

## Cape Breton University: Building on the CED Legacy of Fr. Greg MacLeod

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**Abstract:** This article examines the work and legacy of Fr. Greg MacLeod at Cape Breton University. A professor of philosophy, MacLeod was an ardent supporter and insightful critic of co-operatives. He was one of the founders of the Community Economic Development (CED) movement in Canada and spent nearly fifty years developing co-operatives and other community businesses as part of a CED strategy for Cape Breton. The article begins by noting two important sources of inspiration and learning for MacLeod, both are co-operative movements with close ties to institutions of higher education (the Antigonish Movement and the Mondragon Co-operative Corporation). It then indicates how the context of his native Cape Breton shaped MacLeod's early efforts at promoting local economic development, and some lessons learned. Next, the article analyses how MacLeod and colleagues developed New Dawn Enterprises, the country's first CED Corporation. This leads to an investigation of how MacLeod's initiatives represent an innovative approach to local economic development. The final section indicates how MacLeod, with the support of colleagues, leveraged his position at the university to develop research institutes and education and research programs, as integral partners of the local CED movement.

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**Keywords:** community economic development, co-operatives, action research, place-based entrepreneurship, social innovation, Cape Breton

Universities have a long history of working with co-operatives in different countries. Historically, this work has been most prominent in the agricultural sector, especially in North America, with university extension programs and departments of agricultural economics and agronomy providing support for rural development. This support consisted predominantly, but not exclusively of the university providing technical and/or professional education and training, including the sharing of recent research which that better enable farmers to determine which crops to grow and how to best maximize yields and market their products. As a rule, however, universities and their faculty members were not actively involved in the direct promotion of new co-operative businesses or other social enterprises.

There have been exceptions to this rule, however, of which Cape Breton University (CBU) is one. This chapter examines the role of CBU, and especially one of its most prominent faculty members, Greg MacLeod, in the development of co-operatives and other community businesses as part of a community economic development strategy.

### Introduction

Father Greg MacLeod was born into a large working-class Catholic family in Cape Breton. Early on he recognized his vocation and decided to study for the priesthood in the Diocese of Antigonish<sup>1</sup>. In addition, however, he was formally trained as a philosopher at the University of Louvain in Belgium and at Oxford University in the UK. When he returned to Cape Breton from Europe in 1969 after finishing his doctoral studies, he was assigned to teach philosophy at Xavier College in Sydney, later to become Cape Breton University<sup>2</sup>.

Upon returning home MacLeod was struck by the weak state of the Cape Breton economy and the favoured policy response by government offices (including Manpower Services), which was to encourage people to move to other

parts of the country where jobs were more abundant. Drawing upon the literature of economic geography, MacLeod and his colleagues later characterized Cape Breton as a “depleted community” (Johnstone and Lionais 2004).

One part of this concept relates to the dynamics of uneven development in capitalism, in which non-metropolitan areas are not only more vulnerable to regular economic cycles, but also to larger structural changes in the economy (Smith 1990). In Cape Breton, which to a large extent had a resource-based economy, recoverable coal reserves were rapidly being depleted, resulting in severe job losses. In the coming decades, a similar dynamic would occur in fishing with the cod moratorium and the decline in other fish stocks. Cape Breton’s other major heavy industry was also in decline. Changes in production technologies and markets had made Cape Breton’s steel plant less viable, a situation which was further exacerbated by programs of economic deregulation and liberalization in the 1980s, which induced the movement of many light and heavy industries to developing countries. These liberalizing policies also undercut previous government job creation strategies based upon attracting investment from outside capital with the allure of subsidies and tax breaks. The net impacts of these situations were a *capital drain* and *brain drain*, dynamics that further exacerbated the downward economic spiral (Johnstone and Lionais 2004; Reed 1999)

The other side of the notion of depleted communities relates to the fact that Cape Breton is comprised of a variety of ethnic and linguistic communities. These include the indigenous Mi’kmaq, French-speaking Acadians with roots going back to the 17<sup>th</sup> century, descendants of Gaelic-speaking Scottish immigrants (many of whom fled as part of the highland clearances), descendants of Irish forebearers (forced to emigrate due to the potato famine), as well as other European immigrants (Polish, Jewish, Italian, and Ukrainian) and West Indians who were attracted by work in the coal industry dating back to the 19<sup>th</sup> century and the steel industry in the 20<sup>th</sup> century. Over the years, these communities were able to develop and maintain rich social and cultural lives. Economic downturns, however, implied a difficult trade-off for many, giving up the social quality of their lives in return for access to steady employment. Moreover, such downturns not only affected individuals, they had the potential to wipe out entire towns and communities. While MacLeod believed that people should not be forced into such trade-offs, he was also cognizant of the fact that government alone could not be relied upon to find solutions. The resolution to this situation would depend upon the community organizing to create local jobs. This would become his mission – his life’s work. (MacLeod 1997; Johnstone 2019)

### Antecedent Local Economic Development Movements

In engaging in local economic development, MacLeod drew upon a variety of academics and practitioners to guide him in his work. Perhaps the two most influential sources of inspiration, and the ones with which he could most readily identify, were co-operative movements in which Catholic priests had prominent leadership roles and which had close connections with institutions of higher education.

#### *The Antigonish Movement*

The first such movement was very close to home, centered around St. Francis Xavier University (St. F.X.) in Antigonish, Nova Scotia, the town from which the movement would draw its name. The Antigonish Movement emerged in response to the very challenging economic circumstances facing the people of eastern Nova Scotia in the 1920s and 30s. During those difficult times there was little or no help available to families through government programming. Moreover, because communication and transportation links were quite limited, communities were isolated. Added to this, people had very little formal education. In industries like fishing, these factors contributed to a situation where those engaged in harvesting were systematically marginalized and exploited by buyers and processors (Dorado and Pluta, 2012, p. 23).

Two cousins, both Catholic priests, were among the most prominent leaders of the Antigonish movement, Fr. Jimmy Tompkins and Fr. Moses Coady.<sup>3</sup> Three key themes ran through their work and that of the movement more generally. The first of these was *education*. Tompkins, who worked as a parish priest, believed deeply in the power of knowledge and he saw adult education as an instrument that could impart that knowledge. In line with the adult education movement, the Antigonish movement relied heavily on *study clubs*, which would be used for a variety of functions. One of the roles of the clubs was to promote basic literacy among the population, an achievement which also helped to instill confidence in people and facilitate public interaction and involvement. The study clubs were

complemented by circulating libraries (books in boxes), mass meetings and conferences (Dorado and Pluta, 2012, p. 97).

A second theme of Tompkins and Coady was *social justice*. The study clubs, which focused on economics and the local situation, helped the people better understand the causes of their dire economic situation. While the leaders of the movement laid bare the exploitative nature of local economic relations, they did not place the blame entirely on corporate buyers and processors. Rather, Coady argued, the deplorable state in which the people of eastern Nova Scotia found themselves could be traced back to their own inaction, which he described as the “great default of the people.” According to this account the people had gradually relinquished control over decisions that affected them and this eventually led to their present appalling circumstances characterized by apathy and hopelessness. In a similar vein, Tompkins, cautioned that social justice had to be earned: “No body of men is worthy of a socially just society unless it is able to merit it by its intelligence and its moral backbone.” (Tompkins, 1935)

This latter remark points to a third theme of the Antigonish Movement, *action*. Coady, argued that to recover from their current situation and once again become “masters of their own destiny”, the people would have to mobilise and work collectively to initiate change. For his part, Tompkins summarized the situation this way, “It is not enough to have good ideas we must put legs on them.” (Father Jimmy, n.d.) Coady would frequently relate stories from the early years of the movement to illustrate how working collectively even in simple ways could help overcome exploitative circumstances. One of the most popular of these was about four fishermen from Whitehead who sent a crate of lobster to Boston instead of selling to local buyers, as was the custom. The fishermen received \$24.00 compared to the \$5.60 that they would have been paid locally. That experience quickly convinced them to adopt a new course of collective action that better served their own interests (Dorado and Pluta, 2012, p. 92).

For the Antigonish movement, *group entrepreneurship* would be the preferred initiative for creating change, while *co-operatives* and *credit unions* were viewed as the best tools for this purpose. Co-operatives were judged to be a fair and effective model for individual business, while the widespread use of co-operatives could contribute to the Movement’s longer term objective of establishing a participatory and locally controlled economy (Dorado and Pluta, 2012, p. 48). The study clubs served as the site for the incubation of co-operatives. In addition, Frs. Tompkins and Coady had other unique assets that were available to them at St Francis Xavier University, especially with the establishment of its Extension Department in 1928. With its ability to support research, along with outreach and educational activities in the community, St.FX. would provide an institutional base for the Antigonish Movement (Dorado and Pluta, 2012, p. 20).

The movement made great strides in the 1920s and 1930s in promoting co-operative businesses (processing plants, credits unions, grocery stores, etc.) which contributed, along with growth in the coal and steel sectors, to significant improvements in the local economy and the quality of life of residents. By the 1940s and 1950s, however, the entrepreneurial dynamism of the movement would begin to fade. Three factors were primarily responsible for this decline. First, the initial success of the movement was based to a significant degree upon capturing low hanging fruit. This meant that over time, it became more challenging to identify new opportunities for group entrepreneurship that could produce outcomes as dramatic as the earlier cases. While Fr. Coady would cajole people that “you have to find your lobster” (MacLeod 1986, p. 67), increasingly there were fewer lobsters to find. Second, with the early successes, many of the Movement’s study clubs began to focus more on operational and management issues that were of greater relevance and urgency to the established co-operatives. Correspondingly, as less emphasis was given to new start-ups in the study groups, interest waned and attendance dropped (Dorado and Pluta, 2012). Third, by the 1950s, the St Francis Xavier Extension Department began to undergo a prolonged period of ‘*mission drift*’ and it gradually lost touch with the people it had been first established to serve. A key element of the movement’s early formula, *action*, faded away as analysis and report writing displaced entrepreneurial activity. While the internal changes were often subtle, their consequences were cumulative. The Antigonish Movement increasingly became less a core component of the Department’s operations and more a part of its history (Dorado and Pluta, 2012).

#### ***Mondragon Co-operative Corporation***

The second primary source of inspiration for Greg MacLeod was the Mondragon Co-operative Corporation (MCC). Headquartered in the Basque region of Spain, MCC comprises more than 250 business and organizations. Inspired

by Fr. José María Arizmendiarieta, the first co-operative, which produced paraffin stoves, was established in 1956 by five graduates of the local polytechnic, which the curate had founded. Over the following decades, Arizmendiarieta worked with the founders of the first enterprise to develop co-operatives in a variety of sectors, including industry (e.g., white goods, aerospace, automotive), distribution (e.g., supermarkets, sports equipment), finance (e.g., banking, financial services, etc.) and, research and education (with the polytechnic developing into Mondragon University).

The Basque region is a very distinctive part of Spain with its own language and cultural traditions that go back well beyond the emergence of a Spanish state. The driving factor in the co-operative development efforts was the desire to create local jobs, so that Basques would not have to travel to other parts of Spain or go abroad to seek work. In this effort, MCC would prove very effective, currently providing employment to approximately 75,000 workers. While extensive reserves of social capital were one factor contributing to the success of MCC, equally important has been their ability to institutionalize the entrepreneurial function which enabled them to incubate co-operatives across a range of sectors. Initially this was done through somewhat informal collaboration between the credit union (Caja Laboral), a research and development firm, Ikerlan (a joint venture of the Caja Laboral, the polytechnic, and the industrial co-operatives) and the polytechnic. With the formation of the Mondragon Co-operative Group in 1984, this entrepreneurial process was formalized and a more centralized strategic planning process became possible (MacLeod 1997; MacLeod and Reed 2009).

Over the decades of its existence, Mondragon has faced various challenges as the business climate was dramatically transformed with developments in technology and changes in the political and economic realms. For their first two decades, the co-operatives of Mondragon operated in an autarkic economy under the rule of Franco, with little or no international competitive pressures. With the return to democracy and Spain's entrance into the European Union in 1986, Mondragon faced serious challenges as they now had to compete in the domestic market against much larger competitors with more advanced technology. To survive in these new circumstances, Mondragon adopted a somewhat defensive innovation strategy which focused on improving product quality (Catania 2006).

The competitive challenges facing Mondragon continued to mount in the 1990s in an increasingly global economy spurred on by liberalizing reforms in trade and finance. In the face of increasing price competition from firms who had outsourced many of their non-core functions and shipped most of their production offshore, Mondragon understood it had to address its core problem, its production process. Mondragon was forced to adopt its own internationalization strategy, one in which it would compete in emerging economies (e.g., China, India, Brazil, Mexico, etc.), relying upon local production facilities. The goal behind this "multi-localization" strategy was not to generate profit for its own sake. Rather, Mondragon was leveraging its know-how and brand in these markets, so it could essentially subsidize the costs of keeping plants open in Spain (which continued to produce for the European market). (MacLeod and Reed 2007)

In developing operations in emerging markets, Mondragon adopted a variety of business arrangements (e.g., partnerships, wholly-owned subsidiaries) which were arguably not in line with co-operative principles (Errasti, Bakaikoa and Elgoibar 2003). Two basic questions arose in this context. The first was whether such an internationalization strategy necessary. The answer to this question was clearly "yes", if Mondragon wanted to maintain the existing level of its workforce in Spain. The second question was what, if anything, Mondragon should do to address deviations from its co-operative principles? Some suggested that Mondragon should take measures (e.g., profit sharing, support for unions, etc.) that in the mid-to-short term could mimic and in the longer term could pave the way for co-operative production relations (Cancelo 2006). Others, however, were less concerned about abandoning the co-operative form, including one of the founders, José María Ormaechea.<sup>4</sup> While not opposed to many of the reform measures proposed (e.g., profit sharing), they did not see (re)establishing co-operative institutions as an end in itself. They argued that more important than the organizational form were the goals that they wanted to achieve.

### *Lessons Learned*

Greg MacLeod's interest in co-operatives was, in a sense, very pragmatic. His primary goal was to promote local economic development. What attracted him to the Antigonish movement and MCC was their proven track records

of promoting local economic development. Key lessons that he took away from their experiences included: (1) the need to focus on employment and income generation; (2) the creation of new local businesses as the key to generating employment and income opportunities; (3) the need to institutionalize (and collectivize) the entrepreneurial process for creating new businesses; (4) the need to innovate in order to adapt to changes in the business climate (including technology, trade agreements, business (de)regulation), and; (5) the key role of partner institutions, especially institutions of higher education.

MacLeod would take away other lessons from the experiences of Antigonish and Mondragon. One of the most important was that the co-operative form did not guarantee success.

Co-operatives are businesses that must compete in markets. Their success, like any other business, is predicated upon understanding the business climate and innovating to adapt to changing circumstances and opportunities. One of the key differences that MacLeod saw between the Antigonish movement and the MCC was the latter's abilities to continue to innovate over time. A related lesson for MacLeod, which would be confirmed by personal experience, was that employing the co-operative form was not always the best, or even a viable, option. A variety of circumstances (e.g., legal, political, personal) could undermine the use of the model. For MacLeod, such circumstances could not justify inaction. They demanded a different solution.

Finally, MacLeod understood that there were other underlying conditions for the success of Antigonish and Mondragon. Both benefitted from charismatic leadership that was able to provide a credible vision of an alternative local economy which people could embrace. This vision enabled the leaders to leverage the available social capital and mobilize people to co-operate for a greater good. For MacLeod a widely supported vision and a participatory structure that enabled people of action (entrepreneurs) to move on the vision would be a more important indication of a co-operative than a formal organizational structure (Johnstone 2019).

### Early Experiments

When MacLeod returned to Cape Breton in 1969, he had not yet fully absorbed all of the lessons noted above. Nor did he have a fully developed plan detailing what he hoped to accomplish and how to proceed. What he did know was that he needed to act. Thus, in the early 1970s MacLeod took the lead in founding several organizations to promote local economic and social development. One of these, the Metropolitan Alliance for Development (MAD), successfully lobbied against a provincial government plan to close an Adult Vocational Training Centre (AVTC) in Cape Breton. The trade school was located in Point Edward – a former naval base near Sydney. Provincial plans favored replacing this school with a new, single institution, to be located in Halifax. Having halted the closure, MAD then engaged in several years of lobbying. These efforts contributed importantly to a decision by the province to construct a new AVTC in Cape Breton. The group was also successful in halting a plan to move a national Coast Guard Academy from Sydney to Cornwall, Ontario with the expected loss of 100 local jobs (MacLeod 1986 p. 18). To the surprise of MacLeod, however, the members of MAD were not emboldened by their successes; in fact, they were reluctant to become active on other fronts. MacLeod had a similar experience with a second organization, the Cape Breton School of Crafts (CBSC), which he incubated with financial support from a New Horizons grant. MacLeod proposed that the organization buy the Wolfson Building, a two-storey structure located on a downtown street, which had recently come on the market. The intent was that the School occupy part of the first floor and earn income by renting out the remainder of the building. Although everyone associated with the School of Crafts agreed that this was a great opportunity, the key people involved would not take the step of buying the building. They were very uncomfortable assuming financial risk. The basic lesson that he took away was that while many people were supportive of social improvement projects, they could not be relied upon to act if this required them to assume financial responsibility and deal with uncertainty.

MacLeod was not deterred by the lack of action by members of CBSC. Confident that proceeding with the purchase of the Wolfson Building was a viable project, MacLeod switched tactics and organized a small group of business people, who registered themselves on December 27, 1973 as the Cape Breton Association for Coop Development (CBACD).<sup>5</sup> Three members of the new non-profit organization personally signed a \$20,000 note and applied for a mortgage from a local credit union. To obtain the mortgage the CBACD agreed to make immediate improvements to the property. Under MacLeod's guidance CBSC applied for and received a Local Initiatives Program (LIP) grant,

which was used to help pay for renovations to the building. In return for this contribution, the Craft School was given five years of free rent on the ground floor of the newly renovated Wolfson Building. CBACD itself applied for a Local Employment Assistance program (LEAP) grant with which they were able to finish the work on the Wolfson Building. Once renovations were completed, the remainder of the ground floor was leased to a local business.

Because the LEAP grant was available for three years, CBACD was able to purchase and rehabilitate several other buildings. Thus, in a short period of time, CBACD assembled a considerable asset base comprised of six properties generating rental income. However, as a tool for this kind of development CBACD had its limitations. For example, an application by CBACD to the Canada Mortgage and Housing Corporation seeking a mortgage for a new apartment building was refused based on the nature of its organizational structure and its articles of association. MacLeod was able to solve this problem by establishing a new legal entity, Shining Waters Ltd., specifically designed to procure a mortgage. While the new company was successful in its application and proceeded with construction of a new apartment building in the nearby town of Glace Bay, it became evident to MacLeod that a new organizational model was needed.

### A Community Economic Development Organization

A key impetus in the development of a new organizational model would come in the fall of 1975 out of a conference held in Wolfville, Nova Scotia and organized by Dalhousie University, where Greg MacLeod met two future collaborators. Dr. Stewart Perry, a Harvard graduate, had worked with a variety of communities on “community economic development” (CED) in the US, where there were laws in place that allowed organizations to incorporate as “community development corporations” (CDCs). In their discussions, Perry convinced MacLeod that the latter was in fact engaging in CED and that the CBACD was functioning as a CDC. Also attending the conference was Mike Keyes, a federal government official in the department of Health and Welfare. Keyes was very interested in knowing more about CED and supporting initiatives of this sort. He encouraged MacLeod to apply for a demonstration grant to undertake an experiment, one that would create a CDC.

MacLeod was successful in the first stage of the grant competition which provided funds for a feasibility study. He contracted with a professional consulting group to develop an organizational model that could help to generate successful businesses, while maintaining the organization’s social goals. In balancing these two concerns, MacLeod was convinced that the emphasis had to be business development, as generating income is the only way the organization could be successful in the long term. The second stage of the application was also successful, and a demonstration grant was approved to organize a new CDC. The new enterprise would receive an allotment of \$120,000 for the first year and decreasing amounts over the subsequent four years (MacLeod 1997, p. 27). And so it was in June 1976 that New Dawn Enterprises Ltd. was incorporated as a not-for-profit company limited by guarantee.<sup>6</sup>

Many of the important features of New Dawn, including its then somewhat unique structure as a not-for-profit company limited by guarantee, came about as a result of discussions between MacLeod and Sydney lawyer Dene Burchell. Burchell, who had served as a Nova Scotia Supreme Court Justice, cautioned MacLeod not to let legal structures get in the way of what he wanted to do. Burchell’s advice was to start with what you wanted to achieve and build a legal structure that would facilitate your goals (Keshen 2017). Above all, MacLeod wanted a structure that would not restrict him or prevent him from taking action. By drawing upon the advice of Burchell, New Dawn Enterprises would enable MacLeod and his colleagues to support a range of business ventures that could contribute to employment generation, social development and cultural promotion.

### A Community Economic Development Strategy

The discussions with Perry, Keyes and Burchell provided MacLeod and his collaborators with language and insights into an institutional form around which he could develop a local economic strategy for Cape Breton. In developing this strategy, they were also heavily indebted to the co-operative movements discussed above. Four basic components of the strategy can be identified, each of which exhibited important innovative features.

### *Community Businesses*

As noted above, one of the lessons that MacLeod took from Antigonish and Mondragon was the need to develop local businesses rooted in the community, as these provided the best means for creating jobs and income for local residents. In the case of Antigonish, income generation was largely based upon the organization of producer co-operatives (fishing, agriculture), as well as employment provided through financial and distribution co-operatives. In Mondragon, there was a similar pattern, but with a stronger focus on worker co-operatives in industrial sectors, rather than producer co-operatives. While MacLeod was supportive of co-operative businesses, his experience and different socio-economic circumstances led him to believe that he needed to be more flexible with regard to business forms.

MacLeod and his colleagues did not want to promote just any business, however. Their goal was to incubate businesses that would create stable employment/income and provide products and services needed in the community. Their key innovation was in understanding what type of businesses could serve this function. They would refer to them as “community” or “place-based” businesses (MacLeod, McFarlane and Davis 1997). The key features of such enterprises were their desire to operate in the community (place) rather than maximizing profits and their contribution to local wealth creation through a combination of grounding mechanisms (e.g., generating local employment, maintaining local headquarters, capturing local investment funds, building local infrastructure, patronizing local suppliers, retaining profits in the community, being governed by local actors, meeting local needs). Such businesses might be co-operatives, non-profits, small family-owned enterprises or even locally-owned corporations (Lionais and Johnstone 2009).

### *A Community Business Incubator*

His first experiences of organizing new enterprises led MacLeod to a concrete appreciation that creating new (community) businesses was not easy, and that few individuals were able and willing to take up such a task. The lesson that he took away from this was that the role of entrepreneurship needed to be collectivized and that those who had entrepreneurial drive needed to be supported. This was not an entirely original insight on MacLeod’s part. He was aware of how Mondragon had developed a business incubation process. His challenge was to establish one suited to the context in which he was working (MacLeod 1997).

New Dawn Enterprises would be MacLeod’s business incubator. What was innovative about New Dawn was its mission of community economic development and its legal incorporation as a CDC, which was tailored by MacLeod to meet local needs. Over the years, New Dawn has incubated and supported a variety of new and fledgling community businesses, some which have displayed significant innovation in their own right (Lionais and Johnstone 2009). Of the enterprises incubated, some would become independent, while others would retain an association with New Dawn. Currently, these latter businesses are organized into the following divisions: Health Care, Meals on Wheels, Centre for Social Innovation, Rental Properties, Community Engagement, Cape Breton Island Centre for Immigration, and Invest Local.<sup>7</sup>

### *A (Social) Venture Capital Fund*

Another lesson that MacLeod learned early on was the need for a reliable source of capital to fund community businesses. Again, this was not an entirely new insight on MacLeod’s part. He was very aware of the role that credit unions played in Antigonish and that the Caja Laboral played in Mondragon with regard to new enterprise finance. MacLeod, himself, would work with credit unions as and when possible, but local credit unions were not interested in new start-ups. What MacLeod needed was a venture capital fund with a difference. A new structure called Banking Community Assets (BCA) Group would fulfill this function.

As was the case with the formation of New Dawn Enterprises, the BCA Group emerged out of the results of several different initiatives that MacLeod spearheaded. The first of these was the establishment of BCA Holdings Ltd. in 1989. Although New Dawn had been exploring the idea of setting up a venture fund for some time, those involved in these discussions were unable to agree on a way forward, a case of what MacLeod deemed “paralysis by analysis.” In response to this situation, MacLeod and two friends set up BCA Holdings as a not-for-profit company limited by guarantee, with each contributing \$5,000 to create an operating kitty of \$15,000. At first glance it may seem very odd to organize a venture capital institution as a not-for-profit company, but the intentions here included clarity of

purpose and a commitment to keep costs at a minimum. For MacLeod, the initial investments also served to quickly separate those who were prepared to *act* from those who were *only* prepared to *talk*. A small board was organized and they asked friends to lend money to the fledgling company; in return, BCA Holdings would pay what was then a modest interest of four percent. Those who contributed were assured that they could get their money out at any time; that is, these were essentially demand loans. By these means the fund grew to \$50,000.

A second initiative by MacLeod in the early 1990s led to significant growth in BCA Holdings. At the time, a federal government agency was working with local Boards of Trade (BoTs) in the Atlantic region to promote the creation of local venture capital funds. Specifically, the government was offering to match dollar for dollar funds that BoTs established. Upon noticing that his local BoT had not shown any interest, MacLeod decided that BCA Holdings should apply for the matching funds, even though it was formally not eligible. When the federal agency accepted BCA's application, subject to the organization raising \$500,000 in matching funds within six months, MacLeod and his colleagues set to work. Using word of mouth<sup>8</sup> BCA managed to achieve part of this goal. In addition, it was able to garner the support from a church-related group in Toronto that commonly made community development loans, which contributed \$250,000. As a result, the \$500,000 was raised just as the deadline was reached in September 1992. In 1993, after meeting a *very long* list of further conditions demanded by the federal agency, the loan to BCA Holdings went through. Although BCA only had this capital for a short time<sup>9</sup> the company managed to invest the funds into a highly successful project called Tompkins Place. That project is described elsewhere (Johnstone 2019).

A third initiative by MacLeod resulted in the formation of the BCA Investment COOP Ltd. This organization was established as part of a response to the Community Economic Development Investment Fund (CEDIF) Programme launched by the Province of Nova Scotia in 1999. Under the terms of this programme, a community group could set up an incorporated company (referred to as a CEDIF), which could sell shares and then use the capital raised for local investment.<sup>10</sup> While such a program was very attractive to BCA Holdings, it was not eligible to apply to the CEDIF program due to its legal status as a not-for-profit company limited by guarantee. It was to clear this legal hurdle that MacLeod and his colleagues incorporated BCA Investment COOP Ltd., as a for-profit company on January 23, 1998. Between 1999 and 2001, BCA Investment COOP Ltd., which was the first CEDIF in Nova Scotia, raised \$1.27 million from about 300 investors. BCA Holdings Ltd. and BCA Investment COOP Ltd. constitute the cornerstones of BCA Group, which also includes several smaller companies that were subsequently established.

By most standards, the amounts invested by BCA are very small (about \$2.5 million). The results, however, are impressive. A list of successful projects assisted by BCA includes: two rope manufacturing plants; a fish processing plant; a food processing plant; a forty-four unit condominium; three motel-restaurant complexes; a plumbing and heating company; two commercial centres, a window manufacturing plant, a radio station, an industrial park and a hardwood floor manufacturer. An independent economic assessment of BCA Group completed seven years ago reported that current replacement value of the assets tied up in these businesses at that time was \$32.5 million, the number of direct full time equivalent (FTE) jobs they supported was 522, and the total number of direct and induced FTE jobs was 872 while the estimated annual impact on GDP was \$38.96 million and the current estimated annual impact on household income was \$26.03 million (Foster, Duff, Peters and Currie, 2011). Since this assessment BCA has continued to be active and these numbers are almost certainly an understatement of its present impact.

### *Tripartite Partnerships*

As noted above, one of the core lessons that MacLeod took from Antigonish and Mondragon was the important role that the university could play in local economic development and the incubation of new enterprises. Unlike these movements, however, MacLeod was a strong advocate, in both theory and practice, of collaborating with government agencies.<sup>11</sup>

Government partnerships and programs were incorporated into all aspects of MacLeod's CED work from the beginning. Both of MacLeod's core CED institutions, New Dawn and the BCA Group, drew heavily upon government programs in their incubation and growth stages, with MacLeod frequently working closely with government officials to extend the boundaries of such programs to include CED organizations. MacLeod also relied upon government research funds (e.g., from the Social Science and Humanities Research Council) to investigate the feasibility of new CED ventures in different sectors (e.g., tourism, information technology, etc.). MacLeod and his colleagues would

also draw upon government programs (which funded regional economic development and the small business sector) to support new and fledgling community businesses. In a changing business climate and in a context of depleted communities, MacLeod always saw government as an essential partner.

In this respect, MacLeod was well ahead of his time. It was not until the late 1980s and early 1990s, when academics began to discuss an emerging *knowledge economy*, that a model referred to as the *triple helix* gained prominence. In the triple helix approach, development (especially economic and social development) is brought about by a co-operative effort involving government, business and universities (Etzkowitz and Leydesdorff 1995). Fr. Greg promptly aligned himself with this emerging terminology and consistently used the triple helix model to describe his own approach (MacLeod, McFarlane and Davis 1997). The new terminology acted as a kind of confirmation that the methods he had already been employing for nearly two decades were paralleling best practices. The role of the university in these endeavours is elaborated below.

### The University as a Partner in CED

MacLeod shared with the founders of the Antigonish movement and the MCC a philosophy of Christian social action. Johnstone sums this philosophy up in the following way:

- a) At times, our actions can leave the world in a better state than we found it;
- b) When it is within our capacity to act in these ways, we have a responsibility to do so. This is a moral imperative;
- c) The greater one's capacity to bring about such positive change, the greater one's responsibility to act. (Johnstone 2019, p.21)

MacLeod also shared with the founders of the Antigonish movement and Mondragon the conviction that this philosophy of social action was compatible with the mission and roles of institutions of higher education, and that this philosophy could and should be applied to local/community economic development. Accordingly, this social action philosophy imbued MacLeod's understanding of his professorial responsibilities of research (knowledge generation), teaching (knowledge dissemination and acquisition) and development/community engagement (knowledge application). Thus, for MacLeod and his colleagues CED was not something that they pursued in addition to their roles as academics, but an activity that they engaged in as a vehicle for fulfilling their academic responsibilities.

#### *Action Research*

For MacLeod, the philosophy of social action meant that his responsibilities of research and community engagement were potentially complementary and might be most effectively pursued in tandem. MacLeod pursued these two responsibilities jointly under the banner of "action research," a notion which signified the use of participatory research to achieve a desired goal. For MacLeod the goal was CED and, more specifically, the promotion of community businesses. All of MacLeod's major research projects were oriented around action research, as noted above. At the height of his own career, MacLeod would decline opportunities for research funding that encouraged discussion in place of action, as research that was not action-oriented held no appeal and little meaning.

MacLeod's commitment to CED included not only the incubation of individual businesses, but the development of an infrastructure for incubating such enterprises. Similarly, at the university, MacLeod understood the importance of not only engaging in action research, but also the necessity for establishing an infrastructure for supporting such research. At the newly established College of Cape Breton, MacLeod was one of the champions for a research facility. Through his work with other colleagues the *Bras D'Or Institute* was founded with a mandate for investigating issues of local interest both in the sciences, and in the social sciences. In June 1977, the successful application to the Department of Health and Welfare for funds to help establish New Dawn Enterprises was (proudly) reported by the Bras D'Or Institute as part of its research activity, an action research project with a very practical and successful outcome (Johnstone, 2019 p. 55).

As the action research that would lead to the establishment of New Dawn Enterprises took place, MacLeod realised the need for a research institute with a more specific mandate, one more clearly focused on place-based

development. Convinced as he was of the role of innovation and technology in determining business success, the key for Macleod was to find ways of harnessing technology to serve human values. Thus, it was that in 1974 a new university-based research institute, the *Tompkins Institute for Human Values and Technology*, was inaugurated, named in honour of MacLeod's intellectual mentor, Fr. Jimmy Tompkins. Forty-five years later, the Institute continues to explore links between human values and technology while maintaining a focus on issues facing the local economy (Johnstone, 2019, p. 12).

Through the formation of these research institutes and developing action research projects, MacLeod created channels through which he could effectively recruit colleagues from CBU (and other institutions) to his work of CED. MacLeod drew in a wide range of colleagues over the years, from a variety of disciplines. They included Edwin MacLellan, Gertrude MacIntyre, Walter MacNeil, Ora McManus, Rankin McSween, and Charles MacDonald His closest academic collaborator<sup>12</sup>, however, would be Harvey Johnstone, Professor Emeritus with the Shannon School of Business at CBU who worked closely on several SSHRC funded research projects.

### *Action-Oriented Education*

MacLeod and his colleagues were aware that to effectively engage the university as a partner in promoting CED, their research agenda needed to be complemented by an action-oriented education strategy. Specifically, there was a need to institutionalize CED education through a formal degree program (another important difference for MacLeod between Mondragon and Antigonish). Such a program could serve several functions, including creating increased awareness of CED as a viable economic development strategy; supporting (potential and actual) CED entrepreneurs and managers; and, providing a source of new faculty members with an interest in CED, both in teaching and research. Starting a degree program in a new area of studies, however, is a challenging proposition. For this reason, educational initiatives in CED necessarily lagged behind research development. The research activity of MacLeod and his colleagues, however, was laying the basis for developing educational programs.

By the mid-1990s, when UCCB was ready and eager to establish its first graduate program, MacLeod and his colleagues were well-positioned to promote an educational strategy. During a visit by Vice-president Ray Ivany to discuss graduate education, Fr. Greg was able to make a case that a distinct MBA program offered the best chance of success. As part of the plan, UCCB would establish the "Community Economic Development Institute" which would administer the proposed Master of Business Administration program specializing in Community Economic Development (MBACED) and serve as a conduit to channel university resources to community economic research projects as well (MacLeod, McFarlane and Davis 1997). In UCCB's submission to the Maritime Provinces Higher Education Commission, much of the proposal's and the university's credibility rested on the highly original CED research program initiated by MacLeod and on the ongoing impacts of the enterprises he had incubated (Keshen 2017).

CBU has offered its unique MBACED since 1997. The program was originally designed as a blended program in which students combined on-line courses with a residential requirement at CBU in the summer. Most students were practitioners and wrote their theses on projects or issues related to their home business/institution, while a smaller percentage were interested in starting their own enterprises. More recently, there has been a growth in international students, many of whom follow a full-time residential program. Among other activities, the CED Institute organizes a biannual summer conference on CED, which affords the students in the program the opportunity to present their research to an international audience of scholars and practitioners.

Today the Shannon School of Business program is offered in seven centres throughout Canada and boasts almost 1,000 alumni and over 450 current students, including full-time residential students on the CBU campus. The existence of the program has facilitated the hiring of several full-time faculty members. Faculty with research interests in CED include the current Dean of the Business School, George Karaphillis, Doug Lionais, Catherine Leviten-Reid, Kevin McKague, Patricia Morrison and Tom Urbaniak. In addition to teaching in the MBACED program, faculty members have been active locally (e.g., doing research on co-operatives/social enterprises, serving on the Board of New Dawn, etc.), as well as participating in the national co-operative research association in Canada.

## Conclusion

Fr. Greg MacLeod was a lifelong advocate for the co-operative movement. Following Coady, he saw co-operatives as potentially effective vehicles through which local communities could become “masters of their own destiny.” MacLeod knew, however, that there were necessary conditions for co-operatives to fulfil this function. Specifically, they needed to maintain their democratic and participatory structures and, as businesses, they needed to adapt and innovate with changing socio-economic conditions. MacLeod recognized that a variety of other circumstances (e.g., legal, cultural, personal) might make specific legal forms of co-operative incorporation too rigid to take advantage of specific business opportunities. In such circumstances, he and his colleagues were quick to experiment with new forms, as long as they maintained a democratic decision-making structure and fostered the common good of the community (MacLeod, McFarlane and Davis 1997). While not legally co-operatives, MacLeod considered organizations such as New Dawn and the BCA Group to be “fundamentally cooperative in philosophy”, sometimes referring to them as “neo-cooperatives” (MacLeod 1991, p. 19).

From the experience of Mondragon and Antigonish, MacLeod knew that it was possible for co-operative movements to develop fruitful partnerships with institutions of higher education. For MacLeod, such partnerships were not only advantageous, but essential in depleted communities needing to constantly innovate but faced with a paucity of resources to support innovation. Particularly in its fledgling years, CBU was able to support New Dawn across a full range of entrepreneurial needs (e.g., research and development, education, strategic planning, etc.). In order for this relationship to work effectively, however, it required the creation of a dynamic and interlinked system of mutually supporting institutions. This system was facilitated by MacLeod and colleagues who, while active in founding basic CED institutions (a business incubator, a source of finance), were simultaneously establishing academic institutions (research institutes, teaching programs) with which they could collaborate. In noting that these institutions were mutually supporting, it is important to highlight that while New Dawn has benefitted from its connections with CBU, CBU has also found the relationship very valuable. The relationship has not only contributed to CBU’s strong community engagement profile, but research grants and outputs have enhanced CBU’s research reputation, while the MBACED program has spurred the university’s growth in graduate programming and internationalization.

As MacLeod and New Dawn drew heavily upon the experience of the Antigonish and MCC co-operative movements, they have also played a similar role for other organizations. In Canada, through their promotion of CED, they have arguably provided an alternative, more institutionally flexible “co-operative” approach to local economic development. In doing so, they also foreshadowed a larger international trend, with the emergence of *social and solidarity economy* movements in the 2000s. Especially popular in the Global South, these new movements were also grounded in relationships of solidarity, while accepting of institutional plurality.

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## Notes

<sup>1</sup> The Diocese of Antigonish includes all of Cape Breton in its remit.

<sup>2</sup> Xavier College, founded in 1952, was originally part of St. Francis Xavier University. In 1974, it amalgamated with the Nova Scotia Eastern Institute of Technology to form the College of Cape Breton. In 1982 when the college was granted a charter to offer university degrees, it renamed itself the University College of Cape Breton (UCCB). Following a 2004 study, UCCB made the decision to transfer its trade and technology programs to the Nova Scotia Community College, and in 2005 received royal assent to change its name to Cape Breton University.

<sup>3</sup> MacLeod studied the history of the Antigonish Movement and was particularly interested in the writings and actions of Fr. Jimmy Tompkins. As a young priest he worked with Fr Michael Gillis, who had known Coady and Tompkins. Throughout his academic career MacLeod was in regular contact with the leaders of the St Francis Xavier Extension Department and also kept in touch with leaders of the co-operative movement including the credit union system.

<sup>4</sup> Ormaechea believed that MCC's success was better explained by the priority it placed on being at the forefront of technology than its co-operative structure. He also argued that competitive pressures were forcing MCC to *redefine* its organizational structures and predicted that by “. . . 2055, among all the companies that exist, cooperatives will be recognized as something from the past, as honorable vestiges.” (Ormaechea, 2004, p. 18)

<sup>5</sup> Although not formally incorporated as such, MacLeod considered CBACD (and its successor, New Dawn) to be a co-operative organization. Two of its objectives in particular illustrate why: Object 1. To search out and stimulate new ideas for the development of cooperatives, which will contribute to the social-economic improvement of the province; Object 2. To assist and advise in the establishment of cooperatives and to aid the further development of existing coops (CBACD MG 11.044 F6, 1973).

<sup>6</sup> New Dawn initially offered support services to other entities with similar objectives, such as the CBACD and Shining Waters. In October 1976, CBACD passed a motion to engage New Dawn Enterprises to manage all its business affairs in return for 5% of its gross revenue. In March 1977, the Board of the CBACD began discussions that would lead to the Association being assimilated into New Dawn (CBACD MG 11.044 F6, 1977).

<sup>7</sup> MacLeod and New Dawn also had a significant impact on the broader CED movement, as one of the pioneering and most successful organizations. In 1983, Fr. Greg helped to organize the Federation of Community Development Corporations of Canada (Perry 1987, p. 14) which facilitated the spread of CDCs across the country through the 1980s and 1990s.

<sup>8</sup> For legal reasons BCA was not permitted to advertise or solicit funds from the public. In many cases money was raised by having individuals sign loan guarantees.

<sup>9</sup> After roughly two years the Government Agency demanded return of their funds.

<sup>10</sup> Such companies were under a legal obligation to reinvest all contributed capital in a timely manner and in ways that would benefit the local community. Individual investors who purchased shares would receive a provincial tax credit equal to 30% (now 35%) of the value of their investment. Investments up to \$50,000 per person were eligible for this tax credit.

<sup>11</sup> Antigonish and Mondragon were not necessarily opposed to government partnerships but had few practical opportunities to collaborate. During the peak activity in Antigonish, the state had not yet taken on any significant role in social and economic development. This meant Antigonish could not collaborate with the state in any substantive way. During its formative stages, Mondragon faced a very hostile state under Franco and, therefore, also

did not have any real possibilities for collaboration with government. The case of New Dawn was different. By the time of its founding there was already a welfare state in Canada which had taken on an active role in regional economic development. Moreover, governments were beginning to realize that in order to create and implement effective policy responses to the problem of unemployment, they needed to work with local actors.

<sup>12</sup> MacLeod also relied heavily on non-academics, including local businessmen John Eyking and Jim Kehoe who acted as key advisors and partners on many ventures.