

*The Social Economy in Quebec**

Introduction

Community-based organizations will increasingly act as arbiters and ombudsmen with the larger forces of the marketplace and government serving as the primary advocates and agents for social and political reform. Third-sector organizations are also likely to take up the task of providing more and more basic services in the wake of cutbacks in government aid and assistance to persons and neighbourhoods in need [Rifkin 1995: 249].

What Rifkin presents as a forecast could well sum up the evolution of community-based organizations in Quebec since the mid-1960s. Indeed, their ongoing relationship with the State has evolved over time from conflict to collaboration. Although those organizations remain strong advocates of social policy reforms, they are now involved with other sectors in the search for solutions to economic and social problems.

The role of community-based organizations in service delivery is nevertheless a source of tension and uneasiness, feelings that are also at the heart of the debate on the social economy in Quebec.

The March Conference

Building on a tradition of regularly bringing together decision-makers to discuss issues of mutual concern and establish plans of action to address these concerns, the Quebec government convened the *Conference on the Social and Economic Future of Quebec* in March 1996 on the general theme of the economy, including public finances and employment.

There were many innovations at this meeting, not the least of which was the involvement of new partners around the table. These new partners included leaders from the women's movement, the communitarian sector, religious

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groups and community-based coalitions. Consensus was reached on eliminating the government's budget deficit within four years, establishing a commission on taxation and setting up two working groups: the government working group and the private working group.

The mandate of the government working group was to coordinate reforms around welfare, education, health and social services, and professional training. The private working group was subdivided into four task forces, each headed by a representative from the private sector: business and employment, regional and local development, the revitalization of Montreal and the social economy. Each of the task forces was given six months to find new venues for job creation and economic development within the parameters of reduced public spending.

The Task Force on the Social Economy did not waste any time getting organized. A steering committee of 12 individuals was quickly set up with representatives from women's groups, cultural organizations, youth, community economic development organizations, the three major trade unions, the *Mouvement Desjardins*, *Hydro-Quebec*, the private sector, forestry co-operatives and the Quebec Council on Cooperation.

The Task Force argued that the social economy is concerned fundamentally with economic democracy and the empowerment of individuals and communities. As such, it overlaps with community economic development (CED). Indeed, many scholars see the two as intrinsically interwoven, with CED being a development strategy within the social economy.

The accomplishments of the Task Force in the six-month interval between the March Conference and the October Summit (see below) were remarkable. Supported by a skeleton staff

of individuals 'lent' by various organizations and a few employees paid for by the Task Force, it set up a technical advisory team and a dozen sectoral committees on potential fields of endeavour: forestry, personal services such as home care and child care, agriculture, the environment, urban quality of life, tourism and leisure, and culture. These committees mobilized various networks which, in turn, prepared a list of projects backed by the firm commitments of their sponsors.

The October Summit

Many of the participants in the October Summit Conference on the Economy and Employment – 70 individuals representing almost every facet of Quebec society – also had attended the March Conference. The general objectives of the October Summit were similar to the earlier summit. But the Quebec government's financial situation had worsened – which implied more spending reductions to make up the shortfall. The priority, nonetheless, was to set in motion as many projects as possible to stimulate job creation.

The Task Force on the Social Economy put forward 25 projects in fields as varied as culture, home care, child care, forestry, agriculture, the environment, housing, training businesses and high-tech services. These projects potentially could create up to 20,000 new jobs over three years. Most projects were at the advanced planning stage; a few could be set in motion rather quickly.

The Task Force also recommended that the social economy be recognized as a full-fledged economic sector in its own right. But it was careful to point out that the social economy never should be used inappropriately, such as responding to unmet needs as a substitute for government action. Neither should the social

economy become a job ghetto for the poor and the excluded.

Social Economy Development Fund

One major result of all this activity was the establishment of a Social Economy Development Fund. The Fund evolved from the Quebec Task Force on the Social Economy's work prior to the October Summit and from commitments made by the private sector to support concretely the social economy.

Officially incorporated in June 1997 as a nonprofit corporation, the Fund is under the joint control of the conventional private sector and the social economy, since each has an equal number of seats on the Board of Directors. The Fund's two main objectives are to contribute to the capitalization of social economy enterprises and to provide these initiatives with administrative support. When its initial capitalization is complete, the Fund will be worth \$23 million, \$19 million of which will have been provided by the private sector with the Quebec government picking up the balance.

To achieve its first goal, the Fund will invest up to 20 percent of a social economy enterprise's initial capital needs, to a \$50,000 maximum. The enterprise, in turn, is expected to lever this investment to obtain 'love money' (loans or investments from friends and families) or other more conventional financing. In order to make it easier for the venture to obtain loans and investments from other partners, the Fund will not require mortgages or other guarantees.

To reach its second objective, the Fund will provide the social economy enterprise with technical assistance or training on a fee-for-service basis. While the enterprise is expected to reimburse the investment or pay for services

rendered, the terms will be relatively flexible and nondetrimental to the enterprise's financial well-being.

It should be noted that Quebec already abounds with venture capital funds, including many organizations that support local development initiatives and co-operatives [Levesque et al 1996]. Furthermore, the Social Economy Development Fund can make noncollateral loans to all small- and medium-sized companies, including co-operatives and non-profit corporations that have a business component. Income tax incentives are available to worker co-op members who reinvest their co-op dividends. While such public and private financial support has been a key factor in the creation of co-operatives in Quebec, undercapitalization is still a major problem.

Local Development Centres

There is concern that new social entrepreneurs will not possess the knowledge or skills required to run economic initiatives. This fear is echoed by activists from social movements themselves; based on CED research in Quebec, most of these entrepreneurs likely will come from the ranks of these movements and a 'qualitative leap' will be required to move from purely social goals to economic ones.

There is clearly a need for specialized technical assistance for social economy enterprises and a few organizations offering such support have been set up in recent years. Several community economic development corporations, the *Regroupement quebecois des cooperateurs et cooperatrices du travail* (an association of co-operative workers) and the *Groupe de consultation pour le maintien et developpement de l'emploi de la CSN* (a consulting arm of the Confederation of National Trade Unions) all

provide knowledgeable assistance on both the economic and social components of social economy enterprises. However, such resources are scarce.

The Quebec government has recognized the need for additional support. Legislation tabled in December 1997 calls for the establishment of a local development centre (LDC) in each county (*municipalite region ale de comte*) or its equivalent in urban neighbourhoods by April 1, 1998. Each LDC will be a multiservice outlet managed by the community to provide technical assistance and other development services to potential or existing businesses.

Each LDC also will provide technical assistance to existing or potential social economy initiatives, and a portion of its budget will be earmarked specifically for business development in the social economy. While some LDCs may subcontract this work where resources already exist, most likely will hire new staff to do the job.

The overall policy related to the implementation of local development centres has been severely criticized since many LDCs will overlap with existing development organizations, especially Community Futures committees and community economic development corporations. However, from a narrow social economy perspective, the introduction of local qualified technical resources for the social economy is seen by many as an important step in the right direction.

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Endnote

1. While there are many definitions of social economy, the Task Force adopted the definition developed for the Walloon Council for the Social Economy. This definition is based on the premise that the social economy is made up of economic initiatives founded on solidarity, autonomy and citizenship, as embodied in the following principles: a) a primary goal of service to members or the community rather than accumulating profit; b) autonomous management as distinguished from public programs; c) democratic decision-making; and d) primacy of persons and work over capital and redistribution of profits. The Task Force on the Social Economy added a fifth precept: operations based on the principles of participation, empowerment, and individual and collective accountability.

References

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