Community Economy

Theory and Background Information

Community economy theory is a framework for understanding diverse economic activities. This framework provides a broader perspective on our interdependent economic activities than the capitalist alternative. Some economic activities are excluded from capitalist data (i.e. labor force statistics, national income and product accounts) but are included in the community economies definition. Examples of these activities include: household production, voluntary labor, bartering, skill sharing, and other types of social exchanges. Other terms often used to describe similar activities, “non-capitalist,” “socialist,” “non-traditional,” “new,” or “alternative” economies, don’t acknowledge the community roots of non-capitalist, non-monetary economic models. There is plenty of literature on community economy ideas defined by these other terms. Ultimately, the community economy model does not separate our economy from society and nature – it considers both monetary and non-monetary actions as economic and valuable. For more detailed information on community economies, the Community Economies Collective (communityeconomies.org) and publications by author team J.K Gibson-Graham is a useful resource.

Defining Community: “Community” is a term used throughout academic and popular literature and across the social and political spectrum to produce “social wholeness and mutual identification.” Proponents of community economy ideas advocate for this social wholeness as an economic goal.

Practical Visionaries and the Community Economy: The Practical Visionaries Team chose to use a “community economy” framework because the term “community” doesn’t establish an anti-capitalist position or imply a marginalized, fringe theoretical position. Our economic framework shouldn’t be defined by capitalism and can’t be presented as capitalism’s opposite.

The processes and deliverables of the 2013 Field Project are based on the assumption that economies are shaped through complex relationships among humans and their environments. A “household-based neighborhood economy,” which fits within the community economy framework, reinforces the importance of valuing economic activity outside capitalism – “paid work alone does not lead to

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1 The Community Economies Collective (2001, p. 4)
2 The Community Economies Collective (2001, p. 2)
3 The Community Economies Collective (2001, p. 3)
4 Chaddad and Cook (2004, p. 349)
5 The Alliance to Develop Power (ADP) and the Community Economies Collective (2001, pp. 3-4)
6 Miller (2011)
7 Gibson and Cameron (2001)
8 The Community Economies Collective (2001, p. 3)
9 The Community Economies Collective (2001, p. 12)
well-being."\textsuperscript{10} Community ownership is also aligned with the community economy framework,\textsuperscript{11} with community members exercising their right to make decisions related to the use of shared assets.\textsuperscript{12}

\textit{Criticisms and Other Economic Frameworks}

\textbf{Capitalism and the Community Economy:} A community economy may include capitalist exchanges (wage, labor, and market-based), but capitalist – also defined as neoliberal or traditional\textsuperscript{13} – economic activities are just a few of the many diverse economic activities that the community economy recognizes. Functioning as an arm of the capitalist economy, businesses or government may drive economic development that is not based in the community economy. These private and public sector models don’t necessarily value social production or surplus and often neglect economic interdependencies. While both public and private economic activities are important components of a diverse economy, they don’t effectively engage a community’s potential.

Capitalism focuses on maximizing monetary profit, while community-based economic models work to balance priorities for equitable, sustainable, and participatory economies with monetary profit. The literature comparing capitalist and community economies was consistent in the differences between the two models – one focuses on predictable, market-based activities\textsuperscript{14} and the other focuses on complex, interdependent, non-market interactions.

\textbf{Capitalism and Development:} The neoliberal capitalist model, which is based in neoclassical economics rather than community economics, provides analytical tools for developing economic predictions, generalizations, and patterns. Economic activities rooted in self-interest, competition, and market “freedom” (deregulation) are defining features of the capitalist framework, but the community economy framework presents a different, more inclusive frame. Assumptions inherent in traditional economic analyses define “laws,” (i.e. laws of supply and demand)\textsuperscript{15} but human behavior is more culturally specific and interdependent than economics can account for. The capitalist assumption that economic development is a force separate from the community and the environment limits environmental stewardship and social well-being.

The community economist may argue that the capitalist framework, in its separation of market and non-market economic activities,\textsuperscript{16} does not have the capacity for producing social wholeness or mutual identification. They’ll argue that

\textsuperscript{10} The Community Economies Collective (2001, p. 12)
\textsuperscript{11} Gibson (2012)
\textsuperscript{12} Chaddad and Cook (2004, p. 349)
\textsuperscript{13} Goodwin et. al. (2004)
\textsuperscript{14} Daly et. al. (1994)
\textsuperscript{15} Goodwin et. al. (2004)
\textsuperscript{16} The Community Economies Collective (www.communityeconomies.org)
producing social capital and individual, group, and environmental well-being must be the goal of economic activities – these products are difficult to quantify, even with progressive models that incorporate metrics related to social equity or opportunity.

Economic models that are closely related to the community economy model and advocate for similar goals and principles include:

**The Solidarity Economy:** The literature supporting community economies articulates goals for a more just, sustainable, people-based economy.\(^{17}\) The development of community economies is a process conducted by community members.\(^{18}\) For many proponents of community economy theory, a “solidarity” economy is the goal of community-based economic initiatives.\(^{19}\) Solidarity refers to the feeling of unity based on common goals, interests and sympathies. It is a term that is promoted by many social movements to help create social relationships based on justice and equality.\(^{20}\)

**Feminist and Substantive Economics:** The feminist economic perspective is also critical of the traditional capitalist model.\(^{21}\) Concern with the capitalist dominance of individualistic conceptions of social life\(^{22}\) is an example of how this criticism is aligned with community economy theory. Both feminist and community economic theories include the substantive economic nature of many political and familial activities, while capitalism doesn’t address the political, reproductive, or familial dimensions of market or industrial production.

Similarly to the feminist emphasis on non-market activities, Karl Polanyi’s notion of "substantive economics," originally published in the 1960s, further developed the literature on the "livelihoods approach" to development.\(^{23}\) Gibson-Graham’s formulation of the "community economy" offers another, similar framework for valuing non-market activities.\(^{24}\)

**Applying the Community Economy Framework: In Practice/Cases**

Some basic strategies for community economic development include: retaining and expanding local business; fostering new enterprises; attracting new industry, businesses and resources; “plugging the leaks” in the local economy;\(^{25}\) supporting

\(^{17}\) ibid \\
\(^{18}\) Cavaye (2003) \\
\(^{19}\) Miller (2010) \\
\(^{20}\) Miller (2011) \\
\(^{21}\) Waller and Jennings (1991) \\
\(^{22}\) ibid \\
\(^{23}\) Miller (2011, p. 111) \\
\(^{24}\) ibid \\
\(^{25}\) The New Economics Foundation (2008)
local job initiatives and “social capital”,26 and improving infrastructure, safety, and other livability metrics.27 A.H. Gillespie’s asset-based Community Engaged Research (CER) approach provides useful guidance for university researchers, community leaders, and other food system stakeholders in collaborative leadership and community food decision-making.28

**Cooperative Ownership Models:** Cooperative models generally stem from grassroots efforts to meet the needs of a community. They are a common example of putting community economy theory into practice. Generally, cooperatives aim to support community economic capacity building through skill development, business development, mentoring, and employment. They also contribute to social capacity building, providing a wide range of services in the health, social, and educational spheres,29 and cooperative ownership models redefine methods for designating ownership rights within a community.30

Some models of cooperative ownership that may be useful for a community food system economy have been piloted by national agricultural cooperatives.31 Internationally, the UN Food and Agriculture Organization is actively promoting small- and mid-scale agricultural cooperatives as a tool for equity and empowerment.32 In the Boston area, Urban Pickup Cooperatives organized through the Good Earth Community Supported Agriculture Farm (ended in 2002) and the Heirloom Harvest Community Farm are examples building community food economies through a cooperative model. 33

**Community food economy examples in Massachusetts:** there aren’t many organizations including community economic theory in food system activities, but Nuestras Raíces (Our Roots) is a regional “model for community led ‘agri-cultural’ development.”34 Since 1992, Nuetres Raíces has focused on urban agriculture, environment, food security, and small business development for Holyoke’s Puerto Rican community.35 The Journal of Agriculture, Food Systems, and Community Development also has a collection of examples of more sustainable and equitable community development efforts.36

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26 Putnam (1993). Social surplus is the total value added (both direct and indirect) by an activity to all member of a society. Also cited at www.communityeconomies.org
28 Gillespie and Gillespie (2006)
29 Hammod Ketilson (2009)
30 Chaddad and Cook (2004)
31 ibid
32 UN News Center (2012)
34 Nuestras Raíces – About Us (http://www.nuestras-raices.org/)
35 Graham and Cornwell (2009)
36 Journal of Agriculture, Food Systems, and Community Development (www.agdevjournal.com)
While the Community Economies Collective discusses how cooperatives can be an inclusive, supportive model for economic development through social surplus, Collective members also recognize the range of organizational models for supporting a diverse community economy – the household-based neighborhood economy, the gift economy, and other personal economic experiences inform community economy theory and practice.

38 The Community Economies Collective (2001, p. 30)