able to work program modifications out with the government; and the discovered inner strengths of the board members. As one board member stated, "the board found out that they had more in them than they thought they had." The weaknesses identified by the board at this stage of development

included that the board wasn't taking its tasks seriously enough; that the board was at times inflexible and needed to compromise more often; that board members became very frustrated by the contradictory messages that the co-op was receiving from the government; that people's hopes would be raised but because of government delays houses that members wanted to purchase got sold before the co-op could put an offer to purchase on the homes; that personality conflicts amongst board members discouraged people. Suggested improvements for this stage of the co-op's development included that more information was needed about running a housing co-op; resource people could have been brought in to talk to the board about how to run a business; and that the government could have set up a fund for the group to administer at the local level to purchase and renovate houses instead of dealing with the government on a house by house basis.

The final stage of the development of the co-op was the implementation stage. The identified strengths of this stage of development was that the group really began to experience a sense of empowerment, to exercise its potential ability. As well, the co-op board members felt that the board became more serious regarding its obligations and was less informal in its functioning. A weakness identified by the board members was that the co-op would have to focus on the business issues of the co-op to a greater extent.

The hardest stage of development experienced by the majority of the board members was identified as the operational stage. The frustrations of waiting for the government to respond to the group's needs, the delays, attempts at keeping the group together, and trying to learn to

work as a group proved to be very difficult and draining for the board members. One board member, however, felt that the implementation stage of development will be the hardest for the co-op because of the difficulties she envisioned with the ongoing management responsibilities of the co-op.

The fifth section of the evaluation attempted to identify the board members' opinion of the various actors involved in the development of the housing co-op. The first actor examined was the role played by the board of directors of the housing co-op. The identified strengths of the board of directors included that they represented a good cross section of the neighbourhood¹; they had a positive attitude; their ability to hang in there, to persevere during prolonged periods of frustration; and the social networking and support provided to each other. As one board member commented, "the board is almost like a family." The identified weaknesses of the board included intra-personal conflict and communication--"people left things unsaid, didn't tell people how they feel" or "people don't always hear the other person's point of view"; the group was slow to act on issues; the board needed to have more of a business attitude; and that sometimes the board was inflexible. Suggested improvements included the need to share feelings at board meetings more; need to do better meeting preparation; need to have a balance between friendship and business; need to improve communication within the group--more workshops and the board needs to be more assertive with the government, to deal with them not through individuals but as a board.

A second actor in the process that was examined was the role played

by the consultants. The identified strengths of the consultants included that they were knowledgeable about housing construction and co-operatives; that they helped the board to the best of their ability; and that they operated in the best interests of the co-op. The identified weaknesses included that the board didn't trust the consultants; that the consultants were controlling--"they didn't want to teach us, they wanted to be in charge"; that the consultants did not always give all the information to the group; that one of the consultants "looks down on us"; and that the consultant's "don't understand where people from the inner city are coming from." Suggested improvements included that the board needed to understand the consultants' role better; the consultants needed to provide more training for board members; the consultants need to learn to listen to what the board wants; and that the board shouldn't be intimidated by the consultants--"we can't allow them power, we are their boss, they are not our boss."

A third actor was the Department of Housing. The board felt that the strengths of the Department of Housing were that they were friendly; that they were willing to listen to the co-op's ideas; and that as much as possible they were willing to accommodate the co-op's requests. The identified weaknesses included the length of time the government takes to get things done; the contradictory messages sent out to the co-op; the poor communication with the co-op; and the low level of trust with the government--"the whole board sees the government as someone to fight, they are not always on our side" or "they take advantage of our lack of experience." Suggested improvements included that the

government needs to be more efficient; that the co-op needs to meet with the government on a more regular basis; and that the government doesn't have enough people working on co-ops, they need more staff.

The final actor examined in the development process was the community organizer. The board felt that the strengths of the organizer were that he was respected and trusted by the group; assisted people to find their own solutions in problem solving; was helpful in explaining issues; and assisted the group in getting through the government bureaucracy. A weakness identified was that at times the organizer talks too much. No suggestions for improvement were offered.

On balance, the results of the evaluation are quite positive. Members of the co-op see the housing co-op as a way by which they can improve the quality of their living conditions for their families and to improve the quality of housing conditions in their community. The co-op also was identified as playing an important social function in that it provides a support network for the residents who were involved with the co-op. The fact that the housing co-op was attempting to meet basic needs such as decent and affordable shelter and social support, provided the co-op with strongly rooted incentives to be successful.

The intervention of establishing a neighbourhood housing co-op in this community would appear to have been well received. The low turnover in the board of directors would seem to indicate a high level of commitment by residents in this area to the co-op. The modifications that the government made to its co-operative housing program indicates that the group and the concept has a high level of credibility with the housing department. Finally, the fact that one family has already been

able to move into a home purchased by the housing co-op serves to demonstrate the success of the intervention in terms of being able to move a concept to reality.

Educational Benefits

This exercise has proven to be an invaluable experience for the writer of this paper. A knowledge base with respect to understanding the dynamics of urban decline, the theory of community economic development, and the concept, history and principles of co-operatives has been developed by this student from this experience. As well, this student has also been able to develop practical skills in terms of community mobilization, community institution building, and local capacity and leadership development.

Inner city neighbourhoods are going to have to play an active role in terms of improving the quality of life in their communities. A critical issue that community action groups will have to address in this process is to formulate economic development strategies at the local level. The root causes of many of the problems faced by residents of the inner city relate to their lack of economic resources and opportunities to meet the needs of their families. While the causes of these economic conditions are rooted in the structure of our present national-international capitalist economy, opportunities do exist at the local level to begin to confront some of these issues within the context of the neighbourhood economy. This is not to say that national or international issues should be ignored, however the magnitude of such issues are so immense that there is little that can be done by local residents to address such concerns.

Involvement in terms of local economic issues at the local level can help stop urban decline and create a better quality of life for local community residents. Such involvement also serves to empower residents to develop the skills and consciousness to look at the larger national and international issues. The theoretical and practical knowledge developed through this practicum has provided this student with the resources which will enable this student in the future to assist community groups to begin to take greater control over their neighbourhood economies.

¹Of the original 9 board members, 4 were of Native ancestry and the remaining five were of British and European ancestry. Four members were recipients of social assistance, two were unemployed, one received student allowance, and 2 were from the working class. Three of the original 9 board members were single parents.

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APPENDIX "A"

M.A.P.S. HOUSING CO-OP

USER SATISFACTION EVALUATION INTERVIEW GUIDE

SECTION 1: Have you had any previous experience with co-operatives? If so, please describe your experience.

SECTION 2: Why did you become involved in the housing co-op? What do you expect to get out of being involved in the housing co-op?

SECTION 3: What do you think are the strengths of the M.A.P.S. Housing Co-op concept?

What are the weaknesses? Do you have any suggestions for improvements?

SECTION 4: The development of the housing co-op can be seen in three stages:

- (a) group formation (September 1985 - June 1986)
- (b) operational (July 1986 - April 1987)
- (c) implementation (April 1987 - August 1987)

What is your opinion of the problems/issues/satisfactions/suggestions for improvement for each stage of development?

Which stage was most difficult? Did you consider leaving the co-op, and if so why? Why did you stay?

SECTION 5: What are the strengths and weaknesses of, and suggested improvements for the actors involved in the housing co-op development process?

- (a) board of directors
- (b) organizer
- (c) consultants
- (d) Department of Housing

APPENDIX "B"

M.A.P.S. HOUSING CO-OP

USER SATISFACTION EVALUATION SUMMARY

SECTION 1: PREVIOUS CO-OP EXPERIENCE

- None of the board members had been actively involved in a co-operative before:
 - . one board person had shopped at a co-op food store in Northern Manitoba
 - . one board person had relatives who were actively involved in a food and housing co-op

SECTION 2: NEEDS AND EXPECTATIONS

- Improve housing conditions in neighbourhood
- Improve situation of people in neighbourhood
- Doorknocking to organize M.A.P.S.
- Improvement Committee got her interested
- Sought it as a way to get out of the house and meet other people
- Wanted to get a house
- Personal development, gain valuable experience
- Develop the neighbourhood:
 - . stepping stone to the development of other co-ops, eg. laundry, food
- Frustrations with conditions of housing in area
- Committed to neighbourhood; wanted to see the living conditions improved
- Decent, affordable house for their family
- Do something worthwhile instead of sitting around and complaining

SECTION 3: OPINION OF HOUSING CO-OP CONCEPT

Strengths:

- Get to know your neighbours
- Help each other out
- People will grow in terms of their self-worth and self-esteem
- Feel better when you live in a nice home
- People will change if they are given a chance
- Affordable rents
- Local control over rent and maintenance issues
- Not at the whim of a landlord who you see only when they pick up the rent each month
- Gets people involved
- Meet more people
- Brings community together
- Getting a house (immediate self-interest)
- Learn a lot of things about business
- A way to get decent and affordable housing in the North End

Weaknesses:

- People might not know how to take care of houses
- Must remember that this is not only a community project of get together but it is also a business
- Everyone has different ideas of what the housing co-op should be
- Frustrated in dealing with government

Suggested Improvements:

- Need to get more people involved

SECTION 4: STAGES OF DEVELOPMENT

a) Group Formation

Strengths:

- People getting together, getting to know each other
- Talking about taking action on housing problems in area-
- The social aspect of how the group began:
 - . meet people
 - . learn things
- Sense of responsibility to doing something for their neighbourhood
- Self-esteem--felt proud that I was involved in doing something for my community
- Phoned friends to tell them that they were "a pillar in the community now"
- Genuine interest of the community in terms of organizing a co-op
- Very important stage
- Real accomplishment for the community to develop a high level of interest for the housing co-op

Weaknesses:

- Didn't know how to work as a group
- Thought group would have been more organized, more clear on what it would be doing
- People's expectations were too high in terms of the length of time it would take for the co-op to get started and how much work would be involved in getting the co-op operating

Suggested Improvements:

- More workshops on group communication and group work required at this stage

(b) Operational Stage

Strengths:

- Started to get things worked out with the government
- Good learning experience as to how the housing co-op program worked
- Discovered that people on the board had "more in them than they thought they had"

Weaknesses:

- Board was at times inflexible
- Needed to compromise a bit more
- Concerned about the skills of the second president that was elected
- Didn't take the job as a board member serious enough
- Frustrated with confusing messages sent to the group by the government
- Government appeared to be disorganized
- Frustration with government delays:
 - . the politics that had to be played
 - . the game that had to be played
- Hopes would get up:
 - . we would find a house and lose it because of government delays
- Felt like giving up because everything was happening so slowly:
 - . didn't give up though because wanted to get a home for their families
- Personal conflicts with other board members made people think about quitting

Suggested Improvements:

- More information required at this stage
- A large amount of money say \$100,000 could be granted to the group to work with
- Resource people could have been brought in to talk to the board about running a business

c) Implementation Stage

Strengths:

- Group experienced growing self-worth
- Group really experienced empowerment at this stage
- Became more serious, less informal

Weaknesses:

- Have to look at the business side of things more

Suggested Improvements:

- Need to develop all rules and regulations

Hardest Stage

- Operational (majority of board persons):
 - . frustration with waiting and delays
 - . keeping the group together
 - . working together as a group
- Implementation (running the co-op) (one board person)

SECTION 5: ROLE OF ACTORS

a) Board of Directors

Strengths:

- Their dream, knew what they wanted and went for it
- Represented people from the community, poor people
- Positive attitude
- Ability to hang in there

- Social networking, support for each other
- Almost like a family

Weaknesses:

- Group disputes
- Group communication
- Meetings were too long at times
- Group slow to act on issues
- People felt things unsaid, didn't tell people how they feel
- Need a regular meeting place
- Administration with executive is not strong
- Tend to act as individuals and not as a board, need to think as a unit
- Sometimes board is inflexible
- Don't always hear other person's point of view
- Need to have more of a business attitude

Improvements:

- Need to share feelings at board meetings more
- Need to better follow-up on issues
- Need to do better meeting preparation
- Need to have a balance between friendship and business
- Need to improve communication within group; more workshops
- Need to be more assertive with the government:
 - . deal with them not through individuals, but as a board
- Need to learn to co-operate better with each other
- Should not hide our feelings, especially in workshops

b) Consultants**Strengths:**

- Help us the best they can
- Knowledgeable about housing and co-operatives
- Do things in our best interests

Weaknesses:

- They don't want to teach us
- They want to be in charge
- Don't trust them
- They don't tell us everything
- Feels that one of the consultants looks down on us
- Not always getting all the information to the group
- Talk too long
- Took a long time to find out how they worked with us
- Don't feel a connection with them
- They don't understand where people living in the inner city are coming from

Suggested Improvements:

- We need to understand their role better
- Need to provide more training for people
- Need to teach us how to manage the housing co-op
- They need to learn to listen what the board wants
- We have to learn to wein ourselves away from the consultants
- We can't allow them power, we are their boss, they are not our boss

c) Department of Housing

Strengths:

- Willing to listen
- Willing to accommodate
- Friendly
- As much as they could help us, they went all the way for us

Weaknesses:

- Takes too long, lose out on houses
- Want you to forget about asking the question--they are evasive
- Send out confusing and contradictory messages
- Poor communication with the co-op
- Hard to trust them
- Not good feelings about dealing with them
- Whole board sees the government as someone to fight, they are not on our side
- Government looks down on us
- They take advantage of our lack of experience

Suggested Improvements:

- Need to speed up and be more efficient
- The co-op needs to meet with the government on a more regular basis
- They don't have enough people working on co-ops, they need more staff

d) Organizer

Strengths:

- Played a good problem solving role
- Helped people find their own solutions
- Respect the guy
- Went out of the way to help people out and get things done
- Got the idea of the housing co-op going
- Being there, without you it wouldn't have happened
- Great job done
- I trust him
- Helpful in getting us through the government bureaucracy
- Explains things to us

Weaknesses:

- Talks too much at times

OVERALL SATISFACTION OF HOUSING CO-OP ON A SCORE OF 1-10, AVERAGE: 7.6