

Local solutions for a global crisis

JUDITH MAXWELL

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In coming months, Canadians will need to shift their focus to the capacity of communities and families to absorb the shock waves triggered by the global crisis.

Over the past 25 years, employers and governments have been shifting risk to families and individuals. Employment is less secure than it used to be and more pay is variable, so workers face more risk and provide for their own benefits. Government social programs such as Employment Insurance are more difficult to access, and benefit periods are shorter. Families and students are expected to pay a greater share of the cost of higher education. Most families now have two or more earners, but they are expected to take on more of the care-giving responsibilities for their own family members.

Even in good times, the capacity of families and communities to absorb these new risks has been questionable. As the economy slows down and the impacts on communities are hitting hard, the time has come to mobilize for local innovation.

Hard times can destroy the fabric of community. Or, they can be the stimulus for creative destruction, enabling the community to transform. To be effective in hard times, all the players have to work together.

Last week, the layoffs spread from manufacturing to financial services and the media. Meanwhile, governments at all levels are taking another look at their expenditure commitments. Universities are planning to reduce student aid programs because investment returns on their endowments have dropped. Private and community foundations are quietly explaining to their grantees that there will be less money in 2009. In some cases, no grant applications are being accepted.

The pressures on mid-sized manufacturing communities in Ontario are vividly illustrated by the surge in food bank use this year. The number of people served each month is up 37 per cent in Cornwall, 28 per cent in Thunder Bay and 22 per cent in St. Thomas, according to Adam Spence, executive director of the Ontario Association of Food Banks.

Charities depend on two sources of revenue (and gifts in kind): donations by individuals, foundations and corporations, on the one hand, and government contracts to provide social services, on the other. Neither source of revenue is likely to rise in hard times.

On the contrary, the first draft of the Ottawa city budget shows how government decisions can become part of the problem rather than offer hope for a solution. The city is proposing to raise property taxes by 5 per cent and at the same time cut programs for community services. Just when their sustainability is most at risk, the city is proposing to cut sustainability grants for about 400 organizations delivering social services, health, recreation and cultural programs.

The social service agencies alone will lose \$500,000 at a time when they estimate that they need an extra \$1.1-million just to meet existing demand. The cultural cuts will jeopardize the festivals that are key drivers of Ottawa's tourist trade, an important source of employment.

The city also proposes to cut \$4-million in child care subsidies for low-income families. This means that 700 children will not have the opportunity to be “ready to learn” by age 6. The rationale for the cut is that the province will not expand its commitment to cover 80 per cent of the subsidy cost.

These proposals reflect a city administration that is fending for itself – striving for efficiency and fiscal restraint. The budget has not been judged in terms of its impact on the community and its future.

No doubt there will be heated protests in the public consultations leading up to the budget decisions in early December. But, like most cities, there is no group with a mandate to speak for the community as a whole – no one asking whether these cuts are the right strategy for the future.

Speaking to community foundation leaders in Montreal last week, Tim Brodhead, president of the McConnell Family Foundation, pointed to this gap in community leadership: “There is a hunger today for community leadership,” he said. “Somebody has to look at the big picture across the community. We must create the capacity to address the deeper systemic issues.”

Only a few Canadian cities have formed community-wide coalitions whose goals are to deal with the root causes of economic decline. Two examples are the Hamilton Roundtable on Poverty Reduction, co-convened by the city and the Hamilton Community Foundation, and the Toronto City Summit Alliance, chaired by Boston Consulting's David Pecaut.

These two coalitions have demonstrated their capacity to mobilize collaboration across the whole community – collaborations that foster innovation to overcome long-standing economic and social problems. They are well placed to give leadership as their cities manage the downside risks of the current economic situation.

In 2009, communities will have two choices. They can hunker down to watch helplessly as decisions are made by business, governments, education institutions, foundations and others who are fending for themselves. Or they can mobilize a coalition to engage in a search for creative solutions.

Judith Maxwell is the former head of the Economic Council of Canada and Canadian Policy Research Networks.

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