

**The Canadian Social Economy and Values:
Insights from Bernard Lonergan's Theological Ethics**

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Abstract

This thesis project endeavours to meet the calls from scholars and theologians for theoretical foundations and theological engagement with the Canadian social economy. As introduced in Chapter 1, drawing on the work of Canadian philosopher-theologian, Bernard J. F. Lonergan S.J., I address the ambiguous, and therefore ultimately inadequate, understanding of values that is prevalent within both the practice of and the scholarly literature about what is now termed the “new” social economy in Canada.

My hypothesis is that Lonergan’s theological ethics, specifically his threefold structure of the human good and his scale of values supplemented by his cognitional theory, provide explanatory resources to clarify and add precision to the definition of values, how they are created, and how they interrelate within social economy practice. Lonergan’s resources help overcome the predominant use of a relativist “bag of values” approach found in practice and the literature, by explaining how value can be understood as an intelligible structure. As the goals of the social economy are aligned with the Christian mission to care for the poor, the community, and the public good, these resources will also provide an explanatory understanding of how religious values can animate and motivate Christian engagement in social economy activities.

To address the question of values, I use a dialectic methodology to establish a conversation between the research conducted by the Canadian Social Economy Research Partnership (and other cognate studies), and Lonergan’s theological ethics. In contrast to social economy scholars who tend

to use case studies as both methodology and genre, I integrate a case study into this thesis for illustration purposes only.

In Chapter 2, I present an overview of the Canadian social economy with a discussion of values. I point out the important differentiation made within the literature between standard neoclassical economics and social economy theory, according to which the inclusion of values helps to both define the “new” social economy and to expand economic practice. The next three chapters unfold progressively as I introduce Lonergan’s theoretical work in Chapter 3 and further develop these in Chapters 4 and 5.

Chapter 3 is foundational to this thesis as it introduces Lonergan’s works by providing an historical reading of his early academic life. I recount his interest in economics and the Antigonish movement, underlining how the ethical component found there corresponds to that within the “new” social economy. I introduce Lonergan’s method of self-appropriation, his cognitional theory, and his theological ethics. Collectively, they provide a distinctive way of understanding “value.”

Chapter 4 explains how neoclassical economic theory maintains that economic activities are “values-free;” a legacy of eighteenth and nineteenth century thinking. I contrast this with the “new” social economy approach that maintains its activities are participatory such that they generate and merge social and economic values. The chapter then draws on and further develops Lonergan’s resources as introduced in Chapter 3. Firstly, I apply his cognitional theory to a number of examples to illustrate how social economy practitioners

innovate strategies by deliberating on what is valuable and worth pursuing in their actions. Secondly, I draw on Lonergan's threefold structure of the human good to clarify what is meant by the "social" component of the social economy, and to explain how social economy practitioners satisfy their community's needs, wants, and desires through the transcendence of self-interest, thus establishing patterns of cooperation constituted by meeting the patterns' intrinsic ethical obligations on a recurring basis. I further explain how these cooperative patterns can be judged as "value structures" when they yield and ground values concretely. Thirdly, using social economy examples, I employ Lonergan's ascending scale of values to differentiate the meaning of values and their interrelation at the vital, social, cultural, personal, and religious levels.

Chapter 5 applies Lonergan's resources to the case study of the Social Purchasing Portal (SPP), a social enterprise that was developed in the Vancouver Downtown Eastside district beginning in 2001. To highlight how Lonergan's cognitional theory provides a precise and detailed account of the steps involved in innovative process, I describe how a working group developed the SPP model. My application of Lonergan's threefold structure of the human good to the Vancouver SPP case study uncovers the clear differentiation of social and economic values and their interrelation through value structures. My appeal to Lonergan's scale of values provides further precision to the definition of value, its creation, and how values interrelate to positively impact concrete social and economic living conditions. It also explains how the Canadian social

economy is worthy of support and participation by Christians of all faith traditions.

Chapter 6 provides a concise summary of this thesis project concluding with suggested lines of inquiry for further study. I propose that as Lonergan's macroeconomic theory aligns more closely with an understanding of the "new" social economy than neoclassical economy theory, social economy scholars stand to benefit from a detailed analysis of his theory as resource for developing a more robust theory of the "new" social economy as practiced in Canada. Stimulated by Lonergan's claim that Quebec's educational system was, at least at one time, well-suited to teach cooperation as a means towards economic self-determination, I also propose investigation into whether historically education in that province facilitated early development of social economy activities. Finally, as innovation is so central to social economy activities, I propose that Lonergan's cognitional theory could be explored more fully by social economy scholars in their efforts to explain the innovation process. They might also help social economy practitioners understand it as a normative process in their activities.

Abbreviations

CCEDNet	<i>Canadian Community Economic Development Network</i>
CED	<i>Community economic development</i>
CSERP	<i>Canadian Social Economy Research Partnership</i>
FIT	<i>Fast Track to IT</i>
SPP	<i>Social Purchasing Portal</i>
SSHRC	<i>Social Sciences and Humanity Research Council of Canada</i>
VOC	<i>Vancouver Olympic Committee</i>

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Chapter 1. Introduction

Scholars and theologians have called for theoretical foundations and theological engagement with the social economy as practiced within Canada. This thesis project endeavours to meet the call by addressing, I will argue, the ambiguous understanding of values operating within both the practice of and the scholarly literature about what is now termed the “new” social economy. As the goals of the social economy are aligned with the Christian mission to care for the poor, the community, and the public good,¹ I also discuss the role religious values play in animating and motivating Christian engagement in social economy activities. I draw on Canadian philosopher-theologian, Bernard J. F. Lonergan’s S.J. theological ethics supplemented by his cognitional theory; together these provide the resources needed to clarify what constitutes values, how they are created, and how they interrelate within social economy practice.²

1.1. My Path of Interest in the Social Economy

My interest in the social economy began with a personal experience I had long before I had any conscious notion that economic and social

¹ I am using the term “public good” in place of the “common good” in keeping with Patrick Byrne’s contention that “the common good is all too frequently thought of in an abstract way, as a concept or plan.” Patrick Byrne, *The Ethics of Discernment: Lonergan’s Foundations for Ethics* (Toronto: University of Toronto Press, 2016), Chapter 11, footnote 9. Byrne uses the term “social ecosystem” or “ethical ecosystem” which I will expand on further in Chapter 4.

² Unless otherwise used for emphasis, I will refer to Lonergan’s threefold structure of the human good and his scale of values collectively as his theological ethics.

activities could intersect for the intentional betterment of a specific community. In the 1980s, I lived in London, England during the years Prime Minister Margaret Thatcher's Conservative government was in power. I witnessed how this government's political, economic, and social policies disrupted what was a deeply entrenched socialist society. Her government privatized public institutions, dismantled social welfare programs, and held the Liberalism view that the role of government was not to be "paternalistic" but to ensure citizens' safety and liberty.³ As such, the government should promote free market capitalism and minimize any intervention in the economy. According to Thatcher, these Liberal doctrines allowed each individual the freedom to be economically responsible for their own lot in life.

Thatcher's government drew criticisms from community-based organizations, social agencies, and the left-leaning parties of government. They claimed that by withdrawing social supports, her government had abandoned citizens who were disadvantaged and unable to care for themselves. In her 1983 campaign speech to Conservative party loyalists, she responded by stating: "We are committed to a civilised society where

³ John Rawls is best known for elaborating a Liberal philosophy within a political system of democracy. See John Rawls, *Political Liberalism* (New York: Columbia University Press, 1996).

the poor and the sick, the disabled and the elderly are properly cared for. By the community, by their families, by voluntary Organizations [sic].”⁴

I grew up in Canada in a Scottish family that fostered a love for family, neighbour, and the community; these same values were reinforced in my early formation within the Presbyterian Church. Mrs. Thatcher’s rhetoric created in me substantial sense of dissonance. On the one hand, as an entrepreneur I welcomed free market capitalism. On the other hand, I was deeply marked by the religious value of community care for neighbours, including and especially those unable to care for themselves. As an employer, it was clear to me some people were unable to secure jobs and would require social supports in order to thrive. I lived the discomfort this gave me and tried to appease it by donating funds to various charities until I discovered a new way that engaged both my entrepreneurial outlook and my Christian spirit.

By the mid-1980s, I was managing the development of a public motor racing facility in Milton Keynes, England. Members of the public were able to rent specially designed cars and race around the track against the clock. Although the company did not exceed the municipal bylaws

⁴ Prime Minister Margaret Thatcher as quoted in Joanna Mack and Stewart Lansley, *Poor Britain* (London, UK: George Allen & Unwin (Publishers) Ltd., 1985), 232. This book was based on a four-part series by London Weekend Television entitled, *Breadline Britain*. For a critical reflection on Thatcherism, see Eric J. Evans, *Thatcher and Thatcherism*, Second ed. (New York: Routledge, 2004).

concerning noise ordinances, within a few days of opening the facility, multiple complaints came in from a neighbouring community. After many visits from the bylaw officer, the management team decided to put up higher barriers around the track, govern the speed of the race cars down to a quieter pace, and engage a noise specialist to measure the levels at different times of the day. We shared our efforts with the city and with our neighbours who nevertheless continued their complaints. As our business's profits relied heavily on local patronage, I engaged a public relations (PR) company. Our PR consultant discovered that the community supported a charity called the MacIntyre Trust. This community-based organization provided social supports for people with learning disabilities.⁵ At the time, this charity had plans to build a retail bakery with the intent of training their clients in catering skills. The profits from the sale of the baked goods would be used to create jobs for the population they served. Motivated at the time to placate the source of the noise complaints, we held a fund-raising event at the race track in aid of the MacIntyre Trust and invited local residents. We raised a substantial amount of money to help the Trust construct the retail bakery. We put in an order for a year's supply of baked goods to sell in our canteen at the race-track, and we created and subsidized a volunteer program for our employees. The complaints

⁵ MacIntyre, "Welcome," <http://www.macintyrecharity.org/> (accessed July 5, 2017).

stopped and for the two years I was with the company, we enjoyed a fruitful supplier/purchaser relationship.

I had never imagined that a community-based charitable organization might engage with a traditional business to create jobs for disadvantaged people through entrepreneurial means. Despite the political rhetoric of the times, over the two years I was engaged in this unique activity, my belief that an impenetrable barrier existed between social supports and economic activities began to break down. I learned that a traditional business could take the community into consideration without compromising its profits. This appealed to my Christian value of caring for our neighbours while meeting my responsibilities as manager of a profitable company that employed over seventy-five people. The MacIntyre Trust's bakery was my first exposure to a community economic development (CED) activity, though at the time I didn't know that the project corresponded to a recognized practice that was attracting scholarly interest and generating a whole body of scholarly literature.

On my return to Canada, I became directly involved in this practice. In the mid-1990s, I had the opportunity to work in a community-based

organization in Ottawa, Canada.⁶ The organization had two major CED projects: (1) a one-year self-employment training program for people who received social assistance, and (2) a social enterprise that manufactured furniture and hired people who faced employment challenges or had been long-term unemployed. During this time, I was concerned with understanding how CED differed from traditional economic development. I sought theoretical resources that I could apply in the practice of managing the organization's social enterprise. I soon came to learn that CED is described by scholars as a field of practice that aims to build sustainable communities through entrepreneurial strategies that blend social and economic values. According to the scholarly literature, CED is situated within what is broadly termed the social economy.⁷ Gregory Baum defines

⁶ The organization was the Community Enterprise Centre of Ottawa-Carleton. It was an outgrowth of the City of Ottawa's economic development unit. At the time there was recognition by policy-makers that micro-economic development required different strategies than macro-economic development, especially in terms of addressing long-term unemployment. Implementing social economy activities was the organization's central focus. Due to a change in political policies that affected its funding, the organization shut its doors in 1996.

⁷ Some authors view CED as a subset of the social economy while others contend that it is one of the many constitutive practices that make up the social economy. See William A. Ninacs, *A Review of the Theory and Practice of Social Economy / économie sociale in Canada*, SRDC working paper 02-02, assisted by Michael Toyne (Social Research and Demonstration Corporation, 2002), 27, <http://ccednet-rcdec.ca/en/toolbox/review-theory-and-practice-social-economy> (accessed February 14, 2016); Louis Favreau and Benoît Lévesque, *Développement économique communautaire: économie sociale et intervention* (Sainte-Foy, QC: Presses de l'université du Québec, 1996); and Jack Quarter, *Canada's Social Economy: Co-operatives, Non-profits, and Other Community Enterprises* (Toronto: James Lorimer & Company, 1992).

the social economy as “the economic creativity of people at the community level.”⁸

In my search for theoretical resources to understand how the organization could better support our client’s path towards self-determination and economic independence, I became acquainted with the writings of Lonergan. I discovered that his cognitional theory and his theological ethics provided robust answers to my questions. Twenty years on, it is these same rich resources that I draw on in this thesis to more solidly grasp the role of values in the “new” social economy as practiced in Canada.

1.2. Canadian Social Economy Research Partnership

Until recently, there was very little scholarship on the Canadian social economy. In 2005 and with five years of Social Sciences and Humanities Research Council (SSHRC) funding, the Canadian Social Economy Research Partnership (CSERP) was established with the aim of understanding, clarifying, and advancing practices in the Canadian social economy. This project involved over three hundred university and community-based researchers. Their work and publications form an

⁸ Gregory Baum, *Signs of the Times: Religious Pluralism and Economic Injustice* (Ottawa: Novalis, 2007), 28. See also, Gregory Baum, “The Social Economy: An Alternative Model of Economic Development,” *Journal of Catholic Social Thought* 1 (2009): 253–62.

impressive body of research consisting of over one thousand articles, graduate study dissertations, and peer-reviewed books.⁹

I began to study CSERP's body of work, seeking an explanatory framework for how social and economic activities interrelate and why social economy activities could and should be supported by Christians. I soon noted within the literature a historical divide between the "old" and the "new" social economy. Research on the old social economy focuses on the legal or structure of organizations such as cooperatives, mutual societies, and non-profit organizations. The "new" social economy began in the 1980s in the wake of the abandonment of Keynesian social welfare programs. With the rising gulf between the wealthier and poorer classes of Canadians, researchers and practitioners sought new ways of understanding social economy activities that could address this gap.

There is a general consensus amongst the CSERP scholars and researchers that the social economy differs from neoclassical economics and its activities differ from traditional businesses. "New" social economy theory focusses on the contention that social economy practice merges

⁹ For more information, see the Canadian Social Economy Research Partnership, "Canadian Social Economy Hub," <https://socialeconomyhub.ca> (accessed January 18, 2016). CSERP was funded between 2005-2010 by the Social Sciences and Humanities Research Council (SSHRC) and involved six research nodes: (1) Quebec, (2) Atlantic, (3) Southern Ontario, (4) Prairies and Northern Ontario, (5) British Columbia and Alberta, and (6) the North. The collection of scholarly products is now maintained by the Canadian Community Economic Development Network (CCEDNet). See Canadian Community

social and economic values through relational activities. While it was obvious to me that this offered rich scope for theological examination, I found very little theological scholarship on the “new” social economy. Canadian theologians and persons of various Christian faiths are more likely to promote “new” social economy activity at the level of practice rather than engaging theological theory.

Although I will have recourse to some of the earlier international literature on the social economy, this thesis will focus predominantly on the “new” social economy as contained within the work of the CSERP. Debates about how to define the Canadian social economy fill the CSERP literature. During the tenure of this research partnership, the scholarly effort to reach a national consensus was abandoned. Reading through this literature, I observed that the debates used a “bag of values”¹⁰ approach indicating a problematic ambiguity in understanding what values are, how they are created, and how they are interrelated. In some instances, this

Economic Development Network (CCEDNet), “About CCEDNet,” <https://ccednet-rcdec.ca/en/about> (accessed February 14, 2016).

¹⁰ I will elaborate on my use of the term “bag of values” in Chapter 2.

lack of understanding led to relativism.¹¹ The central hypothesis examined in this thesis emerged from my discovery of the lack of theoretical and theological engagement with the “new” social economy in the CSERP literature, and more particularly, from my identifying there an expressly ambiguous understanding of the generation and interrelation of values.

1.3. Hypothesis

The central hypothesis of this thesis proposes that Lonergan’s theological ethics affords explanatory resources for responding to questions about and ambiguities within the understanding of values that is found in the literature about the “new” social economy in Canada. I will demonstrate how Lonergan’s explanation of the threefold structure of the human good and of his scale of values, supplemented by his cognitional theory, provide the tools needed for robust social economy theory and practice.¹² These resources will help to provide clarity and precision on the definition of values, how they are created, and how they interrelate. They

¹¹ In general, relativism is the view that there is no universal and absolute truth or values as they are relative to a particular context or frame of reference. For a good introduction, see Maria Baghramian and J. Adam Carter, “Relativism,” ed. Edward N. Zalta, in *The Stanford Encyclopedia of Philosophy* (Summer 2017 edition), <https://plato.stanford.edu/archives/sum2017/entries/relativism/> (accessed August 14, 2017). Lonergan discusses relativism in terms of the self-affirmation of objective knowledge. Bernard J. F. Lonergan S. J., *Insight: A Study of Human Understanding*, vol. 3, *Collected Works of Bernard Lonergan*, ed. Frederick E. Crowe and Robert M. Doran (Toronto: University of Toronto Press, 1992; orig. 1957), 366–76. I will discuss Lonergan’s understanding of objective knowledge in Chapter 4.

¹² I will use the term “Lonergan’s theological ethics” to denote his threefold structure of the human good and his scale of values.

will also provide an explanatory understanding of how religious values can animate Christian participation in social economy activities.

1.4. Methodology

My methodological approach uses a dialectic style that sets one body of literature in conversation with another in order to test whether the insights from one respond to the questions from the other in such a way that advances that conversation.¹³ Lonergan describes dialectics within his functional specialities as a method for interdisciplinary collaboration.

According to him, dialectics is

...a generalized apologetic conducted in an ecumenical spirit, aiming ultimately at a comprehensive viewpoint, and proceeding towards that goal by acknowledging differences, seeking their grounds real and apparent, and eliminating superfluous oppositions.¹⁴

In this vein, I will establish a conversation between the body of research conducted by CSERP and others concerned with the “new” social economy in Canada and Lonergan’s theological ethics supplemented by his cognitional theory. As debates concerning the definition of the Canadian social economy centre on what I believe are a misunderstanding of values, I offer Lonergan’s resources specifically because of his unique

¹³ For a good example of the use of dialectics as a methodology that engages Lonergan’s works, see Darlene Mary O’Leary, “An Integral Vision of Economic Transformation: The Relevance of Bernard Lonergan to Debates in Canadian Catholic Social Ethics on the Relationship of Ethics and Economics and the Function of Profit,” Ph.D. diss., Faculty of Theology, Saint Paul University (Ottawa, 2006).

¹⁴ Bernard J. F. Lonergan S. J., *Method in Theology* (Toronto: University of Toronto Press, 2003; orig. 1972), 130. Lonergan discusses his functional specialities in Chapter 5.

understanding of “value.” My hope is that the conversation between the two bodies of literature will constitute a creative response to the scholarly call for a theoretical and theological engagement with the “new” social economy as it is understood and practiced in Canada.

My use of the dialectic approach involves a number of tasks. Firstly, I conduct a review of the CSERP literature to understand what researchers and practitioners claim is the “new” social economy as practiced in Canada. I also draw on international literature to supplement my understanding. In so doing, I retrieve questions and ambiguities concerning an understanding of values.

Secondly, I review theological literature that links church, faith, and theological ethics to the social economy. I reiterate here the dearth of literature that engages the “new” social economy as practiced in Canada.

Thirdly, scholars claim that the social economy differs from neoclassical economics or traditional approaches to the economy as it concerns the pursuit of competing self-interest. I include a brief description of the historical development of self-interest within economic thought. However, this is in no way comprehensive given that my central quest remains a solid understanding of values in the social economy.

Fourthly, I present my research into Lonergan’s cognitional theory as it forms the basis of his theological ethics. My research draws primarily on his seminal works, *Insight: A Study of Human Understanding*¹⁵ and *Method in Theology*.¹⁶ I complement this research with secondary sources

¹⁵ Lonergan S. J., *Insight*.

¹⁶ Lonergan S. J., *Method*.

that treat his theological ethics. My goal is to retrieve reliable resources for addressing the ambiguities about values.

Fifthly, I offer substantial analysis of how Lonergan's theological ethics supplemented by his cognitional theory offer resources needed to address the definitional debates about the "new" social economy in Canada with a specific focus on how values are understood, and created, and how they interrelate.

Lastly, as researchers involved in the CSERP use case studies as both a methodology and genre, I examine a case study from the literature of a Canadian social economy activity, the Social Purchasing Portal (SPP). My goal here is to illustrate how the application of Lonergan's theological ethics supplemented by his cognitional theory can provide clarity on an understanding of values within the social economy activities. For the sake of transparency, I should note that during the years of 2005-2006, I was a member of the project team that developed a SPP in Ottawa, Ontario, Canada. However, my decision to include a case study in this thesis is for illustrative purposes only; it is not used here as a methodology.

My approach is shaped by Lonergan's cognitional theory and the praxis of self-appropriation, according to which the detection of clues and the gaining of insights into the data requires me to verify the judgments I make. This is accomplished by ensuring there are no further relevant questions. It is an awareness of my own self-consciousness that helps me to illuminate and be authentically aware of the biases I might bring to the

project. The process also promotes new discoveries which can alter my original stance.¹⁷

1.4. Description of the Chapters

The subsequent chapters in this thesis unfold progressively. In Chapter 2, I lay the groundwork for my argument that ambiguities in the understanding of value can be found in the social economy literature. I also cite examples where scholars and theologians point out the lack of theoretical and theological engagement with the “new” social economy as practiced in Canada. Chapter 3 is concerned with providing an introduction to Lonergan’s theological ethics and his cognitional theory. I develop Lonergan’s theological ethics further in Chapter 4 to present his unique understanding of value and apply his ethics and cognitional theory to a case study in Chapter 5 to illustrate a more precise understanding of values, their creation, and their interrelation within a social economy activity. I also discuss the role religious values can play in animating Christians to support and engage in social economy activities. A more detailed description of the chapters follows below.

1.5.1. Description of Chapter 2

In Chapter 2, I provide a review of the social economy literature and theological engagement with the “new” social economy. My concern is to

¹⁷ I will be discussing Lonergan’s understanding of self-appropriation and his cognitional theory in Chapters 3 and 4.

focus on the role of values and how they are understood by scholars and practitioners in the Canadian social economy. I begin with a particular focus on the CSERP's initial research into mapping social economy activities in Canada. I address the heated definitional debates found in the Canadian social economy literature. Scholars offer divergent opinions as to why reaching a consensus on a definition is fraught with obstacles that include regional and historical differences. It is within these debates that I observe that scholars of social economy activities claim two components: the social and the economic. I explain how the social component implies relational or social activities that moderate economic activities. It is also the social component that is most frequently described by researchers in terms of values, thus, distinguishing it from the amorality of neoclassical economics.

In the following section of Chapter 2, I present three concepts of the social economy. The first concept is the Quebec model which is distinguished as more mature than social economy activities in the rest of Canada due to its francophone and Roman Catholic heritages. The second concept concerns the conventional goals of social economy activities as being either pragmatic reform or utopian societal change. The pragmatic reform category primarily describes activities that address social problems within dominant political, economic, and social movements. CED activities fall within this category. The utopian societal change category is concerned

with changing the whole economic and social order as espoused by labour unions, Marxist socialist, and anarchist movements. The third concept is what is termed the “new” social economy which emerged in the 1980s in the wake of neo-liberal restructuring of the economy. With this third concept, I highlight instances within the literature where scholars claim that the “new” Canadian social economy remains under-theorized.

In the next section of Chapter 2, I discuss how the role of values features prominently in the literature and in practitioner associations’ definition of the “new” Canadian social economy. This is followed by a section on the topic of values and the multiple ways the term “values” is used in practice and in the literature to describe beliefs, activities, purposes/goals, governance or identifying characteristics reflecting a “bag of values” approach. I point to instances in the literature that suggest a lack of clarity on how values are understood. Following this, I discuss how scholars use values to characterize relational or social activities in social economy activities and how the “new” social economy is characterized both in terms of social innovation and economic innovation through the merging of social and economic values. I also address a theory of value creation developed by Jed Emerson which is popular amongst practitioners as it uses the mathematical language of the market that is attractive to potential funders.

In the last section of Chapter 2, I discuss theological and church engagement with the economy. Along with the Canadian Catholic Conference of Bishops, the Moderator of the United Church of Canada, and prominent theologians, I advocate that participation in the social economy is an opportunity for Christians to concretely realize religious values. I point to various theologians who support this contention, and, conversely, I also point out the theoretical ambiguity and lack of theological engagement in contemporary scholarship concerned with the “new” social economy. I cite various theologians and religiously converted persons who advocate for church engagement in the social economy.

I conclude this chapter with my claim that values have been discovered experientially in the “new” social economy context but they remain both theoretically and theologically ambiguous. As such, I reiterate how Lonergan’s theological ethics supplemented by his cognitional theory can provide promising resources for studying the “new” Canadian social economy.

1.5.2. Description of Chapter 3

In Chapter 3, I provide an introduction to Lonergan’s theological ethics and his cognitional theory. This introduction provides a basis for further developing his theological ethics in Chapter 4 where I use them to discuss the ambiguities concerned with the understanding of values in the

social economy literature. In Chapter 5, I apply them to a case study for illustrative purposes.

I begin Chapter 3 with a summary of Lonergan's academic life spent in England, Canada and Europe between the years of 1922 and 1940. These were the years of the Great Depression and the political turmoil leading up to the Second World War. His early interest in economics, epistemology, and method would be formative in his later writings.

In the next section of Chapter 3, I discuss Lonergan's early interest in economics and his development of a macroeconomic theory. He was unsatisfied with neoclassical economic theory which he understood as a failed theory given the worldwide financial crisis of the Great Depression. As this thesis is concerned with how values are understood at the microeconomic level, I do not elaborate on his macroeconomic theory except to point to some of its ethical implications likely to be applauded by social economy scholars.

Given that Lonergan was familiar with and enthusiastically endorsed the Antigonish Movement, an early social economy practice developed by two Roman Catholic priests in the early 1920s in Nova Scotia, the next section of Chapter 3 discusses a review he authored in the *Montreal Beacon* in 1941. Lonergan held the Antigonish Movement as an exemplar of how the "technique of cooperation" can be taught as a means of economic self-determination, claiming that his own province of Quebec

was well-suited to the task. I remark on how this coincides with the characterization within the literature that the social economy is more mature than in the rest of Canada. This could be a future line of research that compares provincial education curricula historically to evaluate whether they facilitated the development of social economy practice.

The next section of Chapter 3 introduces Lonergan's cognitional theory and his method of self-appropriation. I begin with Lonergan's concern that traditional Catholic Thomist philosophy which informed Catholic social teaching of the times had become overly mechanical and static. I discuss how Lonergan discovered a fresh methodological approach to how the mind comes to understand knowledge in Saint Thomas Aquinas's writings. This method is self-appropriation. It begins with the self-discovery of a spiritual dynamism or a pure and detached desire to know that provokes curiosity, inquisitiveness, and wonder. I spend some time in the following section discussing Lonergan's unique understanding of desire which is especially relevant and interesting given that social economy scholars commonly criticize the traditional economy's promotion of desire construed as necessarily competing and self-interested.

In the next section of Chapter 3, I present Lonergan's operations of consciousness which form the basis of his cognitional theory. I introduce each of the successive levels of the operations of consciousness: (1)

experiencing, (2) *understanding*, (3) *judging* and (4) *acting*. I discuss how the operations of consciousness are animated by different sets of questions to arrive at what is knowable and true, and what is valuable and worth pursuing in action.

The next section of Chapter 3 introduces Lonergan's threefold structure of the human good. Lonergan helps us to realize that we engage in activities to achieve different goals, and that they can be explained through three different meanings of "the good." Before introducing his three interrelated levels of the human good: (1) *particular goods*, (2) *goods of order*, and (3) *value*, I briefly discuss Lonergan's notion of the good. I then introduce each level of the human good, giving requisite attention to the second level, *goods of order*. While at the first level, *particular goods* represents the satisfaction of basic desires such as food, clothing, jobs and so forth, it is through the second level that the objects of these basic wants and needs are made available.

I discuss how Lonergan variously terms *goods of order* as a "scheme of recurrence" or a "set-up" constituting a pattern of well-functioning human cooperation that can be relied upon to regularly recur. In this thesis, I borrow the term "patterns of cooperation" from various Lonergan scholars to describe this second level of the human good. I use the examination of a simple family dinner conversation to illustrate the complexity of a pattern of cooperation that must entails meeting both

technical and ethical obligations in order for it to function successfully. I then discuss the complexity of intersecting cooperative patterns by analyzing several examples, such as a farm's need to cooperate with a distribution network, or a university's need to cooperate with a scholarly network. These examples reveal webs of complex and interlocking patterns of cooperation operating such that if one pattern breaks down the resulting effect can be a decline of the whole.

I introduce various characteristics of the patterns of cooperation. What make them possible are the social bonds that are based on our desire to achieve common goals. The second level of the human good differs from the first level as it represents a self-transcending move from individual self-satisfaction to interdependency for the good of all. Moreover, the patterns of cooperation are formative and dynamic in that they change, often through trial and error, to meet the emerging needs and sensibilities of individuals, communities, and the planet.

In my introduction to the third level of the human good, *value*, I discuss how its meaning is centred on the judgment of the dynamic orientation of the patterns of cooperation. In other words, one judges whether the patterns of cooperation are functioning so as to achieve their intended shared goal and whether they are valuable and worth pursuing over longer periods of time. This leads into the next section of Chapter 3.

In this section, I introduce Lonergan's scale of values which can be found on five ascending levels: (1) vital, (2) social, (3) cultural, (4) personal, and (5) religious. I discuss how judgments of value on the scale of values involve a reflection on the orientation of the patterns of cooperation as recurrent schemes. Furthermore, these judgments of value are heuristically oriented so that our realms of concern are widened towards a broader range of self-transcendence.

In outlining each of the levels of value on the scale, I demonstrate how judgments of vital values have to do with our health and survival, whereas judgments of value on the social level concern whether our social institutions recurrently produce what is needed for our ongoing social survival and flourishing. I introduce the cultural values as those that are expressed in artistic works, philosophy, theology, worship and so forth. Judgments of value at this level discover, inform, or critique the patterns of cooperation that make up our communal living so that modifications can be made. I then proceed to introduce the personal level of value as the individual person who is the foundation of value creation. Judgments of value at this level recognize the intrinsic human dignity of all persons. When Christians recognize that this intrinsic dignity is a loving gift from God, judgments of value transcend to the religious level. At this level of value, religiously converted persons make judgments of value aligned with God's divine light and love. Christians and other religiously converted

persons understand that the ultimate religious value is a divine spirit working in our lives so that we are not alone when faced with situations that seem desperate or grave.

1.5.3. Description of Chapter 4

Having laid the groundwork with a review of the social economy literature and an introduction to Lonergan's theological ethics and cognitional theory in Chapter 4, I return to some of the key observations that I found in the social economy literature. This chapter addresses scholars' claim that the "new" social economy differs from the "values-free" traditional economy in that its activities merge social and economic values. To address this, I further develop Lonergan's theological ethics for use as explanatory resources capable of providing a more precise understanding of values. I also discuss how religious values can motivate Christian participation in social economy activities.

I begin Chapter 4 with a brief introduction to three well-studied economists: Adam Smith, Jeremy Bentham, and John Maynard Keynes. This provides resources for understanding the social economy's distinct claim to values and its rejection of the exclusive pursuit of self-interest. I discuss Smith's construal of a market mechanism, and how it launched the trajectory that gave classical and neoclassical economic theory the notion that the pursuit of self-interest through competitive market exchange was good for society. I also discuss Jeremy Bentham's utilitarian calculus that

claims communities are aggregates of individual self-interest. I then present John Maynard Keynes's interventionist strategy, observing that, here also competing self-interest remains a key concept. I apply these resources in Chapter 5 to the case of the Social Purchasing Portal to illustrate what constitutes values, how they are created, and how they interrelate in the "new" social economy as practiced in Canada.

The next and central section of this chapter expands Lonergan's theological ethics by supplementing it with his cognitional theory and applying these resources to social economy examples. I begin with Lonergan's cognitional theory which I identify as a rich resource for understanding innovation within social economy practice. I use an imaginary example of a father of teenagers who is also an entrepreneur who sees a young woman on the street apparently begging. This example illustrates and integrates the elements of the "desire to know," the successive operations of consciousness, and the questions that lead him from knowledge of facts to knowledge of what is valuable and worth pursuing. I draw attention to the fact that even once someone formulates a place of action to respond to a situation, there is no guarantee that they will follow through in action. In pondering various ways to address the situation at hand, the entrepreneur father in my narrative illustration deliberates on whether to involve various social groups, including his church, and family.

This leads me to the next section on Lonergan's threefold structure of the human good using, once again, examples from the social economy.

The next section focusses on *particular goods*. I explain how it is the normal response to look towards governments, charities, and faith-based communities to supply these goods when the traditional economy does not live up to its claim to produce these. This reflects the belief that the sole goal of traditional businesses is to maximize shareholder's wealth, leaving concern for impoverished communities outside its operational decisions. On the other hand, social economy practitioners identify these *particular goods* as objects of needs and wants when there is a decline in any or all of them within their community. I argue that the first meaning of what social economy theorists mean by the "social" component of the social economy is the production of what are commonly called public goods which typically elude traditional economic approaches.

The goal of the following section on the *goods of order* is to fully examine how achieving social economy activities require relationships with others to form patterns of cooperation. I examine how their intersection forms complex and intersecting webs of cooperation, constituting what Patrick Byrne refers to as a "social ecosystem."¹⁸ I then illustrate how the ethical obligations that are intrinsic to the cooperative patterns require that

¹⁸ Byrne, *Ethics of Discernment*, 316. Throughout this thesis, I use Byrne's term "social ecosystem" interchangeably with the complex and intersecting webs of patterns of cooperation.

they be met over and over again in order for them to function. I discuss first how the pursuit of self-interest in a quest for power will send a pattern of cooperation into decline, and then I treat the formative nature of cooperative patterns. From there, I then argue that the second meaning of the “social” component of the social economy is the relational aspect of the pattern of cooperation structured through social economy practitioners transcending their self-interest. By establishing, maintaining, and fostering patterns of cooperation—and at times discouraging them when they do not meet their intended goals—require that participants understand them.

The next section on the third level of the human good, *value*, highlights the judgments of value that social economy practitioners make to promote the development of innovative strategies and their implementation. I discuss how their judgments of value address the needs, wants, and desires of the community when the traditional economy fails to deliver the full range of *particular goods*. I then discuss how judgments of value involve social economy practitioners in taking responsibility for the recurring patterns of cooperation within their own organizations, and within the wider social ecosystem which spans a global economy, thereby ensuring they contribute to the public good over extended periods of time.

At this juncture in the chapter, the next section explains how Lonergan’s understanding of the three levels of the human good corresponds with his cognitional theory, and I introduce the term “value

structures” to indicate patterns of cooperation that facilitate the full range of *particular goods* they are meant to provide.

In the final section of Chapter 4, I further explain Lonergan’s scale of values and how it can be applied to the social economy. As social economy practitioners are originators of value, they identify what would satisfy the vital needs of their communities by entering into patterns of cooperation at the social level of value. I use the practitioner associations, the Canadian Community Economic Development Network (CCEDNet) and the Chantier de l’économie sociale, as examples of cultural institutions that discover and inform their members of “best practices.” As the personal level of value engages social economy practitioners to inspire others to enact responsible choices, religiously converted persons align these choices with the love of God.

I discuss the mutually conditioning relations and successive hierarchy amongst the scale of values by way of an example of a social enterprise and contrast this with a traditional business. I argue that when stepping out of the norms of what is culturally acceptable, it is religious values that can have the power to sustain the courage of persons as originators of value.

1.5.4. Description of Chapter 5

In Chapter 5, my goal is to apply Lonergan’s theological ethics supplemented by his cognitional theory to a social economy case study,

the SPP. Although not used as a methodological resource, I briefly discuss how case studies are used within social sciences. I then provide a historical account of how the SPP was conceived and implemented first in Vancouver and then adopted in other cities across Canada. This is followed by a description of the model as an Internet portal that facilitates business supply chains to create social value.

The following section discusses the problem SPPs address. In the Vancouver case, it was the discovery of the ineffectiveness of employment programs offered by community-based organizations in the Downtown Eastside district, considered the poorest urban region in Canada.

In the next section, I apply Lonergan's cognition theory to the Vancouver working group's innovative process to illustrate the operations of consciousness. Following this, I apply Lonergan's three-fold structure of the human good and his scale of values to gain additional concrete precision in understanding the relation between the "social" and the "economic" components within the field of the social economy. The case provides an illustration of how values can be defined as a movement of change from one state of being to a better one. This differs from the "bag of values" approach found in the social economy literature. It is through establishing patterns of cooperation that social economy practitioners transcend their self-interest, and it is through value structures that social and economic values are created and concretely grounded. I illustrate how

social and economic values are found on two levels of Lonergan's scale of values where value structures at the social level make possible the generation of economic values at the vital level. The merging of social and economic values as claimed by social economy scholars and practitioners consists, therefore, in the interrelation between these two levels of value. I use the case to discuss how as originators of value, the social economy practitioners who developed the Vancouver SPP widened their concerns beyond self-interest and ascended the scale of values to the cultural level which made possible the development of SPPs in other impoverished cities in Canada.

Although there is no documentation that suggests the involvement of Christians or faith-based communities in the Vancouver SPP, I cite a number of examples where churches have participated in SPPs in other cities. Given this, and the robust correspondence between Christian religious values and the values generated within SPPs, I make the claim that social economy activities align with the Christian mission to care for our neighbours and are worthy of support by all Christians.

1.5.5. Description of Chapter 6

In Chapter 6, I provide a concise summary of this thesis project concluding with suggested lines of inquiry for further study. As Lonergan's macroeconomic theory has ethical overtones, I believe, both social economy scholars and practitioners would applaud; I suggest that social econ-

omy scholars might benefit from a detailed analysis of his theory to draw out resources for developing a more robust theory of the “new” social economy. Furthermore, Lonergan claimed that his own province of Quebec was well-suited to teach the techniques of cooperation towards ensuring people’s economic independence. Given that Quebec is considered amongst current social economy scholars as being more mature than the rest of Canada, I suggest exploring whether historically its educational system created the circumstances for an early development of social economy activities. Finally, I suggest that Lonergan’s cognitional theory could be explored by social economy scholars in their efforts to explain the innovation process.

Chapter 2. The Social Economy in Canada: Overview and Discussion of Values

2.1. Canadian Social Economy Research Partnership (CSERP)

An understanding of the social economy in Canada has emerged in practice. Until quite recently, work in this field was predominantly concerned with advocating for government policy directions, highlighting best practices, and documenting case studies.¹ In response to the 2004 federal budget announcement supporting the development of Canada's social economy, the Canadian Social Economy Research Partnership (CSERP) was established.² With five years of Social Sciences and Humanities Research Council (SSHRC) funding, this project established

¹ See, for example, Burt Galway and Joe Hudson, eds., *Community Economic Development: Perspectives on Research and Policy* (Toronto: Thompson, 1994); Favreau and Lévesque, *Développement économique communautaire*; Eric Shragge, *Community Economic Development: In Search of Empowerment* (Montréal: Black Rose Books, 1997); Quarter, *Canada's Social Economy*; Greg MacLeod, *From Mondragon to America: Experiments in Community Economic Development* (Sydney, NS.: University College of Cape Breton Press, 1997); Benoît Lévesque, A. Joyal, and O. Chouinard, eds., *L'autre économie: une économie alternative?* (Sillery, QC: Presses de l'université du Québec, 1989).

² The 2004 "Speech from the Throne" recognized the social economy as a significant strategy to improve Canadians' quality of life at the local level. It stated that although the social economy has not been recognized as a part of the economy, the pursuit of social, economic, and environmental goals enhances the social fabric and economic vitality of communities. Canada, *Speech from the Throne to Open the Third Session of the 37th Parliament of Canada* (Ottawa, 7 February 2004). Consequently, the federal budget allocated \$16 million to build capacity and research the social economy in Canada. Canada, *Budget 2004: New Agenda for Achievement* (Ottawa: Department of Finance, 2004), <http://www.fin.gc.ca/budtoc/2004/budlist-eng.asp#themes> (accessed January 18, 2016).

six research nodes across the country engaging over 300 researchers from 79 universities and 140 community-based organizations. Their work and publications constitute an online collection of over 400 products including theme papers, conference proceedings, journal articles, and graduate study dissertations.³

Unlike in Europe, prior to the CSERP project, there had been no attempt to conceptualize the social economy in Canada outside a few academic silos.⁴ As J.J. McMurty observes, this left social economy organizations “mired in a reactive and often confused theory and practice.”⁵ The CSERP scholarship had an overall aim to overcome this confusion in order to understand, clarify, and advance practices within the Canadian social economy. Although I will have recourse to some of the earlier international literature on the social economy, this chapter will focus predominantly on the more recent work of CSERP.

³ For more information, see the Canadian Social Economy Research Partnership, “Canadian Social Economy Hub”. CSERP was funded between 2004-2009 by the Social Sciences and Humanities Research Council (SSHRC) and involved six research nodes: (1) Québec, (2) Atlantic, (3) Southern Ontario, (4) Prairies and Northern Ontario, (5) British Columbia and Alberta, and (6) the North. The collection of scholarly products is now maintained by the Canadian Community Economic Development Network (CCEDNet). See: Canadian Community Economic Development Network (CCEDNet), “About CCEDNet.”

⁴ J. J. McMurty, ed., “Forward,” in *Living Economics: Canadian Perspectives on the Social Economy, Co-Operatives, and Community Economic Development* (Toronto: Emond Montgomery Publications, 2010), xi.

⁵ J. J. McMurty, “Social Economy as Political Practice,” *International Journal of Social Economics* 31, no. 9 (2004): 868.

In one of CSERP's final publications, Matthew Thompson and Joy Emmanuel summarize the project's key findings under the following research themes: (1) mapping the social economy, (2) social enterprise development, (3) co-operative studies, (4) indigenous peoples and the social economy, (5) organizational governance and capacity, (6) social finance, and (7) public policy.⁶ I will not elaborate on each of these themes but I will make some central observations under the first theme, (1) mapping the social economy in the next section of this chapter. This will help to illustrate the challenge scholars encountered in their quest to first define and then to conceptualize the social economy in Canada. The challenge, I will argue throughout this thesis, centres on a lack of clarity on how values are understood and function in practice.

At a cursory glance, the themes indicate that a lot of the research was concerned with gathering context-dependent and primarily descriptive data. Furthermore, the literature contains a plethora of case studies. Indeed, this methodology continues to be used by scholars who research

⁶ Matthew Thompson and Joy Emmanuel, *Assembling Understandings: Findings from the Canadian Social Economy Research Partnership, 2005–2011* (Victoria, BC: University of Victoria, 2012).

the Canadian social economy.⁷ For example, two scholarly works that utilize this method are *Researching the Social Economy*⁸ and *Understanding the Social Economy: a Canadian Perspective*.⁹ The former is a multi-volume collection of essays dealing with the social economy in terms of its regional differences. Some of the authors use case studies to highlight geographical uniqueness. The latter presents a typology of social economic organizations in Canada according to their forms of activity. The authors of this single-volume work use case studies to substantiate a framework that, they claim, situates the social economy in an interactive relationship with the both private and public sectors.¹⁰ In addition to the use

⁷ One of the major research methodologies CSERP engaged in was community-university research partnerships or community-based research. Utilizing various social scientific methodologies including participatory action research which entails case study usage, “this research entailed an unprecedented level of pan-Canadian experimentation within collaborative models of engagement.” Peter V. Hall and Ian MacPherson, eds., *Community-University Research Partnerships: Reflections on the Canadian Social Economy Experience* (Victoria, BC: University of Victoria, 2011), 2. For a good discussion on case study methodology, see Bent Flyvbjerg, *Making Social Science Matter: Why Social Inquiry Fails and How It Can Succeed Again* (New York: Cambridge University Press, 2001) and “Five Misunderstandings About Case-Study Research,” *Qualitative Inquiry* 12, no. 2 (April 2006): 219–45.

⁸ Laurie Mook, Jack Quarter, and Sherida Ryan, eds., *Researching the Social Economy* (Toronto: University of Toronto Press, 2010).

⁹ Jack Quarter, Laurie Mook, and Ann Armstrong, *Understanding the Social Economy: A Canadian Perspective* (Toronto: University of Toronto Press, 2009).

¹⁰ Quarter, Mook, and Armstrong, *Understanding the Social Economy*, 7–9. See also Laurie Mook, Jack Quarter, and Sherida Ryan, “What’s in a Name?” in *Researching the Social Economy*, ed. Laurie Mook, Jack Quarter, and Sherida Ryan (Toronto: University of Toronto Press, 2010), 8–13 and Jack Quarter and Laurie Mook, “An Interactive View of the Social Economy,” *ANSERJ* 1, no. 1 (Fall 2010): 8–22.

of case study methodology, it is interesting that authors conceive and use their own definition of the Canadian social economy. The development of distinctive definitions was a predominant feature amongst the CSERP research nodes, resulting in heated academic debates. However, it continues to pervade the literature and can be found amongst Anglophone and Francophone practitioner associations such as the Canadian Community Economic Development Network (CCEDNet) and the Chantier de l'économie.¹¹ As such we are left with no national consensus on a definition of the Canadian social economy.

2.2. Defining the Canadian Social Economy

The first task taken on under CSERP's mapping theme involved the identification of organizations and activities that fit within the social economy at the local and regional levels in Canada. It became clear to scholars and practitioners involved in this research that this required a definition of the social economy as practiced in Canada, without which, questions of what qualified as social economic practice and what didn't were moot. Additionally, some authors noted that without a succinct definition, negative policy implications could ensue, affecting social

¹¹ See Canadian Community Economic Development Network (CCEDNet), "About CCEDNet" and Chantier de l'économie sociale, "Accueil," <http://www.chantier.qc.ca/> (accessed February 14, 2016).

economy practice.¹² This was especially so in Quebec where the social economy is a more developed concept and is at the core of provincial development strategies. I will elaborate on what is termed the “Quebec model” later in the chapter.

The starting point of this research was to decipher and understand the various terms that abound in the literature and in practice. Terms including the third sector, the third way, the solidarity economy, the solidaristic economy, community economic development, co-operative studies, social enterprise and/or community-based business development, enterprising non-profits, social entrepreneurship, and more recently, social innovation were being used by practitioners, policy-makers, and scholars

¹² John Restakis, *Defining the Social Economy: The B.C. Context*, prepared for the B.C. Social Economy Roundtable (British Columbia Co-operative Association, January 2006), 7. For a good discussion on the relationship between political and social policy as it relates to defining the social economy, see Paul Chamberlain, Mike Toye, Geneviève Huot, and Émilien Gruet, *Canada Case Study: Co-Construction of Public Policy for the Social Economy*, working papers for the International Forum on the Social and Solidarity Economy, 2011 (Montréal: Chantier de l'économie sociale, October 2011) and Brett Fairbairn, “A Rose by any Name: The Thorny Question of Social Economy Discourse in Canada,” produced for the First International CIRIEC Research Conference on the Social Economy in a Changing World, October 22–24, 2007, Victoria, BC (Victoria, BC: Canadian Social Economy Research Partnership, 2007).

to describe social economic activities.¹³ Each of these terms encompass concepts and practices that practitioners associate with their understanding of the social economy as researched by CSERP.

What is interesting, however, is that in order to identify an activity as a social economic practice, the activity must be constituted by both economic and social components. However, the focus of the definitional research is predominantly centred on the social component which is most frequently described by researchers in terms of values.¹⁴ A claim to values, it would appear, differentiates the social economy from the traditional economy. It follows, therefore, that values somehow characterize the economic component of the social economy. This diverges from a theoretical understanding of traditional or neoclassical economics which is considered “values-free” or amoral. This is especially the case in what is

¹³ For a good discussion on these various terms, see Jean-Louis Laville, Benoît Lévesque, and Marguerite Mendell, “The Social Economy: Diverse Approaches and Practices in Europe and Canada,” *Cahier de l'ARUC-ÉS*, December 2006, <https://ccednet-rcdec.ca/en/toolbox/social-economy-diverse-approaches-and-practices-europe-and> (accessed February 14, 2016) and Janel Smith and Annie McKittrick, *Current Conceptualizations of the Social Economy in the Canadian Context*, Occasional Papers, foreword by Ian McPherson (Victoria, BC: Canadian Social Economy Hub at the University of Victoria, 2010).

¹⁴ Bouchard, Ferraton, and Michaud state that the term social economy “designate[s] certain forms of organizations... [that] operate under a certain number of values...focussing on serving the community rather than on generating profits.” Marie J Bouchard, Cyrille Ferraton, and Valérie Michaud, *Database on Social Economy Organizations: The Qualification Criteria*, working papers of the Canada Research Chair on the social economy, trans. Donna Rily, No R-2006–03 (Chaire de recherche en économie sociale, June 2006), <http://www.msvu.ca/socialeconomyatlantic/pdfs/BouchardSEmapping.pdf> (accessed February 20, 2016). Along with organizational structures and types of activities, Ninacs states that it is the objective and values that “distinguishes organizations belonging to the social economy from all others.” Ninacs, *Theory and Practice of Social Economy*, 6–7.

described as the “new” social economy which I will discuss later in this chapter. I suggest, therefore, that the absence of some clarity on a theoretical understanding of values may have contributed to differing definitions of the social economy; a theme to which I will return in Chapter 3. Nevertheless, scholars offer some other arguments as to why defining the Canadian social economy was fraught with obstacles.

2.2.1. Cultural and Historical Definitional Differences

Early on in the CSERP research, attempts were made to reach a unifying definition of the Canadian social economy. Unfortunately, an effort to achieve a national accord was abandoned. Brett Fairbairn explains how reaching definitional consensus on the social economy among English and French Canadians and Indigenous peoples is a “thorny question.”¹⁵ For example, French Canada has taken its lead from Europe, in particular France, where the terms *l'économie sociale* and *l'économie solidarité* are more familiar.¹⁶ Jean-Louis Laville, Benoît Lévesque, and Marguerite Mendell note that in 1830, the French economist, Charles Dunoyer first

¹⁵ Fairbairn, “A Rose by any Name”. See also Yves Vaillancourt, “The Social Economy in Quebec and Canada: Configurations Past and Present,” in *Living Economics: Canadian Perspectives on the Social Economy, Co-Operatives, and Community Economic Development*, ed. J. J. McMurty (Toronto: Emond Montgomery Publications Limited, 2010), 57–104 and J. J. McMurty, ed., “Introducing the Social Economy in Theory and Practice,” in *Living Economics: Canadian Perspectives on the Social Economy, Co-Operatives, and Community Economic Development* (Toronto: Emond Montgomery Publications, 2010), 1–34.

¹⁶ Laville, Lévesque, and Mendell, “Social Economy: Diverse Approaches.”

used the term in his *Traité d'économie sociale*.¹⁷ Then, other European authors began using the term to distinguish the social economy from the political economy requiring a new disciplinary and theoretical approach.¹⁸ Claude Vienney notes that after 1900, social economy research tended to be concerned with the analysis of activities that did not function according to purely economic rules.¹⁹ These rules did not encompass a social component found within the economic activities of families, the State, parishes, trade associations, and so forth.²⁰

More recently, Francophone Canadian scholars and practitioners refer to *l'économie sociale et solidarité*.²¹ *L'économie sociale* tends to

¹⁷ Laville, Lévesque, and Mendell, "Social Economy: Diverse Approaches," 21. See also Charles Dunoyer, *Nouveau Traité d'Économie Sociale* (Paris: Sautet et Cie, 1830).

¹⁸ Other authors included Frédéric LePay (1806-1882), Charles Gides (1847-1932), Léon Walrus (1834-1910), and Max Weber (1864-1920). See Laville, Lévesque, and Mendell, "Social Economy: Diverse Approaches". Ian MacPherson notes that it became a subject of study at Louvain in the 18th C coincidental with Dunoyer's popular use. Ian MacPherson, ed., "Considering Options: The Social Economy in Canada - Understandings, Present Impact, Policy Implications," in *One Path to Co-Operative Studies* (Victoria, BC: British Columbia Institute for Co-operative Studies, 2007), 426.

¹⁹ The use of the adjective "purely" to describe economic rules here implies traditional or classical economic understanding. This is a theme I will return to in Chapter 3.

²⁰ Claude Vienney, *L'économie sociale* (Paris: Éditions La Découverte, 1994), 78.

²¹ The term "solidarity economy" or *economia solidaria* first emerged in Latin America and France primarily to describe a movement that advocates for an economy that is built upon reciprocity and democracy within collective organizations. Pepita Ould Ahmed, "What Does 'Solidarity Economy' Mean? Contours and Feasibility of a Theoretical and Political Project," *Business Ethics: A European Review* 24, no. 4 (October 2015): 425–35. For further discussion on the meaning of this term, see José Manuel Saiz-Alvarez, ed., "Socioeconomics of Solidarity: A Multilateral Perspective from the European Union," in *Handbook of*

denote a top-down approach indicative of associations or networks of associations mandated to advance social economic activities through policy advocacy, funding, and networking. On the other hand, *l'économie solidarité* encompasses practitioner or grass-root activities and is associated with the “new” social economy.”²² I will elaborate on the “new” social economy later in this chapter.

Amongst English Canadian practitioners, the term community economic development (CED) is more commonly used. Taking their lead from Anglo-Saxon European roots, in particular Britain’s “third way” policies, it tends to be identified with the structural or legal aspects of organizations or the “third sector.”²³ It includes co-operatives, mutuals, and non-profit organizations that are involved in activities such as social

Research on Socioeconomics and Solidarity Economics (Hershey, PA: Business Science Reference, 2016), 192–215.

²² Laville, Lévesque, and Mendell, “Social Economy: Diverse Approaches,” 23. For a discussion on differentiating these terms, see Michael Lewis and Dan Swinney, “Social Economy? Exploring the Implications of Conceptual Nuance for Acting in a Volatile World,” in *Solidarity Economy: Building Alternatives for People and Action*, papers and reports from the U.S. Social Forum, 2007, ed. Jenn Allard, Carl Davidson, and Julie Matthaei (Chicago: ChangeMaker Publications, 2013), 28–41.

²³ McMurty, “Introducing the Social Economy,” 2. For an excellent discussion on the European historical roots of the social economy from the perspective of co-operative development, see MacPherson, “Considering Options.”

enterprise or community-based business development.²⁴ However, a few English scholars continue to use the term the “social economy” as they argue that it highlights an organization’s social mandate and not just its local economic development activities.²⁵ Again, the social component becomes an important qualifier of economic practice and, like their Francophone counterparts, Anglophone scholars often describe this in terms of values.

The term the “social economy” is used much less frequently among Indigenous scholars who describe economic development within their communities as “community-capitalism.”²⁶ As a practice, community capitalism involves profit-making for the sake of the community. Wanda Wuttnee notes that this form of economic development has long been the tradition of Indigenous peoples and is perhaps a precursor to the present-day understanding of the social economy in Canada.²⁷ However,

²⁴ It is worth noting that the term “social economy” fell out of favour when the Canadian federal government changed from Liberal to Conservative in 2006. Government sponsored agencies outside of Quebec dropped the term from their web sites and began to use community economic development and/or social enterprise development which is associated more with market-based entrepreneurial activity. See Smith and McKittrick, *Current Conceptualizations*, 12–13. Notably, practitioners in English Canada are members of the Canadian Community Economic Development (CED) Network. See “About CCEDNet.”

²⁵ Mook, Quarter, and Ryan, “What’s in a Name?” 3.

²⁶ Wanda Wuttnee, “Aboriginal Perspectives on the Social Economy,” in *Living Economics: Canadian Perspectives on the Social Economy, Co-Operatives, and Community Economic Development*, ed. J. J. McMurty (Toronto: Emond Montgomery Publications Limited, 2010), 179.

²⁷ Wuttnee, “Aboriginal Perspectives,” 179.

Indigenous scholars approach the dialogue on the social economy with a degree of caution given the background of colonialism and federal paternalism. Wuttnee questions, “Is the concept of social economy a reformulation of the continuing push by the federal government to force development on Aboriginal communities—that is, a form of development that can turn out to be inappropriate to Aboriginal reality?”²⁸

Thus, the diversity of Canada’s cultural history based on its three founding nations exacerbated the challenge of reaching a national agreement on definition. As a result, the literature demonstrates that debates on a shared definition were abandoned in favour of development of distinctive definitions specific to each context. Each of the CSERP regional nodes used their own definition in order to undertake the mapping exercise within their territories. As a result, CSERP’s body of research has left us with a multitude of definitions that tend to be reflective of regional historical and theoretical roots. However, Yves Vaillancourt believes that, beyond differences in historical regional foundations, there is also explicit bias involved. In reference to differing provincial and federal political party platforms, he states: “each definition is a construction influenced by

²⁸ Wuttunee, “Aboriginal Perspectives,” 180.

theoretical or practical objectives pursued.”²⁹ In other words, one could map definitions along a continuum between left and right-wing political affinities and find that solidarity-oriented definitions would favour the left pole and business-oriented definitions would favour the right pole. Jack Quarter and Laurie Mook propose that in an effort to define the social economy, scholars have a predominant utopian bias. They take a more pragmatic approach as they view that social economic activities are embedded within society as a whole. These activities, they claim, overlap and interrelate with various institutions in the private and public sectors.³⁰ I will discuss the utopian versus the pragmatic conceptions of the social economy later in this chapter.

In a literature review of definitions, Marie Bouchard, Cyrille Ferraton, and Valérie Michaud’s study found that there are three general approaches that scholars and practitioners use to define the social economy in Canada: (1) based upon the legal status of the organization, e.g., co-operatives, non-profits, and mutual societies; (2) based upon the operational rules of an organization, e.g., one member, one vote; and (3) based upon the organization’s guiding values and principles, e.g., placing

²⁹ Yves Vaillancourt, “What is the Social Economy?” conference presentation, Social Economy Symposium, March 2–3 (OISE, University of Toronto, 2006), <http://socialeconomycentre.ca/social-economy-symposium-march-2–2006> (February 11, 2016).

³⁰ Quarter and Mook, “Interactive View.”

people over capital and democratic decision-making.³¹ However, in each of the three approaches, it is the social component that distinguishes what is considered social economic activity from traditional economic activity. And, although a definitional approach based in values falls in category (3), I will argue in Chapter 3 that a clearer understanding of values helps to bridge all three categories. Broadly, however, scholars agree that the social economy includes activities not controlled by the state or the private sector, and that social economy activities address both social and economic goals within one organization. They also foster democratic decision-making within organizational governance.³²

I provided this brief scan of the definitional challenge that was undertaken by researchers in their efforts to map the social economy in Canada in order to demonstrate the lack of a national consensual understanding. However, among the range of studies in the field, three differing conceptions (rather than succinct definitions) of the social economy appear to have emerged which have garnered broad recognition amongst Canadian researchers. What follows is a discussion of each of these three concepts.

³¹ Bouchard, Ferraton, and Michaud, *Database on Social Economy Organizations*, 9.

³² Smith and McKittrick, *Current Conceptualizations*, 35.

2.3. Conceptions of the Social Economy

The first concept is Quebec's understanding of the social economy as distinguished from the rest of Canada. The second concept concerns an understanding of the ultimate goals of social economic activities. On the one hand, they are viewed as a pragmatic strategy that addresses problems at the local level within dominant political, economic, and social movements; on the other hand, they are viewed as a social movement with the utopian aspirations to change society. The third concept imports the terms "new social economy" and "solidarity economy" into current theory and practice. It marks an historical divide between socio-economic activities operating prior to the 1980s and those of the last three decades.

2.3.1. *Cultural Divide: The Quebec Model*³³

Although the development of the social economy in Canada can be traced to nineteenth century Europe, two major cultural and regional differences have taken different trajectories. As previously noted, the experience of the social economy in Quebec is distinguished in the literature as different from the rest of Canada. This is primarily due to its Francophone and Roman Catholic heritage.³⁴

³³ The use of the term the "Quebec Model" has become prevalent in the literature. See for example, Ninacs, *Theory and Practice of Social Economy*, 15.

³⁴ Benoît Lévesque and William Ninacs, "The Social Economy in Canada: The Québec Experience," in *Social Economy: International Debates and Perspectives*, ed. Eric Shragge and Jean-Marc Fontan (Montréal: Black Rose Books, 2000), 112–29.

By the end of the nineteenth century, Anglophones controlled most of the large natural resources and manufacturing in Quebec whereas Francophones, who were predominantly Roman Catholic, owned family-run agricultural businesses. They were also the craftspeople who supplied goods and services to provincial industries. Influenced by the anti-socialism perspective of Catholic social thought in the 1920s and 1930s, a new model of economic development emerged in Quebec. This influence created the conditions for the emergence of co-operatives in agriculture, credit, and savings in Quebec.³⁵

During the period of the Quiet Revolution in the 1950s, modernization of Quebec became a state priority, dominating economic development such that the state set up a number of crown corporations in a variety of sectors including utilities, mining, forestry, cultural industries, and pension fund management. Both the federal and the Quebec governments invested heavily in regional development which enabled the emergence of a myriad of small businesses as well as a few large corporations such as Bombardier. The result was a complex economic web

³⁵ See Lévesque and Ninacs, "The Québec Experience." For a historical review of the social economy as it has developed in Quebec, see Benoît Lévesque, "Un siècle et demi d'économie sociale au Québec: plusieurs configurations en présence (1850–2007)," *Cahier de l'ARUC-ÉS*, no. c-15–2007 (October 2007); Vaillancourt, "Social Economy in Quebec and Canada" and Jacques Caillouette, "The Community and Social Economy Movement in Québec: Development and Recognition (1989–2003)," *Cahiers du CRISES*, no. ET0415 (September 2004).

of large co-operatives, and state owned and privately held institutions and businesses. Ninacs observes that the province has had a thirty-year, multi-sector collaborative tradition of addressing socio-economic problems which is profoundly different from the rest of Canada.³⁶

More recently, this collaboration has added new members including the women's movement and non-profit organizations. These additions were the result of two major events: (1) the Women's March against Poverty (1995) and (2) the Socio-economic Summit (1996). A task force, Chantier de l'économie sociale, was formed in the wake of these events, providing the role of an interim social economy secretariat in Quebec. To date, this organization forms an umbrella of networks and associations that are engaged in Quebec's social economy, thereby winning the label a "network of networks."³⁷ As a result, it is well placed to act as an intermediary advocate between different levels of governments and practitioners.

Ninacs indicates several characteristics of what is termed the "Quebec model." These include (a) multi-sector collaboration; (b) recognition that the social economy has the potential to create local development and thus, jobs; (c) consistent government funding in social economic organizations while allowing for organizational autonomy; (d) the

³⁶ Ninacs, *Theory and Practice of Social Economy*, 16.

³⁷ Thompson and Emmanuel, *Assembling Understandings*, 23.

importance placed on local control and cross-sector solidarity; (e) diversity of social economic institutional forms; and (e) full recognition that the social economy is a part of the mainstream economy.³⁸

Given its cultural roots, its multi-sectorial recognition, and its mature organization, the Quebec model continues to be studied in the literature. However, with the exception of some activity amongst practitioner associations, it tends to be practiced within a provincial solitude.³⁹ However, the pragmatic-utopian conception of the social economy, concerned as it is with the ultimate goal of social economic practice, tends to breach provincial boundaries. Still, as we will see, some authors believe that the Quebec model epitomizes an approach in aid of utopian goals.

2.3.2. *Pragmatic Reform or Utopian Societal Change*

Eric Shragge and Jean-Marc Fontan, along with Gregory Baum, differentiate two groups of social economy practice dependent upon their

³⁸ Ninacs, *Theory and Practice of Social Economy*, 17.

³⁹ For a discussion on the Canadian cultural divide of social economic activities operating in two distinct silos see McMurty, "Introducing the Social Economy". In 2011, I attended the "International Forum on the Social and Solidarity Economy" held in Montreal, Quebec. Over 1,500 participants from sixty-two countries were in attendance. In discussion with one of Canada's prominent social economy scholars, I remarked on the glaring absence of English-speaking Canadian practitioners and scholars. Her response was, "I agree but they were invited!" See FIESS, *Short Report on the International Forum on the Social and Solidarity Economy Held in Montreal, October 12th - 20th, 2011*, <http://reliess.org/fiess/?lang=en> (accessed October 1, 2016).

goals as: (1) pragmatic or reformist and (2) utopian or societal change.⁴⁰

The pragmatic tendency is concerned with addressing problems at the local level within dominant political, economic, and social movements. This is sometimes referred to as a territorial approach.⁴¹ It is a strategy whereby communities initiate and implement their own solutions to economic, social, and environmental concerns with the goal of building long-term community flourishing. Predominantly, pragmatic strategies involve capacity-building of disenfranchised populations so that they can participate in economic life.

This pragmatic conception of the social economy is one that was supported by the Canadian Government in its throne speech of 2004. It is what Mook, Quarter, and Ryan call an “alternative form of business,”⁴² as it is primarily concerned with developing social enterprises using entrepreneurial means to help communities “enhance the social and environmental conditions in our communities across Canada.”⁴³

There are various definitions of a social enterprise not unlike the multitude of definitions of the social economy. A member-based network of social enterprise entrepreneurs, The Social Enterprise Council of Canada,

⁴⁰ Eric Shragge and Jean-Marc Fontan, eds., “Tendencies, Tensions and Visions in the Social Economy,” in *Social Economy: International Debates and Perspectives* (Montréal: Black Rose Books, 2000), 2–3; Baum, *Signs of the Times*, 151.

⁴¹ Ninacs, *Theory and Practice of Social Economy*, 5.

⁴² Mook, Quarter, and Ryan, “What’s in a Name?” 6–8.

⁴³ Canada, *Speech from the Throne to Open the Third Session of the 37th Parliament of Canada*.

defines them as “businesses owned by non-profit organizations, that are directly involved in the production and/or selling of goods and services for the blended purpose of generating income and achieving social, cultural, and/or environmental aims.”⁴⁴ Their American and UK counterparts also emphasize using business strategies and market forces to advance the common good and social missions respectively.⁴⁵ Broadly speaking, it is the intention of these alternative forms of business that the sales of goods and services and/or generated profits further their social goals.

The utopian tendency is concerned with changing the economic and social order. Guided by the principles of cooperation and solidarity, locally controlled organizations envision the creation of a new society. Groups that fall into this category would include social democratic movements such as labour unions, along with Marxist socialist and anarchist movements. They reject wholesale the dominant economic, social, and political orders. Through structural organization, they seek to change society either through the electoral system (as in the case of the labour movement) or by the power of the working classes through a centralized political leadership (as in the case of Marxist socialist movement) or by envisioning a decentralized state where self-managed democratically organized councils

⁴⁴ Social Enterprise Council of Canada, “What is a Social Enterprise?” <https://socialenterprisecouncilcanada.wordpress.com/about/> (September 6, 2016).

⁴⁵ Social Enterprise Alliance U.S., “About,” <https://socialenterprise.us/> (accessed September 6, 2016).

can build society from the bottom up (as in the case of anarchist movements).⁴⁶

Mook, Quarter, and Ryan state that this utopian goal is prevalent in Quebec where the social economy is equated with the goal of building a social movement that engages all levels of government. This movement, they claim, is accomplished broadly through practitioners' development of social enterprises.⁴⁷

Notwithstanding differences in practitioner's ultimate goals, a groundswell of unrest took place in the decades following the introduction of economic policies based on free trade and globalization. This presented a necessary opportunity for those engaged in social economic activities at the community level to consider a rehabilitation of their initiatives.⁴⁸

2.3.3. *Renewal: "New" Social Economy*

A renewal of understanding the practice of social economic activities in Canada emerged in the wake of neo-liberal restructuring of the economy and the abandonment of Keynesian welfare policies in the 1980s.⁴⁹ With a rise in unemployment and the growth of income polarity amongst

⁴⁶ Shragge and Fontan, "Tendencies, Tensions and Visions," 7–11.

⁴⁷ Mook, Quarter, and Ryan, "What's in a Name?" 5.

⁴⁸ Shragge and Fontan, "Tendencies, Tensions and Visions," 5.

⁴⁹ See Shragge and Fontan, "Tendencies, Tensions and Visions," 5; Jack Quarter, "The Social Economy and the Neo-Conservative Agenda," in *Social Economy: International Debates and Perspectives*, ed. Eric Shragge and Jean-Marc Fontan (Montréal: Black Rose Books, 2000), 54–64; and Laville, Lévesque, and Mendell, "Social Economy: Diverse Approaches," 7.

Canadians, there was a renewed interest in social economic strategies to mitigate these trends. However, having assumed characteristics of the conventional business model despite their founding principle of placing “people over capital,” existing socio-economic organizations such as large credit unions were by then competing within the dominant market.

Shragge and Fontan argue that large CED initiatives and social movements such as the labour union grew to a point where a bureaucratic style of decision-making placed responsibilities for their functioning on experts. This differs from the understanding of a collective democracy exercised within an organization through the principle of “one person, one vote.” In placing their social connections to the community secondary to ensuring economic viability, these organizations attracted and continue to attract criticism from scholars and practitioners alike.⁵⁰

Some authors describe the old social economy as simply “another way of doing business.”⁵¹ Laville, Lévesque, and Mendell observe that in Europe the social economy focussed less on community belonging and more on specialization such that “in many cases [they] abandoned their societal ambition in favour of management performance or compliance with

⁵⁰ For example, Desjardins, the largest credit union confederation in Canada has attracted this criticism. See Quarter and Mook, “Interactive View.”

⁵¹ Ninacs, *Theory and Practice of Social Economy*, 4.

public standards.”⁵² However, despite renewal, there remain today a number of active social economic organizations in Canada that would fit the “old” characterization.⁵³

After the effects of globalization that took place in the 1980s, the ensuing decades were taken over by a renewed interest in developing new strategies, best practices, and policies that captured growing grass-root unease with social and economic inequality. This unrest was perhaps galvanized by the 2011 Occupy Wall Street protest which in a relatively short time had become a global movement.⁵⁴ These developments spawned a need for a deeper theoretical understanding that continues to occupy scholars. At the same time, practitioners are innovating new organizational forms and they continue to lobby various levels of government for new policies and funding to support their activities.

Writing in 2000, Shragge and Fontan stated that “the field both in theory and practice is in flux.”⁵⁵ Six years later, a comprehensive literature review by Marie Bouchard, Cyrille Ferraton, and Valérie Michaud found

⁵² Laville, Lévesque, and Mendell, “Social Economy: Diverse Approaches,” 11.

⁵³ For example, Mountain Equipment Co-op and many credit unions such as Alterna Savings and Credit Union Ltd. would fit within the old definition. A number of case studies can be found in Quarter, Mook, and Armstrong, *Understanding the Social Economy*.

⁵⁴ For an excellent discussion on the Occupy movement as it relates to democratic equality, see Tom Malleson, *After Occupy: Economic Democracy for the 21st Century* (Oxford, UK: Oxford University Press, 2014).

⁵⁵ Shragge and Fontan, “Tendencies, Tensions and Visions,” 2.

that the social economy “remains under-theorized, especially with respect to its specific contribution to the dynamics of development.”⁵⁶ In 2010, Ian MacPherson, Co-director of the Canadian Social Economy Hub, provides some explanation writing that the social economy evolved “out of different kinds of community (based on geography, culture, religious belief, and class composition).”⁵⁷

Notwithstanding theoretical ambiguity, there is considerable discussion concerning the role of values in understanding and advancing the work of social economic theory and practice in Canada. This is especially true of the “new” social economy. In line with current scholarship, my concern is with activities as conceptualized within what is now understood as the “new” social economy and more specifically, how it is shaped by an understanding of what MacPherson terms “common values”⁵⁸ and McMurty terms “shared values.”⁵⁹

⁵⁶ Bouchard, Ferraton, and Michaud, *Database on Social Economy Organizations*, 1.

⁵⁷ Ian MacPherson, “Forward,” in *Current Conceptualizations of the Social Economy in the Canadian Context*, Occasional Papers, ed. Janel Smith and Annie McKittrich (Victoria, BC: Canadian Social Economy Hub at the University of Victoria, 2010), 7. Other practitioners and scholars who have stated that the Canadian social economy lacks a theoretical foundation include Chantier de l'économie sociale, *Social Economy and Community Economic Development in Canada: Next Steps for Public Policy*, Issues Paper (Montréal: Chantier de l'économie sociale, 2005), <https://ccednet-rcdec.ca/en/document/social-economy-and-community-economic-development-canada> (accessed February 21, 2016) and Michael J. Savoie, *Community Economic Development in Atlantic Canada: False Hope or Panacea?* (Moncton, NB: The Canadian Institute for Research on Regional Development, 2000).

⁵⁸ MacPherson, “Forward,” 7.

⁵⁹ J. J. McMurty, ed., “Preface,” in *Living Economics: Canadian Perspectives on the Social Economy, Co-Operatives, and Community Economic Development* (Toronto: Emond Montgomery Publications, 2010), xi.

2.4. Values and the Social Economy

Although as Vaillancourt contends, scholars have different theoretical underpinnings in defining the Canadian social economy, the term “values” is often used by scholars and practitioners to categorize activities within the theme of mapping. Yet there appears to be no definition of the term “values” and it is used variously to describe beliefs, activities, purposes/goals, governance or identifying characteristics or a combination thereof. At times the term “values” is interspersed with the term “principles” and in some cases what is used to describe values in one case is used to describe activities or characteristics in another. At other times, diverse meanings attributed to the word “social” seem to reflect what they understand to be “values.”

For example, two practitioners’ associations use the term values quite differently. In adopting the International Cooperative Alliance’s statement to describe their *identity*, Canadian co-operatives use the term values and list them as self-help, self-responsibility, democracy, equality, equity, and solidarity. Furthermore, they state that co-operative members profess a *belief* in what they describe as the *ethical values* of honesty, openness, social responsibility, and caring for others.⁶⁰ In yet another example, the national, member-based association of organizations and practitioners involved in community economic development, the Canadian

⁶⁰ International Co-operative Alliance, “Statement on the Co-Operative Identity,” <http://www.ica.coop/coop/principles.html> (accessed July 15th 2011).

Community Economic Development Network (CCEDNet) describes a *commitment* to the values of inclusion, diversity and equity *employed through* participatory, democratic, innovative and entrepreneurial methods.⁶¹ Using the example of democracy, it is deemed a value in one and a method or activity to achieve values in the other.

Through the writings of scholars and practitioners engaged in the CSERP project, Janel Smith and Annie McKittrick explored the key defining elements of a conceptual understanding of the Canadian social economy. They discovered two main categories. One they labelled “values” and the other “structure/characteristics.” Under values, they found the following definitional indicators: service to the community/primacy of people over profit; empowerment; civic engagement/active citizenry/volunteer association; and economic, social values and missions. Under the second label, they found the following: profit (re)distribution; autonomous management/collective ownership; democracy; democratic governance and decision-making; and the third sector.⁶² Here we find democracy is included under the second category, “structure/characteristics.”

In both practitioner and scholarly usage, the notions of belief, activity, purposes/goals, governance characteristics, as well as elements gathered together as values or as structural characteristics seem to reflect a “bag of values” approach rather than an intelligible structure. In an

⁶¹ Canadian Community Economic Development Network (CCEDNet), “About CCEDNet.”

⁶² Smith and McKittrick, *Current Conceptualizations*.

overview of Lonergan's ethics in Chapter 3, I will argue how these individual values and characteristics that tend to be listed in the "bag of values" approach are actually *particular goods*. These *particular goods* are only realized when cooperation within value structures are formed and operating on a sustainable and recurrent basis. Understanding these value structures reveals a totally new set of obligations that are properly ethical. I will discuss this in greater detail in Chapter 4. For the present, however, let me offer an example of the "new" social economy that illustrates this line of analysis.

The literature on the "new" social economy considers democracy as a key constituent. It is described as a value in some cases and a characteristic in others. Shragge and Fontan claim that democracy is not a given within social economic organizations as it requires learning how to participate in new ways of organizing work. As such, they state that social economic practices can be viewed as a "zone... [of] democratic experimentation."⁶³ This trial and error learning happens through cooperative governance structures and collaborative activities that engage citizens in building the social economy. Here it is evident that democracy is a *particular good* and its realization is achieved through value structures where cooperative and/or collaborative groups meet sets of obligations which are ethical in nature, and as Shragge and Fontan state, can be learned. The argument of this thesis is that bringing this line of analysis

⁶³ Shragge and Fontan, "Tendencies, Tensions and Visions," 7.

into the social economy literature will help theorists and practitioners achieve their objectives in this worthy task.

Although as stated, scholars frequently appeal to different characteristics associated with values and also often invoke some version of the “bag of values” approach, closer scrutiny reveals that the very notion of “social” in the social economy seems to imply cooperative and/or collaborative forms of activities. This is most significant for social economic theory and practice. For example, Claude Vienney emphasizes the dialectical nature of a structured organization made up of individuals and businesses intertwined through economic and *relational* activities.⁶⁴ I place an emphasis on “relational” to highlight that the “social” component of the social economy involves some form of connection that is sustained amongst those who are involved and can be relied upon time and time again. Another scholar, Jacques Defourny uses the “bag of values” approach and defines the social economy based on the values of solidarity, autonomy, and citizenship.⁶⁵ However, Ninacs observes that both Vienney and Defourny move beyond the legal forms of organizations (e.g. non-profit organizations, mutuals, cooperatives, etc.) to define the

⁶⁴ Vienney, *L'économie sociale*.

⁶⁵ Jack Defourny, “L'émergence du secteur d'économie sociale en Wallonie,” *Coopératives et développement* 23, no. 1 (1991): 151–75.

“new” social economy.⁶⁶ Drawing on the work of Karl Polanyi, Jean-Louis Laville offers a further definition of the “new” social economy. He places an emphasis on reciprocity as an economic activity in its own right.⁶⁷ In each case, the focus of concern is a sociality or a web of cooperative relations that is operative in social economic practice that adds substance to more problematic forms of traditional business and economic life.

What is significant for the Canadian context is the move amongst practitioners towards developing a consensus on conceptualizing the “new” social economy. Discussions have centred around Jacques Defourny’s definition based on the values of multi-sector solidarity, locally-controlled autonomy, and economic democracy.⁶⁸ These are enacted through an organizational objective to serve its members and/or community and not to accumulate profits. Furthermore, organizations are managed autonomously using internal democratic decision-making strategies as opposed to externally imposed public governance structures.

Renewal of the social economy, I suggest, is pursued in order to refocus and re-mobilize the pursuit of values that define the social economy as enhancing or enriching economic life. And, once again, we

⁶⁶ Ninacs, *Theory and Practice of Social Economy*, 5.

⁶⁷ Jean-Louis Laville, *L’Économie solidaire: une perspective internationale* (Paris: Desclée de Brouwer, 1994).

⁶⁸ Jacques Defourny’s definition is the one adopted by the Chantier de l’économie sociale. See Chantier de l’économie sociale, *Social Economy and Community Economic Development in Canada*, 17.

can observe that values define what is participatory, thus characterizing what is distinctively “social” in the “new” social economy.

Ninacs states that in the “new” social economy, attempts are made to address and satisfy needs that the state and the market do not respond to. Thus, he along with Shragge and Fontan characterize the “new” social economy both in terms of social innovation and economic innovation through the merging of social and economic values.⁶⁹

The Chantier de l'économie sociale states that in building the “new” social economy, social innovation creates social capital. In the old social economy this term was used by cooperatives to mean the difference between assets and liabilities. It is understood in a social contract sense where individuals and organizations develop mutual social debts in non-commercial exchanges.⁷⁰ The underlying presupposition is self-interest. However, Ninacs states that in the “new” social economy, it is understood that social capital is not created independent from social relations.⁷¹

It is apparent in the literature that the characteristics used to define the “new” social economy are framed in terms of value creation where social values qualify economic practice. Ninacs states that on the one hand values can be used to “engage individuals in the development of the social

⁶⁹ Shragge and Fontan, “Tendencies, Tensions and Visions,” 10; Ninacs, *Theory and Practice of Social Economy*, 6.

⁷⁰ This is rooted in John Locke's social contract theory where individuals hand over some of their freedom to the state in return for the provision of security and order. See John Locke, *Two Treatises of Government*, ed. Peter Laslett, reprint, orig. 1689 (Cambridge, UK: Cambridge University Press, 1988).

⁷¹ Ninacs, *Theory and Practice of Social Economy*, 10.

economy” but on the other, “it is not very practical since values are often open to debate.”⁷²

My evaluation of this latter contention is that it appeals to the predominant liberal view within our post-modern context that we cannot reach consensus on shared values. Yet, we collectively make value judgments all the time and set policies including child labour prohibitions, minimum wage standards, employment equity programs, environmental sustainability policies, and so forth. Nonetheless, Ninacs argues that an understanding of social and economic values within the “new” social economy lacks practicality. I will discuss this further in Chapter 3.

2.4.1. The Blended Value Proposition

An approach to understanding value creation that is gaining popularity amongst Canadian practitioners involved in social economic activities is Jed Emerson’s “Blended Value Proposition.”⁷³ Emerson, a lecturer at Stanford’s School of Business, argues that for-profit and non-profit organizations create both social and financial value. He argues that financial value can be numerically measured and as such, social value

⁷² Ninacs, *Theory and Practice of Social Economy*, 5.

⁷³ Jed Emerson, “The Blended Value Proposition: Integrating Social and Financial Returns,” *California Management Review* 45, no. 4 (Summer 2003): 35–51. Jed Emerson is regularly invited to speak at practitioner conferences on the Canadian social economy and writes in practitioner magazines. See for example, Jed Emerson and Mark Cabaj, “Social Return on Investment,” *Making Waves* 11 (2000): 10–14. In 2011, the Centre for Community Innovation, Carleton University sponsored a seminar led by Mr. Emerson.

gets left out of the equation given a lack of social numeracy on the part of practitioners. Leading a multi-sector and international research project, Emerson and his colleagues are in the process of developing a unifying framework that measures the creation of financial, social, and environmental value as a single entity.⁷⁴

Emerson recognizes that an organization's economic value is not separate from or at odds with its social value. Furthermore, he states that both social and economic values give meaning to one's life and they are driven by a desire to "maximize this blended return for ourselves, our families and our investment portfolios—regardless of whether they are presently defined as portfolios of community or commerce."⁷⁵ This desire, he argues, is constituted by humanity's inherent social nature. Thus, social and financial returns on investment are "closely intertwined threads of mutually interdependent elements of value creation."⁷⁶

Although I agree with Emerson that social and economic value creation interrelate, I challenge the view that social living can be quantified using an economic tool. Indeed, he states that organizations involved in social value creation need to develop a *numeracy* language.⁷⁷ My view is that Emerson's response to the ambiguity of understanding social and

⁷⁴ The Blended Value Project, "Welcome to the Blended Value," <http://www.blendedvalue.org> (accessed February 21, 2016).

⁷⁵ Emerson, "The Blended Value Proposition," 45.

⁷⁶ Emerson, "The Blended Value Proposition," 46.

⁷⁷ Emerson, "The Blended Value Proposition," 43.

economic value creation within practice is to subsume all social values under a value entity that preferences economic ones so they can be mathematically accounted for as a return on investment. Moreover, it propagates a positivist view of human living.⁷⁸ For example, how does one measure the value of friendship, meaningful work, character development, and community-building? My approach, on the other hand, is that what he describes as “values” are actually *particular goods* that are achieved through value structures. The focus of analysis should be on understanding these values structures and the obligations they entail. This, I argue, would bring added clarity to the social economy literature.

In scanning the practitioner activities in the Canadian social economy, I find that Emerson’s account of value is gaining appeal insomuch as it provides practitioners a tool to advocate for funding by using the mathematical language of the market. However, I would argue that this index cannot account for the range of valuable goods that engage our social bonds within economic life.

Up until now, I have engaged the CSERP research with an emphasis on discussing the challenge of defining the Canadian social economy.

⁷⁸ Positivism is a philosophical and theological doctrine based in Auguste Comte’s (1798-1857) thought. It views authentic knowledge as scientific knowledge derived from the senses and empirical rationalization thereby denying the existence of a personal God. See George Sauvage, “Positivism,” in *The Catholic Encyclopedia*, vol. 12 (New York: Robert Appleton Company, 1911), <http://www.newadvent.org/cathen/12312c.htm> (accessed September 23, 2017).

As the “new” social economy purports to blend social and economic values within practice, I suggest that a theoretical understanding of values may move this worthwhile project forward. What follows is a discussion of theological engagement in the project of conceptualizing the social economy in Canada.

2.5. Theological Engagement with the Canadian Social Economy

Theologians have entered into the scholarly conversations on the social economy in Canada.⁷⁹ Most argue that social economic activities in Canada are aligned with the Christian concept that we are one family in God. Their engagement has come out of a critique of the dominant economic order that has created a growing polarity between the wealthy and the poorer classes of Canadian society. Thus, theologians find that the social economy which purports to merge social and economic values in fact points to the practical realization of a Christian concern for the poor, the community, and the public good.

Bob McKeon states that historically, faith-based organizations have been key players in developing the social economy in Canada. He references the Antigonish Movement that began in the 1920s in Nova

⁷⁹ See, for example, Murray MacAdam, ed., *From Corporate Greed to Common Good: Canadian Churches and Community Economic Development* (Ottawa: Novalis, 1998); Baum, “The Social Economy”; Bob McKeon, *Faith-Based Organizations Engaged in the Social Economy in Western Canada*, Final rept. (The BC-Alberta Social Economy Research Alliance, 14th November 2009), <http://auspace.athabascau.ca:8080/dspace/bitstream/2149/2523/1/BALTA%20A4%20-%20FBO%20&%20SE%20-%20Final%20Report.pdf> (accessed March 11th, 2011).

Scotia by two Catholic priests as exemplar of Christian engagement in social economic activities.⁸⁰ Furthermore, he notes that in Quebec the creation of the Caisse d'économie solidaire Desjardins in 1971 by the second largest trade union federation was supported by the Catholic Church.⁸¹ McKeon also researched how faith-based organizations in Western Canada participate in social economic activities. His study provides an inventory of these organizations based on their direct engagement through funding, service provision, and the retail of Fairtrade⁸² products and services.

As a demonstration of how faith-based organizations can work for the public good, McKeon's work fills a gap in the role the church has played in its development. I suggest that this signals the need to explore more fully how social and economic values operate within social economic activities, and how these activities provide a place for the demonstration of the religious values that animate faith-based organizations.

⁸⁰ McKeon, *Faith-Based Organizations Engaged in the Social Economy* See also, Moses Coady, *Masters of Their Own Destiny: The Story of the Antigonish Movement of Adult Education Through Economic Cooperation* (New York: Harper & Brothers Publishers, 1939).

⁸¹ McKeon, *Faith-Based Organizations Engaged in the Social Economy*, 3. See also, Chantier de l'économie sociale, *Social Economy and Community Economic Development in Canada*, 31.

⁸² Fairtrade is an international organization that ensures that farmers and workers are compensated "fairly" in all business transactions. See Fairtrade Foundation, "Home," <http://www.fairtrade.org.uk/> (accessed May 28, 2016).

Canadian church engagement in the economy has a forty-year ecumenical tradition working towards economic justice.⁸³ Statements from the Canadian Catholic Conference of Bishops along with the Moderator of The United Church of Canada's consultation on Faith and the Economy view the social economy as an opportunity to concretely practice Christian values within economic and social activities.⁸⁴ In reviewing this theological literature, I conclude that what animates these statements is the promotion of the social economy at the level of Christian engagement, and that what is missing is a theoretical understanding of how Christian values interrelate with social and economic values concretely.

Writing in 1998, Anglican social activist Murray MacAdam presents a number of case studies of church engagement in social economic activities. He argues that as the mainstream economy fails to meet the needs of a growing number of Canadians, an economy based on values forms the basis of religious hope based on Christian "yearning for an

⁸³ McKeon, *Faith-Based Organizations Engaged in the Social Economy*; Christopher Lind and Joe Mihevc, eds., *Coalitions for Justice: The Story of Canada's Interchurch Coalitions* (Ottawa: Novalis, 1994).

⁸⁴ Canadian Conference of Catholic Bishops, "A Society to Be Transformed," in *Do Justice! the Social Teaching of the Canadian Bishops (1945–1986)*, ed. E. F. Sheridan (Sherbrooke, Toronto: Editions Paulines; Jesuit Centre for Social Faith and Justice, 1987) and Ted Reeve, *God and the Market: Steps Toward a Moral Economy* (Toronto: The United Church of Canada, 2000). American Bishops have also advocated for an alternative model of economic development. See American Bishops, "Economic Justice for All," in *Catholic Social Thought*, ed. David O'Brien and Thomas Shannon (Maryknoll, NY: Orbis, 1992).

economy based on values.”⁸⁵ In a critique of the predominant economic structure he suggests that unemployment and poverty call for Canadian church engagement in economic life. Like McKeon, he cites a number of case studies where Christians are involved in CED, and he contends that this engagement constitutes a growing movement. If MacAdam’s assessment is correct, then religious values have an important place in this movement. They not only undergird Christian hope but they provide a Christian assessment of social and economic life. I believe this is an invitation to understand more precisely the intersection of social and economic values as animated by religious values within the Canadian social economic context.

Gregory Baum relies on Catholic social thought principles coupled with Karl Polanyi’s notion of reciprocity for an understanding of social economic practices. He states that resisting empire is a “critical theology”⁸⁶ and one such practice is for Christians to get involved in community economic development activities. As such, he laments that the social economy “has not received much attention of Catholic social teaching.”⁸⁷ While I would place Baum’s critical theology within the utopian tendency

⁸⁵ Murray MacAdam, ed., “Community Economic Development in Canada: Band-Aid or Breakthrough?” in *From Corporate Greed to Common Good: Canadian Churches and Community Economic Development* (Ottawa: Novalis, 1998), 17.

⁸⁶ Baum, *Signs of the Times*, 238–59.

⁸⁷ Baum, *Signs of the Times*, 257.

that aims to change the social, economic, and cultural order, his reliance on Catholic social thought along with Polanyi's notion of reciprocity stops short of developing a more precise understanding of how social, economic, and religious values emerge within social economic activities.

Although rich in insight, theological engagement focuses on the level of practice where the church could and should provide a role in supporting the social economy. However, my contention is that there is a gap in contemporary theological engagement with the "new" social economy as it is practiced in Canada. A discussion of the role of religious values needs to be more developed and directly linked to an analysis of economic and social values within a framework that is broad enough and robust enough to advance both theory and practice in the field of the social economy. This would also function to address the lack of solid theoretical foundation in the social economy literature.

My own assessment of the literature is twofold. Not only do values that have been discovered experientially in the "new" social economy context remain theoretically and theologically ambiguous, but there appears to be a general lack of understanding regarding a need for such an explanatory framework. This framework is essential, and it must take into account that an economy is a structured form of activity. I would contend that Bernard Lonergan's theological ethics supplemented by his

scale of values provide promising resources for studying, theorizing, and engaging the social economy.

2.6. Conclusion

In this chapter, I reviewed the social economy literature with a particular focus on the CSERP scholarship that took place between 2004 and 2009. I found that one of the initial goals of this scholarship was to develop an inventory of social economy practice in an effort to map its activities geographically. As a result, researchers tended to use case study methodology that is context-dependent and by and large descriptive. The mapping exercise relied upon a definition of the Canadian social economy that theorists and practitioners working within regional nodes could agree upon; however, reaching a national consensus was abandoned. Thus, the literature is rife with definitional debates and various definitions employing a “bag of values” approach with a tendency to be either rooted in regional historical foundations or according to some scholars, politically motivated.

I also pointed out in this chapter that although church engagement with the social economy in Canada can be traced to earlier roots in the Antigonish Movement, theological study has focussed at the level of practice or with criticizing the traditional economy. I believe that there is an important opportunity to understand how religious values can animate Christian participation in the “new” social economy in Canada.

Chapter 3. Introduction to Bernard Lonergan's Theological Ethics Supplemented by his Cognitional Theory

3.1. Introduction

As discussed in Chapter 2, the need for a deeper theoretical understanding of the “new” social economy continues to occupy scholars. The definitional debate concerning the Canadian social economy appears to be an obstacle in moving this task forward. However, scholars and practitioners do agree that the “new” social economy is values-based, differentiating it from the amoral precept of traditional economy thinking. Scholars and practitioners claim that social and economic innovation merges social and economic values in practice through relational, participatory, cooperative, and/or collaborative activities. However, as I presented in Chapter 2, I believe the use of a “bag of values” approach to define the “new” social economy can lead to relativism and hamper consensus-building among efforts to define the Canadian social economy.

In Chapter 2, I also discussed how the social economy is aligned with the Christian concern for the poor, the community, and the public good. Although there are examples of faith-based engagement at the level of practice, a number of theologians have commented on the lack of theological study of the “new” social economy. I contended that the role of religious values within the “new” social economy needs to be understood within an explanatory framework that both emerges from and subsequently grounds practical engagement.

Bernard Lonergan's theological ethics and scale of values, I contend, provide theoretical and theological resources for studying the "new" social economy and for understanding how religious values can animate Christian engagement in its activities.

Lonergan was a prolific writer. Throughout his academic life, he studied philosophy and Christian theology. His early interests in the theory of knowledge along with his interest in methodology and history constituted a foundation that he would employ in his economic writings, his unique interpretation of St. Thomas Aquinas and his seminal works, *Insight*¹ and *Method in Theology*.² It would be impossible, and indeed unnecessary, to elaborate on the full range of his thought within the confines of this thesis. Rather, the goal of this chapter is to retrieve a thread that ran through Lonergan's early work as a result of his exposure to social conditions that raised questions about the economy and its relationship to Catholic social teachings of his times. As the development of his cognitional theory provides the basis of his theological ethics, I will briefly introduce this along with his structure of the human good and his scale of values. In Chapter 4, I will engage Lonergan's cognitional theory and theological ethics with the social economy to address the ambiguities that I observed in the literature. In doing so, I will discuss the role religious values have in animating Christian engagement with the "new" social economy. In Chapter 5, I will apply Lonergan's theological ethics to a social economy case study to illustrate how values are created and interrelate.

¹ Lonergan S. J., *Insight*.

² Lonergan S. J., *Method*.

3.2 Lonergan's Academic Life³

Bernard J. F. Lonergan (1904-1985) was a Canadian Jesuit born in Buckingham, Quebec. He entered the English-speaking vice-province of Upper Canada of the Society of Jesus in 1922, and he pledged his vows on July 31, 1924. His education took him to study at Heythrop College and the University of London in England in 1926. During this time he studied scholastic philosophy, mathematics, and the classics. Lonergan came to understand the philosophical problem of the theory of knowledge, or more specifically how we come to know what we do know, and how we sometimes fail in our efforts to arrive at intelligent understanding. He was also introduced to the theories of method and logic in the sciences as influenced by John Stuart Mill. Questions concerning theories of knowledge and method would permeate most of his intellectual life, culminating in his seminal works *Insight*⁴ and *Method in Theology*.⁵

In 1930, he returned to Canada to teach at Loyola College in Montreal and found a country suffering deeply due to the Great Depression. Based on estimates, approximately two hundred thousand

³For a biographical account of Lonergan's academic life, see William A. Mathews, *Lonergan's Quest: A Study of Desire in the Authoring of Insight* (Toronto: University of Toronto Press, 2005). The dates and the places of Lonergan's student life are referenced, in the main, from this book. For details of Lonergan's early life, see also, Richard M. Liddy, *Transforming Light: Intellectual Conversion in the Early Lonergan* (Collegeville, MN: The Liturgical Press, 1993), Chapter 1.

⁴Lonergan S. J., *Insight*.

⁵Lonergan S. J., *Method*.

were unemployed, a situation exacerbated by a drought that had ravaged the prairies.⁶ By the time Lonergan was sent to the Pontifical Gregorian University in Rome in 1933, the number of unemployed in Canada had risen to 829,000 persons within a population of just over 10 million.⁷

William A. Mathew states: “Daily, Lonergan would have read about the Depression and observed its effects around him. As a result, he began to question the causes of the breakdown of the economic order.”⁸

Lonergan would spend seven years in Europe continuing his Jesuit formation, his undergraduate studies, and his doctoral thesis in theology. In 1936, he was ordained a Catholic priest. These were the years leading up to the Second World War when Europe was in the early throes of political turmoil. Hitler’s Nazi party had come into power the year before Lonergan arrived in Rome. The following year, the Spanish civil war had broken out and under Mussolini, Italy had invaded Ethiopia. Due to the breakout of war in May 1940, Lonergan would be called back to Canada two days before his doctoral defense.

Back in Canada, Lonergan taught theology at College de l’Immaculée Conception and the Thomas Moore Institute in Montreal before transferring to Toronto’s Regis College in 1946. He stayed in

⁶ Census data gathering at the time did not include farmers as they were considered self-employed. Therefore, the unemployment rates can only be considered estimates. For an explanation of census data concerning population and employment rates, see Robert Bothwell, Ian Drummond, and John English, *Canada, 1900–1945* (Toronto: University of Toronto Press, 1987), 246–48.

⁷ Robert Bothwell, Ian Drummond, and John English, *Canada, 1900–1945* (Toronto: University of Toronto Press, 1987), 246.

⁸ Mathews, *Lonergan’s Quest*, 49.

Toronto until 1953 when crossing the Atlantic once again to teach at the Gregorian. He returned to North America to be treated for lung cancer in 1964 and subsequently rejoined the faculty of theology at Regis College (1965-1975). During this time he was appointed the Stillman Professor of Divinity at Harvard University (1971-1972). In 1975, he transferred to Boston College as a Distinguished Visiting Professor and remained there until returning to Canada prior to his death at the Jesuit infirmary in Pickering, Ontario.

3.3. Lonergan's Interest in Economics

Early in Lonergan's career, he became passionately interested in the social conditions emanating from economic slumps. Michael Shute states that Lonergan's first interest was not theology but economics as his "student years were situated between two world wars, mostly during the Depression."⁹ It is not surprising; therefore, that Lonergan would study economic theory in an effort to understand the worldwide crisis of his times. In keeping with Catholic social teaching, he was unsatisfied both with neoclassical economics that promoted the precept of self-interest and with the alternative socialist analysis which subordinated the individual to society.

⁹ Michael Shute, *Lonergan's Early Economic Research: Texts and Commentary* (Toronto: University of Toronto Press, 2010), xiii. See also, Michael Shute, *Lonergan's Discovery of the Science of Economics* (Toronto: University of Toronto Press, 2010), 3.

Over two periods of time, Lonergan developed a macroeconomic theory that claimed that the goal of the economy was to increase the standard of living so that culture emerges.¹⁰ Fred Lawrence notes that Lonergan agreed with the German Jesuit Heinrich Pesch's view that the goal of economics was to provide "the betterment of the material conditions of human existence."¹¹ He contends that the economy is an ethical project that if managed correctly, provides a redistribution of wealth which

¹⁰ Lonergan worked out his macroeconomic theory firstly, in the years 1930-1944 and secondly, in the years 1978-1983. For a good summary of Lonergan's development of his macroeconomic theory, see Mathews, *Lonergan's Quest*, 109–30 and Frederick Lawrence, "Editor's Introduction," in *Macroeconomic Dynamics: An Essay in Circulation Analysis*, vol. 21, *Collected Works of Bernard Lonergan*, eds. F. Lawrence, P. Byrne, and C. Hefling (Toronto: University of Toronto Press, Inc., 1998), xxvi-lxxii. Lonergan's macroeconomic theory is published in two volumes: Bernard J. F. Lonergan S. J., *For a New Political Economy*, vol. 21, *Collected Works of Bernard Lonergan*, ed. Philip J. McShane (Toronto: University of Toronto Press, 1998) and *Macroeconomic Dynamics: An Essay in Circulation Analysis*, vol. 15, *Collected Works of Bernard Lonergan*, ed. Frederick G. Lawrence, Patrick H. Byrne, and Charles C. Hefling (Toronto: University of Toronto Press, 1999). There has been considerable scholarly interest in Lonergan's macroeconomic theory, see for example, articles published in Michael Shute, ed., *Journal of Macrodynamical Analysis* (St. John's, NF: Memorial University, 2001); Richard M. Liddy, ed., "Forging a New Economic Paradigm: Perspectives from Bernard Lonergan," *The Lonergan Review* 11, no. 1 (Spring 2010); and Normand Bonneau, ed., *Theoforum*, vol. 43, *Business, Economics, and Theological Ethics: Conversations with Lonergan* (Ottawa: Saint Paul University, 2012). See also recent books that have been published on Lonergan's early works in economics: Shute, *Lonergan's Early Economic Research* and *Lonergan's Discovery*. See also Paul Hoyt-O'Connor, *Bernard Lonergan's Macroeconomic Dynamics* (New York: The Edwin Mellen Press, 2004) and Patrick Byrne, "Economic Transformations: The Role of Conversion and Culture in the Transformation of Economics," in *Religion and Culture: Essays in Honor of Bernard Lonergan, S.J.*, ed. Timothy P. Fallon and Philip Boo Riley (Albany, NY: SUNY Press, 1987), 327–48. For an understanding of the role of profit in Lonergan's macroeconomic theory and Catholic Social Thought within a Canadian context, see O'Leary, "An Integral Vision of Economic Transformation."

¹¹ Lawrence, "Editor's Introduction," xxxi. Lawrence states that Pope Pius XI's encyclical *Quadragesimo anno* was substantially influenced by Pesch's economic views.

contributes to the public good. Lonergan places the ethical responsibility on all participants to intelligently choose and act in accordance with the rhythms of the economy. Thus, the economy for Lonergan is a form of democracy as all persons have the freedom for intelligent choice and action. This departs from the amoral claim of traditional economic theories. This intelligent choosing and acting will become clearer in my introductory section on Lonergan's method of self-appropriation presented later in this chapter, and developed in the following two chapters.

3.3.1. Ethical Overtones

The ethical overtones of Lonergan's macroeconomic theory aligns with the understanding of the "new" social economy in terms of the active engagement of all participants in economic social living for the betterment of the community, democratic decision-making within social economy organizations, and the consensus amongst scholars and practitioners that the traditional economy does not live up to its claims. However, as this project is concerned with how values are understood within the social economy literature, I will not be elaborating further on Lonergan's macroeconomic theory. Nevertheless, I believe that his macroeconomic theory offers rich insights for further study in relation to an understanding of the "new" social economy.

3.3.2. Lonergan's Interest in the Antigoneish Movement

An indication of Lonergan's interest in what is now understood as the social economy can be traced to an article he wrote in 1941 for the

Montreal Beacon.¹² Lonergan wrote a review of Moses Coady's *Masters of Their Own Destiny*¹³ claiming that all should become acquainted with the Antigonish Movement. In this article, he states:

It must be read by everyone interested in modern problems. Through its pages breathes the authentic spirit of Canada, a Canada facing a new age, facing its fundamental economic problem, and attaining a solid solution that is the administration of the hemisphere.¹⁴

The Antigonish Movement, as it became known, was influenced by Catholic social teaching of the times. It was developed in the early 1920s by two Roman Catholic priests, Moses Coady and James Tompkins, as part of the St. Francis Xavier University's Extension program.¹⁵ Through the formation of adult study groups and mass meetings that identified problems at the local level in Nova Scotia, the movement would empower community members to form social economy organizations such as cooperatives and credit unions.¹⁶ Although the Antigonish Movement is an early example of Christian engagement with the social economy, Moses was keen to emphasize its interfaith spirit stating:

One of the pioneers' fundamental principles, heartily endorsed and vigorously defended, is that cooperation shall be

¹² The review is reprinted in Bernard J. F. Lonergan S. J., "Review of Moses Coady, *Masters of Their own Destiny*," in *Shorter Papers*, vol. 20, *Collected Works of Bernard Lonergan*, ed. Robert C. Croken, Robert M. Doran, and Daniel H. Monsour (Toronto: University of Toronto Press Inc., 2007), 143–46.

¹³ Coady, *Masters of Their Own Destiny*.

¹⁴ Lonergan S. J., "Review of Moses Coady," 143.

¹⁵ Lonergan S. J., "Review of Moses Coady," 143.

¹⁶ For a good summary of the Antigonish Movement, see Anne Alexander, *The Antigonish Movement: Moses Coady and Adult Education Today* (Toronto: Thompson Educational Publishing Inc., 1977).

neutral in the matter of religion. [...] We cannot speak of Catholic cooperation or Protestant cooperation, of Buddhist, Mohammedan, Shinto, or Hebrew economics any more that we can speak of Quaker chemistry or Mormon mathematics.¹⁷

It is interesting to note, however, that Coady was keen to emphasize how the role of religious values is to sustain social and economic cooperation towards a higher spiritual vision beyond the mere goal of achieving material goods.¹⁸ As I will discuss later in this chapter and in the following two chapters, Lonergan's scale of values provides the explanatory framework for understanding how religious values animate Christian cooperation within concrete economic social living.

Although the Antigonish Movement and the Extension Department at St. Francis Xavier University no longer exist, they inspired the development of a network of cooperatives in the Evangeline Region of Prince Edward Island, as well as the New Dawn Enterprises, a social initiative established in Cape Breton, Nova Scotia, in 1973.¹⁹

¹⁷ Coady, *Masters of Their Own Destiny*, 139 and 141.

¹⁸ Coady, *Masters of Their Own Destiny*, 144–45.

¹⁹ For a case study of the Evangeline Cooperative, see Paul Wilkinson and Jack Quarter, *Building a Community-Controlled Economy: The Evangeline Co-Operative Experience* (Toronto: University of Toronto Press, 1996). For a case study on the New Dawn Enterprises, see John Bird, "New Dawn: The Cape Breton Giant," in *From Corporate Greed to Common Good: Canadian Churches and Community Economic Development*, ed. Murray MacAdam (Ottawa: Novalis, 1998). See also, O'Leary, "An Integral Vision of Economic Transformation," Chapter 1.

Lonergan considered the Antigonish Movement as an exemplar of how the “technique of cooperation”²⁰ can be taught as a means of economic self-determination.²¹ Fred Lawrence notes that Lonergan envisioned his work in economic theory as an educational program “to train and equip the masses for economic independence.”²² Interestingly, in his review of Coady’s book, Lonergan states that educators in his own province of Quebec were already well equipped for this task of practical education. He references Walter Lippmann’s address to the American Association for the Advancement of Science in his criticism of educators as “having successfully thrown overboard every part of the cultural heritage of western civilization.”²³ For Lonergan, however, Lippman’s accusation did not depict the situation in Quebec.²⁴

²⁰ Bernard J. F. Lonergan S. J., “Quebec’s Opportunity” (The Montreal Beacon, 2 May 1941), 145.

²¹ Shute, *Lonergan’s Early Economic Research*, 151.

²² Lawrence, “Editor’s Introduction,” xxxix.

²³ Lonergan S. J., “Review of Moses Coady,” 145. Lonergan did not mince words in his estimation of the influence of the Enlightenment’s rule of reason on contemporary education, economic thought, and the polity stating that “the heritage of intellectual vacuity and social chaos given by the nineteenth century to the twentieth [...] has landed the twentieth century in an earthly hell.” Lawrence, “Editor’s Introduction,” xxxvii.

²⁴ It should be noted that during the time Lonergan was teaching in Rome (1953-1965), he would return to Canada for the summer. In one of these summers (1959), he was invited to give lectures on the philosophy of education at the Xavier University’s summer Institute in Cincinnati. These lectures have been compiled in Bernard J. F. Lonergan S. J., *Topics in Education*, vol. 10, *The Collected Works of Bernard Lonergan*, ed. F. E. Crowe (New York: Paulist Press, 1985). For a teacher’s perspective on education based in Lonergan’s thought, see Moira T. Carley, *Creative Learning & Living* (Montreal: Thomas Moore Institute Papers, 2005).

Lonergan's assertion that Quebec's education system was well-placed to formally train students in the art of cooperation and economic independence is an interesting observation given that currently, the Quebec model of the social economy is considered as not only different from the rest of Canada, but also the most developed. It would be interesting to research how, historically, Quebec's education system might have created the circumstances for the early development of a provincial social economy as compared to the rest of Canada.

Learning the techniques of cooperation flows directly from Lonergan's method of self-appropriation, his cognitional theory and his three-fold structure of the human good. What follows is an introduction to Lonergan's method of self-appropriation and cognitional theory. Given that social economy scholars and practitioners criticize the amoral precept of the traditional economy based on the promotion of competing self-interested desires, I will elaborate on Lonergan's understanding of desire. Desire for Lonergan is very distinct as it is the dynamism that sets the cognitive process in motion. In the next two chapters I will offer examples of Lonergan's cognitional theory as the basis of innovation in social economy activities.

3.4. Introduction to Lonergan's Method of Self-Appropriation and Cognitional Theory²⁵

Prior to returning to Rome in 1933, Lonergan's superiors switched his studies from philosophy to theology.²⁶ Lonergan had become concerned that the traditional Catholic Thomist philosophy had become overly mechanical and static, and so inattentive to the social disruptions caused by the Industrial Revolution and modern experiences of war.²⁷ Brian Cronin states that Lonergan's "conviction was that the Church had isolated itself from the world of science, technology, social change and

²⁵ Lonergan's cognitional theory is also referred to as his method for self-understanding and as generalized empirical method (GEM). It is elaborated throughout his seminal texts, Lonergan S. J., *Insight and Method*. See also, Bernard J. F. Lonergan S. J., *A Second Collection*, ed. William F.J. Ryan and Bernard J. Tyrell (Toronto: University of Toronto Press Inc., 1996; orig. 1974) and Bernard J. F. Lonergan S. J., *Collection: Papers by Bernard Lonergan*, vol. 4, *Collected Works of Bernard Lonergan*, ed. Frederick E. Crowe and Robert M. Doran (Toronto: University of Toronto Press, 1993; orig. 1967), 205–21. For an in-depth analysis, see Byrne, *Ethics of Discernment*. For a good introduction as it applies to conflict resolution, see Kenneth R. Melchin and Cheryl A. Picard, *Transforming Conflict Through Insight* (Toronto: University of Toronto Press, 2009), Chapter 3. For a philosophical analysis, see Patrick Byrne, "Consciousness: Levels, Sublations, and the Subject as Subject," *METHOD: Journal of Lonergan Studies* 13 (1995): 131–50; Joseph Flanagan, *Quest for Self-Knowledge: An Essay in Lonergan's Philosophy* (Toronto: University of Toronto Press, 1997); and Brian Cronin, *Foundations of Philosophy: Lonergan's Cognitional Theory and Epistemology, Third Revised Edition*, Guide to Philosophy Series, vol. 10 (Langata, Nairobi: The Consolata Institute of Philosophy Press, 2005).

²⁶ Mathews, *Lonergan's Quest*, 65.

²⁷ Shute states that Lonergan's interests in social questions and in economics was partially influenced by Catholic social-activism such as the Catholic Action Movement which began in the nineteenth century as "a practical response to the challenge of liberal capitalism and Marxism." Shute, *Lonergan's Discovery*, 55. This movement grew out of Catholic social teachings beginning with Leo XIII's *Rerum Novarum* calling on Catholics to be more socially active. Leo XIII, *Rerum Novarum*, Encyclical of Pope Leo XIII on Capital and Labour (1891), http://w2.vatican.va/content/leo-xiii/en/encyclicals/documents/hf_l-xiii_enc_15051891_rerum-novarum.html (accessed August 10, 2017).

modern philosophy since the time of the Council of Trent.”²⁸ Lonergan’s switch to theological studies gave him the opportunity to read the writings of St. Thomas Aquinas as it informed Catholic social teachings of the time.²⁹

In his doctoral thesis, Lonergan discovered a new way of understanding Saint Thomas Aquinas.³⁰ Mathews explains how Lonergan was convinced that scholastic philosophy and theology were infected with “an illness whose roots lay in the almost complete failure of that tradition to appreciate the importance accorded Aquinas to the act of understanding (*intelligere*).”³¹ In his research, Lonergan was less focussed on Aquinas’s arguments and more focussed on his method. J. Michael Stebbins states that Lonergan discovered in the writings of Aquinas a methodological

²⁸ Cronin, *Lonergan’s Cognitive Theory*, 11.

²⁹ Catholic social teachings would have a theological and philosophical basis in the works of St. Thomas Aquinas beginning with Pope Leo XIII’s encyclical *Aeterni Patris*. Leo XIII, *Aeterni Patris*, Encyclical of Pope Leo XIII on the Restoration of Christian Philosophy (4 August 1879), http://w2.vatican.va/content/leo-xiii/en/encyclicals/documents/hf_l-xiii_enc_04081879_aeterni-patris.html (accessed August 10, 2017). There would be several theological interpretations of Aquinas, one of which was Lonergan’s discovery of Aquinas’s theory of human knowing. The culmination of Lonergan’s research and writings on Aquinas are published in Bernard J. F. Lonergan S. J., *Verbum: Word and Idea in Aquinas*, vol. 2, *Collected Works of Bernard Lonergan*, ed. Frederick E. Crowe and Robert M. Doran (Toronto: University of Toronto Press Inc., 1997). For an in depth study of Lonergan’s early research and writings on Aquinas, see J. Michael Stebbins, *The Divine Initiative: Grace, World-Order, and Human Freedom in the Early Writings of Bernard Lonergan* (Toronto: University of Toronto Press, 1995).

³⁰ His doctoral thesis is published in Bernard J. F. Lonergan S. J., *Grace and Freedom: Operative Grace in the Thought of St Thomas Aquinas*, vol. 1, *Collected Works of Bernard Lonergan*, ed. Frederick E. Crowe and Robert M. Doran (Toronto: University of Toronto Press, 2005; orig. 1971), 384–454.

³¹ Mathews, *Lonergan’s Quest*, 5.

approach of “how the human mind operates—the issue at the heart of so much of Lonergan’s work.”³² This method is self-appropriation.

3.4.1. *Self-Appropriation and Desires*

Lonergan describes self-appropriation not as abstract or egotistic but rather as the self-discovery of “the personally appropriated structure of one’s own experiencing, one’s own intelligent inquiry and insights, one’s own critical reflection and judging and deciding.”³³ All persons can discover this normative structure operating within their own minds. As such, the structure provides a universal, democratic, and—equally important—inter-religious basis on which to ground social and economic cooperation.

This thesis is concerned with how values are understood within the “new” social economy, and one of the critiques social economy scholars and practitioners lodge against neoclassical economics is the exclusive pursuit of competing self-interested desires. Lonergan’s understanding of desire is quite unique, and it offers a potentially important contribution to the theoretical grounding of social economy theory. His method of transcending self-interest comprises the self-discovery of and the being attentive to desire as inherent in the human capacity for wonder. As such, for Lonergan, desire can be the beginning of the process of self-

³² Stebbins, *The Divine Initiative*, xviii.

³³ Lonergan S. J., *Insight*, 13. Byrne discusses self-appropriation as a form of discernment which requires “a refined form of attention.” Byrne, *Ethics of Discernment*, 14.

appropriation and self-transcendence, rather than merely the foundation of self-interest.

3.4.2. *Lonergan's Desire to Know*³⁴

Lonergan's self-appropriation is a method that begins with the self-discovery of the *a priori* desire that orders or governs all other desires in ethical living. It is a detached, pure, and disinterested desire to know.³⁵ It is different from sensual desires in that it has neither content nor objective other than knowing that which is to be known. It is fundamentally a spiritual dynamism that provokes curiosity, inquisitiveness, and wonder. It operates as anticipation or as an orientation that directs the mind towards understanding and judging that which is to be known. Unlike the empiricist understanding of desire which presupposes that pleasures are out there to be experienced, Lonergan situates this pure desire as "intelligently and

³⁴ Lonergan repeatedly equates the "pure desire to know" with Aristotle's notion that wonder is the beginning of all philosophy. He elaborates on this throughout his seminal text, Lonergan S. J., *Insight*, 97, 247, 355–56, 498, and describes it as the "eros of the human spirit" in *Method*, 13. For a good introduction to the "desire to know," see Mark T. Miller, *The Quest for God & the Good Life: Lonergan's Theological Anthropology* (Washington, DC: The Catholic University Press of America, 2013), 30–33, 36–37; Brian Cronin, *Value Ethics: A Lonergan Perspective*, Guide to Philosophy Series, vol. 13 (Langata, Nairobi: The Consolata Institute of Philosophy Press, 2006), 221–25; and Beth Beshear, "The Problem of Desire in Human Knowing and Living: Lonergan's Contribution to a Solution," *METHOD: Journal of Lonergan Studies* 20 (2002): 155–73. Byrne discusses Lonergan's "desire to know" throughout his book, *Ethics of Discernment*. See also Stebbins, *The Divine Initiative*, 7–8, 150–56.

³⁵ Lonergan S. J., *Insight*, 28–29.

rationally conscious.”³⁶ It directs lines of inquiry through understanding, and then directs the mind to question our insights in order to reach judgments. The satisfaction of this pure desire to know is not in experience but rather in the settlement of all the relevant questions. I will elaborate on this further in the next section of this chapter.

Lonergan does not negate sensually derived desires but rather places them roughly into two categories: (1) desire as raw data that provides hints or clues to which questioning is applied; and (2) desire as forms of bias that can impair or sabotage the unfolding of the cognitional process. For example, a feeling that my own needs are more important in any given situation is a self-interested desire or egoism that can prejudice the purity of the detached questioning. It sends one down a different line of inquiry and excludes any data (experiential or otherwise) that does not conform to this feeling. Thus, self-appropriation for Lonergan requires that one be attentive to and question the desires, anxieties, and frustrations one feels throughout the cognitive process *before* deciding to act. For

³⁶ Beshear, “Desire in Human Knowing and Living,” 158. An example of an empiricist is John Stuart Mill. He expanded Jeremy Bentham’s principle of utility—a doctrine that states that the pursuit of happiness and the avoidance of pain for the greatest number is universal. Although Mill attempted to defend the doctrine by adding a qualitative dimension to the notion of happiness that bridged the gap between the pursuit of individual pleasures and the promotion of societal happiness, he remained firm with Bentham’s proposition that happiness is the sole ethical criteria empirically derived through the senses and that the good or ethical value is rooted in the consequences of actions. See John Stuart Mill, “Utilitarianism,” in *Utilitarianism, 1861 / John Stuart Mill*, vol. 10, *Collected Works / John Stuart Mill*, ed. John M. Robson (Toronto: University of Toronto Press, 1969).

Lonergan, this attentiveness is the basis for authentic self-transcendence.³⁷

3.4.3. *Introduction to Lonergan's Operations of Consciousness*

Lonergan's method of self-appropriation begins in the self-discovery of the operations of consciousness which form the basis of his cognitional theory. These operations are grouped in four successive levels: (1) *experiencing*, (2) *understanding*, (3) *judging*, and (4) *acting*. The movement from one level to the next is heuristically driven by the desire to know in the form of two sets of questions. The first set of questions, "What is it?" "Is it this or that?" and "Is it so?" orients our minds towards knowing the facts of a situation. However, once one understands what is at stake, a second set of questions arise, "What to do?" "Is it the right thing to do?" and "Is it valuable and worth pursuing?" The pure desire to know orienting our minds through this second set of questions creates the possibility for understanding moral knowledge and subsequently promoting ethical action. It is in the settlement of all relevant questions that one gains an understanding of the facts of a situation and knowledge of what is the

³⁷ Lonergan S. J., *Method*, 104.

ethically right thing to do.³⁸ However, it is important to note that this is not an exercise in logic or a deductive algorithm. Each of these sets of questions arises sequentially and concomitantly through each of the operations of consciousness.

The first operation of *experiencing* sets the process in motion by the perception of sensory data. Our state of being is animated and driven by the question, “What is it?” It can wrestle one out of a state of relaxation or daydreaming because it focuses our attention in an emotionally saturated state.³⁹ Promoted by this internal cognitive act, possibilities of what is going on in the situation arise through the question, “Is it this or that?” such that all that one has previously experienced, felt, and understood mix with clues and hints as observed in the situation under attention. It is a pre-articulate stage that gives rise to an image creating the conditions for a movement to the second level, *understanding*.

³⁸ Although this process is innate, it doesn’t necessarily always work authentically. One can skip over a level or be inauthentic in discerning facts, values, and whether to pursue ethical action. For a discussion on the types of questions found in ethical deliberations, see Byrne, *Ethics of Discernment*; Kenneth R. Melchin, “Moral Decision-Making and the Role of the Moral Question,” *METHOD: Journal of Lonergan Studies* 11 (Fall 1993): 215–28 and *Living with Other People: An Introduction to Christian Ethics Based on Bernard Lonergan* (Ottawa: Novalis, 1998), 22–31.

³⁹ For an in-depth discussion of the role of feelings in Lonergan’s cognitional process, see Byrne, *Ethics of Discernment*, Chapters 5, 6, 7. Melchin uses the example of a person lying on the beach who hears a strange sound to illustrate the movement from a state of rest to an animated state of attention. Melchin, *Living With Other People*, 1-27.

Insights or *understanding* arrive mysteriously.⁴⁰ They cannot be forced. Also, they are not just data being transferred from an external source as in seeing or hearing what is out there to be lodged in one's mind. The quality of experiencing an insight is quite different. At once it is felt as a relief in the "tension of the inquiry."⁴¹ But the insight alone is not the end of the process.

The third level in the unfolding cognitional process is the third operation of consciousness, *judging*, where the insight is verified as valid or not. It is a settling that the insight "fits" all the conditions the original problem presented. It is a transformation in the questions, "What is it?" to "Is it so?" Each of the previous levels are taken up into this level of consciousness where the "What is it?" and the "Is it so?" questions conflate into one operation in order that a reasoned judgment can be made.

So far, this is a settling of the facts. However, when deliberating on the question, "What must I do?" questions of fact shift to questions of value. Our value judgments are oriented towards what we desire and understand as good. In other words, what we consider is valuable and worth pursuing in our actions. Once we enact our value judgments through the fourth level of consciousness, *acting*, value becomes realized in practical living.

⁴⁰ Lonergan repeatedly intersperses the terms "insight" and "understanding" to refer to the second operation of consciousness.

⁴¹ Lonergan S. J., *Insight*, 28.

In the next section, I will introduce Lonergan's threefold structure of the human good and his scale of values. These resources introduce Lonergan's distinctive way of understanding values. I will further develop these in my analysis of the social economy in Chapter 4 and in an application to a case study for illustrative purposes in Chapter 5.

3.5. Introduction to Lonergan's Threefold Structure of the Human Good⁴²

In order to present the threefold structure of the human good, it is important to understand what Lonergan means by "the good" as it is understood by philosophers, theologians, and common people quite differently. I will briefly summarize Lonergan's understanding of the good and then relate it to his understanding of the human good.

3.5.1. Lonergan's Understanding of the Good

The notion of the good for Lonergan is not an abstract concept; rather, for him, the good is always concrete.⁴³ The Aristotelian definition of

⁴² Lonergan presents the threefold structure of the human good in Lonergan S. J., *Insight*, Chapter 18 and *Method*, 47–55. He also lectured on the topic during summer institutes. See for example, Lonergan S. J., *Topics in Education*, Chapters 2–4. See also, Melchin, *Living with Other People*, 43–60. For its application to business and law enforcement organizations, see Morag McAleese, "From Abstract Catholic Social Thought Principles to the Concrete in the Common Good Model of Business," *Theoforum* 43 (2012): 85–106, and Morag McAleese and Jessie MacNeil, "The Integrity Continuum and Lonergan Three Levels of the Good," *The Lonergan Review* 7, no. 1 (2016): 100–128 respectively.

⁴³ Lonergan S. J., *Method*, 27.

the good as “what everything seeks or runs after”⁴⁴ does not exhaust all that constitutes the good for Lonergan. He states that desiring itself is good; the cooperation required to achieve the good is good; the situation in which the good is manifest through action is good; and the realization of value judgments in action is good. Furthermore, the good is neither a derivative of parental imperatives such as “don’t do that!” nor is it the opposite of sin or evil. It is neither utopian thinking nor abstract ideal; rather it is a dynamic in which the good is always in the process of being achieved.⁴⁵ In other words, the ideal of the good is always the “next stage in the development of the concrete.”⁴⁶ Human development is achieved by being authentic in one’s understanding, choosing, and in accordance with our value judgments.

3.5.2. *Introduction to Lonergan’s Levels of the Human Good*

Like Lonergan’s method of self-appropriation, his threefold structure of the human good is an invitation to discover that the good normatively functions on three interrelated and dynamic levels: (1) *particular goods*, (2)

⁴⁴ Lonergan S. J., *Topics in Education*, 28. For Aristotle’s definition of the good, see Aristotle, “Nichomachean Ethics,” in *The Internet Classics Archive*, trans. W. D. Ross (Daniel C. Stevenson, Web Atomics), <http://classics.mit.edu/Aristotle/nicomachaen.mb.txt> (accessed August 14, 2017). Lonergan develops this notion of progress further in his writings on emergent probability. See Lonergan S. J., *Insight*. For an in-depth analysis, see Kenneth R. Melchin, *History, Ethics, and Emergent Probability: Ethics, Society and History in the Work of Bernard Lonergan, Second Edition* (Ottawa: The Lonergan Website, 1999).

⁴⁵ Lonergan S. J., *Topics in Education*, 27–32.

⁴⁶ Lonergan S. J., *Topics in Education*, 29.

goods of order, and (3) *value*. It provides an analytical tool that can be applied to any situation where we seek answers as to how to put our ethical deliberations and value judgments into action.

The good at the first level of the human good can be commonly summarized as “taking one’s own good to heart.”⁴⁷ We all have needs and wants such as food, shelter, education, jobs, entertainment, and so forth. Lonergan groups our desires for these objects of needs and wants under *particular goods*. The good, at this level, is simply the satisfaction of the desire for a *particular good*. However, if we examine how the full range of *particular goods* that are needed and wanted are made available to satisfy our desires; a different level of the good is illuminated.

The second level of the human good, *goods of order*, is variously termed by Lonergan as a “scheme of recurrence”⁴⁸ or a “set-up”⁴⁹ that is functioning well. Examples of a set-up are farms that grow needed food or construction companies that build wanted houses or universities that offer desired education or businesses that create needed jobs or movie productions that provide desired entertainment, and so forth. All these set-ups require the organization of coordinated human cooperation in order for them to function, hence the use of the term “set-up.” It requires that people

⁴⁷ This expression to describe the first level of the human good is borrowed from personal conversations with J. Michael Stebbins along with lectures he gave in the early 2000s.

⁴⁸ Lonergan S. J., *Insight*, 235, 237, 239.

⁴⁹ Lonergan S. J., *Topics in Education*, 34.

set-up or enter into relationships in order to achieve a common goal.

Moreover, these set-ups must function well on a recurrent basis in order to produce the *particular goods* we want, need and desire. Hence the use of the term “scheme of recurrence,” where the scheme denotes a pattern of cooperation⁵⁰ and recurrence denotes its reliability to function well time and time again.

If we take a closer look at how a pattern of cooperation functions well, we would discover that they have their own tasks, routines, and habits that are both technical and ethical in nature. As the tasks, routines, and habits of a family are different from those of a farm or a construction company, understanding the patterns of cooperation is central to ensuring their regular functioning. However, we tend to focus our attention on the technical aspects when we engage in a cooperative pattern. Do we have the right skills as farmer? Do we have the technical skills to construct a

⁵⁰ The term “pattern of cooperation” is used interchangeably with “schemes of relationships” by Lonergan scholars including Patrick Byrne, Kenneth R. Melchin, and J. Michael Stebbins to describe a patterned set of relations that link events and recur. Lonergan terms this “scheme of recurrence.” Lonergan S. J., *Insight*, 138–50, 232–42 and *Method*, 49. For the purposes of this thesis, I will use the term as described and used by Byrne, Melchin, and Stebbins. For the use of the term, see Byrne, *Ethics of Discernment*, Chapters 11 and 12; Patrick Byrne, “Jane Jacobs and the Common Good,” in *Ethics in Making a Living: The Jane Jacobs Conference*, ed. Fred Lawrence (Atlanta, GA: Scholars Press, 1989), 169–89; Kenneth R. Melchin, “What is ‘the Good’ of Business? Insights from the Work of Bernard Lonergan,” *Anglican Theological Review* 87, no. 1 (Winter 2005): 43–61; J. Michael Stebbins, “Business, Faith and the Common Good,” *Review of Business* 19 (Fall 1997): 5–8; and J. Michael Stebbins, “Toward a Development Understanding of the Common Good,” in *Religion and Public Life: The Legacy of Monsignor John A. Ryan*, ed. Robert G. Kennedy, et al. (Lanham, MD: University Press of America, 2001), 119–31.

house? What are often overlooked are the ethical obligations that are integral to the inner dynamism of the particular pattern of cooperation. For example, take a simple family dinner conversation. It relies on the technical skills of language. A parent may habitually correct a younger member's erroneous expressions in order to facilitate her learning the techniques of oral language. At the same time, the parent may also reinforce that eye contact, listening or being quiet when someone else is talking are the ethical obligations commensurate with ensuring a good family discussion.⁵¹ For a family conversation to function well, time and time again, requires that the inner logic of these ethical obligations is being met over and over again.

When discussing a farm, a construction company, a university or a movie production that is functioning well, the set-up is much more complex. Each of these set-ups is constituted by a web of complex and interlocking patterns of cooperation. A farm relies on the cooperation of a distribution network, while a university relies on the cooperation of a scholarly network, and so forth. Each of these interlocking patterns of cooperation has their own technical and ethical obligations that need to be met for the whole web of cooperative patterns to function well. If one pattern breaks down, there

⁵¹ I should note that eye contact can be a sign of disrespect in some cultures. This example goes to emphasize the need to understand the ethical obligations intrinsic to a pattern of cooperation in order for it to function well.

can be a ripple-effect resulting in the decline of the whole web of interlocking patterns of cooperation.⁵²

At this second level of the human good, an understanding of the good is different from the satisfaction of *particular goods*. It is not an aggregate of first level goods. Patterns of cooperation arise through “spontaneous intersubjectivity,”⁵³ that is, in the social bonds that are based in a resonance that we have for each other through our experiencing and our universal drive to know and wisely undertake common achievements. This commonality is constituted by a self-transcending move from self-satisfaction at the first level of the human good to interdependency for the good of all at the second level of the human good.

These patterns of cooperation are also formative. The example of a family dinner conversation is a good example of the learning that takes place within patterns of cooperation. Within a work place, people figure out together, often through trial and error, all aspects of how to keep the patterns of cooperation functioning well. They contribute to the pattern not just their technical skills, but also all their habitual ways of thinking and doing that are constituted by who they have become as persons.

⁵² A recent example is the credit crunch of 2007-2008. The vast intersecting patterns of cooperation that supported sub-prime mortgage lending were not sustainable, causing a global financial crisis.

⁵³ Lonergan S. J., *Insight*, 237.

Finally, these patterns of cooperation are dynamic. The functioning patterns of cooperation change to meet new emerging needs and sensibilities of individuals, communities, and the planet. As previously mentioned, Lonergan states that although the good is concrete, it is also always in the process of being achieved. This is what we commonly term progress; when patterns of cooperation break down, decline hampers ongoing human achievement. It is at this juncture that a third level of the human good arises as we ask, “Where are the patterns of cooperation heading?” “Do they foster progress or decline?” In other words, are the patterns of cooperation valuable and worth pursuing?

At the third level of the human good, the level of *value*, judgment is made as to whether the *good of order* that is constituted by the patterns of cooperation can be relied upon to facilitate the full range of *particular goods* they aim to provide. Furthermore, it is at this level that judgments are made as to whether particular patterns of cooperation contribute to the public good over longer periods of time. The judgment challenges participants to take responsibility for the set-up, the cooperative relationships, and the schemes of recurrence as they intersect with the patterns of cooperation at the personal, community, societal, and global levels; ultimately this involves judging whether they contribute to the public good as such.

An important aspect of the three levels of the human good is that the lower level is taken up by the higher levels. *Experiencing* needs, wants, and desires creates the conditions for the emergence of patterns of cooperation to satisfy them through *particular goods*. *Understanding* the ethical obligations intrinsic to the pattern and fostering the cooperative schemes ensures the ongoing functioning of the *goods of order* to meet these satisfactions in a recurrent fashion. Judging whether the dynamism of these patterns of cooperation are functioning for the well-being of all provides the basis to choose whether they have *value* and are therefore, worth pursuing before *acting*. Lonergan states:

People are joined by common experience, by common or complementary insights, by similar judgments of fact and of value, by parallel orientations in life. They are separated, estranged, rendered hostile, when they have got out of touch, when they misunderstand one another, when they judge in opposed fashions, opt for contrary social goals. So personal relations vary from intimacy to ignorance, from love to exploitation, from respect to contempt, from friendliness to enmity. They bind a community together, or divide it into factions, or tear it apart.⁵⁴

This leads to the questions: “Who is to judge?” and “How do we know?” In our postmodern context, the predominant liberal view suggests that we cannot reach consensus on shared values. Yet we collectively make value judgments all the time and set policies including child labour prohibitions, minimum wage standards, employment equity programs, environmental sustainability, and so forth. According to Lonergan, these value judgments can be differentiated on an ascending scale of values.

⁵⁴ Lonergan S. J., *Method*, 51.

3.6 Introduction to Lonergan's Scale of Values⁵⁵

Our judgments of value according to Lonergan can be found on five ascending levels: (1) vital, (2) social, (3) cultural, (4) personal, and (5) religious. What is being judged is the orientation of the patterns of cooperation as recurrent schemes. The scale of values is heuristically oriented so that our realms of concern are widened and “carried to a greater degree of self-transcendence.”⁵⁶

The first level on the scale concerns deliberating and making judgments of value on what would satisfy our vital needs and self-interested wants and desires. As we move from the first level to the next, we make judgments of value that transcend our vital needs and self-interested wants and desires in order to deliberate whether our social institutions constituted by the recurrent patterns of cooperation actually

⁵⁵ Lonergan discusses the scale of values in Lonergan S. J., *Method*, 30–32. For a comprehensive analysis of the scale of values, see Robert M. Doran, *Theology and the Dialectics of History* (Toronto: University of Toronto Press, 1989), and Byrne, *Ethics of Discernment*, Chapter 9. For a discussion of the scale of values, see Kenneth R. Melchin, “Democracy, Sublation, and the Scale of Values,” in *The Importance of Insight: Essays in Honour of Michael Vertin*, ed. John J. Liptay and David S. Liptay (Toronto: University of Toronto Press, 2007), 183–98; Frederick Lawrence, “The Ethics of Authenticity and the Human Good, in Honour of Michael Vertin, an Authentic Colleague,” in *The Importance of Insight: Essays in Honour of Michael Vertin*, ed. John J. Liptay and David S. Liptay (Toronto: University of Toronto Press, 2007), 127–50; Patrick Byrne, “What Scale of Value Preference? Lonergan, Scheler, von Hildebrand, and Doran,” in *Meaning and History in Systematic Theology*, ed. John Dadosky (Milwaukee, WI: Marquette University Press, 2009), 19–49; and Cronin, *Value Ethics*, 143–58.

⁵⁶ Doran, *Theology and the Dialectics of History*, 56. For a discussion of Doran’s account of Lonergan’s scale of values as it pertains to culture, see Gerard Whelan, “Culture Building in Kenya: Employing Robert Doran’s Thought in Parish Work,” in *Meaning and History in Systematic Theology*, ed. John Dadosky (Milwaukee: Marquette University Press, 2009), 487–508.

meet the necessary elements requisite for survival and self-preservation, not just for one individual but for all.

The cultural values are derived from traditions, beliefs, and norms which are conveyed in artistic expressions, philosophy, theology, worship and so forth. They not only bring meaning to life but they foster creativity and innovation. Thus, judgments of value at this level operate heuristically where on the one hand, the lower social values set up the conditions for the higher cultural values to emerge, and on the other, the cultural values discover, inform, or criticize our common ways of living so that adjustments in our patterns of cooperation can be made.⁵⁷

Personal values take the individual human person as the foundation of value in her independent and social life. As the “originators of value,”⁵⁸ each of us are forming ourselves and inspiring others to make and enact responsible choices as “authentic persons achieving self-transcendence by [our] good choices.”⁵⁹ The judgment of value at this level requires the recognition of the intrinsic human dignity of all persons. As Christians, we recognize this as a loving gift from God in that our social nature is constituted by *imago Dei*—the image of God borne in all persons from our

⁵⁷ Lonergan S. J., *Method*, 32. Also see Lawrence, “Ethics of Authenticity,” 141.

⁵⁸ Lonergan S. J., *Method*, 32.

⁵⁹ Lonergan S. J., *Method*, 51.

creation in God's "image and likeness" (Gen 1.26). Judgments of value grounded in this recognition transcend to the level of religious values.

Religious values constitute persons in an "open-ended horizon of ultimacy and love."⁶⁰ Cronin states that "we can recognize this openness by the unlimited nature of our questioning, by our experience of the holy and fascinating, by our openness of mind and heart to the possibility of God's intervention in our lives."⁶¹ At this level on the scale of values, religiously converted persons align their responsible choices with the love of God and engage in patterns of cooperation for the service of the Kingdom of God.⁶² Lonergan states that religiously converted persons recognize that the ultimate "originating value is divine light and love."⁶³

What is interesting in the scale of values is that the lower level sets the conditions for the subsequent levels and, in doing so, the higher level sublates the lower.⁶⁴ Byrne explains this further, stating that in value judgments, the "lower order of values [are] taken up, integrated, and relativized into a preferentially higher order of purpose, a higher order of values."⁶⁵ For example, if we choose to act on a judgment at the social level of value, "we value vital values such as life, health, vitality, and fertility

⁶⁰ Melchin, "The Good' of Business?" 194.

⁶¹ Cronin, *Value Ethics*, 149.

⁶² Stebbins, "The Common Good," 66.

⁶³ Lonergan S. J., *Method*, 116.

⁶⁴ For a discussion on Lonergan's notion of sublation, see Melchin, "Democracy, Sublation, and the Scale of Values"; Byrne, "Consciousness"; and Cronin, *Value Ethics*, 149–53.

⁶⁵ Byrne, *Ethics of Discernment*, 260.

both as vital and for the roles they play within social values such as cooperation and efficiency.”⁶⁶ Thus, transcending self-interest is not forsaking one’s vital values.

Furthermore, as we ascend the scale of values further to the ultimate religious value understood variously as God, the sacred, the divine, Lord, Allah, and so forth, we find that we are not alone in working through our judgments of value.⁶⁷ When faced with situations that seem desperate or impossible, “the power of God’s love brings forth a new energy and efficacy in all goodness, and the limit of human expectation ceases to be grave.”⁶⁸

3.7. Conclusion

During Lonergan’s early academic career, he lived within the devastating economic decline of the Great Depression in Canada and the political unrest in Europe leading up to the Second World War. It is quite remarkable that he was able to begin to develop a macroeconomic theory and complete his doctoral dissertation on Aquinas’s method of understanding within this context. His desire to know, to understand and to

⁶⁶ Byrne, *Ethics of Discernment*, 260.

⁶⁷ I borrowed this understanding of ultimate religious values from Patrick Byrne. See Byrne, *Ethics of Discernment*, 265.

⁶⁸ Lonergan S. J., *Method*, 116.

seek philosophical, economic, and theological solutions to the questions of his times constituted his character as a problem-solver.⁶⁹

Although Lonergan's economic theory emerged in answer to economic slumps at the macro level, his enthusiastic interest in the Antigonish Movement provides us some clues as to the importance he placed on democratic cooperation at the micro-level. He advocated that cooperation is a technique that can be taught, and that education within his own province of Quebec was already well-suited to that task. Indeed, in this chapter I suggested a possible new line of inquiry into the question of whether Quebec's education system has historically facilitated a more mature development of the social economy as compared to the rest of Canada.

Lonergan's early interest in the theory of knowledge and method informed his study of St. Thomas Aquinas. His doctoral dissertation focussed on Aquinas's method of understanding which differed substantially from the Catholic Thomist philosophy embedded within Catholic social teachings of the times. He developed this method as self-appropriation, offering it as resource for democratic and inter-faith approach to social and economic living because it can be performed by anyone.

⁶⁹ I borrowed this characterization of Lonergan from Mathews. *Lonergan's Quest*, 13.

Lonergan's method of self-appropriation indicates the self-discovery of the desire to know and the operations of consciousness which form the basis of his cognitional theory. His theological ethics is based on his cognitional theory and underpins both his threefold structure of the human good and his scale of values. Together they provide a distinctive way of understanding "value" and the transcendence of self-interest. For the religiously converted, his scale of values explains how the ultimate value is rooted in God's loving power working in our lives.

In the next chapter, I will return to some key observations found in the social economy literature to address the differentiation of the "new" social economy from the amoral claims of the traditional economy. My interest will be to further develop an analysis using Lonergan's theological ethics supplemented by his cognitional theory as explanatory resources to overcome the arbitrary "bag of values" approach. Furthermore, I offer Lonergan's ethics as a theological engagement with the "new" social economy, something that has been notably lacking in the literature.

In Chapter 5, I will apply Lonergan's theological ethics to the case of the Social Purchasing Portal in order to illustrate how values can be understood, created, and interrelated.

Chapter 4. The Social Economy: Blended Values

4.1. Introduction

In Chapter 2, I uncovered some key contentions found in the social economy literature that I summarize as follows: (1) the social economy does not operate according to traditional economic rules; (2) the social economy is made up of two components—the social and the economic—where the former expands economic practice and imbues it with values; (3) values differentiate the social economy from traditional economic thinking, especially, in terms of defining the “new” social economy; however, they are variously used to describe beliefs, activities, purposes/goals, governance or identifying characteristics, resulting in a “bag of values” approach; and (4) religious values can motivate Christians to participate in social economy activities but there is a lack of theological engagement with the “new” social economy.

My claim is that Bernard Lonergan’s theological ethics supplemented by his cognitional theory move the discussion from a merely descriptive to a more robust explanatory understanding of what is meant by value and value creation. It provides resources to explain how social and economic values can be understood to interrelate. Additionally, it provides a foundation for understanding how religious values can animate Christians to participate in the social economy.

I will proceed with a brief history of traditional economic thinking in order to provide resources for understanding the social economy's distinct claim to values when discussing economic activity. I will then provide a summary of Lonergan's theological ethics, specifically his cognitional theory, his threefold structure of the human good as well as his scale of values where I will reference the remainder of my key observations to construct a framework that I will use to analyze a case study in Chapter 5.

4.2. The “Values-Free” Traditional Economy

The traditional economy, or, as it is more aptly termed in the literature, neoclassical economics equates the economy with a mechanistic model that automatically follows mathematical laws. Proponents of this theory suggest that in order for the economy to yield its bounty, each participant—whether it is a business, a supplier, a customer or an investor—must pursue their self-interested desires. Any attempt to “add” social aims is regarded as interference that effectively distorts economic functioning. As such, goods that provide for social living beyond that which the economy yields are considered best left to governments, charities, and faith-based communities. The traditional economy is understood as a

“values-free” structure that is best left alone.¹ Neoclassical economics disconnects the ethical from the economic and therefore, social values from economic ones.² It is this “disconnect” that proponents of the social economy attempt to bridge.

4.2.1 *The Traditional Pursuit of Competing Self-Interest*

These traditional economic assumptions have pervaded the western world’s notion of economies since the eighteenth century in what Robert L. Heilbroner calls the “most important revolution, from the point of view of shaping modern society, that ever took place.”³ Economics became central to thinking about societal changes that were taking place in the eighteenth century world. Powerful societal developments with roots in the Middle Ages emerged more fully in the modern period. These include the signing of the effects of the Treaty of Westphalia, the expansion of foreign

¹ The expression “values-free,” involves a very particular meaning of the term, “value.” However, as will become clear in the following pages of this chapter, using Lonergan’s understanding of “value” reveals that this “value-free” status is not entirely complete. Traditional economic activities involve goods of order that produce flows of *particular goods* and these are often judged to be truly good. Therefore, traditional economic activity is never “values-free” in this more comprehensive understanding of the term.

² For an introduction to neoclassical economics, see E. Roy Weintraub, “Neoclassical Economics,” in *The Concise Encyclopedia of Economics*, ed. David R. Henderson (Warner Books, 1993), available from the Library of Economics and Liberty, <http://www.econlib.org/library/Enc1/NeoclassicalEconomics.html> (accessed 18 February 2017). For a more in-depth discussion on the historical shift from classical to neoclassical economics, see Tony Lawson, “What is This ‘School’ Called Neoclassical Economics?” *Cambridge Journal of Economics* 37 (20 June 2013): 947–83.

³ Robert L. Heilbroner, *The Worldly Philosophers: The Lives, Times, and Ideas of the Great Economic Thinkers*, rev. 7th ed. (New York: Simon and Schuster, Inc., 1995; orig. 1953), 21.

exploration, the impact of the philosophy of humanism, the rise of guilds and trades, the growth of towns and the building of roads, the early circulation of coins or pieces of paper carrying value that could be exchanged with strangers for goods or services, and the emergence of bookkeeping alongside mathematical education, and the spectacular acceleration of scientific inquiry.⁴ Economic thinking was fundamentally an exploration on how society organized itself towards achieving the public good. Thus, the terms *political* economist and *moral* philosopher were equally associated with those who posed questions about the public good. As previous social arrangements were based in tradition or authoritarian imposition, the idea of an economy or a market as a separate system distinct from everyday living didn't exist until the revolution discussed by Heilbroner took place.⁵

One of the well-known moral philosophers of the time was the Scottish political economist, Adam Smith.⁶ Preoccupied with the question

⁴ Heilbroner, *Worldly Philosophers*, 36–41.

⁵ Heilbroner makes a distinction between “the market” and the “market system.” He notes that markets are places of exchange and have a historical pedigree. The market system, however, “is not just a means of exchanging goods; *it is a mechanism for sustaining and maintaining an entire society.*” Heilbroner, *Worldly Philosophers*, 27.

⁶ For a good introduction to Adam Smith's economics, see David R. Henderson, ed., “Adam Smith,” in *The Concise Encyclopedia of Economics* (Library of Economics and Liberty, 2008), <http://www.econlib.org/library/Enc/bios/Smith.html#> (accessed August 14, 2017) (accessed August 23, 2017).

of the public good, his book, *The Theory of Moral Sentiments*,⁷ presented an exposition of how persons could suspend their self-interested desires and create empathetic bonds. In time, however, Smith found that the tension between self-interest and empathy dissolved as the political-economic ordering of society favoured the former. According to Smith, it was not through compassionate relationships that businesses functioned well as he famously wrote:

It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest. We address ourselves, not to their humanity but to their self-love, and never talk to them of our own necessities but of their advantages.⁸

Remarkably, Smith came to this conclusion through observing emergent patterns within a seemingly chaotic and changing eighteenth century society. He discovered an intrinsic order that spontaneously emerged in the way individuals organized themselves to provide the goods and services that society needed. He found that prices fluctuated in a market where goods and services are bought and sold according to a supply and demand circuit. Furthermore, this circuit sustains itself and regenerates automatically, animated by everyone pursuing his or her self-interest. Businesses pursue this by competing to sell goods and services at

⁷ Adam Smith, 1723–1790, *The Theory of Moral Sentiments*, ed. Knud Haakonssen (Cambridge, UK: Cambridge University Press, 2004).

⁸ Adam Smith, 1723-1790, *An Inquiry Into the Nature and Causes of the Wealth of Nations* (London: Methuen & Co., Ltd., 1904), <http://www.econlib.org/library/Smith/smWN1.html> (accessed January 15, 2016).

the highest price possible, whereas consumers attempt to make purchases at the lowest price possible. The market provides all of the goods and services that society needs, at the lowest possible price, in the right quantities, and there is an equal opportunity for all to participate. In other words, wealth is distributed equally.

According to Smith, the “invisible hand”⁹ of the market providentially transcends competing self-interested choices within the supply and demand circuit, thereby providing for the public good. This transcending force regulates supply, demand, prices and even the labour market to arrive at equilibrium. Thus, in his view, economic actors should not collaborate with others to construct an economic system. As such, monopolies or any intervention in the market such as government protectionism through restraints on imports and bounties on exports, or government subsidies of local industries, undid the work of the “invisible hand.” Simply put, wealth was produced by the pursuit of self-interest, and it automatically raised the standard of living for everyone. When there was a market downturn for one product or another, the system accommodated this through its self-correcting dynamic. Smith believed that the market would eventually level out and everyone would achieve a subsistent level of income, thus achieving the ultimate public good.

⁹ Adam Smith, 1723–1790, *The Wealth of Nations*, 5th ed. (NY: Bantam Classic, 2003; orig. 1776), 349.

Smith's market mechanism launched a trajectory that gave classical and, subsequently, neoclassical economic theory the notion that what was good for society was the pursuit of self-interested desires through competitive market exchange. Subsequently, it would become an inviolable principle amongst political economists and moral philosophers as they conceptualized the market system.

In 1789, British philosopher Jeremy Bentham wrote the *Introduction to the Principles of Morals and Legislation*.¹⁰ He maintained that human nature sought pleasure and avoided pain and that these could be measured through the "principle of utility."¹¹ This theory became known as utilitarianism.¹² According to this philosophy, "the community" was a fictitious body as it was merely the sum of individual interests. Society was reduced to a sum of aggregate individuals seeking utility and avoiding disutility measured through a utilitarian calculus known as the "greatest happiness of the greatest number" principle.¹³ This anthropological view is

¹⁰ Jeremy Bentham, (1789), "An Introduction to the Principles of Morals and Legislation," in *Approaches to Ethics: Representative Selections from Classical Times to the Present*, ed. W. T. Jones (New York: McGraw-Hill Book Company, 1962), 251–69.

¹¹ Utility refers to the property (or quality) in anything that produces pleasure, benefit, advantage, good, or happiness. Conversely, it also refers to that which prevents pain, mischief, evil, or unhappiness. In other words, it is the desire for pleasure and the avoidance of pain. See Bentham, "Principals of Morals and Legislation," 252–69.

¹² John Stuart Mill is perhaps more recognized for the theory of Utilitarianism as he expanded on Bentham's writing in his classical text, see Mill, "Utilitarianism."

¹³ Bentham, "Principals of Morals and Legislation," 14.

concerned with the pursuit of individual happiness; it does not account for the pursuit of community well-being. And with utilitarianism, the principle of self-interest is once again central.

Toward the end of the nineteenth century, theoretical understanding of the political economy would mutate and explicitly disconnect social living from economic existence, relegating it to the public realm. With the introduction of mathematics, it became a distinct discipline. As it could be quantified, it appealed to an Enlightenment worldview fascinated with the precision of scientific measurement. Consequently, the ethical attention to human goodness within economic theory would lie hidden by mechanistic rationalism modelled on the laws of physics.¹⁴

Early in the twentieth century, economist John Maynard Keynes sought to understand why the economy was not recovering from the Great Depression of 1929.¹⁵ There had been slumps before, but typically within a short period of time, booms would follow. Keynes determined that there was a major problem in the system. The mechanistic, self-correcting system as envisioned by Smith was flawed. Concerned with the unemployment crisis which put vast numbers of people into poverty, he proposed that to ease the situation government must deliberately act as an ethical agent. In order to stimulate the economy, the government should

¹⁴ Heilbroner, *Worldly Philosophers*, 172–77.

¹⁵ John Maynard Keynes 1883–1946, *The General Theory of Employment, Interest, and Money*, Great Minds Series (Amherst, N.Y.: Prometheus Books, 1997; orig. 1936).

launch public work projects to create jobs. This, he claimed, would put money in the hands of workers in the form of wages. When workers had wages, investors would want to produce goods to sell which, in turn, would bring the market back into equilibrium. Although Keynes's response was external to the market mechanism—an interventionist strategy not supported by Smith's theory—he held onto to the claim that the circuit was fuelled by competing self-interest.

The understanding of economics as “values-free” and the notion that human engagement in economic activities is solely self-interested each persist in economic theory to the present day. Although neoclassical economists discount the anthropological psychology of utilitarianism, according to Charles M. A. Clark, they nonetheless hold on to the substantive claim that human nature is rooted in the search for utility. He suggests that this grounds neoclassical economics in three basic doctrines: (1) methodological individualism is the only explanation for human activity, (2) hedonism explains human nature, and (3) the market solves divergent claims of persons through competition.¹⁶

Contemporary thinking within the social economy literature, most especially amongst its practitioners, challenges these neoclassical economic doctrines. Proponents of the utopian approach to the social

¹⁶ Charles M.A. Clark, “Competing Vision: Equity and Efficiency in the Firm,” in *Rethinking the Purpose of Business: Interdisciplinary Essays from Catholic Social Tradition*, ed. S.A. Cortright and Michael J. Naughton (Notre Dame: University of Notre Dame Press, 2002), 86–87.

economy advocate for an alternative society in which public good is constituted by transcending self-interest and entering into cooperative activities. Proponents of the pragmatic approach condone intervention within the dominant system, at times even advocating private-public sector partnerships in order to reorient some of the traditional economy's negative forces, thereby producing goods and services overlooked by the traditional economy. Both proponents attempt to reconnect social existence with economic living. They suggest that social activities are not an "add-on" to economic achievements but rather it is through social activities that the economy can achieve goods and services not allowed for in neoclassical economic precepts. This critique is especially significant in terms of the "new" social economy that emerged during the years of Thatcherism and Reagonomics resonating in the 2011 Occupy Wall Street protests in the wake of the global credit crunch.¹⁷

The "new" social economy is defined by scholars and practitioners in terms of creating social capital, which in turn is understood as entering

¹⁷ In brief, Thatcherism refers to the former British Prime Minister, Margaret Thatcher (1975-1990) whose government's economic policies included the privatization of nationalized institutions and the dismantling of welfare social projects. This conservative political and economic approach was adopted by the former U.S. President, Ronald Reagan (1981-1989). His government decreased social spending and deregulated the market system. This is commonly referred to as Reagonomics. Both governments supported a reduction in public spending and a free market system that rejected a Keynesian-style intervention in the economy. For a description of the emergence of Thatcherism and Reagonomics, see Hans Keman, "Cutting Back Public Investment After 1980: Collateral Damage, Policy

into relational activities. Furthermore, unlike neoclassical economics, the “new” social economy purports to merge social and economic values concretely. Thus, for proponents of the “new” social economy, activities do not function according to the traditional economy’s sole pursuit of self-interest. Its operations rely on participatory activities that are guided by values and in doing so, they generate values. However, as observed in Chapter 2, the social economy literature lacks clarity on what is meant by value and value creation.

With this brief introduction to neoclassical economic thinking, I now turn to Lonergan’s theological ethics. I will first describe his cognitional theory to illustrate how social economy practitioners innovate strategies that they judge to be valuable and worth pursuing. As these strategies necessitate the transcendence of self-interest in order to establish value structures, I will present his threefold structure of the human good and his scale of values. This will provide resources that help move the discussion beyond a merely descriptive understanding of value and value creation.

4.3. Lonergan’s Cognitional Theory and Theological Ethics¹⁸

It is interesting to note that not unlike the proponents of the social economy; Bernard Lonergan does not hold a “values-free” understanding of the economy. His macro-economic theory suggests that when an

Legacy and Political Adjustment,” *Journal of Public Policy* 30, no. 2 (2010): 163–82.

¹⁸ See Chapter 3, notes 25 and 42.

economy is managed correctly, the standard of living increases.¹⁹ But this requires that all economic actors understand its cycles of innovation, growth, and decline so that they can choose and act responsibly on what to purchase and sell or what to invest in, and, more importantly, when to do so. But as we shall see, responsible choosing and acting yields values and grounds them in concrete living.

Although Lonergan's economic theory would be a useful resource for social economy scholars, to get at the crux of what constitutes value and how values are created, his theological ethics and scale of values provide a more fundamental base on which to construct an explanatory framework for how social, economic, and religious values are operative and interrelate within the social economy. The key word here is "operative" which I will expand on to mean: (1) the operations of the social economy practitioner's choosing and acting, and (2) the operations of values-structures within a three-level understanding of social economy practice. I begin with Lonergan's cognitional theory to illustrate the first meaning of operations and I will then proceed to his threefold structure of the human good to illustrate the second.

4.3.1. Lonergan's Cognitional Theory

If we take a closer look at what social economy practitioners are doing when they are engaged in the social economy, we see that they

¹⁹ See Chapter 3, note 10.

either innovate strategies to reorient economic outcome (as in the pragmatic approach), or they construct an economic system apart from the traditional economy (as in the utopian approach).²⁰ Like traditional entrepreneurs, innovation is an indispensable skill associated with social economy practice.

Innovating starts with attention to data which produces good ideas to address observed patterns of community decline. For example, when manufacturing plants either close or move to different locations due to the offer of more attractive tax benefits or lower labour costs, the ensuing unemployment will negatively affect the original community's economic well-being. Social economy practitioners generate good ideas to address decline, then they develop strategies and plans to put these ideas into action. Lonergan's cognitional theory explains this innovative process. It is a method, he claims, that is individually accessible as it is normative within one's own mind. It is a process of coming to know facts or the truth of a situation, and of understanding whether or not innovative strategies should be put into action as their value and worth are judged.

Like any method, it is an ordered structure that follows a process of sequential steps, or "levels," as Lonergan refers to them. It relies on a fundamental discovery that can be found in everyday human experience.

²⁰ Quarter and Mook suggest that the utopian approach to the social economy, primarily associated with the Quebec model, is not strictly independent.

Whether observing a child discovering her world, a teenager struggling to learn how to drive a car or a social economy practitioner focussing on solving poverty in her community, there is a commonality that can be found in the dynamism unleashed by curiosity and wonder.

Lonergan states that we are all driven by a need or a desire to learn, to understand, and to know what is and isn't so; what is and isn't true; and what is and isn't valuable and worth doing. He contends that we are endowed with an *a priori* "pure desire to know"²¹ all that there is to be known. This desire differs from sensual desires as it has no content. Equally, it has no objective other than discovering, knowing, and learning. Its purity, as described by Lonergan is "detached and disinterested."²²

This detached and disinterested desire is engaged and propelled by a primordial question that functions as anticipation or orientation that directs the unfolding of consciousness in a structured pattern of cognitive operations. These operations of consciousness are grouped under four sequential levels: (1) *experiencing*, (2) *understanding*, (3) *judging*, and (4) *acting*. The movement from one level to the next is heuristically driven by questions that move us from knowledge of facts to knowledge of what is valuable and worth pursuing to ethical action.

It relies heavily on government support; without which, "the movement would wither." Quarter and Mook, "Interactive View," 10.

²¹ See Chapter 3, note 10.

²² Lonergan S. J., *Insight*, 12.

4.3.1.1 *Experiencing*

On the first level, the operations of *experiencing* are set in motion by the perception of sensory data which has a peculiar ability to animate us driven by the question, “What is it?” For example, walking to work, an entrepreneur sees a teenager sitting on the street corner looking disheveled. As a father of teenagers of roughly the same age, he is captivated by the scene. He is moved from a state of habitual routine to a heightened and emotionally charged state of attention. His curiosity is engaged and animated by the questions, “What’s going on?” “Who is she?” He wants to figure out what this young woman is doing on the street and why she is improperly clothed. He looks for clues, hints, and evaluates possible answers summarized by the question, “Is it this or that?” He may posit, “Is she one of those street youths whom he regularly passes by on his way to work?” “If so, why has she drawn his attention?” “Is she someone he recognizes?”

This sequence of “Is it this or that?” questioning is an internal cognitive act. It is an operation that brings together all that he has experienced sensually and understood rationally. The entrepreneur might recognize the shoes the young woman is wearing, or the tattoos on her hand, or any other feature that might indicate her age, perhaps by recognizing them as being popular with his own teenagers. He might recall pictures of missing teenagers circulating in the community or snippets of

research on young female runaways he read about last year. He may remember memories of a childhood friend who ran away from home, and feel pangs of grief in remembering that this friend was later found near death. He notices the relative shyness of this young woman as she approaches a car with an outstretched hand, seemingly begging for money.

All these clues and hints direct the entrepreneur's attention in an emotionally saturated focus.²³ They supply data that is synthesized with images provided by his imagination, unfolding dynamically as he is driven towards the apprehension of the correct answer to his questions, "What is going on?" "Who is she?" It is a pre-articulate stage that gives rise to an image that creates the conditions for an insight to emerge. This moves him to the second level of consciousness, *understanding*.

4.3.1.2. *Understanding*

Insights or *understanding* cannot be forced, but rather they arrive suddenly and mysteriously. Sometimes they happen immediately but sometimes they elude us for quite some time, only to emerge when taking a shower or going for a walk or waking up in the middle of the night. They are not just data that has been put together like pieces of a puzzle and transferred from an external source whereby seeing or hearing what is "out there" becomes lodged in one's mind. Rather, Lonergan moves our observations of an insight from the *outside-in*—something out there—

²³ See Chapter 3, note 39.

towards an experience of an insight that is *inside-out*—something that happens within our interior mind that bursts forth.²⁴ At once it is felt as a relief from the “tension of the inquiry,”²⁵ as when the entrepreneur exclaims, “She is begging for money!” “I recognize her!” “She attends my church!” The energy of an insight is felt and often characterized as an “aha” moment.²⁶

But the insight alone is not the end of the process. One needs only to think of a time when a good idea or a seeming certainty was dismissed on further reflection. Or worse still, there are times when one regrets acting on the premise of a presumptive truth only to discover that further reflection would have prevented embarrassment or other harmful consequences. This brings us to the third level in the unfolding cognitional process—the verification of the insight, *judging*.

4.3.1.3. *Judging*

The third level, *judging*, is the operation of consciousness where the insight is verified as valid or not. It is a settling that the insight fits all the conditions the original problem presented. At this level, a new question arises, “Is it so?” or in the case of the entrepreneur, “Is she really begging for money?” and “Is this young woman really someone who attends my church?” These are reflective questions that test whether all the evidence supports the insight. Each of the previous operations of consciousness are

²⁴ Lonergan S. J., *Insight*, 27–31.

²⁵ See Chapter 3, note 146.

²⁶ Lonergan uses the example of Archimedes and his notorious exclamation, “eureka!” Lonergan S. J., *Insight*, 28.

taken up into this level where the “What is going on?” “Who is she?” and the “Is it so?” questions conflate into one verifying operation so that a reasoned judgment can be made.

In the case of the entrepreneur, he seeks evidence to confirm that this young woman is indeed begging for money. As she accepts money from the stopped car, he verifies the truth of the situation. He seeks evidence to support his theory that she did indeed attend his church. Her shyness and features provides him further clues. She used to sit in the back pews of the church, often cowering as if she didn’t want to be noticed. He recognizes her distinctive dolphin tattoo. He remembers that he used to wonder where she came from and why she was always alone.

When the entrepreneur has sufficient evidence and no more verifying questions arise, he validates his insight as objective facts.²⁷ Alternatively, the evidence could have invalidated his insight and he would equally be in possession of knowledgeable facts: that she is not begging for money and/or that he doesn’t recognize this young woman at all.

So far, this example illustrates a settling of the facts of what is knowable and true. However, once the entrepreneur is in possession of these facts, he is compelled towards a different set of questions that concern knowledge of what is valuable and worth pursuing in ethical

²⁷ Lonergan discusses objectivity in Lonergan S. J., *Insight*, 399–409. See also, Byrne, *Ethics of Discernment*.

action. It is a felt experience that pushes him towards responsibility when he asks, “What am I going to do about the situation?” His attention shifts from that which is already known to something that has not yet happened, his future actions. This comes into play through the transitory questions, “What to do?” “Is it the right thing to do?” and “Is it valuable and worth pursuing?” This brings us to the fourth level of consciousness, *acting*.

4.3.1.4. *Acting*

The entrepreneur deliberates in an effort to work out a course of action. Should he approach the youth to see if she needs shelter for the night, or should he call the police or maybe the minister from his church, or contact someone at the homeless shelter? But she might be gone by the time they arrive. Should he offer to take her home and work out a plan from there? But he has teenagers at home; what if this young woman has drugs on her? Here his concern for this young woman is pitted against his concern for his own children.

Formulating a plan of action does not mean one will follow through on it. The conversion from knowing facts to knowing what is valuable and worth pursuing to ethical action is not always automatic. The decision to act can sometimes be fraught with other concerns. There may be risks for personal safety or fear for one’s reputation or just an attitude of “It’s none of my business.” Whether or not a person chooses to follow through with ethical action will depend upon multiple factors, including the person’s

character, their feelings or previous experience, and what they hold as valuable and worthwhile. However, once we know what is valuable and worth pursuing, it is through ethical action that value is grounded concretely. In other words, the decision to act and follow through with ethical action is realized in practical living; this is a theme I will return to later in this chapter.

The entrepreneur may decide to walk by the young woman on the street, concluding that getting involved is too much trouble that it is not worth his while. Alternatively, he may decide that helping her is not only his ethical responsibility but his Christian duty. He may be moved to learn more about youth-at-risk in his community or to get involved with a community-based organization that serves this population. He may be also moved to use his entrepreneurial and innovative skills to create a social enterprise that employs homeless youth. Not only do these ethical actions reveal his character but they also reinforce his propensity to act or not in future similar situations.

The main character in this illustration is an entrepreneur. I purposely chose to make the main character in this narrative an entrepreneur because social economy practitioners necessarily use entrepreneurial strategies of social enterprise innovation and development when faced with decline in their communities; the increase of homelessness among youths is one such example of decline. Planning, raising funds and capital,

producing goods and services, marketing and selling, and hiring employees (perhaps youth-at-risk) are all examples of activities that require innovative ideas and, thus, the engagement of the very operations of consciousness that intend knowledge of the pertinent facts, reflective judgment of what is valuable and worth pursuing, and ethical action.

When social economy practitioners recognize that their communities are in decline due perhaps to job losses or a lack of adequate health services or poor educational facilities, and so on, they verify these as knowledge of facts, usually at the enterprise planning stages. When they are also moved towards innovating and judging what is valuable and worth pursuing, they engage in ethical deliberation and action, taking risks to develop a social economy activity that addresses what ails the community. Their observations, insights, judgments and subsequent ethical actions constitute practical critiques that demonstrate how the traditional economy does not fulfill its promise to provide the full range of goods and services that the community requires in order to flourish.

I have simplified the case of the entrepreneur and the young woman on the street for the purposes of illustrating Lonergan's cognitional theory as the normative basis for innovation. However, although decisions to act are individually conceived, enacting them will involve a diversity of people from various sectors. For example, the entrepreneur ponders the involvement of the police, his church, a shelter for the homeless, and even

his own family. Each individual or professional would have a characteristically different way of encountering and planning a strategy that concerns this young woman. What is common among them is that each would go through the process of *experiencing* the observable data, getting insights for *understanding*, and *judging* whether the evidence supports the insight. Then, they would decide on what to do followed by *judging* whether it is a valuable and worthwhile activity before *acting* or deciding not to act on their plan.

A recent example involves the new Canadian government elected in October 2016 who made an election promise to resettle 25,000 Syrian refugees in Canada by the end of the year.²⁸ This seemingly impossible pledge mobilized many government departments at the federal, provincial and municipal levels. The federal minister for immigration put out a call for help. A web of partners from international development agencies to community-based organizations to faith-based communities to newly formed grass-root associations that seemed to pop up overnight answered this call. Social media was buzzing with a myriad of ways citizens could help out, including donating money or needed supplies and ways to volunteer or sponsor a refugee family. Airlines, landlords, hoteliers,

²⁸ The target to resettle 25,000 by the end of 2015 was not met until the following February (2016). See Peter Zimonjic, "25,000 Refugees Have Landed, Now for Phase 2, Says McCallum," *CBC News*, 29 February 2016, www.cbc.ca/news/politics/refugee-mccallum-syrian-canada-1.3469589 (accessed 12 March 2016).

translators, international, national and local businesses, churches, and cultural associations were all engaged in a web of partnerships to respond to this urgent crisis. However, concerns were raised about the refugee screening processes. Would it be compromised for the sake of speed? Would terrorists slip through the border disguised as refugees? Such questions were raised in the House of Parliament.

Apparent in this brief recounting of the events are the questions, “What to do?” “Is it the right thing to do?” “Is it valuable and worth pursuing?” These were questions concerning the future, and indeed the immediate future, and, as with the entrepreneur’s concern for the teenager on the street, there was no time for lengthy deliberation: decisions had to be made and acted upon quickly. At the fourth level of consciousness, *acting*, deliberating grounds value in what Lonergan states is “the making and doing”²⁹ of ethical life. *Acting* takes the abstract concern oriented by the knowledge of what is valuable and worth pursuing and grounds it in concrete living.

The social economy is a call for ethical action to be taken up by social economy practitioners. It is also a call, as MacAdam and Baum state, for churches and Christians to engage in the social economy. Ethical action and Christian engagement involve not only innovative ideas but

²⁹ Lonergan S. J., *Insight*, 232.

cooperative activities that realize a reorientation of economic life so that it produces the goods and services the community needs in order to thrive.

At this juncture, I turn to Lonergan's threefold structure of the human good.

4.3.2. Lonergan's Threefold Structure of the Human Good

Lonergan's threefold structure of the human good provides a framework for understanding the social economy not as an automatic and independent mechanism but one that engages participants in cooperative activities. It presents an ethical analysis that differs from the answering of abstract questions about what is good or bad, right or wrong, valuable or not worth pursuing. Lonergan insists that "What is good, always is concrete."³⁰ He invites us to observe how ethical life actually functions to produce the good concretely, through discovering and choosing what is satisfying, collaborative, and valuable. Following through in ethical action orients future trajectories personally, collectively, and historically. Michael Stebbins summarizes Lonergan's threefold structure of the human good as "any good that is brought into being through human intelligence and choice."³¹ It is therefore practical and concrete. Like his cognitional theory, his theory of the human good is an invitation to discovery. By paying attention to how one judges what is valuable and worthwhile, a dynamic structure that normatively functions on three interrelated levels is illuminated.

³⁰ Lonergan S. J., *Method*, 27.

³¹ Stebbins, "The Common Good," 66.

The threefold structure of the human good reveals that we make choices and act on what we hold to be good on different levels depending upon the situation at hand. For example, the expressions, “That was satisfying” or “That was great teamwork” or “That was a valuable and worthwhile endeavour; it sets us up for the future” are judgments about the human good. However, notice that the three expressions suggest that the object of what was deemed good involve different goals. The first expression suggests that a personal action was deemed satisfying, whereas the second involved a great team effort, and the latter suggests that a judgment was made based on a value and projects a future orientation. Lonergan helps us to grasp that we apply our meaning of what we hold to be good differently as our goals vary. As we engage in our daily activities from different perspectives, he differentiates these different goals through three interrelated levels, (1) *particular goods*, (2) *goods of order*, and (3) *value*. As an analytical tool, it can be applied to any situation where we seek answers as to how to put our knowledge of facts and knowledge of values into ethical action.

4.3.2.1. *Particular Goods*

The first level of the human good—*particular goods*—group desires for objects of need and wants. For example, in order to survive and flourish, individuals desire and need food, shelter, clean environments, and a source of income which often means jobs with living wages, and so forth. What Lonergan calls the “good” at the first level of the human good is simply the satisfaction, through *particular goods*, of our desires for objects of needs and wants.

Social economy practitioners identify these objects of needs and wants as their availability diminishes in their community. As such, the practitioners innovate strategies that produce *particular goods* through social economy organizations. Lévesque and Mendell note that social economy practitioners respond to urgent social needs and new opportunities that address these needs, and so they contribute to the social and economic development in their communities.³² Strategies producing *particular goods* that satisfy communities' needs and wants have been enacted by social economy practitioners across Canada; examples include food distribution such as Meals-on-Wheels,³³ low-income housing co-operatives, recycling societies, wind turbine private-community partnerships, organic farming co-operatives, employment programs aimed at hiring low-income labour, on-the-job training programs for the unskilled.³⁴ It is important to note that when *particular goods* such as these are not being produced by the traditional economy, we typically look towards governments, charities, and faith-based communities to supply. In other words, the automatic, mechanistic model of the traditional economy does not always live up to its claim to provide for the full range of *particular goods* that a community needs or wants in order to flourish. One of the key

³² Benoît Lévesque, "Social Economy: Diverse Approaches and Practices" (2004).

³³ Meals-on-Wheels, "History," <http://mealsonwheels-ottawa.org/about-us/who-we-are/history/> (accessed March 11, 2017).

³⁴ For a selection of case studies, see Canadian Community Economic Development Network (CCEDNet), *Social Economy Stories* (Canadian CED Network, February 2009), <https://ccednet-rcdec.ca/en/toolbox/social-economy-stories> (accessed February 14, 2016).

problems here is that within a neoclassical understanding of business, the self-interest of shareholders becomes the overriding concern.³⁵

The traditional theory of business purports that the primary goal of a business is to maximize shareholders' wealth through the pursuit of self-interested desires.³⁶ Noble Laureate Milton Friedman, a proponent of neoclassical economics, equated the *social* responsibility of business with "making as much money...for stockholders as possible."³⁷ This model is philosophically underpinned by notions that economic activity is not ethical in nature, and therefore work oriented towards the public good has no place in economic-business analyses. Cortright and Naughton suggest that this view "flattens"³⁸ business; while Alford and Naughton suggest it is based in a "constrained account"³⁹ of human nature; one that is only interested in self-satisfaction.

³⁵ For a good critique of the neoclassical business from a common good perspective, see S.A. Cortright and Michael J. Naughton, eds., *Rethinking the Purpose of Business: Interdisciplinary Essays from Catholic Social Tradition* (Notre Dame: University of Notre Dame Press, 2002). Helen J. Alford and Michael J. Naughton, *Managing as If Faith Mattered: Christian Social Principles in the Modern Organization* (Notre Dame: University of Notre Dame Press, 2001); Robert G. Kennedy, "Corporations, Common Goods and Human Persons," *Ave Maria Law Journal* 1, no. 4 (Winter 2006): 1–31; Robert G. Kennedy, *The Good That Business Does*, Christian Social Thought Series 9 (Grand Rapids, MI: Acton Institute, 2006); and McAleese, "Common Good Model of Business."

³⁶ Melchin, "The Good of Business?" 8.

³⁷ Milton Friedman, *Capitalism and Freedom* (Chicago: University of Chicago Press, 1962), 133.

³⁸ S.A. Cortright and Michael J. Naughton, eds., "Adding the Stakeholder Model to the Debate: Introduction," in *Rethinking the Purpose of Business: Interdisciplinary Essays from Catholic Social Tradition*, ed. S.A. Cortright and Michael J. Naughton (Notre Dame: University of Notre Dame Press, 2002), 24.

³⁹ Helen J. Alford and Michael J. Naughton, "Beyond the Shareholder Model of the Firm: Working Towards the Common Good of a Business," in *Rethinking the Purpose of Business: Interdisciplinary Essays from Catholic Social Tradition*, eds. Helen J. Alford and Michael J. Naughton (Notre Dame: University of Notre Dame Press, 2002), 32.

When applying Lonergan's threefold structure of the human good, we can see that this understanding of a traditional business focuses solely at the first level of the human good. In order to satisfy shareholders' self-interest, its only aim is to produce *particular goods* such as profits, for the sake of the shareholders. As such, all the business's operations are orchestrated to make as much surplus earnings as possible.

This theory of business assumes that all individuals engaged in a business comprise an aggregate of self-interested desires which determine their contractual relationships. Thus in this view, a business is merely a legal entity that hosts a "nexus of contracts" and functions to resolve competing self-interested claims.⁴⁰ These claims include self-interested desires of customers that seek the best products and services at the lowest possible prices; laborers that desire high wages for the least amount of effort; and investors that seek the highest return on the firm's assets at the lowest risk.⁴¹

Although profit in any enterprise, whether it be traditional business or a social enterprise, is essential in order for the business to be

⁴⁰ Economists, business theorists, and political scientists commonly hold this contractual view of business. Nobel prize winner Ronald H. Coase first introduced the notion that business is a "series of contracts." Ronald H. Coase, "The Nature of the Firm," *Economica* 16, no. 4 (November 1937): 391. It was later developed in the seminal article by Michael C. Jensen and William H. Meckling, "Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure," *Journal of Financial Economics* 3 (1976): 305–60. For an analysis of the theory of the firm as a "nexus of contracts," see John R. Boatright, "Contractors as Stakeholders: Reconciling Stakeholder Theory with the Nexus-of-Contracts Firm," *Journal of Banking and Finance* 26 (2002): 1837–52.

⁴¹ S.A. Cortright and Michael J. Naughton, eds., "Engaging the Shareholder Model of the Firm: Introduction," in *Rethinking the Purpose of Business: Interdisciplinary Essays from Catholic Social Tradition* (Notre Dame: University of Notre Dame Press, 2002), 24.

sustainable, shareholders' desires do not take into consideration that businesses may possibly wreak havoc on the lives of those who live within their geographical bounds. They can, for example, create traffic congestion, noise nuisances or environmental contamination which negatively impacts the surrounding community. Alternatively, they can also increase the quality of life for their neighbours by moving into and renovating derelict buildings and employing local talent; this is a best practice often employed by social economy practitioners.

Unlike traditional business practitioners, social economy practitioners aim to produce *particular goods* that address poverty reduction, environmental stewardship, meaningful work at living wages, community-building, and so forth. These goods are not associated with traditional business production within neoclassical economic thinking. These *particular goods* are commonly thought of as public goods and are not considered to be truly and specifically *economic* concerns within traditional understanding.

In response, I argue that this is the first meaning of what social economy scholars mean by the "social" component of the social economy. "Social" in this sense indicates the production of what is commonly called public goods which governments, charities, and faith-based communities are usually expected to supply. Thus, the social economy consists of organizations that expand economic practice to include *particular goods* yielding social outcomes that typically elude traditional economic approaches. Through grass-root movements, social economy activities can and do replace government social welfare programs as they enter into

collaboration with charities and faith-based communities to create jobs for the unemployed or hard-to-employ, farm and food cooperatives, low-rental housing, clean energy or green products, and so forth.⁴²

Further, unlike traditional business practitioners who are solely concerned with managing operations to maximize shareholder's wealth, social economy practitioners value all who are involved in their operations. As discussed in Chapter 2, Bouchard, Ferraton, and Michaud have found that in Canada, the predominant approach to defining the social economy beyond the mere legal status of an organization involves operational rules such as "one member, one vote," as well as guiding principles and values such as "placing people over capital," and democratic decision making. If we examine how this functions in practice to produce an expanded range of *particular goods*, a different level of analysis is needed. This brings us to the second level of the human good, *goods of order*.

4.3.2.2. *Goods of Order*

Producing the full range of *particular goods* in vast quantities and distributing these amongst various groups who have common needs, wants, and desires not only requires innovation but interaction and relationships with others. For example, internal to a well-functioning social economy organization are various professionals who have different skills-

⁴² Examples of these activities include non-profit sponsored social enterprises that hire local people who have difficulties securing employment such as the YMCA-YWCA, the Salvation Army, Operation Come Home, and St. Vincent de Paul. For other examples see Canadian Community Economic Development Network (CCEDNet), "About CCEDNet." and Chantier de l'économie sociale, "Accueil."

sets and technical expertise. Within a social enterprise, one might expect different employees to be involved in the production of goods and services, marketing, sales, accounting, customer service, administration, and so forth. External to the organization, one might expect interactions and in some cases, partnerships with suppliers, distributors, customer networks, and funders such as banks or credit unions, as well as community-based organizations and social economy professional associations who advocate for favourable governmental policies, to name a few. The Quebec model of the social economy provides a good example of such multi-sector collaboration.

These relationships constitute the organization of complex and interacting patterns of cooperation. Patrick Byrne refers to this web of cooperation as a “social ecosystem” where “individuals act in and through institutions,”⁴³ playing different roles as required. These roles, however, are defined by their own tasks, routines, and habits that are both technical and ethical in nature. For example, a social economy practitioner may be skilled as an engineer with technical abilities commensurate to developing a social enterprise that partners with farmers in the community to install and operate wind turbines. However, she also requires behavioural habits and skills in order to successfully collaborate with others that are both internal and external to her social economy organization. Interactions and cooperation require that she and her collaborators meet the ethical

⁴³ Byrne, *Ethics of Discernment*, 316.

obligations that constitute a pattern of cooperation such as interpersonal skills, showing up to meetings on time, keeping accurate records for funders, being transparent with adverse information, keeping promises, and so on.

Conversely, one can imagine an employee who has been hired at the wind turbine social enterprise due to her highly specialized technical skills, showing up late to a community meeting and withholding vital and perhaps adverse information from the group for her own power gain. The results can be devastating to ongoing collaboration. Not only is she discourteous, an essential ethical obligation to ensure ongoing cooperation, but she also lacks transparency which if found out, can disrupt ongoing collaboration with the farmers and the community. Her individual desires are her uppermost concern. She is operating at the first level of the human good where one of the *particular goods* she seeks to satisfy is her quest for power. But as a representative of the social enterprise, she is required to transcend her personal needs and ensure she meets the ethical obligations that constitute the pattern of cooperation that engages community members in order for the project to be successful.

These patterns of cooperation are schemes of relationships that operate through meeting obligations that are implicit in their functioning. It is a structured scheme that recurs over and over again, internally linked by an inner logic of ethical obligations that are being met over and over again.

What we can observe at this second level of the human good is that the quality of what is meant by good is different from merely satisfying self-interested desires. I suspect this is why Lonergan calls the patterns of cooperation the “good of order,” where order means that collaborative relationships are functioning well; they are productive and efficient. They are good because they don’t break down, and so can be relied upon to function well in the future. The question of the good posed at this second level simply asks if the patterns of cooperation recur routinely and concretely produce *particular goods* that meet not just an individual’s (such as a shareholder’s or a power-seeking employee’s) needs, wants, and desires, but the needs, wants, and desires of many people time and time again.⁴⁴

What is interesting is that traditional businesses are also constituted by patterns of cooperation that function through meeting ethical obligations intrinsic to their functioning and recurrence. However, a neoclassical economic understanding does not account for this in its approach. Here, the web of internal and external patterns of cooperation within businesses is understood as a “nexus of contracts” in aid of first level goods. Internal to the business is its aim to maximize shareholder’s wealth. External to the business, stakeholders including customers, suppliers, and funders compete against each other for their self-interested satisfaction.

⁴⁴ Stebbins, “The Common Good,” 63.

Conversely, social economy practitioners enter into patterns of cooperation to produce *particular goods* desired not just by one individual but for the sake of the good functioning of the organization, the community, and the public good. For example, the social economy practitioner who first conceived and developed the wind-turbine project may be skilled as an engineer and so capable of earning a high salary in a private sector firm. However, given her environmental concerns, she put her talents towards developing a social enterprise that partners with farmers and the community to build wind turbines. In contrast to the neoclassical economic assumption that labour seeks the highest wages for the least amount of work, the engineer in this case transcends her self-interested desire for high earnings and enters into collaborative activities internal and external to her project in order to achieve clean energy sources as she deems this more valuable and worth pursuing than pursuing merely personal gain.

Furthermore, the second level of the human good is not just an aggregate of first level goods; it is not a “nexus of contracts.” As Byrne states:

...interdependent institutions function to intelligibly insure that the collective performance of tasks and roles makes possible the satisfaction of the collective needs of the group. In an intelligently ordered society, my responsible performance of my tasks in my role makes possible the satisfaction of the needs of someone else, while their responsible performances of their roles and tasks make

possible the satisfaction of the needs of some third party, and so on in an extended, mutually conditioning network.⁴⁵

Establishing, maintaining, fostering, and at times discouraging patterns of cooperation when they do not serve the organization's goals necessitates that all who are involved understand them. Melchin states that this "allows us to cultivate moral habits to launch and sustain cooperative projects that achieve results that none of us could achieve on our own."⁴⁶ This requires observing the ethical nature of the patterns and their intrinsic obligations, which when met, coincide with the technical abilities required to perform a group project.

These patterns arise through what Lonergan calls the "bonds of intersubjectivity."⁴⁷ These bonds are based in a resonance we have with each other through our experiencing and our universal drive to know and to wisely "generate and implement common ways, common manners, common undertakings, common commitments."⁴⁸ This commonality is constituted by a self-transcending move from individual self-satisfaction to interdependency for the public good. In other words, it is a commitment to a new type of "good," i.e. the good of all, that is achieved by cooperative schemes.

⁴⁵ Byrne, *Ethics of Discernment*, 316.

⁴⁶ Melchin, "'The Good' of Business?" 10.

⁴⁷ Lonergan S. J., *Insight*, 240.

⁴⁸ Lonergan S. J., *Insight*, 240.

Enacting this commonality is what I believe to be the second meaning of what social economy scholars mean by the “social” component of the social economy. A case in point is Vienney’s theory of the social economy. He places an emphasis on the *relational* activities of individuals that take place in and through a *structure* of social economy organizations. I agree with Vienney’s description. However, I argue that an explanatory approach based in Lonergan’s second level of the human good is that these *relational* activities are *structured* through social economy practitioners transcending their personal needs, wants, and desires by entering into patterns of cooperation. They sustain these patterns by fulfilling the ethical obligations intrinsic to the patterns of cooperation both internal to the social economy organization and those that intersect externally to form what Byrne calls a *social* ecosystem.

These patterns of cooperation are also formative. Social economy practitioners, employees, volunteers, and all who are engaged in the pattern of cooperation contribute not just their technical skills, but also all their habitual ways of thinking and doing that are constituted by whom they have become as persons.

Take for example the wind turbine engineer. Acceptance of her as an expert by others implies that she has reached a stage of competency. In each stage of her formation, her skill-level transforms as she has insights and judges these as knowledge. This expands her learning and

her ability to innovate. Her habits of awareness expand beyond basic mechanics as she acquires skills in complex electronics, aerodynamics, industrial design, and so forth. Through trial and error and putting her knowledge into practice, she is able to design and manufacture a wind farm. However, her competencies imply a certain character we describe as professional and this relies on guidance.

More experienced professionals act as role models and exemplify characteristics such as respectful ways of communicating with farmers, community members or regional officials. They follow through on promises, and demonstrate integrity and accountability through their actions. Although the novice might have a “good character,” facing new situations within the practice of engineering requires her to engage differently when acting as a wind turbine engineer as compare to an engineer who regulates environmental noise. By imitating her mentors, she tries on different approaches until her insights become a part of her behavioural ways of doing her work. Lonergan states that insights accumulate and pass “into the habitual texture of one’s mind”⁴⁹ They become a part of who we are so that we can make the claim that we are an expert in our chosen field.

One further observation on the formative function of patterns of cooperation is that the transformation of character is not isolated to the novice. All that are engaged in the cooperative project are learning from each other. Melchin states:

⁴⁹ Lonergan S. J., *Insight*, 30.

We are producing ourselves and each other in our acts of working. We are constructing and reinforcing our identities, our habits, our sense of ourselves, our sense of community, our hopes, our fears, our capacities to experience the world, our sense of achievement and failure, our standards of excellence, and our vision of the things that are worth living for.⁵⁰

Finally, these patterns of cooperation are dynamic. The functioning patterns of cooperation change to meet new and emerging needs, wants, and desires of individuals, communities, and the planet. This dynamism can be found in the new ways social economy practitioners experiment with democratic decision-making within their organizations and in their new ways of ensuring the organization is sustainable, though not, of course, at the expense of placing “people over capital.” At this juncture, a third level of the good arises when we ask questions about where the patterns of cooperation are heading. Can they be relied upon to facilitate the full range of *particular goods* they aim to provide? Are the patterns of cooperation valuable and worth pursuing?

4.3.2.3. Value

The third level of the good, *value*, entails judgment as to whether the second level, *good of order*, constituted by the patterns of cooperation contributes to the public good over longer periods of time. For example, social economy practitioners have judged that the patterns of cooperation within the traditional economy do not facilitate the delivery of the full range of *particular goods* to meet their community’s needs, wants, and desires.

⁵⁰ Melchin, “‘The Good’ of Business?” 50–51.

This judgment of value moves them to innovate social economy strategies and to follow through in ethical action. However, this level of the human good challenges social economy practitioners to take responsibility for the schemes of recurring relationships practically operative not only within their organizations but their intersection within the wider social ecosystem as well. These judgments take into consideration that social economy organizations can falter in their plans. Good intentions do not always pan out. For example, like traditional businesses, social enterprises can fail. Securing start-up funding is challenging, attracting grants for on-the-job training can vanish when policies change, and the market in which the social enterprise sells its good and services can decline.⁵¹ All these can contribute to an enterprise closing its doors and leaving its employees without an income and undermining the goal of the social enterprise. Thus, understanding the patterns of cooperation and judging whether they are sustainable and oriented towards producing the *particular goods* the organization aims to satisfy is critical to its mandate.

⁵¹ For a useful paper on the obstacles of financing social economic organizations, see George Karapilllis, Seth Asimakos, and Stephen Moore, *Financing Social Economic Organizations*, Knowledge Mobilization Paper Series (Canadian Social Economy Research Partnership, May 2010), socialeconomyhub.ca/sites/socialeconomyhub.ca/files/KM_FINANCING.pdf (accessed February 14, 2016). For a British case study on the collapse of a social enterprise and lessons learned, see Duncan Scott and Simon Teasdale, "Whose Failure? Learning from the Financial Collapse of a Social Enterprise in 'Steeltown'," *Voluntary Sector Review* 3, no. 2 (2012): 139–55.

Additionally, these patterns of cooperation reach far beyond their geographic locations. Although most social economy organizations pledge to source supplies at a local level, not all materials are available within one community. Take for example, delivery vehicles or stationary supplies such as paper, pens, and so forth.⁵² In the globalized economy, the social ecosystem includes suppliers and customers that know no bounds so that international labour practices, fair trading practices in developing countries, and ecological sustainability are popular topics discussed in business management literature.⁵³ Why is this so? I argue that it is because the patterns of cooperation within the traditional businesses that yield these supplies were judged to not live up to the principles we espouse as an international community. A critique, I believe, that proponents of the social economy would share.

An important aspect of Lonergan's threefold structure of the human good is that lower levels are taken up and sustained within the higher levels. Furthermore, the threefold structure of the human good corresponds with his cognitional theory. *Experiencing* needs, wants and desires creates the conditions for the emergence of patterns of cooperation that are satisfied through the concrete production of *particular goods*. *Understanding* and fostering the patterns of cooperation in practice

⁵² It is worth noting Jane Jacobs's claim that import-replacement is at the "root of all economic expansion" within a city region. Jane Jacobs, *Cities and the Wealth of Nations: Principles of Economic Life* (New York: Random House, Inc., 1985), 42.

⁵³ For a comprehensive list of current research taking place in Canada on these topics, see Ivy Business School, *Building Sustainable Value Research Centre* (London, Ontario), <http://www.ivey.uwo.ca/sustainability/for-business/> (accessed May 28, 2016).

ensures the ongoing functioning of the *goods of order* to meet these satisfactions. *Judging* if the dynamism of these patterns of cooperation are indeed facilitating the full range of *particular goods* they are meant to provide, affirms them as truly *valuable* and worthwhile. When they meet this last criterion, we can pronounce them as “value structures.” In keeping with the social economy literature, values determine what is participatory. I suggest that participation is constituted by the patterns of cooperation that facilitate the full range of *particular goods* and distribute them among the various groups in the community to satisfy common needs, wants, and desires. They are structured to yield values. I will discuss this further in the next section.

This leads to the questions, “Who is to judge that the patterns of cooperation are indeed value structures?” and “How do we know?”⁵⁴ In our post-modern context, the predominant liberal view suggests that we cannot reach consensus on shared values.⁵⁵ This accords with Ninacs’s critique that while values can motivate individuals to participate in social economy activities, they are impractical because they remain “open to debate.”⁵⁶ Yet we collectively make value judgments all the time. For example, I mentioned earlier trade practices that promote fairness. These programs

⁵⁴ For a good explanation of how ethical knowledge functions in patterns of cooperation see, Kenneth R. Melchin, “Moral Knowledge and the Structure of Cooperative Living,” *Theological Studies* 52 (1991): 495–523.

⁵⁵ This is based in philosophical Liberalism associated with John Rawls. See John Rawls, *A Theory of Justice* (Cambridge, MA: Belknap Press of Harvard University Press, 1971) and *Political Liberalism*.

⁵⁶ See Chapter 2, note 90.

are being applied due to judgments by society that the patterns of cooperation in the traditional economy that directly or indirectly engage child labour, pay workers sub-standard living wages, abuse the rights of women, encourage non-diversity in farming techniques, break family and community bonds, and so on, deplete the common fund of the good of humanity. Stebbins states that when we “approve of some particular good, we also at least implicitly approve of the structured good that produces it.”⁵⁷ This approval is a judgment that is values-oriented. It regards not only self-satisfaction; it is other-than-self-orientation.

Values originate in the self-transcending dynamism of a consumer who asks, “Should I buy this product known to be manufactured in a sweat shop?” and in the social economy practitioner who asks, “Should I develop a social enterprise, hire the unemployed, train them in sewing techniques to produce these goods locally?” These values-oriented questions can be summarized using Lonergan’s third level of the human good as “Is purchasing this product or manufacturing this product locally valuable and worthwhile?” “Does it contribute to the public good?” These questions intend value not yet realized where value can be understood not as a static principle or an inventory of good intentions such as the “bag of values”

⁵⁷ Stebbins, “The Common Good,” 64.

approach, but rather as a direction of change from one state of community living to a better one.⁵⁸

Up until now I have referred to Lonergan's *goods of order* as patterns of cooperation that can be judged as value structures when they are delivering the full range of the desired *particular goods*. What I haven't discussed is that some patterns of cooperation are judged destructive. Take for example, individuals who enter into cooperative schemes for merely personal gain at the expense of others. I have previously mentioned a novice engineer who withheld vital information from the community for her own power gain as well as businesses who have no regard for the vitality of communities situated within their geographic bounds. Broader still are groups of individuals who form international webs of intersecting patterns of cooperation for the sake of criminal activities. Although the organization may be efficient and productive, it cannot be judged to be good nor can they be judged as value structures. This applies equally to the global web of businesses, customers, suppliers, policy regulators, and so forth that participate in patterns of cooperation with the prevailing understanding that their self-interest is the law of the market.⁵⁹ However, along with proponents of the social economy, consumers are becoming more and more aware that the traditional economy has its faults. They have made value judgments that the lowest price is not their sole purchasing consideration. Increasingly, they demand something that is "over and above" than merely purchasing goods and services at the best

⁵⁸ Melchin, *Living with Other People*, 43–60.

⁵⁹ Melchin, "The Good' of Business?" 9.

price. This “over and above” is an ethical demand that may include that goods are manufactured locally or that produce is farmed organically, or that products have been sourced under a Fairtrade⁶⁰ endorsement, or that cosmetics have not been tested on animals, to name a few. Although some traditional businesses have responded with corporate social responsibility and good corporate citizenship programs, they may see meeting customers’ ethical demands as a new way to increase profits.⁶¹

Consumers’ “over and above” ethical demands result from judgments that purchasing this item or that service is valuable and worthwhile.⁶² In other words, it is the product of a judgment of value at the third level of the human good. Locally sourced items have value as they provide local jobs, organic produce has value as it is healthier, Fairtrade endorsed products have value as coffee bean producers earn living wages, cosmetic products free of animal testing have value as their production respects God’s creation. All these *particular goods* are produced in webs of intersecting patterns of cooperation. Thus, the judgment of value is not

⁶⁰ The Fairtrade Foundation, an internationally recognized body that certifies businesses that meet these standards. See Fairtrade Foundation, “Home,” <http://www.fairtrade.org.uk/> (accessed May 28, 2016).

⁶¹ At times this is referred to as “an enlightened and self-interested” business perspective. For conversations that discuss the theory of business and corporate social responsibility, see conference papers from the Sixth International Conference on Catholic Social Thought and Management Education, “Conference Papers,” in *The Good Company: Catholic Social Thought and Corporate Social Responsibility in Dialogue, Symposium Held in Rome, Italy, October 5–7th, 2006*, <http://www.stthomas.edu/cathstudies/cst/research/conferences/rome2006/papers/> (accessed March 4, 2017).

⁶² For an economic rationale of how consumers and local governments can allocate some of their purchasing power towards social programs, see Kenneth R. Melchin, “The Challenge of Investment in Social Values an Ethico-Economic Analysis of a Policy Proposal to Promote Welfare Employment Through the Tendering Process,” *Humanomics* 13, no. 2 (1997): 38–58.

only on the purchased product or service but it is a judgment, as Stebbins states, on the whole social ecosystem that produced it. It can be judged as, a true value, or not.

These judgments of value can be further differentiated, according to Lonergan, and are made on an ascending scale of values. To this, I turn next.

4.3.3. *Scale of Values*⁶³

Judgments of value, according to Lonergan, are made in accordance with a scale that is not merely personal but is shared universally. These are ranked hierarchically from vital to social, cultural, personal, and religious. Vital values are concerned with the elements necessary for survival and self-preservation, including health, strength, vitality, vigour, and thriving. Social values engage our social nature according to which we choose to develop organizations such as social enterprises in order to orchestrate the patterns of cooperation that deliver the vital needs—*particular goods*—in an ongoing fashion. Cultural values are derived from traditions, beliefs, and norms, and are expressed in stories, songs, paintings, literature, sculptures, monuments, philosophy, theology, worship, and so forth. These cultural expressions discover, inform, criticize, and make adjustments in our common ways of living. As such, they set the conditions of possibility for how we cooperate in social

⁶³ See Chapter 3, note 55.

life. Take for example, the CCEDNET and the Chantier de l'économie sociale. As Canadian associations whose members are social economy practitioners, they criticize detrimental policies and advocate for the social economy at different levels of government. They provide social economy practitioners with leading research in "best practices," and they host web sites and conferences, all within the tradition of holding that the social economy produces *particular goods* desired by their communities that the traditional economy does not meet.

Personal values take social economy practitioners as the foundation of value in their independent and community life. As the foundation of the patterns of cooperation that make up a social economy organization, "they are the originators of value,"⁶⁴ forming themselves and inspiring others to make and enact responsible choices. Religious values are values that constitute persons in an "open-ended horizon of ultimacy and love"⁶⁵ where religiously converted persons align their responsible choices with the love of God and engage in social living for the service of the Kingdom of God.

The scale of values is heuristically dynamic so that our realms of concern are widened and are "carried to a greater degree of self-transcendence."⁶⁶ Equally, the relations among the scale of values are mutually conditioning. Robert Doran illustrates this by stating that if people

⁶⁴ See Chapter 3, note 163.

⁶⁵ See Chapter 3, note 165.

⁶⁶ Doran, *Theology and the Dialectics of History*, 94.

are unhealthy, they are unable to create and maintain the social order. Furthermore, the ongoing distribution of vital goods to society relies on the ongoing and practical functioning of patterns of cooperation. Likewise, the possibility for culture to arise foundationally rests on social institutions where the values that inform a way of life condition the integrity of those institutions, and as responsible persons are formed within a cultural milieu, cultural integrity relies on ethically responsible persons to foster it.⁶⁷ Ultimately, sustaining this virtuous character is what religious traditions inculcate in religiously converted persons through worship, prayer, and community service. Byrne states, “Traditions effectively model and shape normative scales of value preferring in people’s feeling lives.”⁶⁸

We can observe that the logic for a hierarchy of values is successive, where the import of higher values depends upon the lower for its realization. Conversely, the higher values condition and order the values at the lower levels.⁶⁹ By way of example, take an entrepreneur who recognizes the proliferation of food allergies among children. She is moved by the stories of parents who have to go to great pains to ensure that schools are educated about the dangers that exposure to allergens pose to their children’s lives. She develops a social enterprise to supply school

⁶⁷ Doran, *Theology and the Dialectics of History*, 95–96.

⁶⁸ Patrick Byrne, “What is THE Scale of Values Preference?” 35th Annual Lonergan Workshop (Boston College, Boston, 2008), 17.

⁶⁹ Byrne, “THE Scale of Values Preference?” 34.

cafeterias with meals that produce *particular goods* that respond to children's food allergy needs.

The patterns of cooperation the entrepreneur fosters in her own industrial kitchen must operate efficiently in order to produce and deliver the goods within the viable means of the social enterprise. These social patterns are informed by cultural norms that suggest children should be educated and be protected from harm. Furthermore, the ongoing sustenance of healthy children is required for a new generation of healthy workers. This places ethical obligations on each of her employees to ensure they are working in contaminant-free environments. They develop habits such as reading lists of ingredients on food products or being alert to possible contaminations in their own lunch bags. They rely on each other to perform each of the tasks informed by the cultural value of protecting children's lives. They trust that the person responsible for cleaning has decontaminated all working surfaces and equipment, that the cooks have washed their utensils before cooking new meals, and, that the delivery employees will keep the meals at safe temperatures during transportation. A religiously converted worker believes that educating and protecting children is not only culturally valuable in that they guarantee the next generation of responsible employees to fulfill the vital needs of the community, but the value ultimately arises out of her love for the inherent dignity of each child as the image of God.

Where vital and social values operate to move practical living towards concrete and dynamic functioning, cultural, personal and religious values orient and order the values inculcated at the lower levels. However, Lonergan's scale of values "is not some mathematical algorithm--plug in the situation and it will print out your decision for you as to which value to choose over others."⁷⁰ It requires the continued processes of learning and discerning concretely, and together, how our judgments of value individually and communally either contribute to the public good or put it into decline.

We can see that with the scale of values operative in neoclassical economics, the narrow desire to increase shareholder's wealth distorts and inverts the scale of values.⁷¹ This prompts the cultural criticisms we find in newspaper editorials, articles in theological, philosophical and social economy journals, and the activism of social advocates such as the 2011 Occupy Wall Street movement. However, these cultural values do not solve social problems on their own, rather they alert us to the need "for innovative thinking on the social and vital levels of values."⁷² Thus, cultural values guide and direct social economy activities theoretically, but it is incumbent upon practitioners, volunteers, engaged Christians and all who participate in the social ecosystem to reorient and transform their habitual

⁷⁰ Byrne, "THE Scale of Values Preference?" 17.

⁷¹ Melchin, "Democracy, Sublation, and the Scale of Values," 191.

⁷² Melchin, "Democracy, Sublation, and the Scale of Values," 191.

patterns of cooperation in order for the higher values to become concretely grounded. It is in concrete practice that each of the originators of value appropriate these values and make them his or her own. At times, this requires stepping beyond the norms of what is culturally acceptable and taking considerable risk in order to reverse decline. Sustaining the courage of persons as originators of value is found highest on the scale of values. It is the religious values, which traditions foster through communal worship, prayer, and service that nourish and animate persons to act according to what they consider to be within God's plan.

The scale of values understood here is not a list of static principles or a code of ethics parachuted in to be followed by rote, but rather it places value in a heuristic dynamic where women and men transcend their vital needs, and concretely enter into patterns of cooperation oriented and ordered by cultural discernment, personal transcendence, and religious love.

4.4. Conclusion

I began this chapter with some key observations that I found in my review of the social economy literature. In the first observation, I discovered how various scholars claim that the social economy does not function according to traditional economic thinking. They have developed an approach that highlights a range of elements in their practice that is broader than those operative within the neoclassical tradition. In doing so,

their analyses bring to light possible innovative strategies that may succeed in the face of community decline. In my second observation, I noted that social economy practitioners reject self-interest as the sole driver of an economy—the neoclassical legacy left over from the eighteenth century—and add a social component that is relational and qualifies economic practice in terms of values.

In terms of the social component, I argued that there are two implications that can be found in the social economy literature. The first is the inclusion of the production of an expanded range of *particular goods* that is normally left to governments, charities, and faith-based communities to supply; this generates social outcomes that typically elude traditional economic approaches. The second implication, I argued, is that economic practice is inherently relational. I believe that Lonergan’s threefold structure of the human good provides explanatory resources that enrich the potential of these implications by grounding them concretely.

As stated in my third observation, there is confusion about values and a tendency towards a “bag of values” approach which, in my view, has hampered social economy scholars in developing an explanatory definition of the social economy in Canada. This theoretical limitation can have negative impacts on practice. I believe that Lonergan’s theological ethics helps address this relativist approach to values by providing an explanation

of the structure of the human good and the scale of values that better “fits” theory and practice in the field of the social economy.

Although value and value creation are central to this thesis, I believe that Lonergan’s cognitional theory can also provide practitioners with a normative method to better understand their innovative processes. Indeed, his analysis can also provide rich resources for more traditional businesses within the neoclassical tradition.

I believe that the most important contribution that Lonergan’s framework can make to the work of social economy scholars is that it can equip them to robustly demonstrate how values located higher on the scale of values constitute an essential component of sustainable economic practice. This entails both *particular goods* to be achieved and obligations to be fulfilled within value structures. Social economy practitioners have proven to be remarkably innovative in developing ways of monetizing and supplying *particular goods*, especially those public goods normally expected from governments, charities, and faith-based communities, and that typically elude more traditional market-based approaches. I provide an illustration of this in the next chapter. The contribution of social economists emerge because they refuse to limit the meaning of “economic” to *particular goods* located lower on the scale of values. All of this can be explained more fully by Lonergan’s theological ethics than by extant approaches to values within the social economy literature.

In short, my argument is that Lonergan's theological ethics help social economy scholars and practitioners avoid a value relativism. They help them provide insights and practices that can broaden the range of innovating, valuing, and acting within the field of the social economy.

Lastly, my final observation concerns the lack of theological engagement in the social economy, in spite of the involvement in the movement of faith-based communities and churches. I believe that both social economy theory and practice could benefit from a broader ecumenical theological perspective. I suggest that Lonergan's analysis provides a framework for understanding the precise role that religious and theological values from diverse traditions can and do play in the social economy.

Chapter 5. The Social Purchasing Portal: Applying Lonergan's Theological Ethics Supplemented by his Cognitional Theory

5.1. Introduction

The claim I made in chapter 4 is that Lonergan's theological ethics and his scale of values provide a framework to explain how social and economic values are created and can interrelate. Specifically, I argued that Lonergan's work can help social economy theorists and practitioners avoid a "bag of values" approach and value relativism which I believe was a central impediment in arriving at a consensus to define the Canadian social economy. His explanatory resources broaden research in the areas of innovating, valuing, and acting within the field of the social economy. Furthermore, I suggested that Lonergan's analysis helps in understanding the precise role that religious and theological values from diverse traditions can and do play in the social economy.

In this chapter, I will begin with a word on case study methodology, given its wide usage in the social economy literature. As described in Chapter 1, my methodology is grounded in dialectics; however, it is worth noting that some prominent social science scholars claim that case studies provide research, learning, and teaching resources.

The next section of this chapter will be given over to describing the case of the SPP by recounting the history of this CED model as it was uniquely created in Vancouver, Canada. A group of social economy practitioners formed a working group comprised of cross-sector

representatives who, through an innovative process that yielded some key insights, conceived the Vancouver SPP. I will then present a description of the SPP model as envisioned by its originators, while highlighting the sustainability challenges that most social enterprises face in Canada once their initial start-up funding has lapsed. I will follow that with a discussion of ineffective demand which exists when basic needs are desired by community members but there is a lack of available means to pay for these. This is the problem the Vancouver SPP attempted to address within one of Canada's poorest urban districts, the Vancouver Downtown Eastside.

In the final section of this chapter, I will apply Lonergan's theological ethics to the case of the Vancouver SPP. I describe how a working group developed the SPP model in order to highlight how Lonergan's cognitional theory provides a precise and detailed account of the steps involved in the innovative process. This is followed by applying Lonergan's threefold structure of the human good to illustrate a clear differentiation of social and economic values to demonstrate how they interrelate through value structures. Finally, I explain how Lonergan's hierarchy of values, when applied to the case of the Vancouver SPP, can provide further precision to the definition of value, its creation, and how values interrelate to positively impact concrete social and economic living conditions.

5.2. A Word on Case Study Methodology

In previous chapters, I noted that social economy theorists have a propensity to use case studies as a genre and a methodology. This is especially true in the literature concerned with mapping social economy activities in Canada. According to R.K. Yin, a case study is “an empirical inquiry that investigates a contemporary phenomenon within its real-life context; when the boundaries between phenomenon and context are not clearly evident; and in which multiple sources of evidence are used.”¹ Bent Flyvbjerg argues that case study methodology is a powerful teaching, learning, and research tool. He categorizes cases according to their purposes under 1) cases that are randomly selected as samples and 2) those that are selected for their information. The first category uses representative samples in order to generalize across a population. The second has as its purpose the maximization of information derived from a single case and is selected based upon expectations about its content.² Although my goal of using a case study is not methodological but rather illustrative, it fits within Flyvbjerg’s second category.

¹R.K. Yin, *Case Study Research: Design and Methods* (Newbury Park, CA: Sage, 1984), 23.

²Flyvbjerg, *Making Social Science Matter*, 79. See also, Flyvbjerg, “Case Study Research.”

I have chosen the case study of the Social Purchasing Portal (SPP) purposefully. Firstly, it is well documented in the social economy literature.³ Secondly, it is information-laden and thirdly, it meets my expectation of illustrating how Lonergan's theological ethics when applied to a social economy activity helps add precision to an understanding of value, value creation, and their interrelation within the Canadian social economy. Fourthly, it has the added advantage of involving an intersection with the traditional economy.

I should note that during the years of 2005-2006, I was a member of the project team that developed a SPP in Ottawa, Ontario, Canada.⁴ Given that my analysis is not reliant on case study methodology but rather on the dialectical method, I believe that my intimate knowledge of this case

³ For case study examples cited in the literature see, Quarter, Mook, and Armstrong, *Understanding the Social Economy*, 102–5 and Sherida Ryan, "The Online Social Economy: Canadian Nonprofits and the Internet," in *Researching the Social Economy*, ed. Laurie Mook, Jack Quarter, and Sherida Ryan (Toronto: University of Toronto Press, 2010), 223–24. See also, Lauren Reeves, *Winnipeg's Social Purchasing Portal: From the Past to the Future*, _ rept. (Winnipeg: Canadian Centre for Policy Alternatives, Manitoba Office, 2012), <https://www.policyalternatives.ca/node/11329> (accessed August 13, 2017) (accessed June 26, 2016); The Carleton Centre for Community Innovation, *Creating Social Value Through Purchasing*, <https://www.noexperiencenecessarybook.com/BXoob/social-purchasing-portal-carleton-university.html> (accessed March 24th, 2017); and David LePage, "The Social Purchasing Portal: A Tool to Blend Values," *Horizons* 8 (February 2006): 35–39.

⁴ Genmora consulting, *Feasibility Study: Ottawa's Social Purchasing Portal*, _ rept. (Ottawa: Causeway Work Centre, 15 February 2006). Also see Ottawa CED Network, *Moving Forward on Community Economic Development in Ottawa: A Discussion Paper*, _ rept. (Ottawa, ON: Social Planning Council of Ottawa, May 2006), <https://www.spcottawa.on.ca/sites/all/files/pdf/2007/./CED-Moving-Forward.doc> (accessed March 24, 2017).

provides an enriched source of information.⁵ As such, I will be drawing on this experience to complement descriptions of the SPP found within the social economy literature.

5.3. The Case of the Social Purchasing Portal

The SPP was conceived in Canada. As a community-based initiative, it has operated in English-speaking Canada since 2003. The goal of the SPP is “to catalyze significant, long-term positive social change”⁶ that can strengthen impoverished communities. The originators suggest that it not only creates but also merges social and economic values.⁷

The SPP fits within the description of a community economic development (CED) activity where one of the primary goals is to create employment for the disenfranchised.⁸ It is a good example of a pragmatic social economy approach as it works within dominant economic structures by engaging governments, charities, faith-based communities, and social enterprises that partner with traditional businesses to achieve its goal. The SPP is also one example of a social economy activity that has animated

⁵ Flyvbjerg states that “Context-dependent knowledge and expertise is at the very heart of expert activity. Such knowledge and expertise also lies at the center of the case study as a research and teaching method....” Flyvbjerg, *Making Social Science Matter*, 71.

⁶ British Columbia Technology Social Venture Partners as cited in Quarter, Mook, and Armstrong, *Understanding the Social Economy*, 103.

⁷ LePage, “The Social Purchasing Portal.”

⁸ The goals of some portals include environmental sustainability. See Reeves, *Winnipeg’s Social Purchasing Portal*, 3.

some church participation given the alignment of missions concerned with the reduction of poverty within the community.⁹

5.3.1. History of the SPP Model

Influenced by Michael Porter's notion that inner cities have many of the assets needed to create economic development including their geographical centrality, local transportation accessibility, and an available workforce, a group of social economy practitioners innovated a strategy to positively impact one of Canada's poorest urban regions, the Vancouver's Downtown Eastside.¹⁰

⁹ For example, White Gloves Cleaning Services, a social enterprise is a supplier member of the Winnipeg SPP. Local churches are amongst its purchasers. See White Gloves Cleaning Services, "Home," <http://www.winnipegwhitegloves.com/> (accessed March 26, 2017). Churches will often lend their spaces to social enterprises. For example, the First Unitarian Church in Ottawa, Ontario loaned its kitchen to Krackers Katering, an Ottawa-based social enterprise that employs people with mental illness, for its first year of operations. Krackers Katering was one of the supplier members of the Ottawa SPP.

¹⁰ I learned this in discussion with one of the SPP's founders, David LePage. David LePage, Presentation, SPP Breakfast (Ottawa, Ontario, 2005). For more information on Michael Porter's inner city economic strategies, see Michael E. Porter, "The Competitive Advantage of the Inner City," *Harvard Business Review* 73, no. 3 (May-June 1995): 55–71 and Michael E. Porter, "New Strategies for Inner City Development," *Economic Development Quarterly* 11, no. 1 (February 1997): 11–27. Jane Jacobs also stated that city districts have the ability for "unslumming" provided that there are people willing to stay and create a better neighbourhood. A successful neighbourhood, she contends, is one that recognizes its problems and takes the requisite actions to correct them. City planners, she argued, can augment this success by ensuring essential conditions for economic development through the four generators of diversity: (1) mixed primary uses, (2) short city blocks, (3) old buildings available at cheap rents, and (4) population density. See, Jane Jacobs, *The Death and Life of Great American Cities* (New York: Random House, Inc., 1961). For a description of Vancouver's Downtown Eastside along with Canadian census data supporting its label "the poorest urban region in Canada," see City of Vancouver Community Services and Planning and Development Services, *Downtown Eastside: Local Area Profile*, _

In 2001, a working group comprised of social economy practitioners, government representatives, community-based organizations, and senior business leaders from the information technology (IT) sector began analyzing the effectiveness of government subsidized employment programs that served long-term unemployed people living within this district. One of the key insights the group shared was that the employment service model focussed more on training rather than on securing a bridge to employment for their unemployed clientele.¹¹ Although community-based organizations offered various training programs in the district, the skills sets taught weren't necessarily in demand by local businesses.¹² In other words, it was a supply-side model lacking an effective demand.

The working group discovered that Ireland's Fast Track to IT (FIT), an industry-led project which began in Dublin, used a demand-side approach. FIT partners with government departments, community-based organizations, and educational institutions to train long-term unemployed people for jobs that are in demand in the IT sector.¹³ This model provided the working group a foundation on which to innovate a demand-side project in the Downtown Eastside district. However, unlike Ireland, the challenge they faced was that Vancouver's IT sector had little demand for entry-level positions; rather it hired highly trained software developers.

rept. (Vancouver, B.C.: City of Vancouver, 2013), vancouver.ca/files/cov/profile-dtes-local-area-2013.pdf (accessed March 25, 2017).

¹¹ The employment service model can be comprised of programs such as skills development, job search programs, employment planning, life skills programs, work adjustment, job placement, on-the-job training, job coaching, job maintenance, and self-employment programs.

¹² LePage, "The Social Purchasing Portal."

¹³ See FIT, "About FIT," <http://fit.ie/about/> (accessed March 19, 2017).

Given the educational backgrounds, experiences, and abilities of the population they intended to serve, most of the employment training programs would need to be focussed on entry-level positions. As such, and despite Vancouver's IT sector's willingness to participate in this CED project, the training of the target population for software developer skills was not considered a viable strategy.

Not deterred by this obstacle, a member of the working group had a further key insight. Although the IT sector in Vancouver did not create entry-level positions, they did purchase goods and services from businesses that do. If some of the purchasing dollars of these large businesses could be redirected towards local suppliers who create entry-level jobs, training programs could then be developed to meet the skill requirements of these suppliers.¹⁴ Thus, the vision of the working group was to develop the SPP as a social enterprise that would provide a conduit linking the Vancouver IT sector's purchasing dollars, local businesses who create entry-level jobs, community-based organizations who could provide demand-side employment programs, and long-term unemployed people living in the Downtown Eastside district. With the support and expertise of Vancouver's technology leaders, the working group led by David Lepage

¹⁴ Reeves, *Winnipeg's Social Purchasing Portal*, 4.

designed and co-founded the first SPP in Canada.¹⁵ The Caledon Institute of Social Policy states that the Vancouver community “developed a business solution to what had been viewed as an employment problem.”¹⁶

At the time the SPP was newly created, the Vancouver Olympic Committee (VOC) announced that they would only accept proposals to supply the 2010 Winter Olympic Games from businesses that met certain criteria.¹⁷ Participation as members of the SPP provided IT-based

¹⁵ In 2003, David LePage was the CEO of Fast Track to Employment, Vancouver. In 2005, the organization was subsumed into a larger organization called Building Opportunities with Business Inner City Society (BOB). Mr. LePage later became the Project Manager for the Social Purchasing Portal Canada Network, and one of the founders/designers of this community economic model in Canada. LePage, SPP presentation.

¹⁶ David LePage, “Social Purchasing-Buying Locally, Helping Locally” (Caledon Institute of Social Policy, 2004), <http://www.caledoninst.org/Publications/Detail/?ID=501> (accessed March 25, 2017).

¹⁷ The Vancouver Olympic Committee’s (VOC) bidding criteria centered on three themes: 1) environmental stewardship, 2) economic opportunities, and 3) social responsibility. Vancouver Organizing Committee, *2010 Bid Report*, __ rept. (November 2009), 8, https://www.google.ca/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&ved=0ahUKEWjAqYeGre3UAhVKxYMKHX4jA6AQFggnMAA&url=https%3A%2F%2Fstillmed.olympic.org%2FDocuments%2FReports%2FOfficial%2520Past%2520Games%2520Reports%2FWinter%2F2010%2FENG%2FBid-Report.pdf&usg=AFQjCNHYEq2g1Kb8qJwncRxvAL_B-tBXwQ&cad=rja (accessed June 23, 2017). In terms of social responsibility, bids were required to include social criteria, specifically on how the bidders intended to “minimiz[e] negative social and community impacts associated with the Games, while maximizing opportunities for British Columbians, and in particular, low-income individuals.” Marvin Shaffer, Alan Greer, and Celine Mauboules, *Olympic Costs and Benefits: A Cost Analysis of the Proposed Vancouver 2010 Olympic and Paralympic Winter Games*, __ rept. (Canadian Center for Policy Alternative - B.C. Office, February 2003), 6, https://www.google.ca/url?sa=t&rct=j&q=&esrc=s&source=web&cd=7&ved=0ahUKEWjAqYeGre3UAhVKxYMKHX4jA6AQFghJMAY&url=http%3A%2F%2Fpolicyalternatives.ca%2Fsites%2Fdefault%2Ffiles%2Fuploads%2Fpublications%2FBC_O

businesses the added benefit of meeting the VOC's social criteria. It should be noted that this happened after the original IT business leaders agreed to participate in the working group to support their community. However, the VOC's bidding criteria served to attract additional IT business participation in the Vancouver SPP.

In the three years following the launch of the Vancouver SPP, it generated over one million dollars of new economic activity in the city's poorest district, the Downtown Eastside and seventy-five unemployed people from this area secured jobs.¹⁸ A number of community-based organizations across Canada replicated Vancouver's SPP model but few have managed to maintain its presence after government and/or charitable subsidized funding ran out.¹⁹ This includes the original SPP in Vancouver. One exception is the Winnipeg SPP which operated for four years between 2004 and 2008 hosted by a non-profit organization, Supporting Unemployment and Economic Development. As with other portals, its subsidized funding ran out. However, another community-based

ffice_Pubs%2Folympics_costbenefit.pdf&usg=AFQjCNF6QeYtrGbICK5nus_o3hWshrq9Ww&cad=rja (accessed June 23, 2017).

¹⁸ LePage, "The Social Purchasing Portal". See also, Ryan, "The Online Social Economy," 231.

¹⁹ Based on the Vancouver model, six additional SPPs were implemented in Canada between 2004 and 2007 including in Calgary, the Fraser Valley, Toronto, the Waterloo Region, Ottawa, and Winnipeg. For a description of these models, see Reeves, *Winnipeg's Social Purchasing Portal*, 6–10.

organization, Local Investment Toward Employment re-launched the SPP in 2011 as they were able to secure the requisite funding.²⁰

From its original conception, the SPP model has survived in Winnipeg and the national practitioner association, the Canadian CED Network, provides a forum for social economy practitioners to discuss its “best practices.” It also sponsors and promotes an annual SPP exposition with the goal of attracting new participation on the Winnipeg SPP.²¹

5.3.2. Description of the Model

The SPP is an Internet site that facilitates business supply chains to create social and economic value within their community. It works quite simply through a web site which is populated by a database of suppliers that are categorized according to the goods and services they sell. It encourages business members to redirect their existing purchases of everyday business goods and services towards local suppliers who have entered into a partnership with their community. It involves four partner groups: (1) local businesses and/or social enterprise suppliers, (2) purchasers, (3) an organization that hosts and manages the portal, and (4) community-based organizations who offer employment programs.

²⁰ Winnipeg Social Purchasing Portal, “Home,” <http://sppwinnipeg.org/> (accessed March 25, 2017).

²¹ See for example, The Canadian CED Network, “2016 Social Purchasing Portal Expo,” <https://ccednet-rcdec.ca/en/event/2016/03/30/2016-social-purchasing-portal-expo> (accessed March 23, 2017).

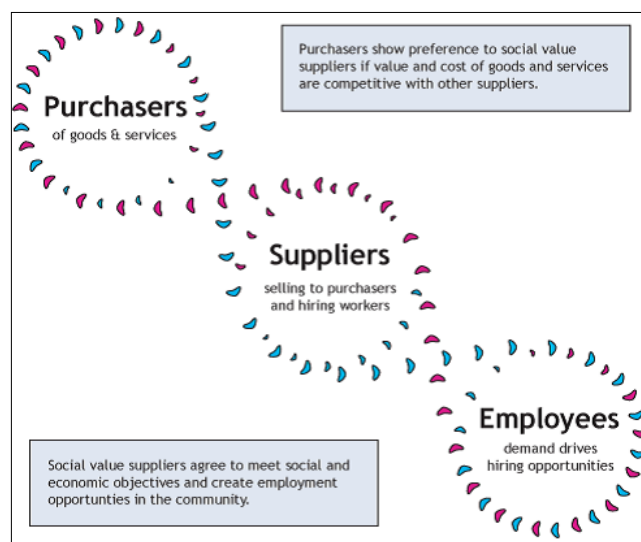
Local suppliers offer

goods and services such as catering, courier and delivery, business printing and stationery supplies, construction and renovation, recycling and shredding, janitorial services or any other product or service for

which purchasers have a demand. Depending on the mission of the SPP, suppliers may be located within an area of the community that is in need of economic development, or they may be social enterprises that have a social and/or an environmental purpose. For example, they may sell goods such as those manufactured from recycled materials or foods prepared with organic produce. Local suppliers are deemed to be able to create entry-level jobs and are willing to partner with community-based organizations who train unemployed people to meet the skill sets required to fill these jobs.

Purchasers are mainly traditional businesses, although they may also include social enterprises, charities, educational institutions, government agencies, faith-based organizations as well as individual

Fig. 1. Canada Social Purchasing



Source: Enterprising Nonprofits,

consumers. They become members of the SPP by buying goods and services from the portal's suppliers.²² Purchasers can be national or multi-national businesses or any other organization that has a high demand for the types of products and services local supplier members offer. However, as large organizations tend to centralize their purchasing, it is not uncommon to find that their procurement departments are located in another city. Consequently, some communities who developed the SPP found it easier to attract locally-based small to medium-sized organizations (SMEs) as purchaser members.²³ This was primarily due to the accessibility of senior management and/or their purchasing officers. Promoting the mission of the SPP often appeals to these individuals who lived in the same region as the impoverished communities they serve.²⁴ Additionally, as SMEs tend to be home-grown, their profits remain in the region which helps to facilitate local economic development.

One of the benefits purchasers share as members of the SPP is visibility of their brand, or in the case of charities or faith-based

²² The Winnipeg SPP has a variety of purchasers as members. See, Winnipeg Social Purchasing Portal, "Home."

²³ Innovation, Science and Economic Development Canada categorizes businesses according to number of employees. A small business has 1-99 employees; a medium-sized business has 100-499 employees; and a large business has 500 or more. Therefore, SMEs would have under 499 employees. See Science Innovation, and Economic Development Canada, *Key Small Business Statistics*, _ rept. (Ottawa, Canada: Government of Canada, June 2016), iv, http://www.ic.gc.ca/eic/site/061.nsf/eng/h_03018.html#point2-3 (accessed April 7, 2017).

²⁴ This was the case in the Toronto and Ottawa SPPs.

communities, of their mission. For example, their logos and in some cases a description of their corporate social responsibility goals can be displayed on the SPP Internet site.²⁵ This allows purchasers to demonstrate ethical business practices to their customers as was the case when the Vancouver IT sector submitted bids to supply the 2010 Winter Olympic Games.

The central assumption underpinning the SPP is that as the portal's local suppliers enjoy an increase in business volume, their enterprise grows and in turn, jobs are created. As a condition of membership in some models, suppliers agree to recruit from the local labour market; particularly among the long-term unemployed and those who face employment barriers or biases. These might include, for example, people with physical or mental disabilities, immigrants lacking Canadian experience, indigenous populations, the homeless, recovered addicts or youth at risk. These populations tend to be supported by a community-based organization that

²⁵ Corporate social responsibility (CSR) is a concept that frequently overlaps with similar approaches such as corporate sustainability, corporate sustainability development, corporate responsibility, and corporate citizenship. While CSR does not have a universal definition, many see it as the private sector's way of integrating economic, social, and environmental goals within their activities. Nonetheless, Global Affairs Canada broadly defines CSR as "...the voluntary activities undertaken by a company to operate in an economically, socially, and environmentally sustainable manner." Global Affairs Canada, *Doing Business the Canadian Way: A Strategy to Advance Corporate Social Responsibility in the Extraction Sector Abroad*, _ rept. (Ottawa, Canada: Government of Canada, 2014), <http://www.international.gc.ca/trade-agreements-accords-commerciaux/topics-domaines/other-autre/csr-strat-rse.aspx?lang=eng> (accessed March 25, 2017).

offer demand-side employment programs to assist clients in securing the newly created jobs. The organizations that offer these programs often also host and manage the SPPs. So, often, there is a close link between the local suppliers who are creating the jobs and the organization that is supporting those who need the jobs. This is an important aspect of the partnership as the organizations can tailor their employment training programs to the skill sets the supplier businesses are seeking. For example, a local supplier in need of catering staff might prompt the community-based organization to offer a food services training program.

The funds needed to cover the initial start-up costs and the resources to manage the SPP for the first two to three years are usually granted through various levels of government, charitable foundations, and/or faith-based communities, some of whom may provide in-kind donations of volunteer time, space, or supplies.²⁶ However, the challenge most portals have faced is the sustainability of their operations once this funding has lapsed. Like a traditional SME, sustaining a social enterprise requires ongoing capital. But unlike SMEs, social enterprises have difficulty attracting conventional financing. As with other social economy organizations, the primary objective of the SPP is not financial, therefore

²⁶ The Ottawa SPP start-up costs were approximately twenty-two thousand dollars. Approximately nine-thousand dollars was donated through in-kind work such as web development; computer hardware and supplies, furniture and fixtures, and marketing services by various organizations with the remainder granted by provincial and municipal grants.

they are not attractive to traditional investors seeking the highest return on their investment. Furthermore, since they have neither owners who can guarantee loans, nor assets they can pledge as collateral, traditional banks are weary of lending to SPPs. As a social enterprise, the SPP is reliant upon government grants and charitable donations in order to finance their start-up and grow their operations.²⁷

5.3.3. *The SPP: The Problem it is Addressing*

Traditional economic approaches suggest that a viable market is one where there is a want, need or desire; money to spend; and a willingness to spend it—that is effective demand. Satisfaction of these wants, needs or desires is what Lonergan calls “good” at the first level of the human good—*particular goods*. But what happens when the demand is not adjoined with the available means? This was the case in Vancouver’s Downtown Eastside district. There existed a demand for the *particular goods* of sustainable jobs at living wages so residents of this district were able to satisfy their wants, needs, and desires for the *particular goods* of housing, education, clothing, recreation, and so forth. In the absence of

²⁷ In 2014, the majority of Canadian SMEs used personal financing to sustain their business (84%) followed by credit offered by financial institutions (45%). Innovation, *Key Small Business Statistics*, 14. For a good introduction to the challenges of financing social economy organizations, see Quarter, Mook, and Armstrong, *Understanding the Social Economy*, 246–79 and Karaphillis, Asimakos, and Moore, *Financing Social Economic Organizations*. For an international perspective, see Peter Jenner, “Social Enterprise Sustainability Revisited: An International Perspective,” *Social Enterprise Journal* 12, no. 1 (2016): 42–60.

employment, however, these basic needs were in demand but funds to afford them was lacking. In other words, what existed was ineffective demand.

Ineffective demand has traditionally been viewed as a social problem handed over to governments, charities, and faith-based communities to address. In some communities, however, including the Vancouver SPP, social economy practitioners partner with traditional businesses to create the economic conditions that yielded jobs so that residents living in poverty can secure jobs and subsequently afford the demanded *particular goods*.

In neoclassical economics, self-interest drives business activities such that a business seeks out the lowest possible price for goods and services. In the case of the Vancouver SPP, however, the IT business leaders transcended the pursuit of self-interest in their procurement choices. In doing so, they purchased “something over and above” the goods or service they were procuring. This “something over and above” was a *social good*, and their purchasing choice reflected an intentional social goal. The SPP’s founders did use the VOC’s bidding criteria to attract more purchasers to the portal, and therefore it cannot be claimed that all business leaders necessarily transcended their pursuit of self-interest; indeed, some may have used their portal participation solely to augment their bids. However, the IT business leaders who were members

of the original SPP working group were not among these later participants.²⁸

It was not the pursuit of self-interest and Smith's "invisible hand" of the market that providentially created the conditions that delivered the *particular goods* in demand; it was community actors ready and willing to transcend self-interest in order to solve the challenge of poverty in their community. The automatic, mechanistic model of the traditional economy did not live up to its claim to provide for the full range of *particular goods* the Vancouver Downtown Eastside district needed in order to flourish. In its place, the SPP working group constructed a market through collaborative activities and innovation. It turned ineffective demand into effective demand by creating the conditions for cross-sector partners to enter into patterns of cooperation. It broke down the belief that there should be a natural separation between social and economic activities. And as claimed in the literature and in practice, it created and merged social and economic values.

As social economy participants attempt to reconnect social existence with economic living, the SPP provides an example that defies the assumption that an economy must always be "values-free." As an example of a social economy activity, the SPP illustrates how the social economy does not operate exclusively in accordance with traditional

²⁸ LePage, SPP presentation.

economic rules. Advocates suggest that the benefits of the SPP are that it generates economic and social value within the local community by replacing imports, creating employment opportunities, and building community relationships.²⁹ Furthermore, the SPP experience is in keeping with one of Lonergan's contentions that all economic actors have a moral obligation in achieving a higher standard of living that can be accomplished at the social level of value.

5.4. The Social Purchasing Portal: Applying Lonergan's Cognition Theory and his Theological Ethics

This next section provides an analysis of the SPP by applying Lonergan's theological ethics. I apply his cognitional theory to illustrate the Vancouver working group's innovative process followed by a detailed examination of how value structures are created by applying Lonergan's three-fold structure of the human good. I conclude with a discussion of how values are differentiated and interrelate according to Lonergan's scale of values.

5.4.1. Applying Lonergan's Cognition Theory

We can observe that the members of the Vancouver working group used innovative skills to develop a strategy that would positively impact the economic conditions within the Downtown Eastside district. At each stage of the innovative process, questions were raised which engaged and

²⁹ Reeves, *Winnipeg's Social Purchasing Portal*, 3.

animated each member of the working group's operations of consciousness. Questioning the effectiveness of the existing employment service programs through analyzing the data (*experiencing*) led to a key insight (*understanding*) and the truth of the situation (*judging*) that the programs followed a supply-side model and were thus, ineffective. As further questions were raised, members of the working group continued to accumulate knowledgeable facts including that Ireland's FIT program was a demand-side model. However it was judged that this model could not be transposed to their district.

The second key insight understood by a member of the working group concerned the judgment that their regional IT sector businesses' purchasing dollars could be redirected towards local suppliers who could create jobs that matched the potential abilities of the district's unemployed population. Furthermore, this raised questions concerning a strategy that would be valuable and worth pursuing in ethical action (*acting*).

I've substantially compressed the working group's process in a few short sentences. They analyzed the existing employment service models and discovered a supply-side model and then they figured out how this model could be redesigned to fit local conditions. This illustrates the predominant point I want to emphasize. In each stage of the innovative process the cognitive operations of *experiencing*, *understanding*, and *judging* were operating normatively in the minds of each member of the

working group. Driven by the pure desire to learn and to understand as animated by the successive questions: “What is going on?” “Is it this or that?” and “Is it so?” members of the working group were seeking to know the truth of the situation in their community. Driven by the pure desire to learn and to understand as animated by the second set of successive questions, “What to do?” “Is it the right thing to do?” and “Is it valuable and worth pursuing?” led the group to develop a social enterprise strategy to create a local SPP. Knowledge of facts to knowledge of what is valuable and worth pursuing led the group to implement their plan. Their deliberating moved them from understanding and judgment of possible solutions to the implementation of the Vancouver SPP. These ethical actions positively impacted the district’s social and economic living conditions and grounded social and economic value concretely in the Downtown Eastside district, elevating some of its residents out of poverty.

I suggest that Lonergan’s cognitional theory provides a more precise and detailed understanding of the progressive dynamics involved in the innovative process. Through questioning, researching, and arriving at some key insights, the Vancouver working group formed a strategy to develop and implement a social enterprise—the Vancouver SPP—as they judged to be valuable and worth doing. As the innovative process is so central to social economy activities, I suggest that Lonergan’s cognitional theory offers explanatory resources for social economy theorists to study,

and for social economy practitioners to discover as normative in their innovative process.

5.4.2. *Applying Lonergan's Threefold Structure of the Human Good*

As the social economy literature claims that its activities merge social and economic values, my aim in this application of Lonergan's threefold structure of the human good is to show how Lonergan's ethics provides a clearer differentiation of these type of values, and how it brings them together by highlighting their interrelation.

The poorest urban region in Canada, the Vancouver Downtown Eastside district, stands as a testament to the reality that the traditional economy does not always produce the full range of *particular goods* required for a community to flourish. More specifically, the district lacked the *particular good* of sustainable jobs at living wages that community members wanted, needed, and desired.

Interestingly, creating jobs is not often thought of as a public good. However, when the economy does not self-correct as per traditional approaches, and a region is left economically stagnant, governments, charities, and faith-based communities are relied upon to fill the gap. Social welfare and programs such as food banks, clothing donations, hygiene care, and homeless shelters are some of the basic public goods offered by these groups. Although a number of community-based organizations across Canada provide employment programs in poverty-stricken areas,

job creation is not typically within their purview. It is left for traditional businesses to create employment within the economy's supply and demand circuit. As demand for a service or product increases and there is a viable market willing to purchase these goods, businesses will increase their productivity to meet the demand. This often entails employing more people and thus, jobs are created within the region where the business is located. But note that these newly created jobs are not typically characterized as a public good. Businesses operating in keeping with the rules of the neoclassical economy do not *intentionally* produce public goods.³⁰

Centred on the maximization of shareholder wealth, community needs as such are not taken into consideration when making strategic business decisions such as where to locate, who to purchase supplies from or environmental concerns. There are exceptions such as when there is no choice due to government regulations, or when there is a marketing advantage to do so, or when governments privatize the distribution of

³⁰ The exception to this rule may be public goods that have traditionally been offered by various levels of governments but have been privatized, sold, or distributed through a partnership with the private sector. Even so, as soon as the *particular good* is being produced by a traditional business, it is not normally labeled a "public" or "social" good. An example of the latter includes the contracting out of the management of government owned parks and recreation facilities. For a good introduction to the privatization of leisure services, see Miriam P. Lahey, "Privatization and the Future of Leisure Services," *Journal of Leisurability* 26, no. 4 (Fall 1999), <http://lin.ca/sites/default/files/attachments/V26N4A3.htm> (accessed March 22, 2017).

public goods and will often require that the business locate within the community. A good example of a business deriving marketing advantage from social value is the Vancouver IT sector's participation in the Vancouver SPP in order to augment their bids for the 2010 Winter Olympic Games.

Nonetheless, the original senior business leaders from the IT sector that participated in the working group participated outside the norms of the traditional economy by intentionally seeking ways to use their businesses not only to maximize shareholder wealth but also to create economic and social good for residents of the Downtown Eastside district. What facilitated this stepping outside the norms of the traditional economy were the efforts, impetus, and innovative skills of social economy practitioners who engaged these traditional businesses. In doing so, the Vancouver working group intentionally aimed to bridge the Downtown Eastside district's social and economic existence by creating the right market conditions. Using innovative entrepreneurial means, they conceived a social enterprise that created jobs and a demand-side employment program for residents of this district who were living in poverty.

In applying Lonergan's threefold structure of the human good to the case of the SPP, we can gain additional concrete precision in understanding the relation between the dimensions of the "social" and "economic" components with the field of the social economy. Furthermore,

the application to the SPP case illustrates how social and economic values are created and interrelate concretely. It can also highlight how religious values can animate and sustain ongoing participation in the face of obstacles.

5.4.2.1. *Particular Goods*

In applying Lonergan's first level of the human good, we can observe that the wants, needs, and desires of the citizens of this Vancouver district were not satisfied through the *particular goods* that would lessen their impoverished living conditions. There existed an ineffective demand as the available means to purchase these goods was not available. As is the normal practice, social programs were put in place to turn ineffective demand into effective demand. In this case, government subsidized employment programs operated by charitable organizations attempted to satisfy this first level through the *particular goods* of bridging these citizens into employment. However, the programs were judged as unsuccessful due to their supply-side model. Supply can often be created without mobilizing money in the local economy to pay for the supply. In this case, the supply of trained people seeking jobs was created, but there was a lack of money within the existing supply and demand circuit that flowed to local businesses to create a demand for skilled workers. Furthermore, the skills these people were trained in did not match the potential demand of local businesses.

Social economy practitioners conceived the SPP to address ineffective demand through a demand-side employment program model. When demand is effective, money is in place to pay for the newly created demand and the economic scheme is sustainable. However, this required engaging traditional businesses to develop a social enterprise. In doing so, it highlights what I claimed in Chapter 4 as the first meaning of what social economy theorists mean by the “social” component of the social economy. “Social” in this sense means the production of the public goods normally left to governments, charities, and faith-based communities. The working group expanded economic practice to include *particular goods* that yielded public goods with social outcomes; as this case illustrates, these were outcomes that the traditional economy failed to satisfy.

It is important to note that the early IT sector leaders represented within the SPP working group recognized this limitation of the traditional economy. They were unable to create jobs within their own businesses that matched the skill sets and aptitudes of the residents in this district within their normal business practices. However, they were willing to work with social economy practitioners to redirect their purchasing dollars towards the businesses located within the district that could. This required innovation and engagement which brings me to the second level of the human good.

5.4.2.2. *Goods of Order*

The SPP model is a good example of what Byrne describes as a social ecosystem. Innovating the SPP required individuals willing to take on a role to develop a web of complex and interacting patterns of cooperation through institutions. In doing so, they created new roles and a new institution, the SPP social enterprise. This institution generated new patterns of cooperation amongst the host organization, local suppliers, purchasers, and the employment program service provider, forming a complex web that engaged and served the unemployed within Vancouver's Downtown Eastside district.

The generation of this web started with the Vancouver SPP working group. Members of the working group included social economy practitioners and representatives from government, charitable organizations, and IT business leaders who were unaccustomed to working together. Indeed, they were innovating something that had never been done before. A new pattern of cooperation had to be established if the group was to achieve its goal. This would have engaged each member's social bonds; the affinity they had for one another in their common purpose. This required that each member take on new roles that were both technical and ethical in nature.

Some of the technical roles that members brought to the project included those that some would have been comfortable with. Examples of

these might be roles associated with chairing the meeting, formulating an agenda, taking notes, etc. At the first meeting, the range of technical skills within the group might have been identified. Project tasks would have involved researching the feasibility of launching a successful social enterprise; developing a funding plan to attract government funding and charitable donations; and crafting a social enterprise business plan that included web development, marketing, human resources, and financial plans. Roles might have been divided up amongst the members commensurate with their technical skills.

Ethical roles, on the other hand, would have required that members rely on successful meeting skills that they had acquired over time. Showing up on time, silencing cell phones, listening, and not talking over others are all ethical obligations that constitute a good pattern of cooperation for any meeting. In addition, new ethical skills may have been required in the Vancouver working group, given that the members were unaccustomed to working together. For example, democratic decision-making might be a novel process to a business leader who is normally tasked with making the final decision. Representatives from charitable organizations might find discussions on profit-making uncomfortable. Government representatives might not have been comfortable with collaborating on decisions that involved financial risk-taking. However, democratic decision-making processes, profit-making discussions, and risk-taking decisions are what

social economy practitioners experiment with, as Shragge and Fontan indicate when they state that social economy organizations are learning new ways of organizing work.³¹ These new ways of organizing work can multiply the complexity of engaging in cooperative endeavours, and in the case of the SPP, each member would have needed to get new insights into the intrinsic obligations these new patterns of cooperation would have entailed. For cooperation to recur time and time again, these obligations would have needed to have been met time and time again.

We can observe that the ethical character of the working group's pattern of cooperation exceeds the first level of the human good. In order for it to function well over time and be judged as a *good of order*, each member would have needed to transcend their personal wants, needs, and desires to ensure the project progressed. Working groups of any kind can go awry when personal agendas or power-plays interfere with the group's ability to collaborate toward a common goal. However, realizing the working group's common goal was a commitment to a new type of good: the social good of the Vancouver Downtown Eastside district. This required a productive and efficient working group.

This new type of social good is what I outlined in Chapter 4 as the second meaning of the "social" component of the social economy. In keeping with Vienney's theory of the social economy, members of this

³¹ See Chapter 2, note 63.

working group entered into *relational* activities that were *structured*.

Consistent with the conditions of the second level of the human good, *relational* meant that each member of the working group had to transcend the first level of the human good. This required the engagement of their social bonds, where the inner constitution of their pattern of cooperation was *structured* by an internal logic of obligations that had to be recurrently met.

Within the traditional economy, certain roles within patterns of cooperation have been established over time, along with their necessary tasks, routines, and habits. Consider, for example, a simple consumer purchase transaction.³² Melchin illustrates the pattern of cooperation established by a business's representative selling goods to a consumer who desires the *particular goods* the business is advertising. He describes this transaction as a "cooperative scheme involving two parties' reciprocal contributions towards the achievement of mutual goals which neither could have achieved on their own."³³ These contributions are ethical obligations that involve "gestures, responses, and role-taking"³⁴ that the internal structure of the pattern require in order for the transaction to succeed. These consumer purchase transactions can be relied upon to recur over and over again as we have learned how to meet the internal logic of the

³² The consumer purchase transaction is described by Melchin to illustrate how a pattern of cooperation, he terms a social structure, yields obligations at each stage of the transaction. If these obligations are not met, the transaction will not succeed. See, Melchin, *Living with Other People*, 49–53.

³³ Melchin, *Living with Other People*, 53.

³⁴ Melchin, *Living with Other People*, 53.

ethical obligations within this pattern of cooperation over and over again.³⁵ Without this, we would not have an economy. Yet the ineluctably ethical nature of an economy is not considered within neoclassical economics. I suggest that the social component of the social economy draws attention to and sheds light on the relational or the social aspect of all business activities and not just ones explicitly associated with the social economy.

The SPP ecosystem is constituted by these relational, structured and intersecting patterns of cooperation to form a complex web, a social ecosystem. Some of these cooperative patterns would have entailed learning new ways of mutual engagement. Local supplier and purchaser members of the SPP could rely on the habitual ways of meeting the intrinsic obligations in a consumer purchase transaction. However, consumers who were unaccustomed to purchasing goods from a web site might have found their initial purchasing experiences rather clumsy. This would have entailed a degree of technical ability but also ethical obligations such as following the web site instructions or following through with payment. Commitment to the higher good of the ordering pattern would involve a sense of obligation to something more than the *particular good* sought; it would also include a sense of obligation that now motivates a

³⁵ The consumer purchase transaction as described by Melchin is primarily what one would expect in a western economy. One would not necessarily haggle for a lower price in a North American shopping mall but this would be considered a part of the established gestures, responses, and role-taking one could expect in the Medina of Marrakesh.

willingness to take on the new technical tasks. In the case of the SPP, local business suppliers who agreed to partner with the employment service providers to specify training programs would be learning new ways of collaborating with a government-sponsored charitable organization. The need to hire local talent when the supplier's business volume increased such that they created new jobs would have to be met, given that the premise of the SPP relied on this ethical obligation.

The complexity of the web of new patterns of cooperation illustrated by the SPP is quite staggering when one imagines the multitude of ethical obligations that had to be met over and over again for this social enterprise to succeed. It was incumbent on each participant within the different categories of members to transcend the first level of the human good and fulfill the ethical obligations of the cooperative patterns they engaged in. This required them to understand how to establish, maintain, foster, and at times discourage patterns of cooperation when they did not serve the common goal.

If, for example, the IT business members did not cooperate by purchasing goods from the supplier members or the employment service providers continued offering a supply-side model or the supplier members did not hire locally, the Vancouver SPP would not have flourished for the time it operated. A breakdown in any one of these patterns of cooperation would have had a ripple effect through the whole social ecosystem,

sending the SPP into decline. In other words, the offending pattern of cooperation could not be considered a *good of order*. A case in point is the lack of funding available from traditional sources to sustain this social enterprise beyond its initial years. There was no *good of order* established between the Vancouver SPP, banks, investors, and other traditional funding sources. In operating a social enterprise, establishing and maintaining efficient and productive patterns of cooperation is essential to its success. However, the need to judge firstly, whether the patterns of cooperation are meeting the common goal of producing the *particular goods* they intend and secondly, whether they are sustainable into the future, will lead us to the third level of the human good: that of *value*.

5.4.2.3. Value

As explained above, the Vancouver SPP turned ineffective demand into effective demand by facilitating employment for seventy-five people within the Downtown Eastside district. It also generated over one million dollars in new economic activity. We can therefore make the first judgment that the SPP's patterns of cooperation produced the *particular goods* the original working group intended. As such, we can pronounce that this ecosystem was made up of value structures that created and grounded social and economic values in the concrete living conditions of the residents in this Vancouver district. By contrast, the supply-side employment service model that was originally operating in the district might

have been productive and efficient, but it didn't produce the particular goods it intended. Therefore, we can state that its patterns of cooperation were not value structures, a judgment the working group arrived at in their original research.

The second judgment arrived at concerns whether or not the SPP's value structures were sustainable over longer periods of time. Despite the short-term success of the Vancouver SPP, unfortunately, it did not operate beyond three years. This illustrates the importance of understanding and judging where the value structures are heading. When government and charitable funding ran out, the Vancouver SPP was unable to operate. Thus, we could make a judgment that the pattern of cooperation between the SPP and its funders was not a sustainable value structure. However, this points to the difficulty that social enterprises experience in seeking funding from conventional sources. At the three-year mark, the Vancouver SPP required growth funding and there were no established patterns of cooperation that involved social economy organizations and conventional

fundors such as banks, credit unions and venture capitalists.³⁶ Transferring funding arrangements from governments and charitable organizations to funding sources that operate in accordance with traditional economic approaches proved to be insurmountable. These conventional funders operate at the first level of the human good. They are like traditional businesses in that taking into consideration “something over and above” a return on investment, in this case the social good that social economy organizations produce, is not part of their risk-reward analysis for lending or investing funds.

Like all social ecosystems, the SPP’s internal web of patterns of cooperation intersects with external cooperative patterns. Being embedded within a global traditional economy that functions according to the first level of the human good challenges social economy organizations to establish

³⁶ Sourcing financing from conventional lenders is still proven to be difficult for social enterprises. However, since the time of the Vancouver SPP, there have been a number of new financing options for social enterprises, often sponsored by different levels government and at times in partnership with charitable organizations. See, for example, social enterprise growth financing offered by the province of Ontario, Social Enterprise Demonstration Fund, “Home,” <https://www.ontario.ca/page/social-enterprise-demonstration-fund> (accessed April 4, 2017) and funding offered by the City of Edmonton in partnership with its Community Foundation, Social Enterprise Fund, “Money on Mission,” http://socialenterprisefund.ca/?page_id=22 (accessed April 4, 2017). Additionally, Van City is a Vancouver-based credit union that offers traditional financing to social enterprises, Van City, “Personal Banking,” https://www.vancity.com/AboutVancity/InvestingInCommunities/ImpactLending/?xciid=about_megamenu_implendinv (accessed April 4, 2017). The insurance co-operative, the Co-operators, serves seven provinces where it offers funding to social enterprises involved in community economic development through its Foundation. See The Co-operators Foundation, “About Us,”

new funding patterns of cooperation. This illustrates the dynamic nature of an ecosystem which must change to meet new and emerging needs. For example, in the case of the SPP model, the Winnipeg SPP was able to re-launch due, in part, to a new funding source that understood and embraced its social mandate.³⁷ In doing so, it created a new value structure that benefitted those residents within its community who faced employment barriers.

The SPP is a good example of how the social and economic values envisioned by the working group were created within the values structures that made up this social ecosystem. In implementing this social enterprise, these values were grounded in the concrete lives of the unemployed who gained jobs, the local supplier businesses who gained new customers from the IT sector, and the Downtown Eastside district that enjoyed new economic activity. Value in this sense is not a static principle; neither can it be reduced to a “bag of values” approach. Rather, value as illustrated in this case is constituted as a dynamic shift from one state of community well-being to a better one.

So far, I have discussed how values are created within value structures that are judged according to whether they produce or not the full range of intended *particular goods* over longer periods of time. When we

<https://www.cooperators.ca/en/About-Us/foundation.aspx> (accessed April 4, 2017).

³⁷ The funder in this case was the Co-operators Foundation.

apply a differentiation in values according to Lonergan's scale of values, we add precision to what is meant by social and economic values. We get a clearer picture of how religious values can encourage social economy practitioners to stay the course when faced with challenges such like finding financial resources, and indeed how they can animate Christians to participate in the social economy via particular projects such as the SPP.

5.5 Scale of Values

As discussed in Chapter 4, Lonergan demonstrates how judgments of value are made in accordance to an ascending scale. The values on this scale are ranked hierarchically from vital, social, and cultural to personal and religious. As we ascend the scale and make judgments of value, our realms of concern are expanded. In applying the scale of values to the case of the Vancouver SPP, we can add further precision to the definition of value, its creation and how values can merge concretely. I argued that this can help social economy theorists add clarity to the definition of the Canadian social economy, replacing the erroneous "bag of values" approach, and so the pitfalls of value relativism.

In the case of the Vancouver SPP, we can see that the vital needs for survival and self-preservation of the residents in the Downtown Eastside district were not being met. Holding the title of the poorest urban region in Canada, one can make a judgment of value at the first level of the scale of values that the patterns of cooperation that functioned within the

traditional economy had failed this district. Within these traditional approaches, businesses are solely concerned with maximizing shareholders' wealth. They do create and generate economic values but they do so for the satisfaction of one constituent, their shareholders. The social economy practitioners who were involved with innovating the Vancouver SPP as a social enterprise aimed to expand the range of constituents to include those who were living in poverty. Furthermore, the social enterprise that they developed was not solely concerned with the maximization of wealth but rather their concern included generating jobs to satisfy the vital needs of this Vancouver district.

The original IT business leaders who joined the Vancouver working group were exceptional. Within their traditional economic practice, they were willing to explore how their businesses could generate economic value beyond the interest of their shareholders. What is remarkable is that they did not need to dramatically alter their normal business practices, other than to redirect some of their purchasing towards supplier members of the SPP. In doing so, they created economic value for the SPP local supplier members which in turn created vital jobs for the residents of the Downtown Eastside. This case illustrates how traditional businesses can intentionally take into consideration a broader sphere of concern beyond that of their shareholders. But to do so requires establishing and engaging

in new patterns of cooperation. This leads us to the next level of value, the social level.

The working group and, subsequently, the Vancouver SPP were constituted by the relational activities that took place in and through structured webs of values structures, to form a social ecosystem. They created and concretely grounded economic value at the vital level of value for the residents of the Downtown Eastside district but they did so by creating social value at the second level, and grounding it concretely. This illustrates and explains the claim made by practitioners and theorists that social economy activities merge social and economic values. However, the two values, economic (vital) and social, are located on two distinct levels, with the social level ranking higher. This is not to say that the vital value is less important. Rather, values on the higher level actually facilitate the expansion of value on the lower level. As this case illustrates, achieving social patterns of cooperation made possible organized and regular distribution of economic values for the Downtown Eastside district through increased business for local suppliers and jobs for local unemployed residents. However, as the Vancouver SPP only operated for a short time, these patterns of cooperation were not sustainable. There was a flaw in its social ecosystem that needed to be discovered and corrected. This leads us to the next level of value.

The cultural values are derived from traditions, beliefs, and norms and are used to discover, inform, criticize, and make adjustments to common ways of engaging in patterns of cooperation on the social level. The Vancouver SPP faced challenges in sustaining its operations due to a lack of funding. This was not unique to this social economy activity. As documented and expressed through social economy practitioner organizations such as the Canadian CED Network and the Chantier de sociale l'économie, it was known that other practitioners in Canada were experiencing similar problems. These organizations provide the forums for practitioners to discuss "best practices," and to get access to research and information on topics such as how to develop, fund, and sustain a social enterprise such as the SPP. Although the Vancouver SPP had to close its doors, the members documented and shared their discoveries, insights, and innovative processes, and made them available to other social economy practitioners through practitioner organizations. By sharing their knowledge, they set the conditions of possibility for other social economy practitioners to develop similar SPP models in other Canadian cities. A case in point is the Winnipeg SPP's ability to make adjustments and re-launch the portal based on the funding lessons that were learned in Vancouver and other cities.

These lessons are expressed in social economy articles, community economic development conferences, and academic papers already cited.

These expressions, stories, conference papers, journal articles and so forth all contribute to the cultural fund of knowledge that social economy practitioners can draw on to inform their practice. The social economy research network is itself a *good of order* that can be judged valuable on the cultural level of value as it facilitates the advancement and proliferation of social economy value-projects at the social level.

It is important to notice how the Vancouver SPP experience was broader than the members' initial goal of innovating value structures at the social level to deliver vital needs to the Vancouver Downtown Eastside. As we ascend the scale of values, our realms of concern reach beyond the task at hand and include, at times, people we don't know such as those living in other impoverished communities. In documenting their lessons learned and sharing their insights with practitioner organizations, they created value for other people living within impoverished communities across Canada.

At the personal level of value, each member of the Vancouver SPP working group formed the initial foundation of value. As originators of value, they broadened their concern beyond their own vital needs to take into account residents of the Downtown Eastside district. In doing so, they took responsibility and engaged their ethical skills to learn new ways of working within patterns of cooperation at the social level of value. Their goal was to create value structures that created economic and social

values to lessened poverty in the district. It is through these value structures that values were created, and it is through the Vancouver SPP as a social ecosystem that social and economic values merged.

Moreover, as foundations of value, the members of the working group inspired other IT businesses to make responsible choices to purchase social value in the goods and services they procured. As agents of value, the members contributed their knowledge at the cultural level of value which positively benefitted other impoverished cities in Canada. They understood that their innovative processes could benefit people living in poverty even though they did not know them.

At the religious level of value, judgments are made that are broader still. As Christians, we understand that the ultimate value in our lives is Divine love acting in and through us as agents of value when we participate in our communities and in human history. It is up to us as Christians to open our hearts to this unconditional love and care for our neighbours. At times, this requires courage, sacrifice, and tenacity. It sometimes requires us to be counter-cultural and find new ways of living, cooperating, innovating, and loving concretely.

Although there is no documentation that suggests the involvement of Christians or faith-based communities as such in the Vancouver SPP, there are several examples of churches that have participated and

continue to participate in SPPs in other cities.³⁸ However, it should be noted that fundamentally, members of the Vancouver working group were not satisfied with the status quo. They challenged the cultural norm of understanding businesses operating within traditional economic rules as necessarily only concerned with shareholders' interests. The original IT business leaders' willingness to benefit people who were living in poverty constituted a mission that coincides with Christian values. I believe Christian faiths of all traditions can be animated by the values of their faith to support and participate in the Canadian social economy.

Applying Lonergan's scale of values to the case of the Vancouver SPP provides some clarity on what researchers mean when they claim that social economy activities create and merge social and economic values in the Canadian social economy. Lonergan's scale differentiates values on various ascending levels and explains how values on these levels interrelate. Social and economic values that were created through this social enterprise were accomplished through patterns of cooperation. When the intent of the patterns of cooperation are deployed solely to generate economic values (vital level of value) for one constituent, as is the case of businesses operating within the traditional economy, the scale is inverted. The Vancouver SPP, however, had a different intent. It created social and economic values in aid of the public good of the Vancouver

³⁸ See note 9 in the Chapter.

Downtown Eastside district. In ascending the scale of values, these social economy practitioners along with IT business leaders broadened their realms of concern beyond the vital needs of their enterprises to include those who were living in poverty. Furthermore, they created cultural values by sharing their lessons learned so that other Canadian communities could benefit.

Loneragan's scale of values clarifies how all values are not ranked equally, thus countering the relativism of the "bag of values" approach. Our realms of concern are broadened as we move up the scale. Furthermore, values are not static. As the Vancouver SPP illustrates, value is a movement from one state of being to a better one. Seventy-five people were given opportunities for better economic and social lives when they gained employment through the efforts of these social economy practitioners acting as agents of value. Movements such as this merit the support of Christians who are animated by the values of their faith traditions.

5.6. Conclusion

This chapter began with a word on case study methodology given its considerable usage in the social economy literature. Research on the Vancouver SPP can be found in several academic writings. Recounting the history of the original Vancouver SPP working group's development process, providing a description of this CED model and the problem it

aimed to address, offered me rich data for the application of Lonergan's theological ethics supplemented by his cognitional theory.

Firstly, I made the claim that ineffective demand for basic needs (*particular goods*) can be turned into effective demand when community actors are willing to transcend self-interest to solve the challenge of poverty in their community. As was illustrated in this case, through collaboration and innovation, the Vancouver working group constructed a viable market in the Downtown Eastside district where effective demand was conjoined with adequate income to pay for the basic goods desired. Furthermore, I argued that these intentional activities defied the traditional economy precept that the sole pursuit of self-interest and Smith's "invisible hand" of the market providentially creates effective demand.

Secondly, I applied Lonergan's cognitional theory to the Vancouver working group's development process. I illustrated how the normative operations of consciousness—*experiencing, understanding, and judging*—driven by the pure desire to learn and animated by successive questions yielded two key insights that advanced the working group towards innovating the SPP model. I made the claim that Lonergan's cognitional theory offers explanatory resources for the innovative process that social economy theorists can study and that social economy practitioners can discover as normative within their own minds.

Thirdly, I applied Lonergan's three-fold structure of the human good and his scale of values to the case of the Vancouver SPP to provide additional precision in understanding the relation between the "social" and the "economic" components within the field of the social economy. Furthermore, the case illustrates how we can define values, their creation, and their interrelation.

In summary, this case illustrates that value can best be defined as a movement of change from one state of being to a better one. This was evident in the success the Vancouver SPP achieved for the citizens of the Downtown Eastside District. Furthermore, values cannot all be simplistically ranked as equal, as the relativist "bag of values" would suggest. Social and economic values must be properly differentiated on two levels of value where value structures at the social level of value make possible the generation of economic values at the vital level of value. The Vancouver working group created and sustained these value structures at the social level of value by transcending the vital level of value towards a common pursuit of a higher good. The merging of social and economic values as claimed by social economy proponents is in fact an interrelation between these two levels of value. The Vancouver SPP not only produced *particular goods* at the vital level of value, but did so at the social level of value as well. And finally, it is through value structures such as the Vancouver SPP that social and economic values can be generated and

grounded concretely, as demonstrated in the experience enjoyed by the citizens of the Downtown Eastside district during the three years the portal operated.

Chapter 6. Conclusion

The initial goal of my research was to answer the call of scholars and theologians for theoretical foundations for and a theological engagement with the “new” social economy in the Canadian context. Having discovered a prevalent ambiguity in the social economy literature with regards to the understanding of values and their generation, my specific focus in this thesis was to provide clarity on how values are understood, created, and interrelate. This thesis was also concerned with providing an understanding of the role that religious values play in motivating and animating Christian engagement in social economy activities. Using a dialectic methodology, I drew on Lonergan’s theological ethics supplemented by his cognitional theory to engage in conversation with the body of research conducted by CSERP, a five-year SSHRC funded project. This was supplemented by other scholars’ and practitioners’ writings within the field of social economy theory and practice. As social economy scholars have a propensity to use case studies as both methodology and genre, I selected the case study of the Vancouver SPP for illustration purposes. I want to emphasize, however, that my use of the case study was not methodological, even though I was directly involved in developing a SPP in Ottawa in the 2005-2006 years. It is important to note that my overall approach was influenced by Lonergan’s method of self-appropriation and cognitional theory. It was this that helped

me to discover and be authentically aware of the biases that I could have brought to this project.

The following is a conclusive summary of each of the chapters:

6.1. Summary of Chapter 1

In this chapter, I explained how my choice to focus on the social economy stemmed from personal experiences I had in the U.K. as a senior manager at a traditional business during the years Margaret Thatcher was Prime Minister. Although I supported free market capitalism, her government's social and economic policies did not correspond to my Christian value of love for one's neighbour. Through my business engagement with the MacIntyre Trust's social enterprise, I discovered: 1) a traditional business could take the community into consideration within its operational decisions without compromising its profits; and 2) social and economic activities could come together within one organization for the betterment of the community. These insights appealed to both my religious values and entrepreneurial spirit. Through subsequent experiences within a community-based organization in Canada, I came to learn that these activities fit within a field of practice and study called the social economy.

My choice to draw on Lonergan's theological ethics in this thesis follows from my earlier involvement in the Community Enterprise Centre, an Ottawa based organization that was involved in CED activities. It owned a furniture manufacturing social enterprise and delivered self-employment

programs to support people who faced employment barriers. In my efforts to find resources for understanding how CED activities could better support clients towards self-determination and economic independence, I discovered Lonergan's cognitional theory and his theological ethics. The concrete methods which emerged from Lonergan's resources informed my practice and his rich insights continued to inform my academic studies. I found that Lonergan's unique understanding of "value" provided me the resources for this thesis.

In summary, my hypothesis was that Lonergan's theological ethics supplemented by his cognitional theory help to provide clarity and precision in the definition of values, how they are created, and how they interrelate, and that they do so in ways relevant to discussion in the literature regarding the "new" social economy in the Canadian context. Furthermore, I claimed that these resources provide an explanatory understanding of how religious values can animate Christian participation in social economy activities.

6.2. Summary of Chapter 2

Prior to introducing Lonergan's theological ethics and his cognitional theory, in this chapter I presented an overview of the social economy literature with a focus on values. I discussed the following central themes: (1) the social economy does not operate according to neoclassical economic precepts; which include the sole pursuit of competing self-

interest, the notion of non-intervention in the automatic and mechanistic economy, and its claim that an economy is “values-free;” (2) the social economy is made up of two components, the social and the economic, where the former implies relational or social activities; (3) scholars and practitioners claim that social economy activities merge social and economic values; (4) values differentiate the social economy from traditional economic approaches, especially in terms of defining the “new” social economy. Values are variously described in the literature as beliefs, activities, purposes/goals, governance or identifying characteristics in ways that result in a “bag of values” approach which can lead to relativism; and (5) religious values can motivate and animate Christians to participate in the social economy; however, there is a notable scarcity of engagement with the “new” social economy in theological literature.

6.3. Summary of Chapter 3

This chapter was foundational for my thesis. It set the stage for developing Lonergan’s resources further in Chapter 4 and Chapter 5. In this chapter, I discussed Lonergan’s student life, situated as it was between two world wars and the Great Depression. His early academic interests concerned the economy, and over two periods spanning over forty years he developed a macroeconomic theory. Although I did not elaborate on his macroeconomic theory, I pointed to some of the theory’s ethical overtones that align with the characteristics of the “new” social

economy. The alignments between the two include the sense that the goal of an economy is to increase the standard of living; that the economy is a form of democracy that calls on all persons to intelligently choose and act; and that neoclassical economic theory does not live up to its claims to provide the full range of desired goods and services. Furthermore, in a discussion of Lonergan's review of Moses Coady's book on the Antigone Movement, I highlighted how Lonergan envisioned his work in economic theory as an educational program where the techniques of cooperation can be taught as a means towards economic self-determination.

Also in this chapter, I discussed how later in Lonergan's academic life, he was concerned that scholastic philosophy and theology were deleteriously mechanistic and static. As Saint Thomas Aquinas formed the philosophical and theological basis of Catholic social teaching at the time, he would turn to Aquinas's writings. Lonergan discovered in Aquinas's writings a method for how the mind operates. This method consists of self-appropriation, and it would become a central focus in his subsequent writing.

In this chapter, I presented Lonergan's distinct way of understanding the authentic transcendence of self-interested desires in his method of self-appropriation and his cognitional theory. The explanation here provided resources to address the first theme discussed in Chapter 2 that social economy scholars do not agree with the sole pursuit of self-interest in

economic activities. Lonergan's method of self-appropriation is an invitation to discover an intelligent and rationally conscious spiritual dynamism normative within one's mind. This dynamism is the pure and detached "desire to know" that invokes curiosity, inquisitiveness, and wonder.

Lonergan's method of self-appropriation requires one to be attentive to and to question one's desires, anxieties, and frustrations as part of the process of deliberation necessary before deciding to act.

I then introduced Lonergan's cognitional theory as the self-discovery of the successive levels of the operations of consciousness: (1) *experiencing*, (2) *understanding*, (3) *judging*, and (4) *acting* that are heuristically driven by the "desire to know." I discussed how this desire takes the form of different sets of questions that animate the operations of consciousness, in order to arrive at what is knowable and true and what is valuable and worth pursuing.

My introduction to Lonergan's threefold structure of the human good in this chapter began with an understanding of what he means by the notion of the "good." He expands Aristotle's definition of the good, stating that it is always concrete and yet also always in the process of development. I then introduced the three interrelated and dynamic levels of the human good: (1) *particular goods*, (2) *goods of order*, and (3) *value*. The first level concerns the satisfaction of desires, needs and wants for *particular goods* that are commensurate with health and vigour. However,

in order to produce these goods, Lonergan distinguishes a second level, *goods of order*, as coordinated human activities that are formed through social bonds. I discussed how this level of the human good concerns the recurring patterns of cooperation that perform well by meeting the ethical obligations that are intrinsic to their functioning. I provided examples of how these patterns of cooperation intersect with other cooperative patterns to form a complex web. When one cooperative pattern within the web breaks down, the ripple effect can put the whole scheme into decline. I highlighted how learning takes place within these dynamic patterns of cooperation that change to meet new and emerging needs and sensibilities of individuals, communities, and the planet.

I then introduced Lonergan's third level of the human good, *value*, as the judgment of the dynamic orientation of the patterns of cooperation. At this level of the human good, one judges whether the cooperative patterns are functioning to achieve their common goal and whether they are valuable and worth pursuing over longer periods of time. This led me to introduce Lonergan's scale of values.

I discussed how the scale of values can be differentiated on five ascending levels: (1) vital, (2) social, (3) cultural, (4) personal, and (5) religious. I highlighted that what is being judged is the dynamic orientation of the patterns of cooperation. In ascending the scale, our realms of concern are widened towards a greater degree of self-transcendence

where judgments of vital values concern our health and vigour, and judgments of social values concern whether our social institutions constituted by patterns of cooperation can be relied upon to deliver the vital needs on a recurring basis for the multitudes. Cultural values as expressed in artistic expression, philosophy, theology, worship and so forth concern the discovery and criticisms of the patterns of cooperation so that modifications can be made. At the personal level of value, one recognizes individuals as endowed with human dignity as the foundation of value. At the religious level of value, judgments are made with an open and loving heart. I pointed out that as Christians, we understand that the ultimate religious value is God's divine light and love working in our lives so we are not alone when faced with situations that seem desperate or grave.

6.4. Summary of Chapter 4

Having introduced Lonergan's theological ethics and his cognitional theory, in this Chapter 4, I further developed these resources by applying them to the central themes that I discussed in Chapter 2. As the first theme concerned the literature's claim that the social economy can be differentiated from neoclassical economics specifically with regards to the latter's sole pursuit of competing self-interest, I provided a brief introduction to three prominent economists, Adam Smith, Jeremy Bentham, and John Maynard Keynes. By doing so, I demonstrated how the pursuit of self-interest through competitive market exchange was considered good for

society, and how it remains a prevalent precept in current traditional approaches to the economy. Smith famously claimed that an invisible hand of the market providentially transcended self-interested choices, automatically providing for the public good. According to Smith's mechanistic model, the market self-corrects and regulates supply, demand, prices and the labour market. Bentham introduced a utilitarian calculus to economic theory, measuring the greatest happiness for the greatest number of people. For him, the community was merely an aggregate of individual interests. Keynes introduced government intervention in the economy during the Great Depression of 1929; however, he maintained within his approach the individualistic pursuit of competing self-interest.

In the central section of Chapter 4, I applied Lonergan's theological ethics supplemented by his cognitional theory to the themes that I discussed in Chapter 2. In order to demonstrate how the social economy does not conform to the non-interventionist strategy of neoclassical economics, I proposed a number of examples which I developed by using Lonergan's cognitional theory. My goal was twofold. Firstly, I wanted to illustrate how social economy practitioners innovate strategies in their choosing and acting. Secondly, I wanted to highlight how intentional intervention through ethical action can address the community's social and economic challenges.

The first example I provided was that of an entrepreneur who was a father of teenagers. He encountered a young woman who was apparently begging on the street. I illustrated how Lonergan's "desire to know" arose in his mind in the form of questions that drove the cognitive process through the operations of consciousness: *experiencing*, *understanding*, *judging*, and *acting*. I explained the father's cognitive process as it moved from deliberating on the facts of the situation to facing the ethical question of what to do. I noted that taking conscious action is not automatic. It depends on one's character, which has been formed in part by past actions, and which in turn is further reinforced as new actions are engaged.

In the second example, I recalled the Canadian government's promise to resettle 25,000 Syrian refugees in order to highlight how although decisions to act are individually conceived; enacting them inevitably involves others who hail from various sectors of society. I discussed how while decisions to act are concerned with the future, *acting* that is oriented by knowledge of what is valuable and worth pursuing (i.e. the fourth level of consciousness) grounds values in the concrete. I stated that the social economy calls for ethical action to be taken not only by social economy practitioners, but as per MacAdam and Baum, by churches and Christians as well.

The second theme discussed in Chapter 2 concerned the two components of the social economy—the social and the economic. In

addressing this in this chapter, I further developed Lonergan's threefold structure of the human good. It helped explain that the social economy is not an automatic and independent mechanism but it is one that engages participants in coordinated cooperative activities to meet communities' economic and social needs. As such, it also helped to clarify what is meant by the "social" component of the social economy where I argued there are two meanings of this component.

The first meaning I presented involved the production of public or social goods. I discussed that when the traditional economy does not live up to its claim to produce *particular goods*, the normal response is to look towards governments, charities, and faith-based communities to supply. I claimed that this situation arises due to the fact that traditional businesses do not take communities' wellbeing into consideration within their operational decisions because their sole goal is to maximize shareholder's wealth. By contrast, social economy practitioners intentionally identify *particular goods* to satisfy community needs, wants, and desires through innovative activities. I argued that the first meaning of the "social" component is an expansion of economic practice to produce *particular goods* normally thought of as public goods to yield social outcomes that typically elude traditional economic approaches.

In keeping with Vienney's theory that the social economy is constituted by relational activities structured through social economy

organizations, I further developed Lonergan's second level of the human good, *goods of order*, to provide an explanatory approach. I highlighted how social economy practitioners do indeed enter into relationships to achieve a common goal of producing *particular goods*. Further, I argued that these relational activities are structured through social economy practitioners transcending their self-interest and entering into intersecting patterns of cooperation internal and external to their organization, thus fulfilling their intrinsic ethical obligations on a recurrent basis to form a social ecosystem. This, I contended is the second meaning of the "social" component of the social economy.

Using social economy examples as illustrations, I highlighted the characteristics of patterns of cooperation as follows: (1) they arise through social bonds based on the drive to achieve common goals; (2) the structured nature of the cooperative patterns require that social economy practitioners transcend their self-interest in order to meet the intrinsic ethical obligations of the cooperative patterns on a recurring basis; (3) they have a formative and transformative power to change one's character; (4) they do not consist of a mere aggregation of first level goods; and (5) their dynamic orientation changes to meet new and emerging needs. As an example of the latter can be seen in the new ways social economy practitioners are experimenting with democratic decision-making and

ensuring their organizations are sustainable without compromising the principle of placing “people over capital.”

I indicated that traditional businesses are also constituted by patterns of cooperation. I also pointed out, however, that given that their goal is to maximize shareholder’s wealth, these cooperative patterns promote first level goods, whereas social economy practitioners enter into patterns of cooperation for the sake of the good functioning of the organization, the community, and the public good.

I further developed Lonergan’s the third level of the human good, *value*, to provide an understanding of judgments of value. This level challenges social economy practitioners to judge whether the social ecosystem created by the intersecting patterns of cooperation produce the *particular goods* they intend over extended periods of time. This requires them to take responsibility for the schemes of recurring relationships within their own organization and as they intersect with other cooperative patterns that may reach international bounds. I discussed how these judgments are critical given that like traditional businesses, social enterprises can fail.

I then integrated Lonergan’s cognitional theory with the three levels of the human good to explain the correspondence between the two. The central point I made concerned the third operation of consciousness, *value*, and its correspondence with the third level of the human good, *judging*. If the dynamic patterns of cooperation are judged as valuable and worth

pursuing, then I claimed they can be pronounced as “value structures.” In other words, they are structured to yield and ground values in the concrete. This also addressed the third theme that social economy activities merge social and economic values within their activities. However, I argued that they do so through value structures.

In the final section of Chapter 4, I revisited Lonergan’s scale of values to address the fourth theme concerning the “bag of values” approach that can lead to relativism. This chapter also discussed the Chapter 2’s fifth theme concerning the power of religious values to motivate Christian participation in the social economy. I used a social economy example of an entrepreneur who develops a social enterprise to ensure that children with food allergies are accommodated. I illustrated how values can be differentiated on an ascending scale that, according to Lonergan is universally shared. I discussed how the logic for a hierarchy of values is successive, where higher values depend upon the lower values for their realization. Conversely, the higher values condition and order the values at the lower level. I demonstrated vital and social values operate to move practical living towards concrete and dynamic functioning whereas cultural, personal, and religious values orient and order the values inculcated at the lower levels. I discussed how sustaining the ongoing and practical function of patterns of cooperation relies on people to be ethically responsible. I discussed how this virtuous character is what religious

traditions inculcate through worship, prayer, and community service at the religious level of value. I further pointed out that knowing which value to choose in a given situation requires learning and discerning concretely and together how our judgments of value individually and communally either contribute to the public good or sets off its decline. As times, such learning can mean transcending cultural norms and taking considerable risk.

Sustaining the courage to do so is found higher on the scale of values where communal worship, prayer and service help one to discern whether their intended actions are within God's plan.

I concluded this chapter by claiming that Lonergan's scale of values demonstrated how higher values on the scale constitute an essential component of sustainable economic practice. This entails both *particular goods* to be achieved and obligations to be fulfilled within value structures. In other words, unlike traditional businesses, social economy practitioners refuse to limit the meaning of "economic" to first level goods lower down on the scale of values. Furthermore, I stated that both social economy theory and practice could benefit from a broader ecumenical and theological perspective.

6.5. Summary of Chapter 5

This chapter was concerned with illustrating my main themes using the case study of the SPP. Although my approach was based in dialectics, I discussed how case studies provide research, learning, and teaching

resources according to some prominent social scientists. My choice to use the SPP as a case study stemmed from its documentation in the literature as well as its providing an example of a social economy activity that intersected with the traditional economy. Also, it has animated some church participation given that its goal is aligned with poverty reduction. I explained that I was familiar with the model given my involvement in developing a portal in Ottawa.

I began this chapter by recounting the history of the first Canadian SPP that began in Vancouver in 2001 and operated for three years. I explained how it was a CED activity fitting within a pragmatic paradigm as its primary goal was to foster economic activity and better social conditions for people living within the Downtown Eastside district, one of the poorest urban regions in Canada. I detailed the SPP's development of a social enterprise by a working group whose members included social economy practitioners, government representatives, community-based organizations, and senior business leaders from the IT sector. I provided a description of the working group's innovative process in order to highlight two key insights they discovered. The first was that the employment models within the district were using a supply-side approach, and the second was that they could engage traditional businesses within the IT sector to redirect some of their purchasing powers towards local suppliers. In doing so, entry-level jobs could be created for unemployed people living

within the district. Additionally, community-based organizations could use a demand-side approach by training people in the skill-sets local suppliers were after. I also highlighted that the VOC's call for supplier bids contained social criteria which helped attract more traditional business participation on the SPP. It was important to note that the senior business leaders from the IT sector that participated in the working group did so prior to the VOC's call for supplier bids. I described the success of the Vancouver SPP in terms of its outcomes including the generation of over one million dollars of new economic activity in the Downtown Eastside district and that seventy-five jobless people from this area secured employment. Its success prompted six other cities across Canada to develop portals to address their impoverished community needs.

I then provided a description of the SPP model as an Internet site populated by a database that categorized goods and services on offer for purchase. The portal involved four partner groups. The first group consisted of local suppliers and/or social enterprises who advertised their wares on the site. These suppliers were considered businesses that could create entry-level jobs and were willing to partner with community-based organizations that trained unemployed people to fill these jobs. The second group consisted of the purchasing members who were, in the main, traditional businesses, but also involved other organizations including faith-based communities. Membership was simply enacted by purchasing a

good or service from the portal. The latter two groups involved community-based organizations that offer employment programs where one of these usually hosted and managed the portal.

I discussed the challenges that the SPP and other social enterprises faced in attracting conventional financing from funders seeking the highest return on investment. Traditional banks are hesitant to lend funds to SPPs, firstly because SPP's goals are not solely financial, and, secondly, they are unable to guarantee loans or offer collateral. Instead, social enterprises are reliant on government grants and charitable donations.

As discussed, the problem the SPP addressed was that there was a demand for *particular goods* within the Vancouver Downtown Eastside district but its citizens lacked the available means to afford these goods. In other words, in accordance with neoclassical economic thinking, ineffective demand existed which is normally handed over to governments, charities, and faith-based communities to address. However, the SPP partnered with traditional businesses to create the economic conditions within the district to turn ineffective demand into effective demand. I discussed how they did so through community actors'— including traditional business leaders'— willingness to transcend self-interest to produce, or in the case of the traditional businesses, purchase a social good that was “over and above” the wares they were procuring. By dispensing with the mechanistic automatic model of an economy, they broke down the belief that there

should be a natural separation between social and economic activities, and constructed a market through innovation and collaborative activities. They also disrupted the assumption that an economy must always be “values-free”.

The next section of this chapter applied Lonergan’s theological ethics and his cognitional theory to the case of the Vancouver SPP. I applied the levels of consciousness to the working group’s innovative process that was driven by the members’ desire to understand, in the form of their questions, the ineffective demand that existed in the Downtown Eastside district. Their knowledge of the facts subsequently moved them to a judgment of possible solutions and the implementation of the SPP. My point was to demonstrate that Lonergan’s cognitional theory helps to explain the working group’s innovative process and how their ethical actions grounded social and economic values concretely in the district, effectively elevating some out of poverty.

In applying Lonergan’s threefold structure of the human good and his scale of values to the case of the Vancouver SPP, I illustrated how his resources provide the means for additional precision in understanding the “economic” and “social” components of the social economy. I also clarified how we can define values, their creation, and interrelations. In doing so, I made a number of claims as follows:

(1) The case of the Vancouver SPP illustrated the claim made by social economy scholars that its activities do not operate according to neoclassical economic precepts. Firstly, the working group and subsequent members of the portal transcended their self-interest to pursue a higher good rather than creating a market based on competing self-interest. Secondly, the working group intentionally intervened to create better economic and social conditions for the citizens of the Downtown Eastside district. They did not rely on the notion that the economy automatically self-corrects to produce desired, needed, and wanted *particular goods*, turning ineffective demand into effective demand. Thirdly, in doing so, they created and grounded social and economic values in the concrete living conditions of the district.

(2) The case further illustrated the two meanings of the “social component” of the social economy, reinforcing the claim I made in Chapter 4. Firstly, as a social enterprise, the Vancouver SPP aimed to supply the public or social goods often left to governments, charities, and faith-based communities to offer in impoverished areas. “Social” in this sense means that social economy activities generate social or public goods (*particular goods*) as desired at the first level of the human good. Secondly, the case illustrated how members of the Vancouver working group engaged their social bonds and entered into relational activities. “Social” in this sense means that social economy activities are comprised of social economy

practitioners who transcend the first level of the human good and enter into patterns of cooperation structured by an inner logic of ethical obligations in order to establish a *good of order*.

(3) The Vancouver SPP is an example of what Byrne calls a social ecosystem constituted by a complex web of intersecting patterns of cooperation. Its sustainability required that its members not rely solely on their technical abilities or their habitual ways of engaging. Rather, it entailed their commitment to a higher good beyond the first level of the human good to understand how to establish, maintain, foster, persevere when challenged, and meet the ethical obligations in the newly formed patterns of cooperation. This also necessitated, at times, that they learn when to discourage patterns of cooperation when they did not serve a common goal.

(4) For the time it operated, the Vancouver SPP can be judged to have been a value structure corresponding to the third level of the human good, because it produced the *particular goods* intended by the original working group. It created, merged, and grounded social and economic values in the concrete living conditions of the residents in the Downtown Eastside district. By contrast, the patterns of cooperation that constituted the supply-side employment service model and the growth capital funding arrangements cannot be judged as value structures because they were not sustainable over longer periods of time.

(5) The case of the Vancouver SPP clarified that value is neither a static principle nor can it be defined by a “bag of values” approach which can lead to value relativism. The Vancouver SPP generated over one million dollars in economic activity and secured seventy-five jobs for residents of the Downtown Eastside district. Value in this sense is generated by value structures where there is a dynamic shift from one state of community well-being to a better one.

(6) Through applying Lonergan’s scale of values to the case, I demonstrated how further precision was added to what is meant by social and economic values. Meeting the economic needs (vital level of value) of the Downtown Eastside district required the engagement of sustainable patterns of cooperation at the social level of value. I also noted that although the traditional economy claims it is “values-free,” all business activities require that patterns of cooperation operate at the social level of value in order to produce *particular goods*. However, traditional businesses invert the scale of values and produce these goods solely for the sake of one constituent, their shareholders.

(7) Careful study of the case using tools provided by Lonergan produces an explanation as to how cultural and personal values are created. The social economy practitioners involved in the Vancouver SPP created cultural values by sharing their “best practices” and “lessons learned” with practitioner associations so that other impoverished

communities could benefit. The Winnipeg SPP is a case in point. This was made possible through the foundation of value (personal level of value) whereby each participating member of the Vancouver SPP originated value by broadening their concern beyond their own vital needs.

(8) Christians understand that ultimate value is sourced in Divine love acting in and through human persons, our communities and in human history. At the religious level of value, Christians open their hearts to this unconditional love. Although not explicitly cited in the case of the Vancouver SPP, its goals align with the Christian mission to care for our neighbours such as those living within the Vancouver Downtown Eastside district and other impoverished communities. The Canadian social economy is therefore, worthy of support and participation by Christians of all faith traditions.

In summary, this case study illustrated that value can be best defined as a movement of change from one state of being to a better one. Furthermore, values cannot all be simplistically ranked as equal, as the relativist “bag of values” approach would suggest. Social and economic values must be properly differentiated on two levels of value where value structures at the social level of value make possible the generation of economic values at the vital level of value. The merging of social and economic values as claimed by social economy proponents is in fact an interrelation between these two levels of value. And it is through value

structures such as the Vancouver SPP that social and economic values can be generated and grounded in the concrete.

6.6. Concluding Remarks

It is my hope that in introducing and developing Lonergan's theological ethics supplemented by his cognitional theory and applying them to the ambiguities found in the social economy literature, I answered the call for theoretical and theological engagement. I believe that these resources offer precision and clarity for an understanding of values. I also believe that his resources would be of benefit to social economy scholars in other research areas. For example, I suggested in Chapter 3 that his macroeconomic theory differs from neoclassical economics and that it aligns more closely with an understanding of the "new" social economy in terms of promoting the active engagement of all parties in economic and social living. Furthermore, Lonergan's theory helps explain how an economy can be viewed as a form of democracy, a principle promoted by social economy practitioners. As Lonergan believed that his work in economic theory was an educational program towards ensuring people's economic independence, social economy scholars might benefit from a detailed analysis of his theory to draw out resources for developing a more robust theory of the "new" social economy as practiced in Canada.

I also indicated in Chapter 3 that Lonergan viewed the Antigish Movement as an exemplar of how the techniques of cooperation can be

taught as a means to equip people towards their economic self-determination. He claimed that his own province of Quebec was already doing so. Given that Quebec's social economy is considered by many scholars to be more mature than the rest of Canada, it would be interesting to investigate whether historically its educational system created the circumstances for an early development of social economy activities.

Finally, as the innovation process is so central to social economy activities, I suggested in Chapter 5 that Lonergan's cognitional theory could be explored more fully by social economy scholars in their efforts to explain this process. They can also help social economy practitioners understand this as a normative process in their activities.

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