

**The Evolution of Community Economic Development Organizations in Montreal**  
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**Introduction**

Community economic development organizations (CDEC-Corporations de développement économique communautaire) have been active in working class and low-income neighborhoods in Montreal since mid 1980s. They have created structures based on partnerships between the major social and economic actors- community organizations, trade unions, business and governments and through these have responded to the deterioration of the traditional economic base, chronic unemployment and poverty in innovative ways. These organizations have undergone major changes since their founding. From coalitions of local groups working together for neighborhood revitalization, job creation, and employment training, they have emerged as para-governmental bodies and are now part of a province wide network of local development organizations.

In this paper, we will describe and examine the evolution of these CED organizations and their transformation. We will explore the forces and factors that brought about these changes, particularly the impact of role and policies of the provincial government. Although these CED organizations have become institutionalized, they have continued to struggle with balancing the values and the traditions of the community movement that shaped their origins with the policies of the provincial government. There is an interaction between contexts, traditions of the community movement and shifting ideologies and practices linked to state social and economic policies, as well as a convergence of a discourse on poverty between the community sector and the provincial government. Social inclusion has become the favored term for addressing the issue of poverty in Quebec. We argue that acceptance of this orientation and the resulting policies have shaped the development of community economic development (CED) in Montreal. We will examine the impact these orientations on the transformation and the changes in the practices and orientations of the CDECs. Have they become transmission belts for

government programs or are there opportunities and practices that give power to local actors and open innovative possibilities? Have they been able to maintain and promote local democracy and active citizen participation? The tension between the roles of these organizations as regulators and agents of social change is evident in their practices, as the older traditions of the community movement collide with the pressures for integration into the new economic and social realities.

### **Framing the Analysis**

“Renaming a social problem often designates a qualitative break with the past” (Silver, 1996, p.105)

The key question for us is what are the forces, ideas and values that have contributed to shaping the practices and the programs of the CDECs. The traditions of the community movement and its allies have had to confront several contextual elements, and government policy directions, which in turn have resulted in the type of institutional relations of the CDECs. Like many other cities, Montreal has not been able to escape the pressures of globalization and economic change. Municipalities have been wrestling with finding their competitive niche, with Montreal attempting to position itself on the high tech stage. At the same time, the residents of inner city neighborhoods face poverty, the disappearance of traditional blue-collar jobs and high levels of unemployment, precarious and irregular work and poverty level wages. Questions of how to respond to this new economic environment has been the major challenge for all of the actors involved. The three levels of government, the union movement and the community movement have agreed on this. The approaches have not necessarily been the same. However, the point of convergence has been a belief that the poor and unemployed are best served through integration into the labor market. This assumption has been the driving force of CED practice. We see these as part of the larger economic and social transformation driven by global economic forces.

There are several underlying issues in job-creation, underpinned by the question of labor discipline. Workers, who were recent victims of job loss, have had to move downward in the types of jobs available. They face pressures from competition for these jobs and limits in income support programs. Many who have lived through long-term unemployment have difficulties returning to work. Further, younger people in many low-income communities have never worked and coupled with high rates of school drop-out are not “work ready”. Thus, one basic issue is how to discipline workers and to create the conditions for a “flexible” labor markets that is characteristic of the “new economy”. Hardt and Negri(2000) argue that one of the characteristics of the cultural changes associated with the 1960s was the breakdown of the discipline of labor, unionized workers demanded and expected continual improvement while many youth resisted the work ethic. They state:

“The disciplinary regime clearly no longer succeeded in containing the needs and desires of young people. The prospect of getting a job that guarantees regular and stable work... the prospect of entering the normalized regime of the social factory...appeared as a kind of death.”(p.274)

This was a part of a profound transformation in which capitalist relations were expanding to subsume many aspects of social life while new cultural practices were challenging these relations. In order to reassert capitalist production relations, the discipline of labor had to be reasserted. They argue:

“The society of control might thus be characterized by an intensification and generalization of the normalizing apparatuses of disciplinarity that internally animate our common and daily practices, but in contrast to discipline, this control extends well outside the structured sites of social institutions through flexible and fluctuating networks.”(p.23)

In the 1980s, mounting unemployment coupled with less government support for those turfed out of jobs, the jobless faced hardships. The question is what strategies could be used on the one hand to find ways to overcome the problems of and related to the lack of work. Community organizations and their allies in the union movement have seen job

loss and the need for job creation as the core issue. In agreement with this priority, those in government and in the private sector have cast the problem in terms of finding ways to reassert labour discipline in the new economic and social context.

There are two prongs that have emerged in Quebec that are complimentary. The first is a workfare regime and the second is an ideology of social inclusion, which acts to mask the harsh reality of the former. Peck (2001) uses the concept of a workfarist the regime. He argues:

“...functionally, workfarism implies an ascendancy of active labor-market inclusion over passive labor-market exclusion as workfarism seeks to push the poor into the labor market, or hold them in a persistently unstable state close to it, rather than sanctioning limited nonparticipation in wage labor in the way of welfare systems”. (p.12)

Some of the characteristics of a workfare regime include: “Business/employment service codes and norms for the job-ready; remedial services for ‘unemployables’”(p.12)... “Inclusion into wage labor... Market treatment groups defined on basis of job readiness and institutional forces that produce and reproduce the ‘contingent workforce’”(p.13). In addition, it is not simply a critique of the system but “a rolling forward of new institutions and new norms of regulation. (p.16)” Workfare has to be understood as an approach that is more than work for welfare. It is a basic change in the income support system that assumes that individuals lack income because they are not integrated into the world of wage labor. Regardless of the conditions of the work itself, the goal is to push people into it. As a consequence, recipients are “encouraged” to be part of the labor market, even if the job makes them worse off financially than receiving social assistance. In Quebec, the White Paper (1987) that introduced the reform of social aid (Quebec’s welfare program) argued:

“...financial independence depends on work...Social Aid is intended to be the last resort...The government supposes that everyone is employable and available for work unless their inability to work or their unavailability can be demonstrated.”(p.17)

Further, the structuring of social programs is centered on training and market integration. This policy orientation is in contrast to government driven regional development and job creation schemes that were in vogue in previous periods.

This shift in policy has had important consequences for CED practice. It is one of the poles of practice-employability. For the most part, it targets those with little in the way of previous training, promotes job readiness, supplies only rudimentary skill development, and links program participants to the low wage sector of the economy. Further, it hypes individual entrepreneurship as a strategy to escape social assistance. Personal deficits become the explanation for poverty. Institutions and programs are needed to make changes in these groups so that they can be successfully integrated into the economy either as “flexible” workers or as small-scale producers. These programs vary by the mixture of carrots and sticks-incentive and punishment. This ideology incorporates far more than the immediate administration of social benefits. It structures the expectations for those receiving social aid. It pushes recipients to a variety of institutions and organizations to seek programs that augment their benefits or keep their eligibility. Both the employability programs within the CDECs and many of the organizations supported by them provide these services. They act as a compliment to administration of social aid, and reinforce the pressures of a workfare regime.

In Quebec the harshness of workfare policies has been masked by overarching rhetoric of social exclusion/inclusion as the approach to poverty and social policy. Michael Harloe writes:

“Notions of the relation of the capitalist economy to urban development and social inequalities, of poverty and of social class have given way to a new discourse of competitiveness, social cohesion and exclusion, social capital and a theory set of assumptions about how these relate to each other to determine urban outcomes.” (p.2)

He states that the urban problem is defined as lack of social cohesiveness, and the political agenda is defined as a search for institutions and policies that might reconcile competitiveness and cohesion goals. He refers to French literature, which stresses the

“imperative for ‘solidarity’ and ‘inclusion’ as key components of citizenship and recently has led to policies which aim to “(re)inset’ those who are deemed to be marginalized from the mainstream of the economy and society ...by focusing on social capital as a non-monetary source of resources, something that is presumed to be generated by individuals and ‘communities’ ... At risk of a certain oversimplification, social exclusion is seen as potentially or actually having negative consequences for competitiveness and cohesion, conversely social inclusion or cohesion is seen as likely to have positive consequences for competitiveness.”(p.9)

Similarly, Stark contrasts two ‘families of symbols’ associated with poverty and social justice. The first has a long tradition that he traces back to 19<sup>th</sup> century social reformers. Rooted in the demands for social justice, and social rights, it examines material conditions, particularly income and its absence as a measure of poverty. It also looks at measures of social inequality. The implications of this “family” is that poverty cannot be solved through the labour market but government intervention needs to include programs such as strong income support programs, housing, and intervention to improve working conditions such as raising the minimum wage. The second family is that of social exclusion. Its underpinnings are a consensual and order perspective on society. Stark traces the origins of this perspective to Durkheim, and then through Talcott Parsons. The focus is social cohesion and integration. Power, interest and basic social change disappears from with this formulation. He argues that the building of social cohesion is around dominant values. In the current context he states: “Social order is linked to shared values, and these values must support the public adherence to neo-liberal economic policies.(p.12)” The emphasis on social inclusion is within a period in which the major programs of the welfare state have been questioned and reduced. The demands for redistribution and greater equality associated with the first family, linked to active state intervention in creating decent conditions for labour have largely disappeared as this new/old formulation has taken over the policy agenda. The result, in Quebec and elsewhere, is a combination of market driven solutions, punitive welfare measures couched in rhetoric of cohesion and inclusion.

Although there has not been a formal debate on these policy orientations in Quebec, there has been a growing consensus on these perspectives. The government uses the terminology in its policy pronouncements, as does the CED movement. (Les CDEC du Québec- 2000). In addition, the usage of exclusion and inclusion has been appropriated in popular discussion in the media and in academic circles. There is little in the way of critical debate on either its usage or the underlying ideas. We are not making an argument that these ideas have simply determined practice, but that the combination of workfare and social inclusion have played an important role in shaping both government policies that support practice and the orientation of practitioners in the field. However, the traditions and values of the community movement have had an impact on how these policy orientations are played out in practice. Before describing the evolution of the CDECs, a brief overview of the specific context including a brief history of the community movement and its relationship to the provincial government will be presented.

### **The Context of CED Practice: Community Movement and Government**

#### Community Movement

The community movement in Montreal had been documented extensively. (Hamel:1991, Panet-Raymond and Mayer:1997, Shragge:1999) Authors generally agree that it has progressed through several important stages. From the 1960s, there was a shift from local charitable services to a protest movement contesting social and urban policies, organizing poor people, tenants, and carrying out political education through citizens' committees. It was committed to grass-roots democracy, and its manifestos and positions were explicitly anti-capitalist. At the same time, there were a variety of innovative services such as health clinics, daycare centres, and food cooperatives that were put in place. These organizations were governed through new forms of direct and /or participatory democracy. The legacy from this period is a tradition of local democracy in community – based organizations and a capacity to innovate and create new solutions to many social problems.

By the late-1970s, community organizations focused their energies on service provision. However, many of these maintained an oppositional culture and were part of wider community mobilizations. In the 1980s the services expanded and became the primary activity of the community sector. These became increasingly professionalized, insofar as a clear division between service providers and clients was evident. Democratic practice was limited to participation on boards of directors, but real power tended to rest in the hands of service providers. This trend has become dominant in community organizations since the 1980s.

Over the years, the government has recognized the expertise of community organizations. Partnerships between community and government have become the means of organizing local provision. However, the power is not equal. For the former, entering into partnerships has become one of the one of a limited number of choices it has to protect its funding. As a way to augment its power, community organizations have formed “regroupements” or coalitions. These are based either on neighborhood or by sector (for example, women’s shelters or mental health), and have become the vehicle through which these organizations have effectively negotiated with government, and promoted policy alternatives or defended their interests. Further, the leadership of these organizations has developed its skill and expertise in lobbying and influencing locally elected politicians, who often started their careers in community organizations. Thus, the community sector has achieved an ambivalent relation with the provincial government. Some groups still mobilize but for the most part, the representatives of organizations-board members and staff publicly represent the needs and interests of those they serve. At other times, community organizations enter into conflict with the provincial government to protect or enhance their services. This has been the pattern of the CDECs as they have tried to enlarge their roles and budgets. Finally, and perhaps the dominant relation is that of a junior partner in economic development and service provision, with an increasingly visible role and corresponding recognition by the government. The opposition to government policies is from social movements, particularly women’s organizations, but support for these campaigns has been supported informally by the community sector.

Thus, there is a tension between the service and oppositional roles in the community sector. For these social actors, the tension is between the recognition by the state of a new logic of intervention, and their ability to keep at arms-length the state's local development apparatus and maintain some autonomy from it.

### Provincial Government

There are several roles played by the provincial government that are central for this discussion. The first is its power to define and shape municipal structures and policies. According to the Canadian constitution, cities are the responsibility of the provinces and municipal structures can be formed by and the city government in many ways has to account to this more senior level. The city of Montreal and the surrounding on island municipalities were merged in 2002. One of the purported goals of this merger is to make Montreal a competitive player in the world economy and end competition between the former municipalities on the island. In addition, there is a Ministry that oversees the development of Montreal and the region around it. Thus, although the city government has autonomy to shape its economic and social development, it is within a wider organizational context of a relatively powerful and interventionist provincial government. One consequence has been the reduction of the role of the city government in shaping the activities and orientations of the CDECs.

In the field of health, social and economic policy, the provincial government is the major player. In Quebec, the 1960s were a period of rapid modernization of the public institutions leading to a large increase in provincial authority, whose role was extended through centralized structures. The government took over education and the health and social services from the churches and municipalities, creating a network of health and social services, which were free of charge with universal access. With the crisis of the 1980s, shifts occurred. Like most governments, the first response was to reduce its expenses through cutbacks in government services. Faced with growing welfare roles, workfare type programs were introduced, but these used many community organizations as sites for placement of recipients (Shragge and Deniger:1997). Along with cutbacks,

there was also a downloading of services to the community sector. This was made possible, as we mentioned earlier, by the growing professionalization of that sector. The concept of partnership was used to draw these groups and organizations closer to the provincial government's network.

In recent years, the provincial government has embarked on a policy of regionalization, which has created a number of institutions that administer health, social services, employment and economic development programs. These have reduced the centralized power and to a limited degree have encouraged local participation in institutions and services. The model of decentralization has provided some flexibility at the regional level, but ultimately, the policies, programs and budgets are decided centrally. One key element is that community organizations have to apply to these regional bodies for their funds and a key relationship for local organizations is with provincial bodies that have shaped their activities through these processes.

Further, that government through by decentralizing has given regional planning bodies powers in the allocation of resources to community and voluntary organizations. As a consequence, we see a mixed model with the provincial government determining policy and program direction and funding regional and local instances carry out these directives with some flexibility. These changes have brought pressures on the community sector to become a sub-contractor of government services. Recently, there is a major debate because the Government of Quebec has proposed that there be a sanctioning process for community organizations, tying them more closely to that level of government as a condition of their receiving funds. (SACA:2000) There has been opposition to this but it represents a step by the provincial government to integrate the community sector into the functions of social and economic service provision.

The relationship between the community and the government is complex, mediated through these structures and regional bodies. The community sector's power rests on its expertise and the legitimacy that its work has created over the years. It rarely mobilizes its members and clients but tries to represent their interest through a variety of ongoing

and ad hoc community coalitions. There has been a lot of debate and questioning about the role of this sector. Some argue it has become a manager of poverty at the local level and part of the conveyor belt of state programming. Others argue that the role it plays is more complex and its relationship with the state is both cooperative and conflictual. (White:1997, Panet-Raymond and Mayer:1997) What is clear is that the community sector in Quebec is intertwined with the policies and programs of the provincial government and this relationship shapes community. At the same time, there has been enough autonomy for some local organization to oppose and mobilize against government policies and programs and maintain spaces for local democracy and innovative practices. Thus the conflicts and debates played out between them and the provincial government is the key one in determining the paths for CED.

### **CDECs: Bottom Up to Top Down**

With the globalization of the economy and movements away from the Fordist accumulation model, new challenges emerged for local actors in Montreal's old industrial neighborhoods. Community groups had to adjust to a new reality characterized by unemployment, new forms of poverty and urban decay. Moreover, cutbacks in government social and economic programs made life even more difficult for a large part of the population living in inner-city districts. In response to this situation, activists created the CDECs in several districts in Montreal in the mid-1980s. Their approach was based on two beliefs. First, a defense of the idea that industrial redevelopment and job creation is possible in areas close to the urban core of a metropolitan area. Second, the participation of local actors is necessary in order to revitalize the core of low-income neighborhoods. These new CED practitioners argued that poverty is linked to lack of investment in these neighborhoods and these trends are not irreversible and that it is possible for the unemployed to be integrated into the labour market through the use of diverse strategies.

In this section we will describe the different phases of development – from birth to institutionalization – of the CDECs. We will also present how the governments,

particularly at the provincial level, through different policies, is trying to integrate and control them. We can distinguish three phases in the development of the CDECs in Montreal. The first phase corresponded to their emergence and the processes around the political construction of this social innovation. The second phase is related to the negotiation and processes of the institutionalization of these organizations. The third phase corresponds to their adaptation to this new institutional context and the struggle to preserve organizational identity and relative autonomy.

### Phase 1, the emergence

The practice of CED in Montreal is a departure for the community movement. It brought these groups into the field of economic development and into formal partnerships with business and other local actors. The new practices were based on building local consensus on strategies for revitalization of these declining neighborhoods through economic development. The CDECs have inherited the traditions of urban community movements particularly the demands of local organizations to participate in the administration and policies that shape their neighborhood. Thus, despite the changes in practice with CED, the tradition of local democracy is current in the organizations. The first three of seven CDECs, were initiated in 1984 and 1985 by coalitions of community organizations (Morin, 1994-1995). Rapidly, they enlarged their constituencies to other partners such as local unions, small businesses and government agencies. The challenge was to intervene not on the consequences of poverty but on its main cause - unemployment.

The first CED initiative took place in Pointe-St-Charles. This working class neighborhood was home to many older industries that suffered decline since the 1960s. The community has a long tradition of both grassroots community and labor organizing. Its citizens created the first popular health and legal clinics, popular education centers, and initiated campaigns to promote the needs and the interests of the poor and working class residents. In addition, its residents pioneered the development of cooperative housing. With the economic decline and continuing high levels of unemployment, new initiatives

were put in place to find solutions. A coalition of organizations put together a report that argued for a community economic development strategy as a way to revitalize the area and create jobs. Further, the report argued that the local citizens had to take charge of both the planning and implementation of this process. (Fontan:1993, Gareau:1992) The Pointe St. Charles Economic Program (PEP) was founded in 1984. This initiative, although modified in many ways over the years, was the model for much of what followed. The concept of local partnership across interests, and subsequently building a consensus on the direction for local economic development was a controversial departure from the traditions of the community sector. PEP committed itself to a program of economic revitalization, job creation and training. It benefited from substantial grants from both the provincial and federal governments. Yet, its growth and success created conflict and some of the more social-change oriented local groups criticized its growing professionalism and declining democracy. The latter was because of the shift from the tradition of direct participation of citizens to the newer practices of local actors entering into formal partnerships with representation from each of the groups in the partnership structure.

Similar CED processes occurred in two other old, industrial neighborhoods with strong community traditions. With all three in place and a couple of others beginning, the administration of the City of Montreal brought together representatives the provincial and federal governments to collaborate in the establishment of a common policy to support local economic development. In their discussion, it was decided that these new organizations (CDECs) should be the conduits for local strategies of revitalization, and they should be more formally recognized and supported. The product of this process eventually led to the creation of a total of seven CDECs.

The CDECs were put in place to:

- Encourage job creation often through the management of risk capital funds to start new businesses,
- Facilitate the training and placement of the unemployed into the labor market,

- Initiate processes to bring local actors together to find ways to support local development and to change the defeatist mentality that was pervasive after many years of economic divestment.

To realize the last objective of local mobilization, partnerships that represented different actors were preferred to large-scale "popular" participation. Instead of popular participation, representatives of local organizations including unions, local business and some of the public institutions located in their territory were elected to the boards of the CDECs through a system of electoral colleges. Thus, the CDECs can be described as "intermediary organizations". They are governed by a management structure that includes representatives of different interest groups in their neighborhoods (Morin, 1995). These partnership structures were innovative and were put in place to bring together the key players to respond to the severe unemployment of the late 1980s and to build a broad-based consensus for defining local action.

During the first three years of their existence, the Montreal CDECs received startup funding mainly from the provincial government, and complementary funding from the federal government and the municipal administration to provide specific services. Some of the monies were allocated for the organization's operation and other part was for venture capital that was made available to small and medium enterprises at very low interest rates. At the end of the 1980s, to ensure a better bargaining power with the state the Inter-CDEC committee, was created first informally and then formalized a few years later. It was and still is a consultative committee that represents the CDECs in their negotiation with the three levels of government. Finally, in 1988 and 1989, two other CDECs were projected but with only limited financial resources.

Phase 2, the institutionalization process of CED

In an action plan published in 1990 (Montreal, 1990), the Montreal municipal administration, formed by the social democratic Montreal Citizens' Movement (MCM)<sup>1</sup>, decided to support CDECs in almost every neighborhood. This city administration believed that through these organizations, neighborhoods had the capacity to play an innovative and dynamic role in the promotion of local economic development. This plan became the basis of an agreement between the three levels of government that then recognized and financed the CDECs. Through this process, the first three were consolidated and four others were put in place by the beginning of the 1990s. This brought the number of CDECs to seven, each one covering an average of three local districts (the territory gathering these districts is called an "arrondissement"<sup>2</sup>).

To coordinate the implementation, funding, and evaluation of the CDECs, the three levels of government-municipal, provincial, and federal- formed a "Comité d'harmonisation". This committee, following on the direction of the original CDECs, assigned three basic objectives to them: job creation, integration of the unemployed into the labor market and local partnerships. Specific funding envelopes were linked to the realization of each of these objectives. Through this process, the role of governments as program funders and program evaluator was strengthened. This committee became the place of negotiation between the CDECs and the governments for resources and as a way to coordinate and to plan the respective roles and contributions of different government departments. Finally, this committee became the body that defined the criteria for evaluation following a results based model. Between 1990 and 1996, the Inter-CEDC committee enlarged its membership and its function grew in importance. It represented the CDECs in negotiation with the provincial government and their other funding agencies. In this period, the budget lines of the CDECs were connected to their staffing. Thus, the organizations took on a role of program administrators for activities mainly defined outside, by government departments. The new CDECs had less autonomy as their funds were structured in

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<sup>1</sup> The MCM was created in 1974 by a coalition of popular, and community groups and the trade union movement. This municipal party took power in 1986. Its program supported local democracy with a strong voice in neighbourhoods. Their practice once in office was dominated by a technocratic planning and centralized leadership.

<sup>2</sup> By the end of the 1980s, the Montreal municipal government divided the city in nine arrondissements. By 1990, only two arrondissements did not have a CDEC organization including the city centre.

limited parameters. The building of a wider vision of CED practice became more difficult.

One of the concerns of the Comité d'Harmonisation was to evaluate the progress of the CDECs in relation to the pre-established goals. In 1995, it developed an annual evaluation framework for the activities of the CDECs. From that time on, the CDECs planned their actions making reference to this framework. One of the results of this process was an attempt to standardize the CDECs' agenda and programs. But tensions resulted between the Comité d'harmonisation and several CDECs that intended to implement specific development projects in their own communities. The tensions were based on the degree to which these CDECs wished to maintain their own pre-defined priorities that did not necessarily follow from the government-defined guidelines. Over the years, there has been a resolution in which the CDECs can write their own action plan reflecting local priorities.

In contrast to the local processes that resulted in the creation of the first three CDECs, the last two were initiated through a top down process with little participation at the beginning from local groups and citizens. Local participation followed the creation of the organization. An example is the CDEC in the arrondissement of Cotes-des-Neiges/Notre Dame-de-Grace (CDN-NDG), two very different districts. One, CDN, has a high concentration of new immigrants and is very diverse in terms of its languages and cultural backgrounds. As well it has a high concentration of poverty. NDG is mixed with pockets of poverty and a large middle-class. Although there are many newly arrived immigrants, the majority are native born. Both communities have long traditions of community organizing. The CDEC received a pre-defined structure and mandate similar to the others already in existence. There was little opportunity to develop a process that could create an alternative vision that respected the priorities and traditions of both districts. Conflict emerged at the board of directors and lasted for several years as both tried to promote local priorities without a common vision. This process was made more difficult as the organization stayed within its boundaries pre-defined by the programs that

it was administering.<sup>3</sup> Further, as opposed to the first CDEC, PEP/RESO<sup>4</sup> there was never any popular mobilization that could push the CDEC to follow a strategy independent of that defined by its funders. This does not imply that there was uniformity. In fact, there were some innovations and creative uses of programs to respond to local needs and interests.

### Phase 3: becoming part of the provincial network

The third phase is characterized by an increase of the direct governmental control of the CDECs (Fontan and Shragge, 1997). In 1997, the provincial government initiated a reform of both its employability and social assistance programs, on one hand, and its programs to support local economic development, on the other. These changes were both consolidations of employment programs taken over from the federal government and regionalization of economic development programs across the province. These were to be administered through new local organizations, decentralized to regional and large municipalities, and called “Centre local d'emploi” (CLE; Local Employment Centers) and “Centre local de développement” (CLD; Local Development Centers). Prior to this restructuring, the CDECs that had worked in both areas had demanded along with others in the community sector more comprehensive and socially oriented development policies. Ironically, the provincial government responded positively in some respects but threatened the very existence of the CDECs, who reacted to the possibility of losing their mandate. Further, this reform was a top-down process and it undermined the processes of bringing local actors together around development issues. The CDECs, through their inter-CDEC committee developed a position that defended their role and mobilized local support. Through a complex process of negotiation with the municipal and provincial governments, they reached a compromise in which they were to take on the functions of

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<sup>3</sup> These observations are made by one of the authors who was on the Board of Directors and the executive for 4 years, between 1994 and 1998.

<sup>4</sup> RESO (Regroupement pour la relance économique et sociale du Sud-ouest) became the new name of PEP as it was mandated to serve the entire arrondissement of the Southwest of the city.

the new local development centers and some employability programs of the new local employment centers. Thus, the CDECs saved themselves as intermediary organizations.

The structures of the CDEC changed in fundamental ways. The city of Montreal was to be served by one CLD, which was incorporated in 1998. There were 9 organizations given mandates to carry out the functions of the CLD locally. The CDECs received these mandates and thus became part of a city-wide organization with direct accountability to the provincial government via the ministère d'État aux Affaires municipales et à la Métropole. The shift here is significant, as the provincial government became the primary funder of and policy definer for these organizations. Both the Montreal wide organization and the local ones (which continue to be called CDECs) have their own governing bodies based on a representative partnership structure. At the local level, each CDEC kept an independent board similar to its previous structure but City councilors were added to at least three meetings a year when the mandate from the city-wide CLD is discussed.

The mandate of the organizations has shifted in emphasis, less oriented to job training and integrating those excluded from the labor market into training and jobs and more towards on entrepreneurship and as a means of job creation. This includes the administration of a 'social economy' fund that was used to develop businesses with a social vocation. At the local level an action plan is prepared and herein is the flexibility but it exists within narrower boundaries. In addition, these changes represent a shift in the configuration of power. The role of the federal and municipal governments has become less important, and the main funding body is the provincial government. The municipal level plays a role mainly through the participation of locally elected officials. The provincial government has consolidated its power through the funding of decentralized structures, integrated into a wider plan of social-economic reform. Thus, the CDECs face new relationships with provincial ministries whose vision go beyond the local and sees

the role of CDECs and similar organizations as subcontractors of state defined services and programs. This completed the process of institutionalization.<sup>5</sup>

### **Implications for the CDECs**

The forces of continuing centralization and bureaucratization, on the one hand, and the legacy and traditions of the community sector, on the other, have shaped the evolution of the CDECs, described in this paper. As a consequence of the centralization, the programs have become pre-determined and shaped by an ideology that prioritizes either market-oriented business development, or social integration via job preparedness and training. The community traditions, particularly in working class and poor districts continue and insist that there be resident and community organization representation in the CDECs. In addition, many of these local groups develop projects that are democratic in structure and process, innovative in practice and have succeeded in receiving support from the CDECs. The crucial question facing the CDECs is will they be able to maintain their autonomy or will they become transmission belts for government programs with little flexibility to shape these to fit local circumstances or to initiate local activities. How much control will the local community really have when the activities and direction of the organizations are determined from a centralized provincial bureaucracy? In this concluding section, we will examine some of the tensions facing the CDECs, and argue that these organizations are neither totally co-opted by the centralizing forces described earlier, nor are they able by themselves to create social and economic alternatives that are democratically controlled.

This paper has described the gradual institutionalization of the CDECs. With their beginnings as community-based initiatives they have grown in importance, struggled for recognition by their funders and are currently integrated into a provincial-wide structure. They have access to extensive resources including capital to invest in businesses and

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<sup>5</sup> In 2002 with the creation of a “mega-city” in Montreal with the fusion of all of the municipalities on the island into one city, there is reform in the air again. This time it looks like there will be further centralization with the number of CLDs reduces and the former CDECs remaining but as satellite organizations with their autonomy even further reduced.

program money to administer at the local level to support projects in their districts. Despite administrative changes, the core of these organizations have been relatively stable and continue to work locally with both business and community organizations. However, as these organizations have become institutionalized and professionally led, there has been far less mobilization of the local population and they are defined more as recipients of pre-defined services than definers of organizational policy and direction. In tension with this direction, is the institutionalization of the voices of representatives of community and union in participating in decisions on local economic development through the governance of the CDECs. This representation, structured through electoral colleges, tends to be without a lot of accountability and mobilization of their respective constituencies. The actions of local community actors who are engaged in the issue of economic development have moderated the strong forces at play in the shaping of the orientation of the CDECs. Further, their presence has widened who can participate on the issue of local economic development. Prior to the CDECs, local economic development was shaped by independent business development often with support of different levels of government without any local consultation. The democratic values and traditions of the community sector have had an impact in maintaining their voice as a strong one within the partnership arrangement and in supporting the participatory structure. Despite the gains made and in a positive way the institutionalization of a strong voice of the community sector in shaping economic development, the boundaries of practice are relatively narrow and the autonomy of the CDECs reduced over time. The real power rests with the provincial government and its policy direction has narrowed the boundaries of practice. Although it has made some gains in democratizing these CED organizations, the community sector in particular has little power and independence to push alternatives that go beyond the CDECs programmatic mandates.

The primary goal of the CDECs was to find ways to respond to conditions of poverty linked to unemployment brought about by the economic and social restructuring of the 1980s. The approach chosen departed from earlier strategies of the community movement, which was mobilizing those affected by the changing conditions to demand

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changes in the economy and in government policies. Instead collaboration between local actors and the government was put in place. Partnership based on representation of the diverse interest became the new way to propose and manage programs at the local level to respond to the deteriorating socio-economic conditions. As a consequence, little has been done to build an autonomous voice for the poor and unemployed to raise demands that would be oriented toward the protection of welfare state programs. Rather, the practices of CDECs are based on the premise that social and economic integration can be achieved through participation in the labour market or through the creation of businesses. The leadership of the CDECs, along with government have described this approach as the fight against exclusion (CDEC du Quebec:2000;Fauteux:1999). As discussed earlier in the paper, the underlying assumptions of this orientation do not challenge the dominant economic arrangements and do not advocate basic redistribution or active government regulation of the economy in the interests of the poor. However, within this framework, the community sector has promoted the traditions of CED that link social and economic development as a means of attacking poverty and social exclusion. This framework has a sees economic development as containing a strong social agenda. In other words, the presence of community and unions within the structure has promoted the social aspects that are reinforced in a limited way by the agenda of social inclusion.

Economic development promoted and supported by the CDECs tends to fall into two categories- small-scale local business and the 'social economy-', and reflects an implicit mandate that limits their scope of intervention. For the most part, there is a clear division between economic development that is either high-tech or large-scale and those that are small, labour intensive and local including service or socially oriented businesses. The former is institutionally supported by various government agencies other than the CDECs such as Montreal International that works to attract international investment. The latter become the work of the CDECs, which focuses on marginalized clients, who lack the skills and the education to find work in the high tech sector. (Silvestro: 2002) There are some initiatives supported by the CDECs that have been linked to high tech and larger-scale economic development but these are the exceptions. Within the City of Montreal, there are parallel processes of development- one for the mainstream corporate economy

receiving support from government development agencies and large economic players and the other the CDECs with their practices of integration of those at the bottom. Thus, the jobs developed and supported through and by the latter tend to be, for the most part, those at the bottom of the labour market, with low-wages, and instability. As a strategy of poverty reduction, this approach has clear limits. It contributes and reproduces the “new poverty” in which there are low levels of unemployment coupled with an increase of poverty among those working in precarious jobs.

A major gain and contribution of the CDECs is the recognition that economic and social development should be tied together as part of a comprehensive strategy. Early examples of practice included support for a variety of businesses that trained those without work as a means of helping them acquire skills and work experience. As well, many projects responded to social needs such as home-care for the elderly. These new services were driven by a pragmatic response to the provincial government’s cutbacks or lack of expansion to meet social needs. These practices have been described in Quebec as the ‘social economy’, and its related practices have reshaped much of the agenda of the community sector, pushing it into service delivery. This aspect has been criticized by those who would support the development of the welfare state as a more effective and universal approach to provide health and social services. One of the functions of the CDECs is to administer a decentralized provincial government fund to promote the social economy. This fund has been used in a variety of ways to support local innovative projects and social services. Despite the innovative practices and socially-oriented practices, the jobs created lack good wages and stability. The CDECs play a significant role at the local level, but their focus has become primarily the promotion of traditional privately owned business development coupled with socially-oriented projects that receive support from the province’s social economy fund. They have been able to secure tools to do this, including technical support and various loans programs administered locally. The problem of poverty reduction remains despite the strong social vision that they have integrated with economic development.

The CDECs live in a tension pulled in many directions but the strongest player in determining their future and in shaping their orientation has been the provincial government. Perhaps the most important counter-weight to the pressures from above is the practice initiatives from below. Particularly in the older working class neighborhoods, there continues to be some innovative and democratic projects that are a continuation of the earlier community traditions. For the most part, the districts that have a longer tradition of active citizens and related organizations have been able to pressure the CDECs through their participation on the boards to respond with greater flexibility to local agendas. In addition, groups have brought forward innovative practices for support. These can be socially oriented and democratically managed projects, for example a cooperative store and café that sells 'green' products in one district. Thus, the actions of local community actors who are engaged in the issue of economic development have moderated the strong forces at play in the shaping of the orientation of the CDECs. These tend to be locally-based and limited to specific projects, and do not necessary contribute to a broader alternative vision of socio-economic development. Because of the strong consensus that views economic development as the strategy for social inclusion, an alternative vision for social development has not emerged from the CDEC structures and processes. Development models that challenge the assumptions of the current economic direction with its notions of growth, work and consumerism are not present. However, they remain an organization that with pressures from local organization can contribute to local social and development that can be responsive to local needs, innovative and democratic.

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