

Perspective

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SPECIAL EDITION: THE COOPERATIVE MOVEMENT AND THE SOCIAL ECONOMY

**Québec's cooperatives and mutual aid
organizations: an undeniable economic force**

The multifaceted social economy



Desjardins
Economic Studies



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Desjardins Economic Studies

Economic Studies Division
 Phone: 418 835-2450 or 1 866 835-8444, ext. 2450
 Fax: 418 835-3705
 E-mail: desjardins.economics@desjardins.com
 Web site: www.desjardins.com/economics

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MAIN CONTRIBUTORS

François Dupuis
 Vice-President and Chief Economist
 514 281-2336
francois.dupuis@desjardins.com

Yves St-Maurice
 Senior Director and Deputy Chief Economist
 514 281-7009
yves.st-maurice@desjardins.com

Joëlle Noreau
 Senior Economist
 Document Editor
 418 835-8444, ext. 3764
joelle.noreau@desjardins.com

Hélène Bégin
 Senior Economist
 418 835-8444, ext. 2850
helene.begin@desjardins.com

Benoît P. Durocher
 Senior Economist
 514 281-2307
benoit.durocher@desjardins.com

Chantal Routhier
 Economist
 418 835-8444, ext. 3683
chantal.routhier@desjardins.com

OTHER CONTRIBUTORS

Danielle Proulx
 Desktop Publishing Technician

Versacom
 Linguistic Consultation

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EDITORIAL

The cooperative movement and the social economy are here to stay

It is extremely difficult to describe the social economy without omitting a group or activity; it is much easier to draw an analogy with, for example, mortar in a construction project: inseparable from the rest and used to bind and solidify. In other words, social economy enterprises are often said to complement the private and public sectors. Cooperatives and mutual aid organizations participate actively in the social economy. They represent the segment for which we have the most information. Known for its strong presence in Québec, this segment has many “stars” that rank among the largest co-ops in Canada.

The social economy is not new and its beginnings can be traced all the way back to Babylonian times. However, it can be said to have officially emerged around the time of the Industrial Revolution in Europe. The social economy has been around in Québec for over 100 years. What is new is that it is gaining a reputation as an innovative sector because of the attention and recognition it is now garnering.

The popularity of the cooperative formula stems from its strength. For instance, between 2004 and 2008, non-financial co-ops created more jobs than the Québec economy overall. What’s more, cooperatives generally have a much higher survival rate than private sector businesses, even after 10 years. The International Labour Organization conducted a study on the resilience of co-ops during recessions and there too, co-ops came out ahead. If tough times are conducive to the formation of co-ops, they also allow them to demonstrate their soundness, as they did during the 2008-2009 downturn when they held up better than traditional businesses.

Although Québec has the most non-financial co-ops in Canada, it does not have a monopoly on the cooperative formula. This form of entrepreneurship has been quite popular in western and eastern Canada for many years. In 2008, Saskatchewan had the greatest concentration of non-financial co-ops per capita while Prince Edward Island was home to the most financial cooperatives.

The reason cooperatives and social economy enterprises in general are successful is that they are attuned to the needs of the communities they serve, they work as a network and their solidarity requires them to use a different managerial model. This is a credible form of organization that has proved its effectiveness.

It is true that the contours of the social economy are hard to trace. It is also true that the associative sector makes a genuine contribution that is very hard to measure. That said, the latest research has shown that you can create wealth without necessarily creating jobs right away. What we need to figure out is how to measure this contribution to the overall economy.

Meanwhile, some economists are trying to figure out how to quantify the social economy’s contribution to GDP. Because the objectives are different, there is a wide divergence in the results. Concerning Québec, we are still waiting for an official figure. In the meantime, all kinds of numbers are being tossed around, ranging from close to 5% all the way to 10%. The consensus is somewhere between 6% and 7% when the cooperative sector is included. However, this number is not official. Regardless of the figure, the fact is that the social economy plays a very important role in the Québec economy and continues to prove, year in, year out, that it is a credible and viable option.

François Dupuis
Vice-President and Chief Economist

THE ECONOMIC SITUATION

Modest growth in store for Québec and Ontario this year and next

In Québec, solid business performance and recent employment gains will enable the economy to withstand the headwinds currently sweeping across North America. The slower rise by the Desjardins Leading Index (DLI) signals that economic growth will be relatively weak (graph 1), but positive in the second half of the year.

Households' contribution will, however, be modest this year and next. Consumer confidence, which plunged in August as a result of the sovereign debt crisis in Europe and wrangle over public finances in the United States, is being watched closely. If additional shocks rattle the stock markets and Québecers' confidence dips further, consumer spending and the housing sector could be affected. The postponement of interest rate hikes due to the recent movement by financial markets will give households a bit of a break, however. This should help lessen the risk associated with debt, at least in the near term.

To date, employment has been a solid pillar, as nearly 140,000 workers have been added since the trough of the 2008–2009 recession. Even if employment crests somewhat in the next few months due to the Québec economy's lack of strength, the situation will remain relatively sound.

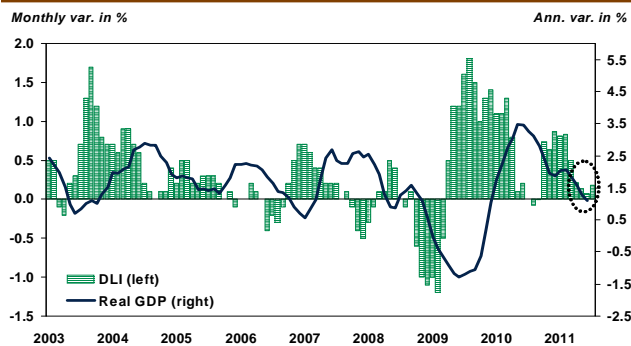
The upswing in business investment is an anchor in this economic cycle. Given the soft U.S. economy, evidenced by such things as the ISM manufacturing index's drop to close to the growth threshold, we cannot expect a significant improvement in Québec exports. If the ISM drops substantially below 50, international shipments may fall even more. Our core scenario does not include this assumption and we expect Québec exports to remain essentially unchanged this year.

Ontario's economic outlook has deteriorated sharply since spring. The province was especially hard hit on the manufacturing side, particularly the auto industry as a result of temporary problems due to the disasters in Japan (graph 2).

There are signs, however, that the situation is slowly improving in the automotive industry.

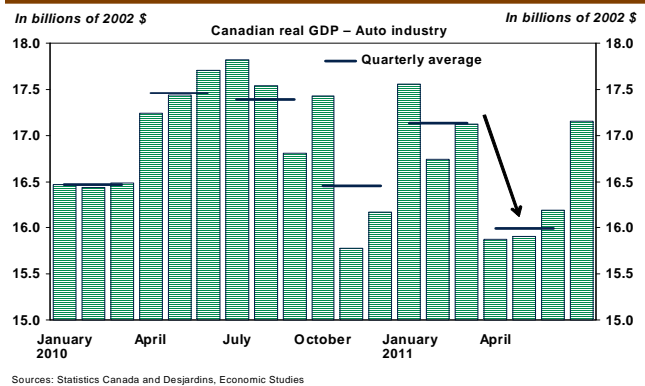
Ontario could end 2011 with slightly more modest real GDP growth than last year.

Graph 1 – Weakening DLI points to slower economic growth



Sources: Institut de la statistique du Québec and Desjardins, Economic Studies

Graph 2 – Ontario auto industry slowed sharply last spring



Sources: Statistics Canada and Desjardins, Economic Studies

Hélène Bégin
Senior Economist

Benoît P. Durocher
Senior Economist

COOPERATIVES AND SOCIAL ECONOMY

Québec's cooperatives and mutual aid organizations: an undeniable economic force

Although most Québécois do business with and have an ownership stake in social economy enterprises, they do not really have a clear picture of what this sector is all about. Simply put, this sector is made up of collectively owned entities with a social mission. Many businesses support the social economy and the associative sector. Such is the case with cooperatives and mutual aid organizations. This issue of Perspective begins with a look at cooperatives, their strengths and their contribution to the Québec economy. Once we have a better picture of this core group, we can then try to measure the contribution of the social economy, the focus of the next article.

THE COOPERATIVE SECTOR: A MAJOR PLAYER

The cooperative sector has been thriving in Québec for over a century. Here are some numbers as of the end of 2010, compiled by the ministère du Développement économique, de l'Innovation et de l'Exportation (MDEIE) based on data collected from the Conseil québécois de la coopération et de la mutualité: 3,300 cooperatives and mutual aid organizations, 8.8 million members (individuals and businesses that can be members of more than one co-op), 90,000 jobs, \$22 billion in revenues, and approximately \$160 billion in assets. In fact, it is estimated that 70% of Québécois are members of a cooperative.

The leaders of the cooperative movement in Québec are Desjardins Group, the largest private employer in the financial sector, and Coop fédérée, the biggest agrifood enterprise and fifth largest employer in the province. Although the cooperative concept is often associated with the financial and insurance industries, the fact is that it is found in many other areas of activity.

NON-FINANCIAL COOPERATIVES: A GROWING FORCE

We can see the evolution of co-ops in Québec thanks to annual statistics compiled by the MDEIE. Based on this information, there were an estimated 2,792 active non-financial cooperatives in Québec as at December 31, 2010. However, we can get a

**Table 2 –
Profile of non-financial co-ops
by category – 2008**

	Number of cooperatives	Relative importance of responding cooperatives
Consumer	1,514	65.3%
Producer	295	12.7%
Solidarity*	253	10.9%
Worker	183	8.0%
Worker-owned	54	2.3%
Other groups	19	0.8%

* See Box 1

Source: Ministère du Développement économique, de l'Innovation et de l'Exportation, April 2011

more accurate count by looking back at a 2008 survey conducted by the MDEIE. A total of 2,320 non-financial cooperatives completed the questionnaire and are referred to as “responding cooperatives” in the results.

This study reveals some interesting facts: between 2004 and 2008, the number of non-financial cooperatives expanded by 2.4% (table 1), assets increased by 30.6%, equity grew 37.6% and the number of jobs rose by 15.9%. During this same period, the total number of workers in Québec increased by 5.6%. Non-financial cooperatives hired nearly 44,000 people in 2008. As we can see, this segment of the cooperative sector has been picking up steam.

Cooperatives can be broken down into six broad categories (table 2). In 2008, the largest category was “consumer cooperatives” with 1,514 enterprises or 65.3% of the

**Table 1 – Evolution of non-financial co-ops
by category in Québec**

Data	2004	2008	Change 2004-2008
Number of responding co-ops	2,266	2,320	2.4%
Total assets (\$)	4,183,301,615	5,463,443,521	30.6%
Total equity (\$)	1,537,531,804	2,108,846,265	37.2%
Sales and other revenue	8,435,339,029	10,894,593,262	29.2%
Surplus earnings	88,985,230	142,626,964	60.3%
Membership	981,475	1,168,063	19.0%
Number of jobs	37,855	43,891	15.9%

Source: Ministère du Développement économique, de l'Innovation et de l'Exportation, Direction des coopératives, 2011

total. Producer cooperatives came in second (12.7%), followed by 253 solidarity co-ops (10.9%) (see box), and 183 worker cooperatives. There were far fewer worker-owned co-ops (54 or 2.3%) and other co-op groups (19). An interesting observation is that during this period, the number of cooperatives declined slightly across the board with the exception of the solidarity category, which jumped from 141 to 253 enterprises.

The crisis in the forest industry naturally took a toll on worker and worker-owned co-ops, almost wiping them out entirely. However, attributing the decline to this industry alone would be simplistic since Québec's manufacturing industry, which also has worker co-ops, has been struggling since 2004. The reality is that the loonie's surge, Asian competition and the stagnating manufacturing industry in the U.S., our main international export market, have led to the demise of many manufacturers, both co-ops and non co-ops, on this side of the border.

NON-FINANCIAL CO-OPS AND THE REGIONS

The cooperative movement is alive and well in all regions, in both urban and rural areas. Montréal Island, which represents the administrative region of the same name, had 647 co-ops on its territory in 2008, or 27.9% of the provincial total, an increase of 3.5% from 2004. At about 300, the number of such enterprises remained stable in the Capitale-Nationale region during the 2004-2008 period. It was, however, up 4.2% in Montérégie (233) and 5.8% in Estrie (128).

The story was different in Bas-Saint-Laurent and Saguenay-Lac-Saint-Jean, where forestry is a key economic driver. In these regions, the numbers were down, 5.3% and 2.4% respectively. Still, it bears repeating that the downturn in the forest industry should not be blamed for all the closures. In Nord-du-Québec, the number of non-financial cooperatives fell 21.1%, from 19 to 15. However, an economic boom and a growing number of mining and infrastructure projects (roads, airports, buildings, etc.) north of the 49th parallel mean that this could change.

HOUSING CO-OPS RULE WHEN IT COMES TO NUMBERS

A look at the 23 activity sectors where non-financial co-ops are active shows housing co-ops ahead by a wide margin with 51.6% of the total in 2008. The fact that this figure was 57.3% in 2004 indicates diversification over time (graph 3). This is no coincidence: the government is committed to seeing cooperatives expand to other industries. With 212 collective enterprises, or 9.6%, agrifood ranks second.

**BOX 1
SOLIDARITY COOPERATIVE**

This type of cooperative is characterized by its diverse membership and openness to partnership. Its members include:

- co-op service users;
- co-op workers.

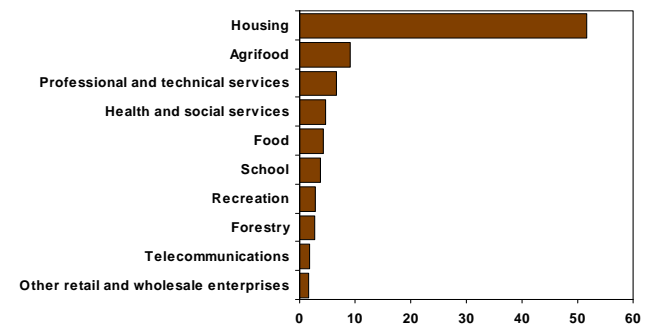
It also includes supporting members, i.e. any person or company sharing the same economic and social objectives as the cooperative.

Solidarity cooperatives are very active in home care, arts and culture, social services, leisure tourism and other services.

Source: Ministère du Développement économique, de l'Innovation et de l'Exportation

However, when we take a longer period, i.e. from 1994 to 2008, we find the strongest growth in health and social services, where the number of cooperatives soared from 22 to 108, for an increase of 390%. This growth is not surprising when you consider just how important healthcare is for Québécois. During this same period, the sharpest percentage decrease was in public services, with the number of co-ops shrinking from 31 to 20, although the number of employees increased. The main actors in this sector are water and wastewater cooperatives, some of which were taken over by municipalities and consequently dissolved. Nonetheless, this is a vibrant sector that has seen new co-ops pop up in recent years.

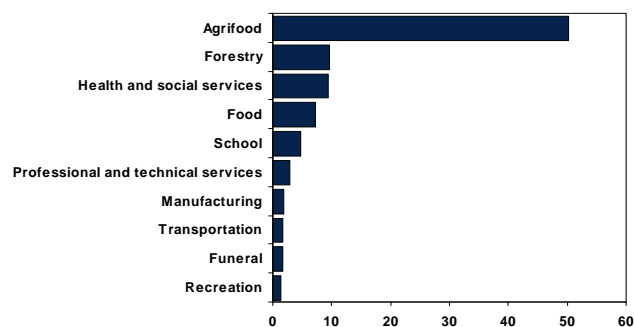
Graph 3 – Breakdown of non-financial co-ops in Québec: housing dominates – 2008



Sources: Ministère du Développement économique, de l'Innovation et de l'Exportation, Direction des coopératives, and Desjardins, Economic Studies

A quick look at cooperatives by sector reveals that in terms of employment, agrifood ranked first in 2008 with roughly 50% of the jobs (graph 4). Tied for second place were forestry (9.6%) and health and social services (9.5%), followed by food (7.3% of all jobs in non-financial cooperatives).

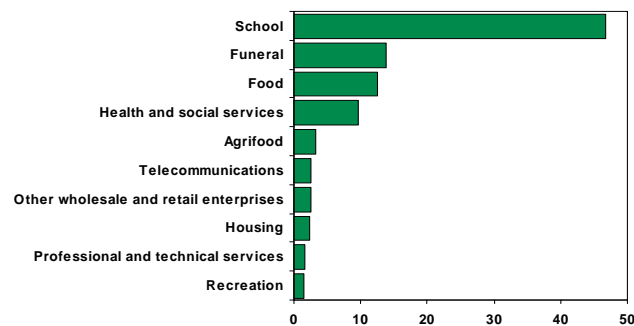
Graph 4 – Employment breakdown for non-financial co-ops: agrifood leads the way – 2008



Sources: Ministère du Développement économique, de l'Innovation et de l'Exportation, Direction des coopératives, and Desjardins, Economic Studies

By membership, school cooperatives (e.g. stationery, computer hardware, bookstores, cafeterias) topped the list (graph 5), accounting for 46.8% of all co-op members. Next in line were funeral and food co-ops (13.9% and 12.5% respectively).

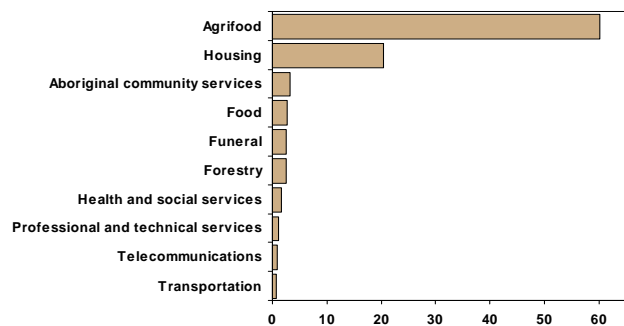
Graph 5 – Membership in non-financial co-ops: schools lead the way – 2008



Sources: Ministère du Développement économique, de l'Innovation et de l'Exportation, Direction des coopératives, and Desjardins, Economic Studies

In terms of assets, agrifood co-ops are way ahead of the pack, holding 60.3% of all non-financial co-op assets (graph 6). This ranking is not surprising given the massive capital assets needed to supply farms and process foods. In fact, close to 50% of the food consumed in Québec is processed in a co-op. Housing co-ops come in second, for obvious reasons. At 82.5%, agrifood also leads the way on the revenue front.

Graph 6 – Non-financial co-op assets: agrifood takes first place – 2008



Sources: Ministère du Développement économique, de l'Innovation et de l'Exportation, Direction des coopératives, and Desjardins, Economic Studies

This brief albeit incomplete profile, because not all the co-ops responded to the MDEIE's survey, shows a vibrant non-financial cooperative sector that has diversified over time. Based on the response rate, which was quite high, we see that the cooperative formula has been evolving in tandem with the changing needs of the population. The growth of health and social services co-ops is a case in point.

FINANCIAL CO-OPS: THE PIONEERS OF THE COOPERATIVE MODEL

While many non-financial co-ops have been around for a long time, some financial cooperatives, including Desjardins Group, are over 100 years old. The public is generally familiar with the financial cooperative and insurance mutual industries. Apart from Desjardins Group, the main players are Groupe Promutuel, SSQ Groupe financier, La Capitale Civil Service Mutual, UL Mutual, LS Mutual Life Insurance Company, and L'Entraide Assurance. It bears mentioning that Desjardins caisses are governed by the *Act respecting financial services cooperatives* while insurers are subject to the *Act respecting insurance*. Table 3 on page 8 gives an idea of the relative size of the main components that make up Québec's cooperative sector. At the end of 2010, Desjardins Group alone held nearly \$160 billion in assets in Québec and accounted for a substantial proportion of the industry's workforce.

Table 3 – Statistical profile of the Québec cooperative movement – December 2010

	<i>Number of cooperatives</i>	<i>Assets in millions of \$</i>	<i>Members</i>	<i>Jobs</i>
Desjardins Group in Québec (December 2010)	430	160,000*	Over 5 million members in Québec	39,786
Insurance mutuals (December 2010)	38	2,900	N/A	N/A
Responding non-financial co-ops (December 2010)	2,320	5,463	1,168,000	43,891

* Amount estimated based on Desjardins Group's 2010 annual report.

N/A: Not available

Sources: Ministère du Développement économique, de l'Innovation et de l'Exportation, Autorité des marchés financiers, and Desjardins, Economic Studies

THE ECONOMIC ROLE OF FINANCIAL CO-OPS

Although not easy to quantify, we can estimate the contribution of the cooperative sector to the Québec economy with the help of a study on Desjardins Group's contribution to Québec's GDP in 2007.¹ Using the intersectoral model developed by the Institut de la statistique du Québec (ISQ), the figure was estimated at 1.84%.

Based on the proportion represented by the financial cooperative and mutual insurance industries out of total co-op revenues in Québec (just over 55%), or based on the proportion of assets, we can assume the cooperative sector contributes roughly 3% to the province's GDP. This is far less than the 10% often quoted for public consumption but consistent with the assessment made of the social economy overall in such places as France.

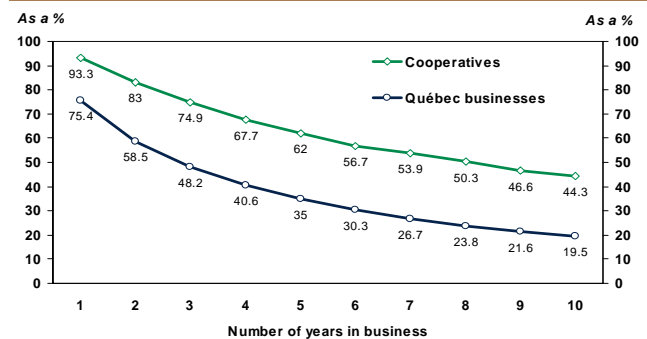
Some would counter that this calculation neglects the volunteer work of co-op directors and a certain percentage of their members, and they would be right. The fact is that the ISQ's GDP calculation, which is the reference for comparison, fails to take into account the work of volunteers, be it in the cultural sector (museums, exhibitions, orchestras, etc.), the health sector (hospitals, long-term facilities, etc.), charities (foundations of all sorts, schools (libraries, shows, etc.), the political arena (election campaigns, conferences, etc.) or recreation (sports, youth groups, etc.), to name but these spheres. However, the value of this volunteer work is estimated at the national level by Statistics Canada through what it calls "satellite accounts." This will be discussed in the next article.

SURVIVAL RATE: A COOPERATIVE STRENGTH

The cooperative industry's survival rate is a testament to its ability to withstand economic downturns. The results of a 2008 study by the MDEIE² were similar to those of an earlier study, conducted in 1999. The industry can therefore justly boast about its solidity.

The 2008 study reveals that the survival rate of co-ops is 62% after 5 years and 44% after 10 years, much higher than other forms of Québec business enterprise (graph 7). In fact, regardless of how long they have been around, cooperatives surpass their traditional business counterparts in the 10-year survival rate period. The difference is especially striking within the first 5 years. These results are all the more impressive when you consider that in the latest study, there were 53% more new co-ops than in the early 1990s.

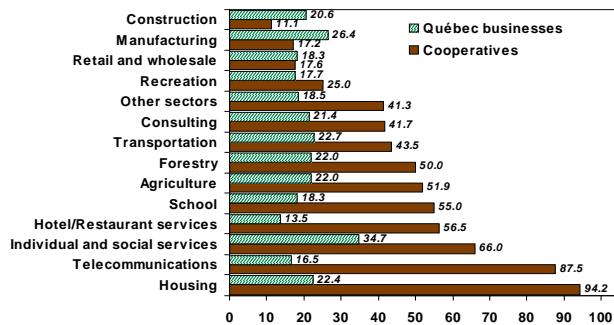
Graph 7 – Survival rate of businesses vs. co-ops in Québec



Source: Ministère du Développement économique, de l'Innovation et de l'Exportation, Direction des coopératives, Taux de survie des nouvelles entreprises au Québec

While we may be tempted to think that these high numbers have something to do with the field in which the co-ops operate, the truth is they do not. In fact, their 10-year survival rate surpassed that of other business enterprises in 11 of the 14 sectors studied by the MDEIE (graph 8) and was twice as high in 8 of them. Construction, manufacturing, and retail and wholesale were the 3 areas where the rate was below the average of other forms of Québec business.

Graph 8 – Comparison of 10-year survival rate by main economic sector – 2008



Source: Ministère du Développement économique, de l'Innovation et de l'Exportation, Direction des coopératives, Taux de survie des nouvelles entreprises au Québec

DO CO-OPS OWE THEIR SUCCESS TO THEIR GOVERNANCE STRUCTURE?

In its study, the MDEIE mentions “seven main factors” that contribute to the higher survival rate of Québec co-ops. Four are related to the inherent structure of the co-op model, namely, the focus on member service as opposed to profit, which has an impact on business decisions; the central role of the member, who is both investor and consumer in the co-op; the democratic nature, the return of profits to members and the open governance structure of co-ops makes a difference; and lastly, the presence of a group of promoters rooted within the communities.

Three factors also indicate a historical advantage, as well as the business environment of co-ops: strong representation in economic sectors that fulfill basic human needs, including agriculture, forestry, residential services, funeral services and education; the majority of co-ops operating in both regional and sectoral networks; and support of primary and secondary organizations, which favours improved guidance for project start-up and development, and presence of financial and fiscal tools and resources that are adapted to the co-op model.

All these factors highlight a fundamental element of the cooperative formula, solidarity, which is behind the formation of all co-ops as well as the management and adaptation of financial tools.

THE RECESSION, OR TRIAL BY FIRE

In 2009, the International Labour Organization (ILO) conducted a study on the resilience of cooperatives in times of crisis.³ The conclusion was that they held up extremely well both during and after the last recession.

The ILO begins by showing that crises are conducive to the formation of co-ops, citing the 1840s in England, 1860s in Germany, 1900s in Québec and 1930s in the U.S. to show that tough times spark the cooperative reflex, and the last recession at the end of the 2000s was no exception.

The ILO’s first conclusion is that from a financial and employment perspective, savings banks, cooperatives and credit unions weathered the financial crisis better than private sector banks. Canada and the U.S. are cited as examples of countries where the cooperative movement did not emulate the large banks’ credit freeze. The data for the U.S. (table 4) illustrate this different approach: in 2008 loan volume increased by 6.8% in the cooperative financial sector but decreased slightly in the banking sector.

Table 4 – Credit situation in the U.S. during the 2007 and 2008 financial crisis

Institutions	Outstanding loans		Change	
	2007 US\$ B	2008 US\$ B	US\$ B	%
Credit unions	539	575	36	6.7
8,300 banks	7,907	7,876	-31.0	-0.4

Source: International Labour Organization

The popularity of cooperatives grew in the 2000s. Membership in financial co-ops picked up in the U.S. between 2004 and 2008, rising from 85 to 90 million. In Switzerland, the Raiffeisen cooperative bank reported an increase of 150,000 members, or 7.3%, in 2008 alone.

Furthermore, during the recession, the number of co-ops grew in some countries, for instance, Germany, where 250 were formed in 2008, at the height of the crisis or twice as many as the year before.

As the ILO study shows, the sector has proven its ability to withstand economic turbulence over the years. And today, this form of organization continues to successfully deal with the problems of the 21st century while meeting basic human needs (food, shelter, personal care, financial services, etc.).

QUÉBEC: FERTILE GROUND FOR THE COOPERATIVE MOVEMENT

The cooperative sector continues to grow in Québec. Based on the data presented earlier on non-financial co-ops, many such enterprises and jobs were created in the 2000s. Regarding the latter, the number increased from about 75,000 at the beginning of the decade to over 90,000 by 2008. While it is true that the financial industry enjoyed an extremely strong decade in the 2000s, it was not the only one that benefitted from the particularly favourable economic environment, excluding the recession that began in 2008. Financial and producer co-ops saw their payrolls climb 20.1% and 28.7% respectively between 2004 and 2008. At 37%, the strongest growth came from solidarity co-ops, which were only permitted as of 1997.

In the early '60s, the Québec government threw its weight behind the cooperative sector with the creation of the "Direction des coopératives" [Cooperatives Branch] to better understand, track and support this movement. It followed in the 1980s with the "Co-operative Investment Plan" (CIP) to improve the capitalization of cooperative enterprises by offering tax deductions to members and employees of eligible co-ops.

In 2003, the Government of Québec adopted a cooperative development policy aimed at stepping up the growth of co-ops and encouraging their diversification while creating and preserving even more jobs using the cooperative formula, especially in the regions. Among the six stated objectives is the creation of 20,000 jobs over 10 years. Of this number, 6,000 were created between 2004 and 2008 in non-financial co-ops alone. In 2008, Québec launched the "Action Plan for Collective Entrepreneurship" for the social economy.

Co-ops also have access to two financing programs administered by Investissement Québec: the "Programme favorisant le financement de l'entrepreneuriat collectif" (FIEC) and the "Programme favorisant la capitalisation des entreprises d'économie sociale" (CAES).

THE FUTURE OF THE COOPERATIVE SECTOR

To continue thriving, the co-op sector must take up the same challenges as the society it serves. For instance, it will have to adapt and find solutions to the greying population, which also ties into business succession. An aging population has changing needs that the cooperative formula can address. The success of co-ops hinges on their membership, workers, managers and directors.

Although the social economy, cooperatives and mutual-aid organizations have made tremendous strides in the last 20 years, recognition remains a major challenge.

A WOOLING CAMPAIGN

The co-op movement needs a major campaign to court the public. The financial crisis, which shows what happens when capitalism is left unchecked, has made the cooperative model an increasingly attractive and credible option. That said, it cannot define itself merely in opposition to economic liberalism because it has so much more to offer. The movement must take advantage of a very unique opportunity that has recently emerged as a result of the public's disillusionment with traditional institutions and its search for an alternative.

Joëlle Noreau
Senior Economist

¹ Desjardins, Economic Studies, Economic Viewpoint, *Desjardins: a clear force for Québec. Economic contribution and reach of Desjardins Group's Québec operations*. November 2008, 8 pages.

² Ministère du Développement économique, de l'Innovation et de l'Exportation, *Taux de survie des coopératives*, 2008 edition, 126 pages.

³ International Labour Organization, *Resilience of the Cooperative Business Model in Times of Crisis*, 2009, 38 pages.

COOPERATIVES AND SOCIAL ECONOMY

The multifaceted social economy

What exactly is the social economy? Diverse is the first word that springs to mind to describe its many areas of activity, multiple objectives, groups involved, countless forms of organization or membership in social and action groups, and many other elements. Multifaceted is another. No discussion about the social economy would be complete without referring to its history in Québec. Trying to quantify the role it plays in the overall economy is like trying to assemble the pieces of a jigsaw puzzle, a challenging but ultimately worthwhile endeavour.

HOW TO DEFINE THE SOCIAL ECONOMY?

Because it is so broad, the social economy is exceedingly difficult to define. However, in order to trace its contours, limits must be set, which means excluding some groups and at times including more than what is generally recognized as part of this economy. Perhaps the best way to define it is in relation to the dominant economic system, capitalism. If the latter is a social system based on private ownership of the means of production, then the social economy can be said to be the flip side of the coin. It can also be defined according to its principles of operation (box 2). The common good, managerial autonomy, democracy, primacy of persons (the economy working for people) and the principle of participation drive the social economy's actions. Recognized around the world, these principles clearly define its objectives.

A definition that is often used in Québec is the one proposed by the Chantier de l'économie sociale [task force on the social economy] during the Sommet sur l'économie et l'emploi [summit on the economy and employment] held in October 1996. Charged with promoting the social economy, the task force defines it by its method of operation and sectors in which it is active, which range from work integration enterprises and collective kitchens to health and housing co-ops, to name but a few. The social economy is known for its ability to identify and meet new needs, create jobs and promote networking. It encourages group action and citizen involvement. One thing is certain, the social economy is about a whole lot more than delivering services and producing goods.

The social economy encompasses such varied activities as daycare, recovery and recycling, proximity services for the elderly such as homecare, workers' funds, funds dedicated to the social economy, neighbourhood businesses or village shops, fair trade, work integration and the development of cultural enterprises. It is pretty much everywhere and is often found in spheres where the private sector and the government have little or no presence. However, it is not the activity sector that defines whether a company, association or organization forms part of the social economy.

BOX 2

Social economy

The social economy encompasses enterprises whose principles and working rules are as follows:

Common good

The goal is to offer goods and services to organization members or the community.

Managerial autonomy

Management is independent of the government.

Democracy

The organization's by-laws are governed by a democratic decision-making process, with the participation of all stakeholders.

Primacy of persons

Priority is given to people and work over capital in the distribution of surplus and income.

Principle of participation

The guiding principles are participation, empowerment and personal/collective accountability.

The social economy is built on the contribution of many, sometimes vastly different entities. For example, enterprises whose core business is selling goods and services but that also have a social mission can help grow the social economy. This is the case of cooperatives and mutual aid organizations.

Other enterprises and associations are funded by the government and private donations and offer their products and services below cost. Their social mission takes precedence over other considerations. As stakeholders in the social economy, they make an important contribution to Québec society. The problem is that very few quantitative tools exist to measure this social contribution.

DEEP ROOTS

While not new, the social economy has raised its profile since 1996. It is now more active in the public arena and a growing number of organizations have become stakeholders in this economy. In fact, the creation of the task force on the social economy at the end of the 1990s following Québec's summit on the economy and employment has given a voice to a large section of the social economy that works alongside cooperatives and mutual aid organizations.

There have been thousands of social economy initiatives in Québec over the last 200 years. The oldest on record is the Québec Benevolent Society, founded in 1789 to support the ill and infirm and pay for funeral expenses. The social economy has therefore been around for a long time; it has always had and continues to have its place, addressing needs unmet by either the government or the market economy.

MULTIPLE OBJECTIVES

Social economy enterprises have many objectives aside from producing goods and delivering services. Getting workers out of the black economy where they have no protection (work hours, wages, social protection) is a case in point. The most vulnerable workers who come to mind are domestics and those supporting the elderly.

In some cases, the overriding goal is to find jobs for immigrants or people with disabilities, giving them a chance to actively participate in the economy despite a less conventional employment profile. The creation of collectives in neighbourhoods, villages and regions also serves as an affirmation for the community and in some cases is tied to its very survival.

A HYBRID

Social economy enterprises are anything but uniform. They are diverse both in terms of their fields of activity and forms of organization. A glance at the board members of the task force on the *Chantier de l'économie sociale* shows just how varied the areas are: groups of social economy enterprises, social economy development agencies, regional sectors of excellence, central labour bodies, women's movements and community movements, to name but these.

The social economy is also a hybrid because it can be found in both urban and rural settings. In fact, Québec has had social economy regional boards (CRÉS) since 1996. And while various researchers and organizations have conducted a few interesting studies on the regions in the past few years, the formats are not consistent, making comparisons impossible. Also, because they have different purposes, it is very difficult to draw parallels or make generalizations. That said, the information does shed some light on the social economy and leads to a better understanding of the diversity between the regions where such information is available.

In the greater Québec City region, according to a study conducted by Université Laval¹ professor Yvan Comeau, there are more social economy enterprises in the urban areas of Québec City and Lévis than in the surrounding rural areas. His analysis also includes cooperatives and mutual aid organizations. As such, Lévis and Québec City account for 21.3% and 80% of all social economy enterprises in their region. A look at the number of enterprises in relation to the number of residents shows a higher concentration in Chaudière-Appalaches than in the Capitale-Nationale region.

As part of the study, the author created a "disadvantaged" index that takes into account the number of low-income households, the labour force participation rate, the unemployment rate, the graduation rate and the number of one-person households. He then compared the index to the presence of social economy enterprises and concluded that "the better off the MRC (Municipalité régionale de comté), the fewer social economy enterprises on its territory." This confirms the popular belief that social economy enterprises are geared more to the disadvantaged. However, the study only looked at the Capitale-Nationale and Chaudière-Appalaches regions. Although often associated with the disadvantaged, the fact is that the social economy is not limited exclusively to society's have-nots.

Since it is shaped by local needs, the social economy varies from region to region, making a comprehensive review of all its enterprises next to impossible.

A REFERENCE POINT

Although the social economies of Mauricie and Outaouais have also been studied, the most researched and well-documented region is Montréal. Indeed, after two years of work, exhaustive reports (census and surveys between June and September 2007) and consultations with experts, UQAM'S Canada Research Chair on the Social Economy released a report in 2008 that has become the reference for measuring the social economy (table 5). The report took cooperatives into account in its calculations.

Aside from the data it provides, this research highlights the important role of the social economy in Québec's development. It also shows that this type of economy can make a positive contribution without necessarily creating direct jobs, as is the case with 20% of not-for-profit organizations. We're referring here to such groups as those formed to bring shows to the region or volunteer-staffed sports or recreational associations that are actively involved in the community but that do not necessarily hire staff for their operations.

Thus, 61,500 jobs on Montréal Island were in 3,590 social economy establishments, excluding Desjardins and Coopérative fédérée. This means that of the 932,300 jobs in the region that year, 6.6% were part of the social economy, a significant figure. However, before jumping to conclusions and extrapolating the results to Québec overall, it is important to point out that the administrative region of Montréal is home to a large number of head offices of many different types of social economy organizations, which employ many workers. In addition, the Island had the highest rate of low income in Québec (respectively 22.5% and 15.8% for the province in 2007). To quote Professor Comeau, "What makes the social economy special is that it addresses needs not met by the private sector, mostly because it is not profitable enough, either because the market is too small or the cost to produce the service or product is too high in relation to how much users and consumers can afford to pay (Vianney, 1994)."²² All this to say that the social economy is perhaps more concentrated on the Island of Montréal than elsewhere in the province.

How then do we measure the importance of the social economy? Although few have been able to answer this question, it is worth taking a look at the attempts made so far.

Table 5 – Recap of social economy highlights of the Montréal region – 2007

Indicators	Units	Total
Establishments	Number	3,590
Proportion of establishments that declared at least one mission apart from its main economic activity	%	46.9
Employment		
Proportion of employer establishments (full-time and part-time)	%	67.5
Paid employment	Number	61,535
Proportion of women	%	58.5
Proportion of full-time jobs	%	40.0
Proportion of establishments that allocate more than 50% of their revenues to payroll	%	61.6
Revenues		
Average revenue per establishment	\$	568,130
<i>Breakdown of revenue sources</i>		
Subsidies and service contracts with public administrations	%	50.7
Governance and volunteering		
Total volunteering (volunteers and board members)	Number	105,134
Average establishment age	Years	19 years

Source: Canada Research Chair on the Social Economy, 2008. Data excluding Desjardins Group and Coop fédérée

MEASURING THE SOCIAL ECONOMY

There are as many estimates as there are people trying to measure the social economy's contribution to Québec, mainly because not all researchers include the same companies in their calculation. Some are more inclusive and count co-ops and mutual aid organizations while others do not, causing a wide divergence. Still others try to separate market-based and social activities. Consensus is therefore hard to achieve and few tools exist to measure social activities.

According to statistics from France, its social economy was responsible for 12.5% of jobs in the private sector and 9.6% of total jobs in 2010.³ And according to the Institut national de la statistique et des études économiques (INSEE), the social and solidarity economy (SSE) employed one out of ten workers (salaried only, i.e. excluding self employed) in 2006. If total employment had been considered, the proportion attributable to the social economy would have been slightly lower.

Philippe Kaminski⁴, president of the Association pour le développement de la documentation, takes the thinking one step further by questioning the way the SSE's contribution to French GDP is measured. According to this researcher, this exercise is complex and less accurate than for the labour market. According to Kaminski's calculation, the SSE accounted for 6% to 7% of GDP at the end of the 2000s, of which around 3% was attributable to associations and foundations, and just over 3% to cooperatives and mutual aid organizations. In our first article (pages 5 to 10), a rough calculation produced the same figure for Québec. If we add in the 3% for associations and foundations, as in France, the contribution of Québec's social economy comes in at 6%. Of course, this is a guestimate because we do not know the details of the French calculation (e.g. method, definition of SSE) and also because it would be risky to haphazardly extrapolate French data to Québec. That said, while we must not take it as the gospel truth, these data can still serve as a starting point.

On this side of the Atlantic, the task force for the social economy, in collaboration with the MDEIE, came up with its

own estimate. The task force recognizes that in the early 2000s Québec was home to about 7,000 collective enterprises that employed 125,000 people and that did roughly \$17 billion in business. Based on these figures, the social economy's contribution to Québec GDP was estimated at 6%.

In the late 1990s and during the 2000s, researchers attempted to measure the social economy; in other words, determine its weight in the Québec economy. What they came up with, essentially, are regional or sector profiles that cannot be combined. Although incomplete, table 6 shows the disparate findings, which are the direct result of the different methodologies and objectives used in the studies. The Institut de la statistique du Québec (ISQ) is working on resolving this incongruity by developing a conceptual framework, which was made public not long ago, to define the statistical population of Québec's social economy. This is an essential step that must be completed before a statistical profile of the social economy can be compiled.

A CANADIAN MEASURE

For its part, Statistics Canada has developed a tool to measure the non-profit sector's share of GDP that it calls the "satellite account of non-profit institutions and volunteering" and that presents economic data by sector. The non-profit sector is defined according to the standards of the United Nations Organization (UNO),⁵ and for this exercise, the statistical agency distinguishes a "core non-profit sector," made up of non-profit organizations providing goods and services to households and non-profit organizations classified in the corporate sector.

Table 6 – Contribution of the social economy according to researchers: comparing the incomparable

Reference	Jobs	Number of establishments	Annual revenues	Volunteers
The social economy in Montréal (2007)¹	61,500 jobs*	3,590 establishments*	\$2 billion	Over 100,000**
Cooperatives and mutual aid organizations (2008)²	Approximately 88,000 jobs including 45,000 in the non-financial sector	3,300 cooperatives 39 mutual aid organizations	Over \$22 billion, including \$9 billion in the non-financial sector	Over 20,000 volunteer officers
The social economy in Québec (2007)³	8 to 10% of jobs in Québec, at least 125,000 people	N/A	Over \$20 billion	Thousands, including more than 20,000 in the co-op sector alone
The social economy in Québec (2005)⁴	167,541 people	14,700 enterprises including merchant and non-merchant associations	N/A	N/A

* Excluding Desjardins Group and Coop fédérée ** Including Desjardins Group et Coop fédérée N/A: Not available

1 Research Chair on the Social Economy, Marie-J. Bouchard, UQAM, 2008.

2 Louis Favreau, *Les Coopératives dans l'économie québécoise*, 2010.

3 Louis Favreau, Yvan Comeau, *L'Économie sociale québécoise à un tournant*, Chaire de recherche en développement des collectivités, in *Développements sociaux*, Vol. 8 No. 1, 2007.

4 Yves Vaillancourt, *L'économie sociale au Québec et au Canada*, cahiers du LAREPPS, No. 08-07.

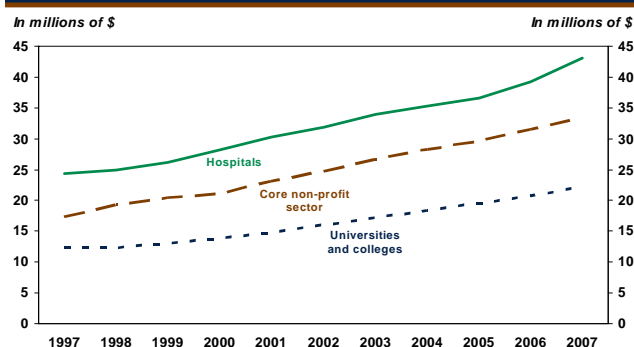
Table 7 – Total economic gains for the Québec and Canadian governments (in \$)

<i>Government of Québec</i> <i>Type of economic gains</i>	<i>First year</i>	<i>Annual average</i>	<i>Total – 21 years</i>
Economic impact of operating expenses	11,084,830	Non-recurring	11,084,830
Total gains and costs avoided	6,019,929	2,790,062	56,853,524
Total economic gains for the Government of Québec	17,104,759	2,790,062	67,938,354
<i>Government of Canada</i> <i>Type of economic gains</i>	<i>First year</i>	<i>Annual average</i>	<i>Total – 21 years</i>
Economic impact of operating expenses	4,912,187	Non-recurring	4,912,187
Total gains and costs avoided	2,406,161	1,174,743	23,128,560
Total economic gains for the Government of Canada	7,318,348	1,174,743	28,040,748
<i>Total government</i> <i>Type of economic gains</i>	<i>First year</i>	<i>Annual average</i>	<i>Total – 21 years</i>
Economic impact of operating expenses	15,997,017	Non-recurring	15,997,017
Total gains and costs avoided	8,426,089	3,964,804	79,982,084
Total economic gains for both governments	24,423,107	3,964,804	95,979,102

Source: Collectif des entreprises d'insertion du Québec, Martin Comeau, Étude d'impacts socio-économiques des entreprises d'insertion du Québec, 2011

The main findings are as follows: in 2007 (the last year for which data are available), the output of the core non-profit sector was \$35.6 billion or 2.5% of Canada's GDP (graph 9). This figure rises to 7.0% if hospitals, universities and colleges are included.

Graph 9 – Canada: GDP of core non-profit sector outpaces that of universities and colleges



Source: Statistics Canada, Satellite Account of Non-profit Institutions and Volunteering, 2007

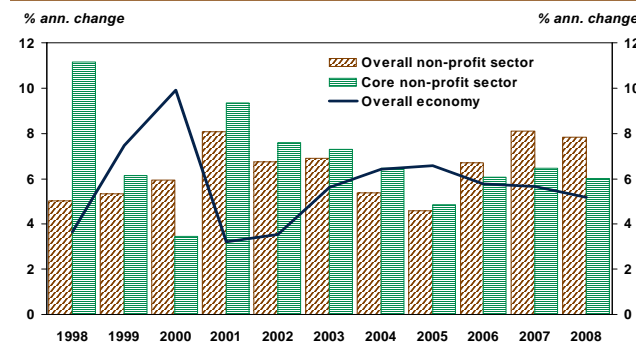
It also bears mentioning that in 2007, GDP of the core non-profit sector grew by 5.8% (current dollars), slightly slower than the Canadian economy (6.0%, also in current dollars). However, the core segment grew faster than the economy as a whole from 1997 to 2007 in six out of eleven years, translating into an average annual increase of 7.1% for the core sector and 5.8% for Canada (graph 10).

The agency draws a parallel with the other sectors of the economy but points out that the comparison does not consider the contribution of volunteering. Thus, in 2006 (the last year for which data are available), the core non-profit sector generated 20% more value added than the entire accommodation and food services industry.

Transposing this situation to Québec, and assuming that the core non-profit sector accounts for 2.5% of Québec's GDP, we understand that, for 2006, this sector's contribution was greater than that of accommodation and food services (2.2% of Québec GDP in 2006), primary metal manufacturing (2.0%), residential construction (1.9%), agriculture, forestry, fishing and hunting (1.9%), and aerospace product and parts manufacturing (1.7%).

As it stands today, Québec does not have an accurate figure for the social economy's contribution to total GDP. That said, based on work done elsewhere and factoring in cooperatives and mutual aid organizations, we can estimate this contribution at 6% or 7%. This is just a rough estimate that can only be fine-tuned through a rigorous evaluation.

Graph 10 – Canada: GDP growth of core non-profit sector was overall faster than that of the economy



Source: Statistics Canada, Satellite Account of Non-profit Institutions and Volunteering, 2007

BEYOND GDP

In the meantime, other economists are looking at the weight of certain sectors of the social economy, for example, social integration enterprises, a group whose cost and usefulness are sometimes questioned. An economist by the name of Martin Comeau conducted an impact study to determine the profitability of these enterprises, which number about 50 in 12 regions of Québec. According to his findings, these enterprises help some 3,000 people annually, teaching them a trade in one of about sixty disciplines. Over 80% of the graduates find a job afterwards or go back to school.

The gains range from the sales and income taxes the government collects from the new workers to the savings realized by the healthcare system, contributions to employment insurance, enhanced productivity, and more. Plus, the study shows that the Québec and federal governments recover two thirds of their investment within the first year (table 7). According to the calculations, the entire amount is recovered in just 29 months (or slightly more than two years). Over a 21-year period, Québec makes a profit of \$32.3 million and the federal government \$27 million. This is but one example of the social economy's contribution. We might be surprised at what we would find if this exercise were carried out for its other sectors.

THE SOCIAL ECONOMY: ITS TIME HAS COME

Québec is not the only place paying more attention to the social economy. This trend is being observed around the world, where it is also called social and solidarity economy and third economy.

What we need now are hard numbers. Everyone is looking for ways to accurately quantify the social economy's role. Aware of its importance, the social economy actors want to highlight its contribution to their nation's prosperity and make sure it gets the recognition it deserves. Governments would also benefit from having a clear picture in order to better guide their actions in this sphere.

The time has come for the social economy to mobilize. We need to look at what innovative things others are doing elsewhere in the world. Social economy stakeholders are inspiring each other, working together and forging more alliances. This trend, long-standing in many places, will get a boost from big events being staged around the world this year and next. For instance, in October 2011, Québec hosted the International Forum on the Social and Solidarity Economy.

It is also time to start using common tools such as the Observatoire international des réalisations de l'économie sociale (OIRES) to spread the word about the reality of the social economy.

SUPPORT THAT GOES BEYOND SOCIAL ECONOMY MEMBERS AND USERS

The importance of the social economy is recognized by more than just its users. In November 2008, the Québec government launched its "Action Plan for Collective Entrepreneurship" to support the initiatives of social economy enterprises. At the same time, it presented a report on its investments in the social economy from 2004 to 2008, which totalled \$8.4 billion. The lion's share of this amount (\$6.1 billion) went to the Ministère de la Famille et des Aînés for daycares and to coordinate family childcare services. Other ministries provided funding for domestic help, workplace integration, access to housing and for local development centres (CLD) to provide technical and financial support to social economy enterprises. But that's not all. The action plan calls for, among other things, more funding for the task force on the social economy, the creation of a "Social Economy Initiatives Fund" and a special effort to provide training for people working in social economy enterprises.

THE SOCIAL ECONOMY: A STAKEHOLDER IN THE OVERALL ECONOMY

The social economy proved its relevance a long time ago, and its growing popularity today is no coincidence. Increasingly gaining in recognition, although not enough according to many stakeholders, this form of organization is backed and supported by the government, which provides dedicated administrative resources and develops special projects for this segment of the economy. More than ever before, the social economy is a viable alternative to an embattled capitalist system. It could be the answer to our current problems and even a model for the future.

Joëlle Noreau
Senior Economist

¹ Comeau, Yvan, *Réalités et dynamiques régionales de l'économie sociale, la Capitale-Nationale et Chaudière-Appalaches*, Éditions Vie Économique (EVE), collection recherches, 2009.

² Op cit, page 28.

³ ACOSS_URSSAF and MSA, cited in *Économie sociale : Bilan de l'emploi en 2010*, published in Recherches et Solidarités, June 2011.

⁴ Kaminski, Philippe, *Le poids de l'économie sociale dans le PIB : entre 6% et 7%?*, XXIIème colloque de l'ADDES, 2009.

⁵ "The sector defined in this manner is broader than the common conception of the charitable or philanthropic sector, encompassing a wide range of entities from food banks, social advocacy organizations and religious groups to sports clubs, membership organizations, and trade associations," Statistics Canada, *Satellite account of non-profit institutions and volunteering*, 2007, Catalogue no. 13-015X, December 2010.

INTERPROVINCIAL SHOWCASE

The cooperative movement: thriving from coast to coast

Compared to Québec, there is little information about the social economy in the rest of the country. However, the cooperative sector is better documented and while it cannot alone give us an overall picture, it can give us a sense of what is happening from Newfoundland to British Columbia. Each with their own strengths, the provinces can boast having cooperatives that have passed the test of time and are beacons of their respective economies.

CO-OPS ARE NOT THE EXCLUSIVE DOMAIN OF QUÉBEC

Québec stands out because it is home to Desjardins Group, the leading financial institution in the province, the biggest cooperative financial group in Canada and the sixth largest in the world. Although Québec certainly has other well-entrenched groups not associated with the financial industry, these also have a strong presence in Saskatchewan and Alberta. These types of co-op had more than \$1 billion in revenue each at the end of the 2000s.

In 2008, according to Canada's Rural and Co-operatives Secretariat, there were 9,000 responding cooperatives with 18 million members, 155,000 employees and \$252 billion in assets. Clearly, the cooperative movement extends from coast to coast.

A PROSPEROUS NON-FINANCIAL SECTOR

Between 1930 and 2008, the number of non-financial co-ops and members increased fivefold and ninefold, respectively, in Canada. During the same period, the country's population tripled, so it would be reasonable to say that the cooperative formula has grown in popularity.

In 2008, Canada had 8,022 existing cooperatives, including 5,680 responding co-ops, meaning they responded to the Canadian Annual Survey of Co-operatives (table 8). These comprised 6.9 million members and 88,000 employees.

Housing co-ops accounted for 40% of the enterprises, followed by agricultural co-ops (15.6%). Two industries accounted for the bulk of the revenues: wholesale and retail trade (49%) and agriculture (43.6%).

Québec ranks first in the number of non-financial cooperatives (graph 11) with 2,836 existing entities. Ontario is next with 1,571, followed by Saskatchewan (1,077), Alberta (697) and British Columbia (588). However, British Columbia leads the way in membership (3.2 million). With regard to the number of members though, Mountain Equipment Co-op's (outdoor gear) head office is located in B.C. and all their Canadian members are accounted for in that province. For its part, Alberta has 1.2 million members in its non-financial co-ops, followed by Québec (just under 1.2 million) and Saskatchewan (571,000).

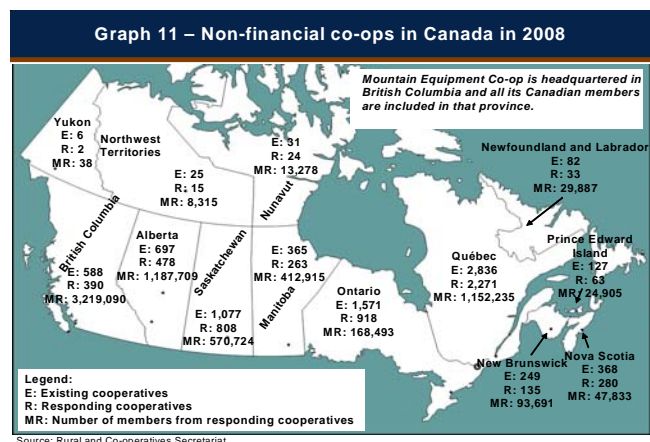


Table 8 – Non-financial co-ops in Canada

8,022 existing co-ops
5,680 responding co-ops:*

- 6.9 million members
- 88,000 employees
- \$35.7 billion in revenues
- \$20.7 billion in assets
- \$9.1 billion in member equity

* Cooperatives that responded to the "Annual Survey of Canadian Co-operatives" in 2008.
 Source: Rural and Co-operatives Secretariat

THE 50 LARGEST NON-FINANCIAL CO-OPS ARE ECONOMIC STARS

Dating from 2009, the figures on the 50 largest non-financial co-ops are somewhat more recent. These enterprises alone employed 38,000 people or 43% of the non-financial co-op labour force. They had 4.6 million members and distributed over \$650 million in member dividends that same year.

**Table 9 – Overview of credit unions
and caisses populaires in 2008**

	Cooperatives	Outlets	Members	Employees	Assets
British-Columbia	48	373	1 681 500	8 222	45 326
Alberta	48	212	642 612	3 574	16 491
Saskatchewan	66	314	515 683	3 763	12 586
Manitoba	53	210	584 674	2 903	15 212
Ontario	198	632	1 670 446	5 058	27 926
Québec	492	1 338	5 562 733	41 921	107 302
New-Brunswick	49	125	285 793	390	3 388
Nova-Scotia	31	82	167 573	972	1 658
Prince-Edward-Island	10	15	64 008	215	699
Newfoundland and Canada	13	40	47 254	317	700
	1 008	3 341	11 222 276	67 335	231 288

Sources: Credit Union Central of Canada, Statistics Canada, and Desjardins, Economic Studies

First place in Canada went to Saskatchewan's Federated Co-operatives Ltd., which specializes in wholesaling, consumer goods, oil refineries and construction materials. Second and third places were reserved for Québec's Coop fédérée, specializing in pork and poultry processing, petroleum, feed mill and farm supplies, and milk processor Agropur. Many of the leaders come from the agricultural industry, i.e. 7 out of Canada's 10 largest non-financial co-ops are active in agriculture, as are more than half of the 50 largest co-ops.

THE FINANCIAL SECTOR – THE FLIP SIDE OF THE COIN

In 2008, there were 1,008 existing caisse populaires and credit unions in Canada serving 11.2 million members. They employed 67,000 people, many of whom (62.3%) worked in the Québec Desjardins caisse network. In fact, close to 50% of financial cooperatives were located in Québec that year (table 9).

Québec had the largest number of financial cooperatives (492), followed by Ontario (198) and Saskatchewan (66). These three provinces alone accounted for 75% of the caisse populaires and credit unions in Canada. Québec also led the way with the most outlets (1,338), while Ontario (632) and British Columbia (373) came in second and third, respectively.

At 5.6 million, Québec had by far the most members. British Columbia and Ontario were neck and neck with 1,681,500 and 1,670,446.

THE COOPERATIVE FIBRE

How can we measure the cooperative fibre of each province? Although there is no tried and true method, it makes sense to calculate the number of entities in relation to the population. In terms of non-financial cooperatives, in 2008 there was, on average, one co-op for every 4,206 people in Canada. The leader was Saskatchewan with a ratio of one cooperative for every 957 inhabitants. Prince Edward Island came in second (1:1,110), followed by Nova Scotia (1:2,549). Québec placed fourth (1:2,671) and Manitoba fifth (1:4,206). Ontario was last (1:8,319) just after British Columbia (1:7,577).

As for financial co-ops, the Canadian average was 1 for every 33,472 inhabitants. Prince Edward Island led the way with one credit union for every 14,098 people, followed by New Brunswick (1:15,295), and Saskatchewan (1:15,608). Québec and Manitoba ranked fourth and fifth, respectively (1:15,912 and 1:23,056). Alberta was next (1:76,826) and British Columbia last (1:92,817).

Based on the foregoing, it is safe to say the cooperative movement is alive and well across the country. Québec is an obvious powerhouse, especially in the financial sector, but the West has also bought into the cooperative formula. And Prince Edward Island, Nova Scotia and New Brunswick have the highest number of co-ops per capita in the country. It would be interesting to find out more about the other aspects of the social economy since the cooperative sector is just one facet of a much broader reality. Stay tuned.

Joëlle Noreau
Senior Economist





Desjardins
Economic Studies

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