

Building Community Economies in Marginalised Areas

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The Latrobe Valley is one region in Australia where the impacts of the neo-liberal political agenda have been keenly felt. In the 1990s the Victorian Government forced the region's major employer, the State Electricity Commission of Victoria (SECV), to radically downsize as a prelude to privatisation. It has been reported that in total 17,000 jobs were lost (Baker 2001) in a region with a workforce population of around 43,000 (ABS 2001). As the most direct beneficiary of a state-sponsored program of industrialisation through the 20th century, the Latrobe Valley had been accustomed to near full employment and continued growth (Gibson 2001). Suddenly, in the 1990s, the region was cut free from a state-guaranteed life support system and thrown into crisis. The economic policy response by local government has been to try and attract large-scale replacement industrial businesses. The 'New Regionalism' policy approach has also registered, with efforts being made to develop various technology networks. The social policy response has been largely directed towards 'mopping up' the extreme effects of the restructuring process by accessing State and Commonwealth government funding through programs such as the Department of Housing's place-based Neighbourhood Renewal initiative.

In this chapter we reflect on a project piloted in 1999 and 2000 as an integrated economic and social response to the situation in the Latrobe Valley. The Community Partnering Project (CPP) is aligned in varying ways to the three themes of this book: community and social inclusion, the New Regionalism, and associational governance. Processes for remaking community and addressing social inclusion were a key project concern and thus line up with the social policy developments of the post-neoliberal era discussed in other chapters. Like the NR approach, the project recognised the importance of the social dimension of development, but it went beyond what we see as the rather limited scope of NR to focus on hidden and unvalued parts of the economy as an economic and social development resource. Finally, the project was based on a partnership between universities and local government and was attempting to pilot new modes of local governance consistent with the objectives of the associational 'model'. As this chapter shows, the experience of the Latrobe Valley CPP raises crucial concerns about the focus of social and economic policies and the avenues used to deliver policies.

In the first part of the chapter we offer an analysis of current economic and social policy approaches to development. We then introduce our distinctive 'anti-capitalocentric' approach. In the third part we detail how this approach was put into practice in the CPP and conclude by examining the project's outcomes and policy implications, particularly for local governance.

Mainstream policy on uneven regional development

Since the late 1970s there has been a succession of mainstream policy approaches for redressing uneven regional development. Initial concern with the patterns and dynamics of regional development has become overlain in more recent years with wider concerns for social inclusion as the effects of deindustrialisation, globalisation and the neo-liberal political agenda have become more widespread and entrenched.

Traditionally, regions sought replacement industrial businesses by advertising the competitive advantage of place – a skilled labour force, non-unionised workers, infrastructural endowment, incentive payments, reductions in expenses and locational attractors. In contrast, those who subscribe to theories of the New Regionalism

suggest that regions should shun the 'locational tournament' (Storper 1997) and promote the knowledge economy, enhancing the regional investment milieu by strengthening business networks, improving institutional governance, fostering innovation, flexibility and post-Fordist production techniques (Morgan 1997; Scott 1998). Most models appear to accept externalisation of company labour costs and urge regions to engage in retraining the existing labour force to be more 'job-ready' and making new labour forces (women, immigrants or imported skilled labour) accessible.

Others have turned to the more intractable problems of areas where there is no hope of a quick economic turnaround. Here concerns have focused on processes by which large sectors of the population are becoming increasingly excluded from any share in mainstream economic development (Amin & Thrift 1995). This has prompted a research agenda focused on the 'social economy' – that 'third sector' of not-for-profit social enterprises offering social and welfare services to the excluded (Amin et al. 2002). The social economy approach is concerned with both economic and social policy. Strengthening the social economy is seen as providing a buffer zone of quasi-employment for the marginalised in intermediate labour markets working for not-for-profit enterprises, volunteer organisations and work-for-welfare schemes. This strategy will make the excluded more 'job-ready' in anticipation of the time when a revitalised formal labour market can absorb them as mainstream worker-subjects in capitalist enterprises, while in the meantime providing essential services to address social needs and rebuild a sense of community. Some are hopeful that the social economy might provide a 'real' alternative to mainstream public and private sector employment (Catterall et al. 1996; Ekins & Newby 1998), but others have found that the potential of the third sector is far more limited (Amin, Cameron & Hudson 2002).

Recently the concept of 'social capital' has come to dominate the social policy landscape. Innumerable programs are concerned with building and strengthening the bonding, bridging and linking relationships synonymous with social capital (Putman 2000; Woolcock 2001). For advocates such as the current Leader of the Federal Opposition, Mark Latham (1998), these networks provide an essential precondition for economic development. In the work of the economist Francis Fukuyama (1995: 351), social capital is also necessary to temper capitalism's excesses: 'just as liberal democracy works best as a political system when its individualism is moderated by public spirit, so too is capitalism facilitated when its individualism is balanced by a readiness to associate'. The theme of a social capitalism as a panacea for economic capitalism's ills is also evident in approaches that posit social, cultural, familial and other networks and associations as vital during periods of crisis and uncertainty. Communities with strong networks are seen as active, confident and resilient, and better able to absorb the negative impacts of economic changes (Adams 2003).

Despite their different theoretical lineages and emphases, the approaches discussed all agree on the nature of 'the economy' and the importance of the dynamics of capitalist growth for development. The economy is capitalist, and economic and social policy is needed to keep the machinery of capitalism turning over smoothly or, when things go awry, to clean up the mess (Gibson-Graham 1996: 92–119). The New Regionalism and other economic policies for revitalising employment are directed towards attracting or creating capitalist firms; the social economy provides a leg-up into employment in capitalist firms; and social capital supports the functioning of

capitalism as a whole – either by paving the way for capitalist development or by smoothing over the damage left in its wake. For the state, there is no problem with devising economic and social policies that have capitalist development as their ultimate goal, for it is assumed that capitalist growth will bring societal and individual well-being – if not through direct employment in capitalist firms then indirectly through the trickle-down of benefit. The tendency to locate capitalism as the unquestioned identity of the economy and capitalist industrialisation as the only pathway to economic development positions any other, non-capitalist, economic and social practices and development pathways as only ever existing in a subordinate or complementary relation to capitalism. We have called this tendency ‘capitalocentrism’ (Gibson-Graham 1996).

Our project of challenging the capitalocentrism of much social and economic policy and research stems from a concern to open up options for how we think about and enact economic and social change. Like the approaches discussed above, we are interested in contributing to economic and social policies, but our interest is motivated by an attempt to deconstruct the singular identity of the economy as capitalist, and thereby open up the possibility for diverse economic and social development pathways to be built.

There are good reasons for interrogating the identity of the economy. To date economic and social policy has sought to facilitate capitalist development, yet these efforts have not been sufficient to redress the unevenness and disadvantage produced by capitalism. For example, Mike Geddes, a contributor to this volume, has evaluated partnership approaches to social exclusion in Europe and found that efforts were ‘seldom sufficient to reverse long-term trends of disinvestment, decay and social disintegration in deprived areas’ (Geddes 2000: 795). Similarly, studies of those locations that disproportionately bear the burden of disadvantage have found that there is little improvement over time, despite these areas being the focused attention of economic and social policy (for example Vinson 2004). Even when economic benefits are achieved under capitalism, social and individual well-being does not necessarily follow, as Clive Hamilton (2003), Executive Director of the Australia Institute, so convincingly demonstrates. It is testament to the pervasiveness of capitalocentric thinking that, despite the failure of economic and social policy to deliver the presumed benefits of capitalism to all, still this is where policy efforts are focused.

An ‘anti-capitalocentric’ approach to regional development

Our approach to regional policy advocates a shift of attention away from capitalism as the only form of economy to other economic arenas where social and individual benefit is produced directly. In order to explore the range of economic and social practices that might be the focus of policy intervention, we represent the economy as being comprised of a diverse range of transactions, labour arrangements and enterprise types (Figure 8.1) (Community Economies Collective 2001; Cameron & Gibson-Graham 2003; Gibson-Graham 2003). This table is meant to be read in terms of the columns; economic activities are not necessarily aligned across each row, for example, the timber products or childcare services produced by a waged worker in a family enterprise might be exchanged for other goods and services through a barter system. This representation draws on the vast literature of ‘alternative’ approaches to the economy that have emerged from, for example, feminist economics, economic

anthropology, economic sociology and informal sector analysis to deconstruct the singular identity of the economy as capitalist.

Table 8.1 A diverse economy

TRANSACTION	LABOUR	ENTERPRISE TYPE
Market	Wage	Capitalist
<p>Alternative Market</p> <p>Local trading systems Alternative currencies Alternative credit Underground market Co-op exchange Barter</p>	<p>Alternative Paid</p> <p>Cooperative Self-employed In kind Work-for-welfare Indentured</p>	<p>Alternative Capitalist <i>(surplus distributed to public good)</i></p> <p>Green capitalist firms Socially responsible capitalist firms State enterprises</p>
Non-market	Unpaid	Non-capitalist
<p>Household flows Gifts Gleaning Indigenous exchange Theft</p>	<p>Volunteer Housework Family care</p>	<p>Not-for-profit Communal Independent Family Feudal/Peasant Slave</p>

The representation disentangles the various economic practices that frequently stand in for capitalism (the market, for instance) by restricting the definition of capitalism to those enterprises in which workers produce surplus labour (surplus value in the terms of Marxian political economy) that is privately appropriated and distributed by capitalists (Resnick & Wolff 1987). Along with capitalist enterprises that seek to maximise profits, the framework also recognises the presence of ‘alternative’ capitalist enterprises, driven by a social or environmental ethic that aims to distribute some surplus in ways that will benefit the community or protect environmental assets.

The representation also draws attention to the important role that non-market transactions and unpaid labour play in the reproduction of society. In many areas of the world where engagement in capitalist enterprise is minimal (rural areas of most nations, but particularly those in the ‘third world’; whole neighbourhoods of ‘first world’ cities; economies in crisis or transition such as Argentina or the former Soviet Union) communities survive largely through economic activities shown in the lower part of this table. Even in so-called ‘capitalist’ economies, as feminist and mainstream economists have shown, more than half the hours worked take place in the household or state sectors (for example Bowles & Edwards 1993: 93). Furthermore, the value of goods and services produced by unpaid workers in households is equivalent to the value of goods and services transacted through the formal market (Ironmonger 1996).

One of the most important implications of this decentred representation of economy is for the conceptualisation of economic dynamics. Economic models that inform planning interventions are dependent on somewhat precarious theories of causation and determination that employ assumptions about economic order and ‘health’ emerging from disordered individual behaviour, the linearity and predictability of interactions, and the independence of certain activities as against the dependence of others (Amariglio & Ruccio 1994). Models of economic change that underlie visions of regional development are focused on the determining dynamism of factors internal to capitalist economic activity, for example investment in infrastructure, technological change and the productivity of labour. The assumption is that capitalist growth can be actively promoted if the right policies are followed and that this will cause regional development. But can we be so definite on the issue of determination? Economic and social well-being is arguably produced as much (if not more directly) by a range of non-economic and non-capitalist dynamics, for example maintenance of informal social safety nets comprised of familial and neighbourhood relations of reciprocity and sharing, development of diverse social connections, access and use of free spaces for association and creative cultural expression, secure housing, social services and education. In contrast to those whose essentialist focus allows them to project certitude about economic dynamics into various policy recommendations, we are interested in a less determined, and thus less certain, approach. Recognising the diverse economy allows us to consider more unusual policy agendas that widen the sphere of action and responsibility of institutions interested in economic and social development.

In terms of economic and social policy, it is the bottom two rows of the diverse economy – the community economy (excluding anti-social practices like theft, slavery and indentured labour) – that we believe has potential for new types of policy interventions. In the community economy, in place of those values and dynamics associated with pure capitalist economic behaviour – competitive individualism, growth and private accumulation – we find economic practices that are guided by ethical values connected to community provisioning and servicing, cultural networks of kin and sociality, and environmental sustainability. In the community economy we find economic activities that deliver material and social well-being directly rather than relying on the trickle-down of benefit from capitalist development.

Some of the practices that we associate with the community economy are not dissimilar from those that in the eyes of other theorists are the ‘stuff’ of social capital. We, however, shy away from using the term ‘social capital’ because of our interest in developing a more nuanced anti-capitalocentric language of economy in which practices like gifting and volunteering are not positioned in relation to capitalist economic development but are seen as having their own identity and dynamics. For us the community economy is a neglected economic and social development resource, particularly in those regions that are not benefiting from mainstream economic ‘development’. In the account of the CPP that follows we highlight some new avenues for regional economic development policy that emerge from our different representations of a diverse economy, and the multiple social and economic dynamics of development.

The Latrobe Valley Community Partnering Project

Community Partnering was a pilot Monash University–Latrobe City Council partnership project conducted in 1999 and 2000, with the aim of developing an anti-capitalocentric approach to social and economic development. Funding for the project was fairly small, with an Australian Research Council Strategic Partnerships with Industry – Research and Training (SPIRT) grant of \$75,000, and Latrobe City funding of \$40,000 made up of a cash component and in-kind contribution of office space, equipment and staff time. Council's cash component included a donation from two of the largest private firms in the Valley, Australian Paper and Loy Yang Power, one of the newly privatised power stations.

With the support of a Council officer, the project was carried out by a team of three university researchers and three community researchers recruited from groups hardest hit by the restructuring of the SECV: unemployed ex-SECV workers; unemployed young people (many who would previously have worked for the SECV); and sole parents (many of whose households had fractured under the pressure of male unemployment). Starting in March 1999, the team worked in a participatory action research (PAR) mode supporting marginalised and disadvantaged groups to initiate and run community economy projects (the project steps are elaborated in Cameron & Gibson 2001 and 2005b, and the documentary *It's in our hands*; the PAR approach is detailed in Cameron & Gibson 2005a).

The goal of the first part of the project was to generate ideas for community enterprises in such a way that groups of residents were identified with the ideas and prepared to work on them. Initially this meant turning around prevailing understandings of the economy and social make-up of the Latrobe Valley. The research team worked with residents who were attending various social service programs (like Numeracy and Literary classes, Life Skills programs, Violence Management groups and Work for the Dole) to identify the diverse economic practices that people were already actively engaged in. Instead of seeing the Latrobe Valley as a place lacking in employment opportunities and themselves as economically inactive and dependent, through this process residents began to recognise and value the multitude of activities in the community economy that they and others were contributing to. Stories emerged of people who were helping each other out with odd jobs around the house and yard, cooking meals for sick neighbours, donating food to cash-strapped families, volunteering in their children's schools and local op-shops, fixing broken bicycles for neighbourhood youngsters, sewing their own clothes, restoring old films and film equipment, setting up an emergency neighbourhood communication system and driving elderly neighbours to the shops and doctors. Alongside these familiar informal practices people were introduced to some of the more formal community enterprises that already existed in the Valley (like the various artists cooperatives, and a not-for-profit woodworking business) and elsewhere (like CERES, a well-established not-for-profit environmental and community gardens in inner-city Melbourne).

The familiar understanding of the Latrobe Valley as besieged by social problems like family breakdown, drug and alcohol abuse, gambling, depression, crime and violence was also broken down. This was done using the asset-based community development approach developed by Kretzmann & McKnight (1993), with the community researchers giving people an opportunity to talk first about the needs and problems of

the Latrobe Valley before shifting attention to the area's assets, and most importantly its people assets. Through this process those who were participating in social service programs (mostly at the state's behest) designed to address their needs (such as an absence of numeracy and literacy skills, life skills or work skills) identified their own skills, talents, ideas and interests. Unexpected connections were made as people started to find out more about others in their groups – someone who wanted to learn sewing found a person in the same program who could teach sewing; people with a passion for gardening connected; 'tinkerers' found each other.

To build on the shift in understanding about the economy and the social make-up of the region, participants from the various groups and programs came together for informal workshops starting in mid-1999. Ideas for potential community enterprises began to take shape as the groups engaged in collective activities like preparing food and eating together. These smaller workshops were followed by one large community workshop in October 1999 where a range of participants brainstormed over sixty ideas for community projects. By far the most popular was for a community and environmental gardens. After a 'How to' workshop run with one of the founders of CERES and a bus trip to visit CERES, a determined group formed in November 1999 to begin building a gardens for the Latrobe Valley. Another idea was to build on the skills of an ex-SECV worker who decorated his house each Christmas with an elaborate display of lights and cut-out decorations, and set up a Santa's Workshop for Valley residents. Once the ex-SECV worker's commitment was secured, the community researchers worked with him to open the workshop in time for Christmas 1999.

Two other community enterprises started in slightly different ways. The community researcher who was spending time with unemployed young people found there was interest in learning circus skills. To gauge the level of interest, an initial one-day circus workshop was held in June 2000 with professional trainers. Unexpectedly, a group of unemployed young people who participated had already formed an incorporated association to perform at various 'underground' techno-electronica music events. The group was keen to combine traditional circus skills with their more contemporary focus, and this became the basis for Latrobe Cyber Circus. The impetus for the final community enterprise came from the offer by a retired businessman of a disused industrial workshop. Around this physical asset a group of largely retired, unemployed and disabled people interested in creating a woodworking and art space for the towns of Moe and Newborough was formed in mid-2000.

With project ideas identified and groups committed to working on them, the role of the research team was to lend their support and expertise. Each project had its own development pathway both during the formally funded period of Community Partnering and in the period since. The community and environmental gardens was granted access to a disused caravan park on Crown land near the centre of Morwell that the Council was responsible for. A committee of management formed made up primarily of people who were unemployed, retired, from non-English-speaking backgrounds, of varying ages, and with intellectual and physical disabilities. The group stepped onto a steep learning curve as they started working on the neglected 3-hectare site. They applied for planning permission and then sought grant funding for basic infrastructure such as water reconnection and fencing (a planning requirement), held regular sausage sizzles to raise funds for public liability insurance, commissioned

a landscape architect to help design the layout of the site, and organised working bees to clear the site of rubbish, old vegetation and the concrete pads from each caravan site. With each of these tasks a range of skills had to be acquired, for example occupational health and safety training, food-handling, managing finances and the GST, and meeting and group skills. The bureaucratic and physical work of site preparation seemed interminable. By the end of 2003 (almost four years after the group had started working together) only two crops of vegetables had been produced and many of the initially very enthusiastic members who were keen to start gardening had lost interest or become discouraged by the wait. Exhausted from their efforts and cautious of investing further energy into trying to reignite interest, the committee of management decided to close down the gardens.

The story of Santa's Workshop is quite different. The ex-SECV worker, with the support of CPP, was able to immediately use the disused pre-school building provided by Council. Council also agreed to cover the cost of public liability insurance and electricity, and the Workshop opened in 1999 in the pre-Christmas period. Initially off-cuts of timber and tins of paint were gifted by local hardware stores and drop-in participants made their own house decorations free of charge. As the operation has expanded and others have become committed to the enterprise, a more elaborate system has been devised. Since 2000 the Workshop has been open two days a week throughout the year making decorations that are sold to private businesses, town committees and individuals. Proceeds go directly into a special account at a local hardware store to pay for materials supplied to the Workshop at cost price. The surplus funds accumulated during the year are then made available to local residents in the form of free timber and paint for them to make their own decorations. The small group that now runs the Workshop also makes decorations that are donated to nearby schools, nursing homes and even local families. For the moment the group is more than happy with the way the Workshop is running and plan to continue the operation.

The Latrobe Cyber Circus idea developed further when a small group from the initial circus workshop (mainly the young people already active in the techno-electronica scene) joined with Council's youth program and two other youth projects to run a longer one-week circus camp in early 2001 for interested young people. The training centred around developing a circus performance of a Dr Seuss story that the group could perform at schools, street festivals and other events. After the camp, however, there was conflict within the group and despite the concerted efforts of the youth workers the initiative folded.

Latrobe Community Workshed @ Newborough Inc. initially worked out of a donated industrial building. In 2000 they generated start-up funds by making Christmas hamper boxes out of waste timber for a local business. Restrictive conditions attached to the use of the building led the committee of management to investigate other options and they settled on a vacant butcher's shop for a small weekly rent. Woodworking and other tools and equipment were funded through a Commonwealth Government grant, and in 2002 the Workshed opened its doors as a workspace for residents to use to restore furniture and make wood products. At the moment the Workshed relies on annual membership fees and a gold coin donation from users to cover the cost of weekly rent, Council rates and electricity. This arrangement is not financially viable and the challenge is for the group to find other ways to cover these costs or to reduce them.

Outcomes and policy implications of the CPP

The CPP was a pilot project that formally lasted two years and was funded more or less on a shoestring. From our perspective it demonstrated the potential of an anti-capitalocentric intervention focused on the community economy as an economic and social development resource. In this section we review some of its outcomes and policy implications for community and social inclusion, regional economic development and the New Regionalism, and associational governance.

Community and social inclusion

Through the process of working together to plan and run projects that would contribute to a remaking of community in the Latrobe Valley, groups of residents who were more used to receiving all sorts of government services were transformed from 'done-to into doers' (Forester 1999: 115). The asset-based community development approach redefined people who were usually seen in terms of their needs and deficiencies as having ideas and skills that might be the basis for community projects. Participants readily embraced the approach and were encouraged by this alternative representation to form groups around shared interests where the emphasis was on, in the words of one disabled participant from the Workshed, 'giving back to the community what we've got out of it ourselves'.

As they participated in building their initiatives, people from largely socially excluded groups were also developing their social capital resources. Each enterprise involved a bonding process as participants who were often quite different in ethnic, educational, health and ability backgrounds learned to work cooperatively. One participant from the community and environmental gardens described the process in the following way: 'They're just a mixed group that if they're trying to do so much work, trying to do something, you've got to find where you fit.' The bonding process occurred not just through work-related activities, but also social events like barbeques, birthday celebrations and pizza evenings. Relationships were cemented and sometimes unlikely friendships formed. The project's community enterprises offered a new site for the kinds of sociality once offered in the Valley by employment in the power and related industries. Bridging and linking networks were also developed as groups made connections to other groups, businesses and government agencies. Participants put themselves forward to do things that were well out of their 'comfort zone', like talking on radio, approaching businesses, holding meetings with government officers and lobbying politicians.

Through involvement in CPP, participants also learned skills that were not all that dissimilar from those taught in the various compulsory (re)training programs in the Latrobe Valley – using computers, writing newsletters, running meetings, opening and managing bank accounts, keeping to a budget, complying with the GST, cooperating in a group, using the telephone for professional purposes, managing their own time and other people. The learning, however, took place in a sociable atmosphere where people learnt from each other rather than being positioned as deficient students or trainees reliant on the trainer or teacher to impart knowledge and skills. As a result of skills acquired some people did go on to get paid work or do further study; for those who did not, the learning was not an isolated or 'wasted' activity but something that added to their ability to make an ongoing contribution to the community enterprise.

The CPP demonstrates in a small way the benefits of strengthening the social capital of the marginalised by investing in support for community enterprises, seeing these as active and engaged sites of training that directly contributes to community well-being.

Regional economic development and the New Regionalism

The narrow economic outcome of the CPP was that four non-capitalist community economy enterprises were formed. Unlike interventions in the social economy, these initiatives were not developed specifically to service the poor or to meet social and welfare needs once provided by the state. They provided (or were intended to provide) a range of goods and services directly to the community at low or no cost – food for the food bank, mended furniture, house decorations for Christmas, and entertainment and training for young people. These enterprises were not isolated from other parts of the diverse economy but engaged in the market with consumers and businesses. They also drew upon volunteer labour, Work for the Dole labour and gift-giving from institutions and individuals to get established and keep running. They accessed unused sites and ‘waste’ products as well as formal government funding.

The CPP demonstrates the potential benefit that might accrue if some small portion of the economic development funds set aside for locational attractors to capitalist firms flowed instead into the community economy. Building on the existing skills of residents, the community enterprises were aimed at meeting local demand and drew on local resources to do so. The long neglected reality in mainstream policy circles, as Amin and colleagues (2003: 27) point out, is that ‘the bulk of regional economic transactions are related to servicing local demand’. They argue for the importance of ‘*demand-led regional growth and regeneration*’ considerations, over the contemporary focus on growth through supply-driven boosts to competitiveness’ (emphasis in original) and advocate a greater focus on ‘circuits of provision that could draw on local resources, for example, in the welfare economy, the social economy, farmers markets, local exchange schemes, second-hand markets, social needs-led regeneration’. Though insignificant in size and vulnerable after the pilot ended, the community enterprises formed show the potential for this kind of development.

An initiative like CERES demonstrates what is possible. It took CERES over twenty years to transform from a small volunteer community garden into a multidimensional economic enterprise running commercial activities, including a café, plant nursery, educational program and solar electricity-generating plant that sells electricity to the national power grid, as well as a host of voluntary and alternative market initiatives. It has an annual budget of over \$1.6 million and twenty-five full-time equivalent employment positions (G. Freeman 1999, pers. comm., 8 October; see also www.ceres.org.au).

Associational governance

Did the experience of the CPP provide evidence of an emergent form of associational governance, that is, a ‘joined-up’ or integrated policy approach capable of tackling social and economic issues in unison; a ‘people-centred’ agenda; and networks of government and non-government agencies working together (Smyth et al. 2003)?

By focusing on strengthening the community economy as a strategy for both economic and social development, the CPP attempted to pilot a ‘joined-up’ policy approach, one that critically challenged the assumptions that currently underpin

economic and social policy thinking (including NR and social inclusion). The focus of the CPP was on the community economy, not the capitalist economy. While we attempted to engage policy-makers in discussions around mainstream understandings of economic dynamics and social outcomes, the economic development office of the Council was reluctant to join up in any practically meaningful way with the social and community development office. The opportunities to explore implications for local policy of the potential interdependencies between the community economy and capitalist enterprise were thus not realised.

Consistent with a 'people-centred agenda', people were definitely put first in the CPP, but the project did not position them as needy and deficient recipients of state funds or as potential resources for private capitalist development – as retrainable future employees in call centres, magnesium smelters or food-processing plants. People with capacities, skills and gifts were put forward as the 'raw materials' and 'agents' of economic development. We were to discover that many government agencies are heavily invested in being the community's central change agent, controlling the flow of ideas, information, resources and expertise and that this tended to undermine the effectiveness of a 'people-centred agenda'. Indeed, we found that in terms of 'capacity-building', sometimes more needs to be done to shift the understanding and practice of social service providers than local residents, most of whom readily recognise the efficacy of an assets-oriented approach.

In the early stages nascent community enterprises like those started through CPP are extremely vulnerable and need the support of government and non-government agencies. This is where networks are critical. The Latrobe Valley CPP was very successful at accessing funding networks, with over \$100,000 of one-off government grant funding secured for three of the four enterprises. On reflection we can see that it was less successful in becoming inserted in networks capable of offering strategic, hands-on and ongoing business, managerial and planning support. This level of support is not necessarily excessive, as Santa's Workshop demonstrates, but makes a real difference to the sustainability of an enterprise and its ability to generate surplus that can be put into community benefit. Our inability to access ongoing support was partly a result of the changing relationship with Council. A shift in Council's internal politics since early 1998, when the project was first agreed to, meant that once project funding ceased in December 2000, the original commitment to support initiatives was not honoured. That two projects are ongoing and that one continued until the end of 2003 is testament to the dedication and commitment of the local residents involved (including two of the community researchers who have continued to offer their voluntary input). Our part of the partnership was also at fault here in that we did not realise that the work of maintaining networks with elected officials of the Council was as important, if not more so, than building and activating networks in the community.

Once it was clear that Council backing for the project had been undermined, we attempted to draw in a range of non-government agencies, but this was difficult because of their narrowly defined government program funding priorities which left limited scope for more discretionary initiatives. Furthermore, the notion of the community economy and the asset-based approach were foreign to most agencies, requiring considerable commitment and time on the part of the agency to reorient the way they 'did business'.

Overall, we are arguing that if government is to play a role in developing and sustaining community economy projects it needs to reorient its approach to governing, becoming less reliant on using program funding as the primary mechanism for intervention and more focused on providing ongoing human resourcing, support and expertise for initiatives.

Conclusion

As a pilot intervention, the Latrobe Valley Community Partnering Project has made a distinctive contribution to ways of encouraging community and social inclusion, redirecting the focus of the New Regionalism to produce community benefit more directly, and exploring the possibilities and challenges of an associational mode of governance. It has demonstrated the potential of focusing on the community economy as a resource for social and economic development. By initiating, developing and consolidating community economy enterprises, the project produced both social and economic outcomes. Those involved developed skills and strengthened social networks in a meaningful context. For some this provided an avenue into formal paid work and for others a way of directly contributing to community well-being. The enterprises built on the hidden but socially valuable economic activities of local residents, especially those who had been excluded from the mainstream economy. They used locally available waste materials or abandoned infrastructure and they targeted local demand. The initiatives linked community economy activities and workers to capitalist enterprises through market and non-market mechanisms. In the process residents were repositioned as capable local experts and governments as potential supporters of their community economy endeavours.

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