



# THE GROWTH OF THE SOCIAL ECONOMY IN QUÉBEC THROUGH THE UNIFICATION OF THE MOVEMENT SINCE 1996

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## ABOUT THIS PAPER

This is one of 2 papers prepared for the Canadian CED Network which take a close look at the policy frameworks to support CED and the Social Economy which exist in Québec and Manitoba. The papers take a historical view of the development of such policy in these provinces and seek to identify the main factors which made this development possible. As these are the 2 Canadian provinces most advanced with respect to CED policy, it is hoped that such an analysis may provide models to inform the policy and advocacy work of the Social Economy movement in other parts of the country as well as abroad.

## AUTHOR AND ACKNOWLEDGEMENTS

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# Table of Contents

Introduction.....	4
1.0 Political Context: Consensus-building on the occasion of the 1996 Summit on the Economy and Employment .....	4
2.0 Policy Measures: Support for Québec’s Social Economy sector .....	7
3.0 Policy Measures: Financing the Social Economy.....	11
4.0 Additional Success Factors.....	13
4.1 Political Climate.....	14
4.2 Prior Existence of Social Economy Initiatives.....	14
4.3 Prior Consolidation Efforts.....	14
4.4 Economic Crisis.....	18
5.0 Challenges: Atomization.....	18
5.1 Tensions with the Co-operative Movement.....	19
5.2 The Fragmentation of the Social Movement.....	20
5.3 Divisive Policy.....	22
Bibliography.....	24

## Introduction:

No additional empirical studies are needed to support the claim that the Québec's Social Economy is the most advanced of any Canadian province. The reason for this are probably multiple and other factors such as a long history of cooperativism, a more progressive political tradition or a culture with greater social capital may be adduced. In our view however, the most important factor has been the support which the public sector has lent through policy.<sup>1</sup> This paper explores the ways in which this was made possible primarily by the creation of the Chantier de l'économie social (Chantier) as a forum for consensus-building amongst a variegated Social Economy sector. We believe that it was this consensus-building which gave the sector the necessary visibility and recognition with government and made it possible for the latter to engage with the former in the co-production of policy in a meaningful way by creating a unified voice of its multitude of actors.<sup>2</sup> In order to give this insight additional practical applicability, having localized the growth of the Social Economy primarily in the unification of the Social Economy movement, we then examine, in the second part of the paper, additional factors which have contributed to the integration of the Social Economy in the policy-making process, as well as the ongoing challenges which a unified Social Economy movement faces in Québec.

### 1.0 POLITICAL CONTEXT: Consensus-building on the occasion of the 1996 Summit on the Economy and Employment

Faced simultaneously with a large budgetary deficit and an economic crisis which saw unemployment rise to 12% in the early 1990's, Lucien Bouchard's PQ government convened a summit to propose solutions for economic renewal and job creation within the confines of the limits on government spending (Vaillancourt 2008, 10; Neamtan 2002, 8). The 1996 Summit on the Economy and Employment followed the very best of the province's tripartite corporatist tradition of governance, in which it was not uncommon for the province's elected officials to bring together representatives from the private sector and the labor movement to negotiate solutions to common economic problems (Vaillancourt 2008, 10). But while acknowledging the historical roots of such a process, commentators have not failed to notice the aspect of the Summit

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1 Huot and Bussiere (2005) also make the claim that it is as a result of the policy support to the sector that the Québec Social Economy has flourished, something that is quantitatively verifiable in the number of new social enterprises and jobs created (114).

2 Mendell (2005) shares the belief that the success of the Social Economy in Québec is attributable to the networking and consensus-building which allowed it to speak in a single voice (18).

which broke from the tradition. The 1996 Summit was the first time that civil society groups, in addition to labor and the private sector, were consulted in such discussions (Mendell 2003, 7). This has caused Levesque and Mendell (1999) to say that it was at this time that the province's 'tripartite' consultation process, became a 'quatripartite' one (17).

The crisis of the 1990s had given rise to strong social movements; some of these were invited to take part in the Summit's taskforce on the Social Economy which was one of the 4 taskforces into which the private sector working group was divided (Loxley and Simpson 2007, 1-2; Ninacs 1998, 1-2). Included in the taskforce were representatives from women's groups, cultural organizations, trade unions, Desjardins, Hydro Québec, forestry coops, the Québec Council for Cooperation (CCQ), and the private sector (Ninacs 1998, 2). The Summit included 2 separate dialogues over a 6 month period. The taskforce was created during the first of these and given the intervening months to hold internal discussions in order to come up with a report containing recommendations and a proposed action plan in time for the second event (Vaillancourt 2008, 10-11).

The taskforce went to work. This represented the first time which such a wide array of civil society actors had sought agreement on a common economic platform (Mendell 2003, 7), and the consensus which it eventually reached was remarkable (Vaillancourt 2008, 11). Working groups made up of representatives of Social Economy networks, community economic development and social movements were established to propose possible projects in priority fields of activity such as forestry, personal services, agriculture, the environment, tourism, culture, etc (Ninacs 1998, 2; Neamtan, personal communication, April 2010). In all, the taskforce advanced a list of 25 projects (Mendell 2003, 8) that would create 300 Social Economy enterprises and 20 000 jobs over 3 years (Levesque 2007, 44; Ninacs 1998, 2). The working group also undertook a needs assessment to identify the kind of supports which the Social Economy sector in the province needed to grow (Vaillancourt and Favreau 2000, 3). In the report called *Osons la solidarite*, the taskforce called for the establishment of financing mechanisms and training specifically for the Social Economy, as well as the consolidation of support organizations. It recommended the promotion of networking amongst Social Economy actors and the establishment of new forms of partnership with the private sector. It also called for the development of new sectoral policies including the upgrading of certain legislation which affects the Social Economy (Levesque 2007, 44; Neamtan, personal communication, April 2010). Finally, it asked that the taskforce which had worked together to produce the report continue to exist for an additional 2 years in order to

oversee the implementation of the plan (Mendell 2003, 7; Levesque 2007, 44). It was out of this extension of the taskforce's life that the Chantier de l'économie sociale would come to be (Huot and Bussiere 2005, 113).

Significantly, Osons la solidarité contained the definition of the Social Economy which the task force had managed to agree upon. This definition was based on that used by the Conseil Wallon de l'économie sociale (Levesques and Mendell 1999, 17), and was a "broad and inclusive" one (Mendell 2005, 33 footnote no. 39). According to Nancy Neamtan (2005), who presided over the taskforce from the very start, this was done purposefully in order that a variety of interests could recognize themselves within it (7). The definition included such actors as co-ops, mutual benefit societies, association, and even some profit-making firms (Mendell 2003, 4). Moreover, it was able to unite stakeholders from both the 'old' and the 'new' Social Economy under a rubric of common values rather than common legal status (Levesque and Mendell 1999, 17; Mendell 2003, 7)

According to D'Amours (2000), the nature of this definition was a key factor to the institutionalization of the Social Economy movement in Québec (12). But it is perhaps more useful to see the advent of this common definition as part of a larger process which itself more directly led to the institutionalization of the Social Economy. For Mendell, the unification of a previously variegated Social Economy movement under the taskforce-cum-Chantier gave a new visibility and political weight to previously marginalized groups (as cited in Loxley and Simpson 2007, 45). And it is only as a result of the creation of such a large body that the Social Economy was able to address itself to government (Huot and Bussiere 2005, 114). This, while the consensus which the sector was able to reach in the production of a common definition and policy agenda lent the new institutional structure an aura of representativeness and credibility (Vaillancourt and Favreau 2000, 3; Huot and Bussieres 2005, 114). This legitimacy is what permitted the Chantier to become "the clearly defined representative of the sector at the policy level" (Loxley and Simpson 2007, 43). It was this same characteristic which then also generated recognition for the organization amongst the media and the general public (Levesque 2007, 52; Vaillancourt and Favreau 2000, 3).

But not content to be of only quantitative significance, the Social Economy movement strove to acquire recognition as a legitimate actor in the development process by stressing the historic contribution of the Social Economy to the province's development trajectory. The report which the taskforce presented

to the 1996 Summit cited numerous examples from Québec's past (Neamtan 2005, 72). It also spoke of Social Economy actors as 'agents of socioeconomic development' and emphasized the need for these to be consulted on important policy issues (Mendell 2003, 8). It is this recognition of the role which the Social Economy can play in meeting socioeconomic objectives which finally persuaded the state to view the sector as a full partner in the development process and mandated its participation in discussions on development policy (Levesque and Mendell 1999, 18-19).

The existence of a unified voice for the Social Economy and of the Chantier as an intermediate organization also made it possible for the government to productively engage with the wide variety of stakeholders which make up the sector in a productive policy dialogue (Neamtan and Downing 2005, 64). As a result of both its new found political weight and the easy target which the institutional structure provided for policy-makers, the Chantier quickly became well entrenched in the policy-making process. From 1996, for the 2 years following the Summit, the Chantier was granted almost direct access to Lucien Bouchard himself (Levesque 2007, 54). Between 1996 and 2001, the sector was overseen by the premier (Neamtan and Downing 2005, 53). After 2001, it came under the aegis of the Ministry of Finance, where a special Social Economy desk was created for it in 2002. This was the body that coordinated the government's support for the sector (Levesque 2007, 54; Mendel 2003, 8).

## 2.0 POLICY MEASURES: Support for Québec's Social Economy sector

In this context, one where the government recognized the importance of the Social Economy in helping it to meet its own policy objectives and disposed of an interlocutor whom it had enshrined in the policy-making process, the way was open for the implementation of legislative reform and financing mechanisms to support the Social Economy (Vaillancourt and Favreau 2000, 13). And in effect, the recognition of the Social Economy was expressed by the creation of policies which favored its development (Vaillancourt and Favreau 2000, 12; Huot and Bussiere 2005, 114), as the government enacted many of the recommendations made by the Chantier in its 1996 report (Neamtan 2005, 72). In many cases, the Chantier was not only the representative body which helped design these measures, but was also the prime institutional instance through which they were implemented.

Some new organizations to support the Social Economy were created, while a mandate to support the Social Economy was integrated into the work of other pre-existing regional development bodies. 1997 legislation called for the creation of Local Development Centers (CLD) in every municipality in the province (Ninacs 1998, 3). While the mandate of these CLDs is to support community economic development conceived of in a broad sense, including conventional economic development initiatives which target job creation and local growth, CLDs were also tasked with local Social Economy enterprises and a portion of their budgets was to be set aside for this purpose (D'Amours 2000, 22; Levesque and Mendell 1999, 18). A total of 105 CLDs were created in 1998, jointly funded by provincial and municipal governments (Vaillancourt and Favreau 2000, 14; D'Amours 2000, 24). Between this time and 2004, these centers implemented 3765 projects which supported their local Social Economy sectors (Levesque 2007, 52).

Certain new policies gave preference or exclusivity to the Social Economy in the delivery of certain social services (Vaillancourt 2008, 11). In the area of childcare, government chose to rely on the Centres de petite enfance for the creation of 150,000 new places in 10 years for children under 6 (*ibid.*). These non-profit daycare centers offer their services for a flat rate of \$5 per day, and two-thirds of the seats on their Boards must be occupied by the Centres' users, who thereby retain decision-making power with regards to management (Huot and Bussiere 2005, 119). The Centers were institutionalized through 1997 legislation (Vaillancourt and Favreau 2000, 13), and there are presently over 900 of them active in the province (Huot and Bussiere 2005, 119)

Government preference and support for the Social Economy in the area of homecare permitted the creation of 101 new Homecare Social Enterprises (EESAD) between 1997 and 2000 (Vaillancourt 2008, 12). This was largely the result of the creation, in 1996, of a program in which government subsidized the costs of Homecare Enterprises so that these could keep the prices charged to users below the cost of service delivery (Huot and Bussiere 2005, 118). These non-profit and co-operative ventures deliver services to over 76,000 users and employ 6,000 people, many of them previously unskilled welfare recipients (Neamtan 2005, 74).

A number of entities were created to help the sector to acquire the technical capacity which it needs to function effectively. Some of the Social Economy

funds discussed below include components geared to providing technical support to the sector's managers. RISQ, for example, can deliver up to \$5,000 for the development of a business plan or market study (Chantier, 2009, 18). This work is then contracted out to local development consultants (Chantier, 2010). These technical assistance loans are interest-free and are repayable only if the initiative succeeds (Elson, Gouldsbrough and Jones, 29). Between 2000 and 2007, the RISQ loaned out \$0.9 Million for these purposes (Loxley and Simpson 2007, 11). In addition, in 2010, the RISQ received \$5 Million from the Québec government in order to offer a new financial product, up to \$100,000 for the pre-start-up phase in the development of new Social Economy projects (Neamtan, personal communication, April 2010).

According to Levesque (2007), the Comité sectoriel de la main d'oeuvre en économie sociale et en action communautaire (CSMO-ESAC) was established to help social enterprise meet the complex managerial and organizations challenges which their managers face (53). Co-managed by the Chantier and other stakeholders of the Social Economy and community sectors in partnership with public employment institutions, the CSMO seeks to develop the managerial capacity of the sector by providing technical support to social enterprises in the form of needs analyses and specialized trainings (Neamtan, 2002, 10; Mendell, 2003, 8; Neamtan, personal communication, April 2010). But the CSMO's work goes beyond the provision of technical assistance. Its overriding concern seems to be with assuring the supply of qualified labor which the Social Economy sector needs to properly function. In order to accomplish this, the work of the CSMO must pass through the "range of issues affecting labor force development and labor market needs.... [of] Social Economy sector employers" (Micheal Toye, personal communication, April 6, 2010). The CSMO's 2009-2012 strategic plan mentions such items as labor needs assessments of the sector in general; the development of training programs, taking into account the needs of multiple barrier individuals; attraction and retention of personnel to the sector; and succession planning (CSMO-ESAC, 2009, 5, 6).

The coop sector was positively affected by the participation of the Social Economy in the policy-making process primarily through changes which were brought about in the regulations which govern them. According to D'Amours (2000), legislation from 1997 gave the coop sector some of the competitive advantages of private businesses, making it easier for them to capitalize by permitting them to keep a reserve, and to sell shares to non-member investors (28). Under the new legislation, coops in Québec were now also permitted to hire non-member administrators (*ibid.*). For D'Amours, these reforms

constitute a 'hybridization' between the coop and the private sector firm (ibid.). In addition, a new legal category of co-operatives was created: the solidarity coop. Based on a model in use in Italy, coops could now count amongst their stakeholders the community members that utilize their services (Levesque and Mendell 1999, 19; Mendell 2003, 8)

### 3.0 POLICY MEASURES: Financing the Social Economy

It is perhaps in the area of financing that the greatest strides have been made. The provision of specialized financial instruments for the Social Economy responded directly to recommendations put forward by the Social Economy task force in its 1996 report (Ninacs 1998, 3). The task force had analyzed the needs of the Social Economy in Québec in order to come up with policy recommendations to strengthen the sector, and had found access to financing to be a major hurdle which Social Economy enterprises faced (Levesque 2007, 44). This resulted from a constellation of factors. Social entrepreneurs tend to have much lower access to financing than mainstream businesses (Mendell 2003, 12-13). Because of their legal status, Social Economy enterprises can't issue shares to raise equity capital (ibid.). This makes them rely exclusively on debt for raising capital (Elson, Gouldsbrough and Jones 2009, 22). But conventional financial institutions tend to view social enterprise as high risk (Elson, Gouldsbrough and Jones 2009, 19). The social services they deliver tend to cut into their rates of return, making them less attractive to potential investors (Mendell, Levesque and Rouzier 2000, 6). Banks, moreover, would rather hold a portfolio made up of a lower number of higher values loans, rather than the numerous small loans which the Social Economy sector requires, the transaction costs of large and small loans being roughly equivalent (Mendell, Levesque and Rouzier 2000, 7). Finally, Social Economy actors, often coming from social activist, rather than business backgrounds, tend to have fewer contacts in the business community that could act as funding sources (Mendell, Levesque and Rouzier 2000, 6), and are often reluctant to utilize mainstream debt instruments anyway (Elson, Gouldsbrough and Jones 2009, 19). The 'old' Social Economy in Québec relied on grants and charitable donations. But as 'new' Social Economy ventures tend to break away from the old charitable model and participate more fully in the conventional economy, these become less readily available (Mendell, Levesque and Rouzier 2000, 7-8). In addition, both grants and project funding are erratic and cannot be relied on to sustain an initiative over the long term (Elson, Gouldsbrough and Jones 2009, 19).

It is to this situation which the new funds made available for the Social Economy

respond. In the first place, some entities responsible for funding conventional economic businesses were given funds earmarked for Social Economy ventures. The Social Economy Fund (FES) was created for the use of CLDs in funding local social enterprise (Mendell, Levesque and Rouzier 2000, 2). Investissement Québec, the state entity which traditionally supported conventional small and medium enterprises was mandated to support non-profits and co-operatives as well (Vaillancourt and Favreau 2000, 14; Mendell 2003, 8). And the Fonds d'aide à l'action communautaire et autonome began to provide 20 Million per year to support community and voluntary action (Loxley and Simpson 2007, 17).

The Chantier has been responsible for the administration of the 2 most significant financing tools for social enterprise at the provincial level: the RISQ and the Chantier Trust. In 1997, the Chantier created the Réseau d'investissement social du Québec (RISQ) by convincing some major financial institutions and private enterprises to donate \$5 Million and by persuading the Québec government to match these funds (Neamtan, personal communication, April 2010). A funding and training body directed exclusively to social enterprise, RISQ is a non-profit, \$10.3 Million venture capital fund which services 'partnership businesses' (Vaillancourt and Favreau, 2000, 14; Elson, Gouldsbrough and Jones, 2009, 29; Chantier, 2010), providing these with non-collateralized loans and loan and margin of credit guarantees of up to \$50,000 (Mendell, Lévesque and Rouzier, 2000, 21; Ninacs, 1998, 3; Chantier, 2010). Much or all of this amount can be used to finance the start-up costs of new social enterprises and is only repayable if the venture succeeds (Mendell, Levesque and Rouzier 2000, 21). Between 2000 and 2007, RISQ loaned \$7.4 Million through 180 programs, \$0.9 Million of which was destined for technical assistance (Loxley and Simpson 2007, 11). And in the past 6 years, it invested in 372 Social Economy enterprises, creating or consolidating jobs for 4,412 people (Chantier, 2010). The fund also co-founded, with FilAction, a \$6 Million dollar capitalization fund to provide between \$100,000 and \$200,000 to coops, non-profits and collective enterprises (Elson, Levesque and Rouzier 2009, 30).

As mentioned, the capital which RISQ manages comes from a variety of investors from the private and public sectors. 60% of its \$10.3 Million was provided by the government (Elson, Gouldsbrough and Jones 2009, 29), while private sector contributors include 4 major banks, Alcan, Cirque du Soleil, Desjardins and Jean Coutu (Neamtan 2005, 74). The government of Québec continues to match every dollar raised in the private sector (Neamtan and Downing 2005, 32), and non-governmental contributors receive a 150%

tax credit at the provincial level. The province also covers the fund's \$400,000 per year operating costs (Elson, Gouldsbrough and Jones 2009, 29)

While public and private sector contributors provide the bulk of the financing, they do not have a majority say as to the fund's governance. The RISQ's Board of Directors is appointed by the Chantier's own Board and includes a number of representatives from a wide variety of Social Economy sub-sectors (Neamtan 2005, 74; Neamtan, personal communication, April 2010).

The Chantier de l'économie sociale Trust is the other powerful financing tool which the Chantier created in 2006 (Elson, Gouldsbrough and Jones 2009, 10; Neamtan, personal communication, April 2010). After winning a Call for Proposals by the Federal government, the Chantier then used the \$30 Million thereby granted to leverage additional investment from private-sector partners (Neamtan, personal communication, April 2010). This \$52.8 Million investment fund provides between \$50,000 and \$1.5 Million of patient capital exclusively to non-profits and co-operatives with under 200 staff and \$100,000 in assets for operational costs and acquisition of capital goods and real estate (Chantier 2007, 12-15; Elson, Gouldsbrough and Jones 2009, 30). The loans come with a 15 year moratorium on repayment of capital, and while some of the loans are guaranteed through mortgages, many are non-collateralized. The rate of the loans is fixed for the duration of the loan period, and while businesses can decide to wait the full 15 years before making any payments on the capital, they can also choose to pay it down little by little throughout the loan period without penalty (Chantier, 2010). The Trust is an innovative financial tool for social enterprise which Elson, Levesque and Rouzier call a "quasi-equity hybrid" that "falls somewhere in between venture capital and traditional financing" (22). Since its inception, the Chantier Trust has invested over \$11.4 Million in 39 Social Economy enterprises which will generate a total of \$64.1 Million in total investment and create or consolidate 1,115 jobs (Chantier, 2010). Some of the ventures in which the Trust has invested include such innovate Social Economy ventures as funeral co-operatives; youth centers; local food coops; local breweries; recycling centers; co-operatively owned hostels; campgrounds and other tourism initiatives such as information centers; community radio stations; greenhouse growers co-operatives; cinemas showing Québec and 'artsy' films; education and conservation societies; and the Sherbrooke University Bookstore (also co-operatively owned) (ibid.). Counting interest revenues, the Trust's total investment in the Social Economy over the next 15 to 20 years is expected to reach \$80 Million (Elson, Levesque and Rouzier 2009, 30).

To the \$52.8 Million of which the Trust disposes, Canada Economic Development was the major contributor, proffering \$22.8 Million in non-repayable monies, while the Québec government's contribution of \$10 Million is to be repaid only after 15 years (Elson, Levesque and Jones 2009, 30). Other major contributors include the Fonds de solidarité FTQ (\$12 Million) and the Confédération des syndicats nationaux (\$8 Million) (Loxley and Simpson 2007, 12).

The Trust is governed by a Board of Directors on which the Chantier and the other investors sit (Neamtan, personal communication, April 2010) and the RISQ is responsible for screening all applications to be submitted to the Trust's investment committee (Chantier, 2010).

Both of these funds help meet the specific needs of social enterprise by providing flexible, long-term loans for the purchase of capital equipment and real estate which would otherwise be difficult to acquire without access to equity capital (Elson, Levesque and Rouzier 2009, 22). They also help Social Economy enterprises secure additional funding as they reduce the risks for mainstream investors (*ibid.*) Finally, they help make up a total financial infrastructure for social enterprise in the province which Elson, Levesque and Rouzier favorably compare to that of Ontario in its ability to offer a 'ladder' of financial services (17). In Québec, financing exists for every stage of the social enterprise's evolution. Smaller start up financing, what these commentators call the 'lower rungs,' is provided by RISQ and others who can offer up to 50k, while at the higher levels, entities such as FilAction provide the larger amounts over 250k (*ibid.*). For its part, the Trust is addressing the need for even longer term financing, and creating secondary markets for non profits, a 'social stock exchange' (*ibid.*).

## 4.0 ADDITIONAL SUCCESS FACTORS

We have been examining the crucial role which the Chantier played in the growth of the Social Economy in Québec since 1996. We have shown how the consensus-building which such an organization fostered permitted the integration of the Social Economy sector in the policy-making process, which in turn led to the creation of policies to support the sector in that province. In order for these insights to have practical applications for the replication of such

structures in other provinces however, it would be important to examine some of the other factors which facilitated the acceptance of the Social Economy in policy-making circles.

## 4.1 Political Climate

It was only as a result of the Bouchard government's approach to governance that the Social Economy sector was even convened at all to provide recommendations to confront the economic crisis. This was a government that in Neamtan's words (2002) "valued consultation and representation" (9). No doubt the province's tradition of tripartite corporatism contributed to this. Since 1976, the provincial government has regularly convened labor and the private sector to discuss important economic issues (Chantier 2009, 11). This is especially noteworthy when we compare what was happening simultaneously in other provinces, where, just as in other parts of the world, the 1980s witnessed the dismantling by neoliberalism of the corporatist compromise between government, labor and business. Throughout this period, Québec was able to maintain a climate of bipartisan nationalism which kept these 3 great entities engaged in productive negotiations which commentators have labeled 'tripartitism' (Mendell 2003, 6). Huot and Bussiere (2005) see the fact that government also called civil society to the table in 1996 a natural outgrowth of this same consultative tradition (111). Ninacs too (1998) affirms that the 1996 Summit "[built] on the tradition of regularly bringing together decision-makers to discuss issues of mutual concern and establish plans of action" (1). Vaillancourt (2008), for his part, is more inclined to see this as evidence of a particularly progressive tendency within the Bouchard government. As evidence for this he cites the fact that the government had also collaborated extensively with civil society in the development of other programs such as semi-public health insurance and the co-production of certain labor legislation (35-36). Whatever the case may be, it cannot be argued that once the Social Economy sector had made its recommendations, it took a government with a rather progressive political philosophy to be able to endorse and integrate them. Thus Loxley and Simpson (2007) point to importance of the PQ government being a social democratic one (34).

## 4.2 Prior Existence of Social Economy Initiatives

The government's initial inclusion of the Social Economy in the policy-making

process, what Favreau has called the development of ‘horizontal public policies’ (as cited in Loxley and Simpson 2007, 19), may have something to do with the prior existence of a well established Social Economy sector. The success of these groups in areas that were not covered by either government or the private sector meant that the Social Economy already had a good deal of recognition and legitimacy in the province (Mendell 2003, 10). The coop movement obviously has deep roots in Québec and the model was already being effectively used in areas such as housing, childcare and health (Chantier 2007, 3). Many community initiatives such as community futures had been used in rural areas to combat decline (Chantier 2009, 12). In the urban context, Community Economic Development Corporations had been created in 1984 and their success had given Social Economy work additional legitimacy (Chantier 2007, 3; Mendell 2005, 29). Thus, certain elements of the Social Economy had been successful in garnering recognition from the state long before the Social Economy achieved recognition as a sector (Levesque 2007, 41).

The Social Economy groups which predated the 1996 Summit had also been exerting pressure on government for some time. Loxley and Simpson (2007) affirm that it is these types of pressures from the bottom, pressures exerted “over many, many years” which eventually led to the government support for the Social Economy (3; 36). The advocacy work of Social Economy organization had already created well established policy precedents which could be built upon when the time came. Co-operatives for example had been recognized and legislated since the 19th century (D’Amours 2000, 11). More importantly, according to Favreau, there was a ‘pre-existing dynamic’ which already involved the State in a partnership with civil society in the delivery of social services (as cited in Loxley and Simpson 2007, 36). Mendell (2005) speaks of a dynamic of State-civil society partnership in the Community Economic Development Corporations from 1984, which it would have been difficult to go back on (29)

### 4.3 Prior Consolidation Efforts

The 1996 Summit and the taskforce on the Social Economy organized the sector around a single policy agenda, but the incipient organizing of certain segments of the Social Economy movement in Québec had been laying the bases for this consolidation long before this time. These prior efforts unified the actors within certain sub-groups, laid the bases for the development of a common Social Economy identity and began to draw the attention of government to the movement.

As early as 1986, the Corporation de développement communautaire had organized a conference in Victoriaville called the “colloque sur l’action communautaire” (Vaillancourt 2008, 10). Community groups, co-operative and community service providers were present at an event that began to define a common identity for the Social Economy movement and to capture the attention of government (Levesque 2007, 41; Vaillancourt 2008, 10). An early definition of social enterprise was also advanced there (Levesque 2007, 41). Another important event once again brought together all of the major elements of the Social Economy in the 1987 “forum sur l’emploi,” which also gave way to some notable local and regional initiatives (ibid.). These events were followed by additional symposia in the year 1989, “Local en action” and the “colloque sur le développement économique communautaire,” organized by the Programme économique de Pointe St Charles (Levesque 2007, 41; Vaillancourt 2008, 10). “Urgence rurale,” and the subsequent “États généraux des communautés rurales,” which took place in 1991, united all of Québec’s primary rural actors and advanced a new vision of rural development (Levesque 2007, 41; Vaillancourt 2008, 10).

Simultaneously, the coops sector was consolidating itself. In 1990, the CCQ organized its first “États généraux de la coopération.” This initial symposium was followed by a series of fora in 30 Québec towns, convening some 4,000 participants (Levesque 2007, 42; Favreau 2005, 10). This event brought regional co-operatives together under a number of solidarity initiatives (Levesque 2007, 42). A second “États généraux de la coopération” was held in 1992 (Vaillancourt 2008, 10). This event produced the “Manifeste de coopération,” a manifesto containing a new policy agenda and calling for the consolidation of the coop sector at the provincial level (Levesque 2007, 42; Favreau 2005, 10). It also welcomed a number of emergent co-operatives into the coop movement and organized them to form a number of new federations (Favreau 2005, 10). The event was also important in improving government’s relationship to the sector. Henceforth the administration of much government funding for co-operative development would be assumed by the CCQ, which established a number of initiatives designed to ‘re-dynamize’ the sector (Favreau 2005, 11; Levesque 2007, 42).

Many of the social movements were also coming together to define the new policy agendas that would prepare them for the important roles which they would play in the Social Economy movement from 1996. In June of 1995, the Québec Federation of Women organized the Women’s March against Poverty:

for bread and roses (Mendell, 2003, 6). This event had a strong economic component tied to the Social Economy. It called on government to commit greater resources to social infrastructure, for the creation of jobs for women, and for it to adopt a zero poverty clause (“appauvrisement zero”) (Mendell 2003, 6; Levesque 2007, 43; D’Amours 2000, 13, 17).

According to some commentators, the adoption of the Social Economy ‘cause’ by the women’s movement can be attributed to a recognition by the latter of the major role played by women in this sector (Mendell 2003, 6; Levesque 2007, 43). Whatever the reason, the Bread and Roses March succeeded in sparking the interest of the government in the sector (Levesque 2007, 43; Vaillancourt 2008, 10, footnote no. 14). The PQ government of Jacques Parizeau responded by creating two committees on the Social Economy made up of women (Vaillancourt, 10, footnote no. 14). Though the zero poverty clause was never adopted (D’Amours 2000, 17), the Québec government did agree to invest \$225 Million in social infrastructure over 5 years through the Fund against Poverty (Mendell 2003, 6).

The March and the events that came after also helped define the position of the women’s and other social movements relative to the Social Economy. According to Levesque, the March was a beginning of a ‘reflection’ on the Social Economy among these (as cited in Vaillancourt 2008, 10). The report which the women’s committees released, *Between Hope and Doubt*, proposed an early definition of the Social Economy (Mendell 2003, 6). Between this time and the 1996 Summit, a lengthy debate on the Social Economy was entertained amongst the social movements (Vaillancourt 2008, 10, footnote no. 14).

Some commentators attribute much of the success of the Social Economy movement from 1996 to the fact that it was able to involve social movements in a more practicable policy discourse (Vaillancourt and Favreau 2000, 10-11). Indeed, under the taskforce on the Social Economy, many of these began articulating their demands in an economic development framework for the first time (Vaillancourt and Favreau 2000, 7). But events such as the Bread and Roses March demonstrate that far from arising spontaneously as a result of the creation of the taskforce, the social movements had already begun to apply the economic lens to their work long before. Even as far back as the mid-1980s, there is evidence of a new ‘economic militantism’ in their discourses and policy agendas (*ibid.*).

## 4.4 Economic Crisis

The final factor which facilitated the participation of the Social Economy in the policy discourse was the economic crisis itself. According to Levesque (2007), the combined debt and unemployment crisis which hit Québec in the early 1990s served the Social Economy agenda by calling into question the dominant model (41, 43). It revealed the inadequacy of the traditional roles played by both the private sector and the State in the development process (Vaillancourt and Favreau 2000, 8). This so-called crisis of the welfare state in Québec led to a widespread recognition of the incapacity of the government to continue to be the sole provider of social coverage (Levesque 2007, 55; Chantier 2007, 2) and created a willingness to experiment with new models, of which the Social Economy was one (Vaillancourt and Favreau 2000, 8; Levesque 2007, 41). It is doubtful whether new proposals would have met with such ready acceptance had the old models continued to function properly.

## 5.0 CHALLENGES: Atomization

No doubt all of these factors contributed to the Social Economy being welcomed into the policy-making process once the movement had managed to unify itself under the taskforce on the Social Economy and the Chantier. Yet despite the great success of this process and what is by all accounts the vibrancy of the sector which directly resulted from it, the status of the Social Economy amongst policy-makers is far from assured and continues to face serious challenges. Admittedly, these are numerous and many of which are beyond both the scope of the Social Economy to control and of this paper to describe. They include for example the threat which a change of government can pose. In Québec, this was born out with the coming to power of Charest's Liberals in 2002, who, viewing the Social Economy as a PQ legacy, manifested an indifference towards it (Levesque 2007, 49, 54; Vaillancourt 2008, 36). But just as we believe that the most important factor for the growth of the Social Economy in Québec has been its unification, we are of the mind that the fragmentation of the movement represents its greatest threat. Here we briefly examine some of the tensions which are making themselves felt within the Social Economy movement in Québec.

## 5.1. Tensions with the Co-operative Movement

The Social Economy movement of the mid 1990s was the product of a fusion between the ‘old’ Social Economy, of which the co-operative movement was a part, and the so-called ‘new’ Social Economy made up of community service organizations such as soup kitchens, daycare centers, homecare organizations, and various social enterprises including training enterprises and social financing entities (Favreau 2005, 5). As we have seen, the definition which the taskforce on the Social Economy developed to define the sector embraced both the ‘old’ and ‘new’ social economies. But in practice, much of the impetus behind this latest push to unify the movement and enshrine it in a permanent policy discourse has come from the ‘new’ Social Economy movement (Neamtan 2005, 72). As a result, the Chantier has most often tended to be the voice of the latter (Favreau 2005, 12).

The co-operative movement in Québec, for its part, has a long history and has evolved its own representative structures (Favreau 2005, 9-11). By the time the Social Economy movement was beginning to come together in the mid 1990s, most of these had taken their place within the CCQ (Favreau 2005, 11). As a result of the “Etats genereaux de la cooperation” which had taken place in 1990 and 1992, the CCQ had consolidated its position as the foremost representative instance for co-operatives in the province, had established a solid relationship with government and had begun to administer much of the public funding earmarked for the development of the province’s co-operative sector (*ibid.*). But with the advent of the Chantier in 1996 which sought to develop new alliances for the implementation of its action plan, the CCQ saw its new funding linkages threatened (Favreau 2005, 13).

According to Favreau, much of the difficulty lays in that both the coop and ‘new’ Social Economy sectors occupy overlapping spheres (*ibid.*). They thus often have difficulty defining themselves, both internally and to funders. Many sub-sectors of the Social Economy such as homecare and housing for example, are made up of equal parts co-operatives and ‘new’ social enterprises and have these found themselves torn between competing allegiances (Favreau 2005, 12). This leads to diverging ideas about how the Social Economy should be represented. Through a close reading some of the discourse emanating from the Chantier, Favreau (2005) concludes that, with a definition of the Social Economy which includes the co-operative movement, the latter is willing itself the representative of this pan-Social Economy movement at the national level

(13). Thus, the Chantier sees the CCQ as part of itself, a sub-network which, as a 'network of networks,' it absorbs (Favreau 2005, 13-14). This, while the co-operative movement, with its distinctive history and identity, seeks to maintain its separate representative structure under its own parallel national organization, the CCQ (Favreau, 2005, 4).

These debates have not been resolved in more recent years. First, in 1999, when the Chantier was incorporated as an independent non-profit, the CCQ chose not to take part in it, citing disagreement with the Chantier's mandate (Levesque 2007, 52). Then, with the coming to power of the Charest government, both organizations were forced to redefine their relationships to funders in a more difficult funding environment (Favreau 2005, 25-26). Finally, more recent attempts at initiating a rapprochement between the two organizations were made in 2003 when a permanent table for discussion was created (Favreau 2005, 14). While serving to appease some of the tensions, this has not given way to any deeper agreements (ibid.). The Chantier admits a continued divergence between the two sectors and a sometimes difficult coexistence (Chantier 2009, 20).

## 5.2. The Fragmentation of the Social Movements

The integration of the social movements was axial in determining the success of the Social Economy movement in Québec from 1996. Despite this, the social movements have never constituted what could be deemed as the 'core' of the Social Economy and many soon began to break away from it. The misgivings which the social movements had were of two kinds: on the one hand they questioned their place within the Social Economy movement, while on the other they problematized the Social Economy in a more general sense.

The women's movement expressed disaffection with the policies which the Social Economy had succeeded in having government adopt and felt that their demands were not adequately address in them (Vaillancourt 2008, 25). Many of the demands which they had made during the Bread and Roses March for example, had remained unfulfilled (Vaillancourt 2008, 29). For them, this represented a slighting of the role which the women had played in the Social Economy movement (Vaillancourt 2008, 25). Neither did the women's movement recognize itself in the Social Economy definition which the Chantier had advanced (Vaillancourt 2008, 29).

The community movement as well began to break away from the Chantier not long after 1996. Some of their organizations have remained within the Chantier while others have adhered to the *Comite aviseur de l'action communautaire autonome* which rejects the Social Economy label (Favreau 2005, 14). This organization, which is at the head of 23 sectoral federations, acts as the primary interlocutor for the *Secretariat d'Etat a l'action communautaire autonome* on behalf of its members (Favreau 2005, 8). Many community organizations take issue with the economic logic of the Social Economy. They do not see their actions as fitting into such a framework. Rather, they see themselves as sociopolitical actors first and foremost, pressuring for social justice on behalf of marginalized and exploited groups (Favreau 2005, 15). They seek to justify their utility, as well as the financing they receive, on the basis of constituting the 'counter-powers' necessary for the functioning of a healthy democracy (*ibid.*).

Many groups within the social movements have also expressed reservations about the concept of the Social Economy more generally. The women's movement is wary of the prospect for the Social Economy to become a ghetto for lower-paid, insecure jobs in what is a traditionally female-dominated sector of employment (Ninacs 2003, 7; Vaillancourt and Favreau 2000, 9). Moreover, they are also preoccupied that the increasing predominance of Social Economy ventures in the delivery of social services will lead to a net loss of accessibility and universality of these service offerings (Vaillancourt and Favreau 2000, 10).

The Social Economy continues to encounter resistance from the labor movement just as much as from the other social movements (Vaillancourt and Favreau 2000, 9). The former has aired similar concerns that the Social Economy constitutes a way for the State to evade some of its responsibilities in the purveyance of social coverage, while also identifying the threat which the Social Economy poses for substitution of higher paid jobs, especially in the context of large government deficits (*ibid.*). The labor movement is uncomfortable, furthermore, with some of the revitalization work of Social Economy organizations in resource-based communities (Vaillancourt 2008, 29-30). They read the acceptance of these initiatives, and the participation of some segments of the labor movement within them, as marking the passage of a 'combative' stance to one of partnership, presumably with the large resource-extraction corporations that are now unwilling or unable to provide fuller employment (*ibid.*).

All of the social movements share a common concern that the Social Economy represents an accommodation to neoliberalism, and an acceptance of the reduction of the role of government (Vaillancourt and Favreau 2000, 8). Some community groups also fear the appropriation of their work by the State which would use them for addressing some of their own priorities such as service delivery and employment creation (ibid.). Indeed for many groups, espousing the economic development lens would be akin to participating in the very capitalist system which they reject (Vaillancourt 2008, 25-26)

### 5.3. Divisive Policy

If the Social Economy movement was already breaking up under its own internal pressures, certain government policies have had the effect of exacerbating this fragmentation. This concerns mostly the way in which government has chosen to fund the Social Economy. Through a diversification of its funding interventions to the Social Economy, the Québec government broke up the Social Economy into 'different paradigms' (D'Amours 2000, 30)

Though the official definition of the Social Economy which the government adopted was the broad and inclusive one advanced by the Chantier, what the government funded under its Social Economy programs reflected a rather more narrow conception of this sector (D'Amours 2000, 12). Indeed, in the report "*Conjuguer l'économie et le sociale*" in which the government formalized its commitment to the Social Economy, the definition of the sector is quickly followed by the caveat that it is not the government's mandate to support the entirety of the sector, but only those entities which work within the economic logic of the marketplace and which have the potential to become economically viable (D'Amours 2000, 15). Thus, only a certain type of organization, that deals in goods and services to which a monetary value may be attached, and which is able to draw an independent funding source from the sale of these would be able to enjoy government support (D'Amours 2000, 16).

Groups such as the women's and community movements which this definition excludes (D'Amours 2000, 25) see themselves, as we have seen, primarily as sociopolitical actors. They prefer to justify their funding on this basis and refuse to subject their activities to the demands of financial viability (Favreau 2005, 15). Community organizations which deliver social services resist inclusion in the Social Economy movement for similar reasons. They see their roles as the

providers of essential social services to the community which the government is unable to supply or to supply in their entirety. They likewise prefer to be assessed for financial support based on their public utility (Favreau 2005, 15). Moreover, those organizations that do succeed in securing their financing elsewhere, in government bodies that pursue social objectives for examples, tend to eschew the Social Economy label for the risk which it contains of placing them in another funding category (Vaillancourt 2008, 25).

The growing rift between the Social Economy and co-operative sectors was not helped by government funding policies either. After 1996, the government reverted to funding co-operatives separately from the Social Economy despite the fact that the former fell within the scope of the definition of the latter (Levesque 2007, 56; Vaillancourt 2008, 25). We have already mentioned how the need to compete for limited funding sources contributed to the strain in the relationship between the Chantier and the CCQ.

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