

THE SOCIAL ECONOMY IN CANADA: THE QUÉBEC EXPERIENCE

Benoît Lévesque and William A. Ninacs

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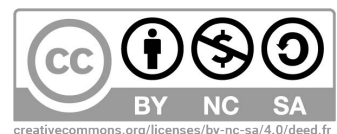
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INTRODUCTION

The position occupied by the social economy in Québec, in the production of goods and services as well as collective services, is important enough for some to claim that a “*Québec model*” exists. Be that as it may, use of the term “social economy” by other than a handful of academics influenced by European studies is relatively recent. Other expressions, such as “community economic development” (CED), are more commonly used in Québec and elsewhere in Canada (Ninacs, 1997) to identify social innovation in the field of economics. From this point of view, even if social economy enterprises are first and foremost local or, in a broader sense, civil society initiatives, they generally call upon a broad range of government programmes related to local development, job creation, employability or community services. According to a sample of community groups that provide collective services (i.e. services associated with the social economy), Employment and Immigration Canada’s Employment Development Programme (EDP) and the community organization support service of the Ministère de la santé et des services sociaux¹ have been the two major government sources of funding (Bissonnette, 1990). The various programmes provided by the two levels of government suggest a new compromise between governments and community groups and local associations, with the former discovering new ways of supporting local development and delivering services to the community (Economic Council of Canada, 1990) and the latter perceiving government aid as an opportunity for empowerment (Lévesque, 1984).

From this perspective, the originality of the Québec experience rests in large part on a social dynamic open to co-operation and partnership. Two recent events have brought the social economy concept to the forefront of public debates in the media and within various organizations. The first event, the Women’s March against Poverty, organized by women’s groups in June, 1995, sparked renewed interest in the social economy as an alternative in the struggle against unemployment and social exclusion that have victimized many people, especially women. Following the March, a steering committee on the social economy was struck, made up of representatives of women’s groups and three Québec government departments (Employment and Solidarity, Status of Women,

¹ In 1994, 2,374 organizations associated with the social economy were eligible for community organization support service grants from the Ministère de la santé et des services sociaux. These organizations had on their staff 10,107 regular employees and 14,871 casual employees. The payroll for these organizations was 145.18 million dollars (Canadian). See Jean-Pierre Bélanger (1995). Also Y. Vaillancourt (1997).

and Income Security; Natural Resources and Regional Development; Health and Social Services), to advise the Government on its actions regarding the social economy. The second event, a Socio-Economic Summit organized by this same government at the end of March 1996 to establish a plan of action in light of the economic and social crises facing Québec, invited women's groups and other community groups, for the first time, to participate on an equal footing with the more traditional sectors (private sector, labour, State). Against all expectations, these new players introduced a ray of hope into the difficult discussions on reduction of unemployment and job creation by suggesting approaches that blend economic and social development within specific sectors of the economy. At the end of the Summit, a task force on the social economy was set up to draft recommendations for a fall 1996 meeting. Following that meeting, it was decided to assist the Task Force's work by creating a follow-up committee which, for all intents and purposes, has become an interim social economy secretariat.

In Québec, these events stimulated a wide-ranging discussion on the social economy and revealed significant differences in substance regarding its definition and role in a context of budget cutbacks in the public service. The goal of this paper is to uncover this vibrant reality, rich in lessons to be learned, by an overview of the social economy in Québec. We begin with a presentation of the definitions most commonly used in Québec, followed by a look at the Québec social economy model and related issues and challenges.

DEFINITIONS AND RELATED PROBLEMS

If the debate on the social economy evokes a great deal of interest and passion, it is because it opens the door to discussion of much more fundamental issues concerning current changes in the various production systems and reconfiguration of the Welfare State. The possibility that jobs created by social economy enterprises will simply entail a shifting of jobs traditionally found in the public sector has led to a number of objections from the labour movement, even though it is relatively favourable to these initiatives and has participated in some of them. Moreover, the term "social economy" does not depict the same reality for everyone. Perspectives on the social economy are usually influenced, in whole or in part, by four definitions found in European works: 1) a descriptive legal definition; 2) a formal definition that focuses on the rules that link its associative and entrepreneurial components and address the twofold relationship of membership and economic activity; 3) a normative definition based on the values found

within this type of enterprise; and 4) a substantive definition that sees the social economy as “pluralistic” and an intrinsic part of a new socio-economic regulatory mechanism.

A DESCRIPTIVE DEFINITION

This definition, conceived by Henri Desroches (1984), is based on the legal status of co-operative, mutual, and non-profit organizations. This status, based on the principle of “people before capital”, is implemented within a democratic decision-making framework using a “one person, one vote” formula, and a particular form of funding that disallows individual benefit in either decision-making or distribution of surpluses. Moreover, should the enterprise cease to exist, accumulated reserves cannot generally be distributed to individual members. Under this definition, co-operatives, mutual, and non-profit enterprises are obviously components of the social economy. Certain private sector businesses, public sector agencies, and other mixed organizations may be part of the social economy. However, only by analyzing each enterprise individually is it possible to ascertain if it shares certain traits with co-operative, mutual, or non-profit enterprises. For example, a capitalist business favouring worker participation in its share capital and on its board of directors could be part of the social economy, if its procedures for balancing maximum profitability and social objectives are put into practice.

This definition has the advantage of allowing rapid evaluation of the size of the social economy in any given society. Applied to Québec, the definition indicates that the Québec social economy is made up of two major groups of enterprises and organizations — on the one hand, co-operatives and, on the other, non-profit organizations and businesses — as well as some “undefined” components (e.g. in the public sector and the labour movement), that have close ties to the major groups. Unfortunately, characteristics are insufficiently defined in the legal status, especially those regarding non-profit organizations. This produces a situation where some only recognize organizations that produce goods and services as being part of the social economy, while others include all non-profit groups simply because of their legal status.

A FORMAL DEFINITION

This definition, developed primarily by Claude Vienney (1994), is grounded in the idea that a social economy enterprise is an organization of a group of individuals on the one hand, and a business on the other, bound together in a framework of economic and partnership activities. This type of enterprise is characterized by at least four rules: 1) those related to membership: democratic operation; 2) those related to the relationship between members and the business: definition of the enterprise's activities by the individuals; 3) those related to the relationship between the business and the members: the distribution of profits; and 4) those related to the business: the sustainable community ownership of the reinvested surpluses.

This definition specifies that people involved in the social economy are usually "relatively dominated" individuals, whose economic activities or way of life have been disrupted. "Dominant" persons usually tend towards a capitalist business while "completely dominated" individuals do not have the resources (financial or human) required to start up a business. Although, in the past, traditional members of the social economy were small farmers and craftsmen and women, higher education and a better quality of life have made it possible for a larger number of people than ever before to develop the skills needed to start up a collective venture. Moreover, the support of professionals has made it possible to form groups of disadvantaged individuals on many fronts.

Because of the rules, the social economy challenges the belief that the market is the exclusive means of regulating the economy, but does not repudiate the market per se. The social economy should not, however, be confused with an informal or unregulated economy. The economic activities that are reorganized are, at the outset, essential activities that have been ignored or cast aside by both the private and public sectors. Capital-intensive fields are generally excluded, as are those controlled by large corporations or having significant entry barriers. The personal services sector, insofar as it can be rendered profitable, offers interesting potential markets, an idea that raises the possibility that the social economy could easily handle privatization of some public services. It is important here to distinguish between the old social economy — which operated in strongly competitive sectors — and the new, wherein a group of individuals tends to play a more determining role in enterprise viability.

A NORMATIVE DEFINITION

This definition was developed by Jacques Defourny (1991) for the Walloon Council for the Social Economy. It is based on the premise that the social economy is made up of association - based economic initiatives founded on solidarity, autonomy, and citizenship, as embodied in the following principles: a) a primary goal of service to members or the community rather than accumulating profit; b) autonomous management (as distinguished from public programmes); c) democratic decision making process; and d) primacy of persons and work over capital and redistribution of profits. These were adopted by the Québec Task Force on the Social Economy, who added a fifth precept: operations based on the principles of participation, empowerment, and individual and collective accountability.

This definition's advantage is that it identifies the values that can be used to mobilize individuals engaged in development of the social economy. It argues that the social economy is not primarily a question of legal status, but rather of practices tending towards economic democracy and empowerment of disenfranchised individuals and communities in decline (Favreau and Lévesque, 1996; Favreau and Ninacs, 1993). On the other hand, it isn't easy to use this definition to take an inventory. How can it distinguish a true co-operative from a false one, a true mutual association from a false one, a true social economy enterprise from a false one? The problem becomes more difficult considering that values are often controversial, and democracy can take many forms. While it is possible to achieve consensus on such permanent, perhaps immutable, values of the social economy as equality, equity and solidarity, it is not really easy to establish a similar consensus on rules and practices (Lévesque and Côté, 1995).

A SUBSTANTIVE DEFINITION

This definition, developed primarily by Jean-Louis Laville (1992) to discuss the new social economy in the field of collective services, has three basic elements: a) the birth of the new social economy (that he calls the economy of solidarity); b) the forms of its economic activities; and c) its role within a regulatory socio-economic framework. Social economy enterprises stem from a reciprocal impulse that brings individuals together in a group composed of potential users and professionals (eventual staff) who together construct the supply and demand of services. This operation, wherein ongoing

reciprocity is essential, transforms individual needs into collective needs through discussion and exchange. Meetings around a kitchen table and study groups become “incubators” for enterprises that produce goods and services. This pre-start-up phase enables the social economy enterprise to detect new needs and respond to them by mobilizing resources that neither capitalist business nor public service could enlist. It is not a phase to be ignored, although highly standardized government programmes have a tendency to do so.

Secondly, the social economy enterprise calls upon both market and government redistribution forces, notably when it operates in the neighbourhood service sector. It is characterized by a hybrid economic mix of commercial activities (self-financing through sales), non-commercial but monetary activities (public funding, donations from churches and foundations), and non-monetary activities (voluntary work of members and others). The social economy, when seen through this lens, fits the Polanyi (1957) substantive definition. It also demonstrates that government funding is only one aspect of the financial resources mobilized by social economy enterprises.

Finally, regarding socio-economic regulation, with the decline of both Keynesian and Welfare State models, the new social economy will be called upon to play an important role in labour-intensive activities, such as the provision of personal services. This will happen for two reasons: first, because of its ability to bring together, within an enterprise, the various forms of economic activity and its capacity to engage various players (e.g. users and professionals) in collective services through a broader democracy; second, because it gives new value to reciprocal (non-commercial and non-monetary) transactions by recognizing them as economic activities in their own right.

THE QUÉBEC SOCIAL ECONOMY MODEL

THE QUÉBEC MODEL OF DEVELOPMENT

The preceding definitions coexist remarkably well in the Québec social economy of today. This originates, in large part because of the type of development that has characterized Québec society since the end of the XIXth century and the rise in an economic nationalism that is non-partisan — in that it is espoused by both federalist and sovereignist Québec political parties, although of course with some differences. Whereas large natural resource manufacturing companies used to be controlled by

foreign and English-Canadian capital, Francophone *Québécois* controlled only family businesses in industry and agriculture (Hamel et Forgues, 1995). The co-operation and corporatism of the 1920s and 1930s appeared as a method of strengthening the presence of Francophones in this economy, making Québec a relatively traditional, economically different society. In line with the social doctrine of the Catholic Church and the corporate ideology then prevalent, this model was based on co-operation, as well as being anti-State and anti-socialist. Over the years, this situation fostered the development of co-operatives in agriculture and in savings and credit.

At the end of the 1950s, the model based on corporatism and social Catholicism was set aside and replaced by State intervention, deemed necessary to modernize Québec society. The Quiet Revolution added a number of crown corporations to the large co-operatives in strategic sectors (in terms of self-reliant economic development) such as the steel industry, mining and exploration, business funding, hydroelectric power, forestry, cultural industries, and pension fund management. This produced an economic structure made up of a complex network of co-operative, State, and private institutions and businesses. Compared to other provinces of Canada, Québec boasts the largest concentration of co-operative businesses and Crown corporations. The federal government's regional development initiatives and industrial policy have also contributed greatly to modernization, especially the modernization of infrastructures and manufacturing. This broad range of initiatives has enabled the emergence of myriad of small businesses, and a few giant companies, such as Bombardier (transportation), Cascades (pulp and paper) and Québecor (the media).

If some people talk about "Québec Inc." (Fraser, 1987) and even a "Québec development model" (Dupuis, 1995), it is mainly because of a tradition of co-operation relatively unique in North America, although it does exist in Rhenish capitalism (Albert, 1991). In the 1960s, modernization of both the economy and society, supported by management and labour, was proposed to both the Québec and federal governments, specifically with regard to regional development (e.g. Bureau de l'Aménagement de l'Est du Québec). After a period of labour radicalization characterized by confrontation in the 1970's, a new spirit of co-operation in the early eighties and the introduction of economic summits brought the various social players together as partners seeking solutions to the widespread economic crisis. The trend is also evident in the 1989 private sector Job Forum, which brought together management, unions and other non-government sectors with the aim of improving co-operation of all partners in the

employment sector (Payette, 1992). The most recent Summit on the Economy and Employment, organized in 1996 by the Québec government, is rooted in a thirty-year old tradition of tripartite —State, labour, private sector (including co-operatives) — co-operation, to which have been added women's groups and other community-based movements. For reasons apparently arising from the distinctiveness of Québec society, co-operation among the various social players goes further and appears easier than in other provinces of Canada².

The participation of community-based groups is the result of a cohesion and a maturity that have their origins in the mid 1960s. At that time, a large number of rural social animation activities and urban community development initiatives emerged (Côté and Harnois, 1978; Lesemann and Thiénot, 1972; Lévesque, 1979) that today would be considered part of the social economy. In the following decade, social policies in Québec in conjunction with, for example, Employment and Immigration Canada employment development programmes, fostered the development of community-based service organizations in fields relating to living conditions while a variety of federal job creation programmes (e.g. Local Initiative Projects (LIP)) saw the number of relatively similar local initiatives soar (Bélanger and Lévesque, 1992). During the 1980s, new organizations in poor Montréal neighbourhoods, and in some semi-rural regions, re-ignited interest in community development and encouraged the rise of new community-based economic projects (Gareau, 1990; Ninacs, 1991). Recently, the many thousands of community organizations in Québec have adopted new multi-sector structures for concerted action. These include the Corporations de développement économique communautaire (CDÉC) in Montréal, and Community Futures Development Corporations (CFDC) principally funded by the Federal Office of Regional Development - Québec (FORD-Q) (Proulx, 1994). Québec community groups have long been involved in working with and empowering marginalized and disadvantaged populations. It is therefore not surprising that a large number of leaders in Québec's social economy have their roots in these movements, and bring with them an experience based on commitment and innovation to offset their meagre financial and material resources.

² On this point, two comments. Firstly, it must be pointed out that a greater percentage of workers in Québec are unionized than in Canada as a whole. In 1994, 43.8% of Québec workers were unionized, compared to 37.5% of Canadian workers and of 17.3% of US workers (Courchernes, 1996:1-2). Secondly, it must be pointed out that the two main unions, La Fédération des travailleurs du Québec and the CNTU are involved in economic development through investment funds.

THE QUÉBEC MODEL OF THE SOCIAL ECONOMY

Because of the weak capitalist structures in French-speaking Québec and, on the plus side, its social climate of consensus and commitment, collective enterprises (co-operatives and government bodies) have developed here much more than elsewhere in Canada. The largest of these are concentrated in the finance, agriculture, and natural resource sectors. If there is such a thing as a Québec model of social economy, it is not an ideal or standard but a model having a set of characteristics that give it a relatively unique and legitimate shape, even if any one of its elements can be found in most OECD member countries. In this perspective, we can identify five elements typical of the configuration: (1) recognition by all social players in the new social economy of its potential for local development and job creation; (2) adoption of a relatively consistent development strategy, at least for some sectors, a strategy that combines government financial and technical assistance with continued autonomy of these businesses and organizations; (3) importance of sectorial consolidation and local government of the CDÉC or CFDC type; (4) replacement of a dual model by a social economy that is a full member of the economy as a whole, and of collective services; (5) a diversity of forms of institutionalization based on pilot projects.

We will not discuss recognition of the social economy by the various social players at any length here as we have already done so. However, we would like to point out that the job creation potential of these enterprises is also supported by the impressive development of specific enterprises in the old social economy. As a case in point, the success of the Mouvement Desjardins in the savings and credit co-op field is a source of inspiration and grounds for imitation. The Mouvement Desjardins, with 5 million members (out of a total Québec population of about 7 million) and assets exceeding \$82.9 billion (\$CAN) in 1996, is the largest financial enterprise in Québec (Lévesque and Malo, 1992). With its 1,300 local *caisses populaires* and its 18,600 volunteer directors, the Mouvement Desjardins is present in most large urban neighbourhoods and rural communities; credit unions are primarily found in the workplace. In the mid-1980s, the labour movement became directly involved in job creation and local development. With the support of the federal and provincial governments, the two largest trade unions in Québec established business investment funds that also promote local and social development³.

³ In 1983, the Fédération des travailleurs du Québec, (FTQ) set up an investment fund to create and maintain jobs, the Fonds de solidarité des travailleurs du Québec whose assets (about \$2 billion) have propelled it to the top of

In some sectors, notably housing co-operatives, worker co-operatives and non-profit childcare centres, the development strategy adopted has given results that many consider exemplary. The strategy rests primarily on recognition of the specific nature of a social economy enterprise, i.e. the combination of an association of individuals and a company. As a result, the investment of financial and human resources essential to the pre-start-up and start-up phases is stressed. If the association is to emerge and the business project come to life, sponsorship or technical support in conjunction with financial assistance from one of the two levels of government, depending on specific jurisdiction, is essential. The conjunction of government financial assistance and technical resources, in this case the Technical Resource Groups (TRG), has resulted in housing co-operatives rapidly multiplying throughout Canada while worker co-operatives are largely concentrated in Québec because of stronger support by Québec for this type of enterprise (Quarter, 1989; Fédération québécoise des coopératives de travail, 1996).

Non-profit childcare centres, like housing and worker co-operatives, are sectorial groups that play a relatively determining role in defining the development conditions specific to the sector. Intersectorial groups also exist. A key characteristic of the new social economy is local commitment, i.e. local management that ensures intersectorial co-ordination and a meshing of experiences at the local and regional levels (Favreau and Lévesque, 1996). This factor is even more important than community economic development, as local development cannot be reduced to a sum of small businesses. Local management promotes inter-project synergy and allows for preparation of a local development plan, which supposes a number of options. By so doing, it enables action to be constantly focused on the social and economic objectives (Lévesque, Klein and Fontan, 1996). Finally, it gives the local communities a way of being represented to outside governments, while ensuring support for local development initiatives and social economy enterprises.

The federal government, through the 1986 Community Futures Development Programme (CFDP), has promoted the establishment of Community Futures Development Corporations (CFDC) to support development of the most disadvantaged Canadian communities. Fifty-five CFDCs have been established in Québec. They

Canadian risk capital venture funds (Lévesque et al., 1996). A few years later, the Confederation of National Trade Unions (CNTU) decided to support the creation of worker co-operatives by setting up a technical assistance group. More recently, in 1995, the CNTU set up a development fund, the Fondation, for businesses that promote worker participation and sustainable development.

carry out local management in a variety of ways, with the most decisive being those that involve major players and leaders in the community and are supported by an investment fund of approximately two million dollars (Canadian) per community, a fund supplied by the FORD-Q. In large cities the Corporations de développement économique communautaire (CDÉC) play a similar role, although the community groups are primarily responsible for their creation. At present, there are some twelve CDÉCs in Montréal, made up of representatives of unions, businesses and community groups, and funded by all three levels of government. At the same time, in various Regional County Municipalities (RCM), about thirty Corporations de développement communautaire (CDC) play a similar role, although they focus more on social than economic development. With the new wave of social economy, these organizations are, as it were, challenged by the Comités régionaux d'économie sociale (CRES) and the Coopératives de développement régional (CDR), which are attempting to establish a synergy between the various components of the social economy within a territory. In short, it is less local management as such that defines the Québec experience than the widespread mobilization of resources that produces this situation.

Another characteristic of the Québec configuration of the social economy is the refusal of a two-fold development that downplays a social economy that wants to be a full partner in the social and economic dynamic. In other words, for promoters of the social economy in Québec, social economy is not synonymous with "starvation economy" from the point of view of either working conditions or quality of goods and services provided. Furthermore, for the jobs created by this sector, two parameters are generally agreed upon. The first is that job creation in the social economy sector must not simply be a replacement of public sector jobs. Second, the hourly wage of workers in the social economy must be decent, i.e. a minimum of \$8.50/hour. At the same time, the public services provided must be of equal quality whatever the purchasing power of users, as it is in the childcare centres. Finally, the Québec social economy wishes to be integrated into the entire social and economic dynamic through partnerships that enable the transfer of innovations from one sector to another.

ISSUES AND CHALLENGES

FOR THE SOCIAL ECONOMY IN GENERAL

These examples drawn from the Québec experience illustrate the social economy's capacity to respond to social needs while taking economic imperatives into consideration. The Québec experience seems to succeed by: a) expanding markets through new venues for employment that emerge from needs that, at first glance, often seem modest and essential, but not necessarily economically viable; and b) using a blend of commercial (sales of goods and services) and non-commercial (government assistance) activities as well as non-monetary (volunteer) activities, from which the notion of a "plural economy" has been derived (Roustang, *et al.*, (1996). Moving into such an economy entails certain risks, and a recent OECD publication notes three in particular (Sauvage, 1996):

- the risk associated with the "reductionist" trend inherent in industrialized countries, that tolerates experimentation for a limited time, but soon attempts to steer innovative practices into one or other of the two dominant economic models, the most viable towards the conventional private sector, the others to the State, even though partnership would be more beneficial;
- the risk of "ghettoizing" the social economy by seeing it as merely a well of cheap labour, an inexpensive means of privatizing public services or, by limiting enterprises to "collective utility" markets, institutionalizing them as tools for managing poverty and exclusion rather than a means of escape;
- the risk of broadening its mercantile dimension, and the danger of commercializing all facets of human existence with, as a corollary, a diminished concept of the common good and redefinition of State operations and mutual assistance as mere commercial transactions, thereby degrading citizenship to a mercenary consumption of public services.

These dangers exist in every industrialized country: the experience of the Québec social economy supports this statement. The institutionalization of community-based pilot projects in the health and social services sector (e.g. storefront medical clinics of the 1970s), is an illustration of State take-over of a civil society initiative, and the losses that follow (Lévesque, 1995). Examples of the privatization of local non-profit services

(e.g. recycling) also exist. In some cities and towns, services were taken over by private sanitation firms once the community organization showed a profit. Such viability is usually based on a system of home sorting of garbage which, in turn, is inevitably the result of a lot of prior, often quite lengthy, community action to ensure participation by the community. Privatization can erode the community involvement underlying the activity and, in the long run, destroy its profitability.

Moreover, partnerships between the private and education sectors have resulted in the creation of youth job training initiatives designed for potential school dropouts and young welfare recipients (Beauchemin, 1994). The Centre de formation en entreprise et récupération (CFER) in Victoriaville, for example, under the aegis of the local school board, has developed strong ties with many private sector industry partners. It has been able to open new markets, such as one for recycled paint, while training about 150 young people annually, of whom 80% find work thereafter (Bordeleau and Valadou, 1995). This success story is based on the dovetailing of commercial manufacturing activities and non-commercial educational activities, neither of which could have succeeded alone. Institutionalizing or privatizing such practices would substantially alter their innovative character and undermine both democracy and resource mobilization.

FOR THE QUÉBEC MODEL IN PARTICULAR

The Québec social economy experience also faces specific issues regarding State recognition of the social economy, funding, the place occupied by women, local control, and the relationship between old and new social economy enterprises.

State recognition is a major issue entailing both opportunity and risk. As the government of Canada has done implicitly through local development and job creation, the Québec government is on the right track in recognizing the social economy for its ability to create jobs. A social economy enterprise often accepts lower profits than a private sector enterprise, as it can enlist public funds and count on volunteer human resources to offset various deficiencies, enabling it to hire or retain staff where a capitalist enterprise could not. It has, moreover, a tendency to play an integration role for unemployed individuals with few or no job skills. The social economy can be very useful when it comes to reducing unemployment and poverty, providing the players directly involved have other objectives (e.g. controlling their own development) as well.

If it is restricted to collective services, government recognition can hide a desire to cut the costs of these services with home care co-operatives, early childhood centres and other community-based enterprises. The Québec social economy experience in other fields is quite good, when it comes to economic development in general and job creation in particular. The Task Force on the Social Economy is therefore justified in insisting on exploring a variety of other areas, such as culture, housing, new technologies, natural resource processing and environmental protection (Groupe de travail sur l'économie sociale, 1996).

Moreover, if State recognition of social economy initiatives is simply contractual (delivery of goods and services), the relationship between the State and community and co-operative businesses will decline into a simple commercial subcontract instead of a demonstration of joint solidarity with communities requiring services and the unemployed seeking jobs. In our opinion, the social economy must be developed with the goal of maintaining and strengthening democracy and citizenship. State support is another very important issue for the social economy, with regard to both the start-up of new social economy enterprises and the development of existing ones. Social economy businesses are different from private sector businesses because of their need for a long pre-start-up period to organize the individuals concerned and shape their activities according to target requirements and available resources. Public job creation and public service assistance programmes must not ignore this preliminary supply and demand balancing phase in which the process is often as important as the immediate results because of the ties of solidarity and mutual assistance that are developed.

Neither must government jump from the particular to the general. For example the Carrefours jeunesse-emploi project that offered a variety of school dropout prevention activities, job skills development, and business development programmes in the Outaouais region was used as the standard for a whole range of programmes, with all the risks that entail, in this instance, cookie-cutter programmes. Replication of models — like restrictive regulation of areas of activity, targeted clientele, or types of people to hire — may well drain social economy businesses of their versatility and originality. In fact, heads of training businesses and community enterprises receiving public funding have severely criticized the fact that funding is usually based on programme structure rather than project support, which usually means inflexibility on the part of public authorities and a lack of local autonomy (Valadou, 1996). The rapid and spontaneous rise in all corners of Québec of private funding organizations that provide financial

support and technical assistance to entrepreneurs suggests an imbalance of supply and demand and the resultant need for public programmes to adapt (Lebossé, 1997).

The funding of social economy enterprises is an even more important issue in that the situation is changing rapidly, as witnessed by the creation of many development funds, some of them explicitly targeting social economy enterprises (Lévesque, Mendell and Kemenade, 1997). In the early 90s, the largest and most generalized (funded by the federal government) was undoubtedly related to employment through the Job Development Programme, section 25 and the “été Défi” programme (Dinel and Bellavance, 1990). The current situation is characterized by a diversity of funding sources (e.g. self-financing by the market, government assistance, development funds, involvement of individuals and the community). If the programmes targeting employability development (Human Resources Canada, Ministère de l’Emploi et de la Solidarité du Québec) are widely used by social economy enterprises, the promoters of these enterprises indicate that getting on board is not always easy. In fact, the employability development programmes target mainly individual training and return to the job market, whereas the social economy enterprises target community organizations and development that entail continuity and the long term.

The place of women in the social economy is another fundamental concern. At present, few women are active in the conventional social economy, with the exception of the caisses populaires, where the majority of workers are women. However, women are quite active in the new social economy, since its jobs are usually concentrated in the service sector. Indeed, the type of jobs created in these enterprises gives rise to justified fears based on the fact that, in many Québec initiatives, salaries and benefits are usually quite low, as is the case in childcare centres (D’Amours, 1996). Women are adamant that the jobs created in the social economy be stable, decently paid and provide good working conditions (Comité d’orientation et de concertation sur l’économie sociale, 1996). Ensuring that social economy enterprises do not become underpaid and precarious job ghettos for women is a serious challenge to support organizations. Some polarization does exist in social economy support structures. The regional social economy committees — technical assistance and support groups made up of women — tend to perceive the social economy as limited to service and mutual assistance initiatives, in other words non-commercial and non-profit activities. On the other hand, the regional development co-operatives often limit their assistance to manufacturing

and commercial co-operatives. These two visions, based respectively on need and business development, must be merged.

To a certain extent, the social economy's *raison d'être* is tied to development of social capital. Social capital is the sum of mutual social debts that individuals and organizations contract in their non-commercial and non-monetary activities (Coleman, 1988). It is a resource, like so many others, that a community can use to satisfy the needs of its members, in that social capital can help reach objectives that could not otherwise be reached. For some, development of social capital is an essential component of a democratic society. Indeed, the success rate in solving social and economic problems is greater in communities where civic commitment is strong (Putnam, 1993). It is necessary to anchor the social economy experiences in local dynamics in order to link all development initiatives and solidify the networks of solidarity that enable a community's optimal use of all its existing resources (Sauvage, 1996). Local control must be directed to ensuring strong ties between the social economy and local development. Recent research (Ninacs, 1993) demonstrates that local, democratically controlled, non-profit intermediary organizations are key to successful local development. In the field, we will have to wait and see how the community development corporations (CDC) announced by the Québec government in April mesh with the federally supported CFDCs. If the question is unresolved, it must be remembered that local players have shown considerable pragmatism and maturity.

A final concern is the support and networking of old and new social economy enterprises. The former have usually adopted a co-operative framework, the latter a more associative one. The Mouvement Desjardins' provision of financial and human resources to the Task Force on the Social Economy is a kind of sponsorship. However, a lot remains to be done if this support is to balance out the assistance provided by the State for development of the new social economy and favour open-mindedness by the old social economy towards the values put forward by the new social economy, often the basis of their success.

Although opportunities for the social economy in Québec have never been greater, new challenges abound. The social economy must seize the former and confront the latter in order to contribute, as only it can, to the social and economic development of Québec. If Rosanvallon (1995) is right, there are only two ways of erasing the line separating the economy and society: either completely integrate society into a market economy or establish an intermediary economy somewhere between the market and

the State. The new social economy is firmly committed to the second option. The challenges are all the greater because they are the hope of all those directly involved, and of society as a whole.

THREE SUCCESSFUL PROJECTS

HOUSING CO-OPERATIVES

Between 1973 and 1994, through three federal funding programmes, two provincial programmes and one municipal programme (Montréal), approximately 21,500 dwellings (1,100 co-operatives) were created (Girard, 1995:67). Most of these co-operatives, which now have over 20,000 members, consist of home renovation projects and projects for recycling institutional buildings for residential purposes. If financial assistance from the various levels of government has produced the desired results, it must be realized that the cornerstone of development is the technical support provided by various programmes, especially by the Technical Resource Groups which successfully mobilized the people directly involved in the projects. Although the federal government has not funded any new projects since 1992, its commitments continue to run for periods as long as 35 years. In the social economy as a whole, development of this specific social economy sector has been exemplary for about 20 years. In the opinion of many, it remains a benchmark.

WORKER CO-OPERATIVES

Beginning in the early 1980s, Québec promoters of worker co-operatives, inspired by the example of housing co-operatives, promoted relatively rapid development of the sector. Today, of the 250 worker co-operatives in Canada, the great majority (175) are in Québec, 45 operating in forestry and about 30 as shareholder co-operatives (D'Amours, 1996). The various worker co-operatives can obtain technical assistance, not only from their respective unions but also from regional development co-operatives (RDC). RDCs are financed by the Québec government on the basis of number of jobs created; in the space of 10 years, they have helped create or save 3,735 jobs in 194 co-operatives (*ibid.*). The criterion of effectiveness (number of jobs created) is important, although clearly insufficient to provide a complete picture of the quality of the advice and assistance to development given by the RDCs. Even though worker co-

operatives have some unusual forms of funding available to them - one is an investment plan that provides a reduction in income tax for members who reinvest their share of profits in the co-operatives - under-capitalization is still a major problem. Finally, the financial contribution of the Québec Industrial Development Corporation (QIDC) has often been a determining factor in the creation of co-operatives.

CHILDCARE CENTRES

Among collective services, non-profit childcare services or childcare centres clearly illustrate the potential of the new social economy, not only for creating jobs, but also for providing high-quality service with strong commitment by the various players. Québec non-profit childcare centres, home childcare agencies, and school childcare facilities form a network providing over 90,000 childcare spaces and are considered a part of the social economy. The vast majority of the 659 childcare centres and 134 childcare agencies are under direct parent control, with parents occupying more than two-thirds of the 5,500 seats on the boards of directors. About 15,500 individuals are salaried personnel, with most holding full-time positions (*Ibid.*) As with worker co-operatives, Québec childcare services can access technical assistance from a government agency, the Office des services de garde du Québec, that oversees development of the network. Funding is mixed, based on user fees and grants — with the exception of start-up and equipment costs — based on spaces occupied. A public support programme geared to poorer families and a tax-credit scheme for parents round out the State funding model, at least for the time being. Notwithstanding these regulatory mechanisms, community-based childcare centres have managed to remain independent as to organization of workloads, pedagogy, and internal matters. This has resulted in different models, varying from one centre to another, as well as an involvement of parents and staff rarely found in public or private sector services (Lévesque, 1995).

DEVELOPMENT FUNDS: SOCIAL ECONOMY ENTERPRISES

If Québec ranks first for risk capital with 40% of funds available in Canada, it is also first in the area of number of regional, local and community development funds. In a study sponsored in part by the FORD-Q, we found at least 254 funds for Québec with assets approaching one billion (Canadian) dollars. Three-quarters of these funds (73.3%) are

associated with the social economy in that they target not only profitable investment but also social objectives such as job creation and regional and local community development. The **public sector** (and therefore the governments of Canada and Québec) is the sector most often mentioned (53.4%) as a source of funding. The Government of Canada is involved in 71 out of 224 (31.5%) of funds (we must not forget that a given fund may have a number of funding sources). Next comes the Fonds de solidarité des travailleurs du Québec, which is involved in 69 (30.8%) of the funds, followed by the Government of Québec, which is involved in 65 (29.0%). The **Mouvement Desjardins** (Investissement Desjardins, some federations and the *caisses populaires*) is in fourth place with 10.6% of investment and the private sector last with 9.6%. Although many of these funds are in competition, they are significantly different from one another in the territory they cover (region, regional county municipality, local community, cultural community), and in the size of the financial participation in the enterprises (e.g. investment below \$50,000). Finally, most of these funds are directly or indirectly associated with a regional or local government, so that they try to take strategic planning of economic activities for a given territory into account (see Lévesque, Mendell and Kemenade, 1996 and 1997).

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