The Citizenship Building
Consequences of Quebec’s Social Economy

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I. Introduction

Given the breakdown of the post-war Welfare State, coupled with the persistence of unemployment rates well above the post-war norm, questions concerning the future of social rights and of work have preoccupied citizen groups and policy-makers. In the post-1945 period, the combination of near full employment, and the extension of universal social rights that translated into access to education, health care, social assistance, unemployment insurance and housing, meant that most Canadians shared at least partially in the country’s growing affluence, and possessed at least some minimal supports (in the sense of a social wage) for participation in their communities and in the political process.

The point is not to paint these years as a time of consensus and equality, but to recognize that relatively full employment and the welfare state provided a context propitious for responding to the demands of individuals and of groups for inclusion within a broadened conception of citizenship, and within consumer society more generally. As these two motors of inclusion have broken down, attention has shifted to finding possible replacements.

One area that has attracted particular attention is the social economy, proposed as a response to job scarcity and poverty that will also provide access to services and foster a more inclusive citizenship. This term, whose definition will be elaborated more fully below, implies a break with the choices of state and market, and instead looks to not-for-profit organizations as potential answers to the problems of unemployment and poverty. These organizations are seen as ideally located to respond to the needs of their local communities, particularly by linking social provision and economic activity. The intent is to mobilize community resources to create jobs and social services that the market will not and the state is unwilling to provide (see Box 1).

As such, the social economy can arguably consolidate and extend citizenship, both by providing social services and creating the links to paid work that so many believe will overcome exclusion. In the European context, Ash Amin and his co-authors point to a growing consensus amongst academics and policy makers that “a locally based ‘social economy’... could and should play a central role in future regeneration and social cohesion strategies.”

Following sections that set out debates over definitions and trace the historical development of the social economy, this report will consider what role the social economy can play in the specific area of “citizenship building.” More concretely, informed by developments in Quebec, particularly over the past half-decade, we consider the social economy’s impact on the three elements found in CPRN’s definition of citizenship, namely, rights and responsibilities, access to services, and feelings of belonging. In addition, the local practices linked to the social economy may have the potential for creating new forms of social participation for citizens. Overall, however, our view is that the social economy can play a useful role in supporting the expansion of

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citizenship, but that this role is at best a supportive one. More importantly, trying to force the social economy into a “starring role” is likely to undercut its contribution altogether.

Box 1
Examples of Social Economy Initiatives

*Le Centre de Transition le Sextant:* Founded in 1982 in Anjou, the centre provides work to the disabled through adapted work conditions. The Centre makes and distributes paper products, and also offers commercial, industrial and institutional cleaning services. The centre employs 200 people, and receives 25 percent of its $6 million in revenues from government subsidies.

*Atelier du chômeur du Bas-Richelieu:* Created in the mid-1980s by the region’s association of the unemployed, the Atelier is a non-profit organization that mobilizes the unemployed to collect, repair and re-sell (at modest prices) used appliances, furniture and clothes.

*New Dawn Enterprises:* Created in Sydney (Cape Breton) in 1976 as a not-for-profit corporation, New Dawn is one of Canada’s oldest community development corporations. It has attempted to use business-based approaches to respond to community-expressed needs in areas such as housing, seniors’ care and health services.

*Coopérative Forestière Fernand Boilleau:* Founded in 1963, this worker cooperative is involved in both woodcutting and the development of forestry management plans. The cooperative employs 200 people.
II. Defining the Social Economy

Given the relative novelty of studying the sector, much work remains to be done in determining the boundaries of the social economy. A recent survey by Lévesque and Mendell sets out five different definitions currently in use in academic research (see Box 2). This report is hardly the place to seek to cut through the knot of definitions. For our purposes, it is helpful to step back from these attempts at encompassing definitions and instead take up Ash Amin’s suggestion to view the social economy as “centred around the provision of social and welfare services by the not-for-profit sector.” In this view, “social economy organizations are understood to represent a break from the ‘binary choices’ of conventional socioeconomic strategies that present market and state as mutually exclusive spheres of economic growth and social regeneration.”

This description of the sector underlines the fact that the recent use of the term refers to community organizations that have taken on greater responsibility as providers of a variety of social services as part of state decentralization. The idea of breaking with the binary choices of market and state also suggests that the social economy is similar to the third sector. Indeed most authors treat the terms “third sector” and “social economy” as if they were fairly close in meaning to one another.

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2 Amin et al., “Welfare as Work,” 2033.
4 This point is made by Yves Vaillancourt. See “Tiers secteur et reconfiguration des politiques sociales: introduction au dossier,” Nouvelles pratiques sociales, Vol. 11, No. 2 (1999), 25.
Box 2
Definitions of the Social Economy

**Definition by Components:** The social economy = cooperatives + mutuals + associations.

**Rules-based Definition:** The social economy combines an association of people with a firm producing goods and services, on the basis of the rules of: equality of members; control of the firm by the members; distribution of profits to members; collective holding of property in perpetuity.

**Definition Stressing the Mixing of Economic Logics:** The social economy is a hybridization of market, non-market (state redistribution) and non-monetary (reciprocity and gift) forms of economic logic.

**Definition based on the Diverse Logics of Action Occurring within Associations:** Here, social economy firms are categorized based on how they coordinate a series of logics (e.g., civic logic, market logic, domestic logic, inspirational logic etc.).

**The Conseil wallon de l’économie sociale’s Definition (widely adopted in Quebec):** Social economy activities are those respecting the principles of: service to members or the collectivity as an end; autonomous management; democratic decision making; the primacy of people and labour over capital in dividing surpluses; and participation, empowerment and individual and collective responsibility.


On the other hand, it is worth expanding Amin et al.’s definition beyond “the provision of social and welfare services” to recognize that organizations within the sector are involved in a broader array of economic activities, including goods production and the provision of financial services. It is also worth emphasizing that the social economy is often distinguished by its form of governance. As the definitions in Box 2 illustrate, the sector has been defined in part in reference to democratic participation, self-management, and links between workers and the broader community, which sets it apart from the traditional models of public and private sector governance.
III. History

The term “social economy” has early historical origins, but its usage in Quebec has, for all intents and purposes, re-emerged from a long hibernation in the wake of the Bread and Roses March Against Poverty, led by the Fédération des femmes du Québec (FFQ) in June 1995.

The marchers demanded, among other things, that state funding should stabilize and consolidate work and activities in the social economy as a means of fighting poverty and meeting pressing social needs. In the rest of Canada, the term remains less well known than the closely related ones of “third sector” or “non-profit sector.” It appears in the title of Jack Quarter’s 1992 book (Canada’s Social Economy), but the first chapter’s first sentence noted that “in Canada, the term social economy is seldom used, and when it is applied, it lacks clear definition.”

Looking at what the social economy represented in the past can help us understand what it might mean in the current context. Revisiting this history also enables a preliminary assessment of the link between this sector and the evolution of citizenship.

From its Origins to the Second World War

In a very broad sense, one could trace the origins of the social economy to very early human societies, and their communal forms of work and consumption. It is perhaps more useful, though, to situate the sector’s origins in the late 18th century with the birth of the national state. It was in the debate and conflict over the principles and roles of the state that new rights emerged, slowly legalizing and legitimizing collective organizations like cooperatives, as well as organizations that defended particular social interests such as trade unions.

From the mid-19th century through to the early 20th century, the territorial expansion of agricultural markets, and the shift from an agricultural economy to an industrial capitalist one, gave rise to experimentation in the social economy. Farmers pioneered on a number of fronts in their efforts to overcome their vulnerability to market forces and to their major suppliers and distributors. Their efforts included numerous cooperatives, which sought to control the marketing of their products and of the basic purchases they required. A famous example in Canada would be the creation of the prairie wheat pools in the early 20th century. Beyond marketing, farmers also applied the cooperative form to the retail

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7 Jack Quarter, Canada’s Social Economy: Co-operatives, Non-profits, and Other Community Enterprises (Toronto: Lorimer, 1992), 1.
trade, and had a hand in creating early forms of mutual insurance against accidents and fires.

The recruitment of labour into early industrial production also gave rise to social economy measures, as the extended family could no longer serve as a unit for pooling risks and resources. Workers created collective services in the fields of insurance, consumption, savings and credit. For instance, Canada’s first credit unions, such as the Caisse populaire Desjardins, grew out of collective efforts to provide banking and credit services to workers and farmers whom the banks ignored.8

Another well-known Canadian example is the Antigonish movement in the fishing and farming communities of Nova Scotia in the 1930s. Here, adult education activities through study clubs led to the widespread creation of consumer, marketing, and even housing cooperatives.9

Throughout this period, the social economy’s relation to citizenship was a complex one. On the one hand, the social economy was a response to severe limitations on citizenship. Industrial workers had no rights to be protected from the social risks of unemployment, sickness, poverty and death. Since they also lacked rights of industrial citizenship (i.e., representation within the workplace through unions and collective bargaining), they sought to develop their own forms of social provision, such as mutual societies and cooperatives.

On the other hand, other associative forms created by workers, namely trade unions and social democratic political parties, would succeed in widening citizenship through the extension of bargaining and representation rights within the workplace, and through the creation of government programs that socialized the risks of industrial society with the extension of social rights and the welfare state more generally. It is tempting to see mutual societies and cooperatives as “citizenship-building” in the sense that they prefigured elements of the welfare state that were to follow. In a sense, then, the social economy acted both as a means of mobilizing those excluded from citizenship to demand a widening of that citizenship, as well as a substitute for it, given the existing limitations of that citizenship. On the one hand was the demand for inclusion, while on the other was a utopian project of creating an alternative, based on decentralized and federated institutions that would replace both capitalist enterprise and the nation state.10

The success of reform-minded movements in both the workplace and the political realm vitiated the power of this radical project by turning attention to making economic gains in the workplace and policy gains through the ballot box. Rather than promoting another way of organizing economy and society, attention was turned to carving out an expanded

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8 This paragraph borrows material from Quarter, Canada’s Social Economy, Ch. 2.
citizenship within the existing order. At the same time, the success of many of the cooperative forms, such as farm marketing cooperatives or credit unions, also served to diminish their creativity. As they became established players in their field, they were increasingly drawn to adopt significant elements of the outlook and strategies of their profit-driven competitors. Democratic oversight and participation became more of a formality as the organizations recruited professionals to look after day-to-day operations, and to supply the technical expertise required to match their for-profit competitors.

**From the Second World War to the 1970s**

The social economy was pushed further to the margins after the Second World War. The state’s commitment to maintaining full employment, to expanding industrial citizenship through collective bargaining, and to recognizing citizens’ social rights by constructing the welfare state all served to sideline this sector. Organizations outside of the market and the state had much less reason to look after social provision or economic development since it fell to the state to undertake these tasks. These organizations also lacked the state’s capacity to generate universality in programming.

Contrary to conventional wisdom, the expansion of the welfare state did not crowd out associative activity. In fact, the decades after the Second World War linked the third sector and the government in a symbiotic relationship of expansion. Associative activity spurred state expansion, and also sprang up in reaction to new state initiatives.¹¹ For instance, charitable and voluntary organizations providing health and social services to particular clienteles (such as the disabled) demanded state action to meet the needs of their members. Where this action was forthcoming, organizations continued to perform advocacy and lobbying activities.

Meanwhile, the cooperative model was given new life in the form of housing and consumer cooperatives, which flourished starting in the late 1960s. Associative activity in the community sector slowly changed as the earlier emphasis on service provision and charity gave way to organizing that centred around mobilizing people, making demands on the state, and carrying an alternative ideology to capitalism. Where service provision activities persisted, these took on the form of autonomous services defined independently of state oversight.¹²

This period is particularly notable in terms of developing citizenship through engagement in direct action. These organizing activities validated social rights by expanding access to services, provided individuals with greater access to political power, and increased their sense of belonging, or at least their sense of political efficacy. Examples would include the creation of tenant’s rights and welfare rights organizations, or the community health clinic movement that would lead the Quebec government to respond by creating a

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province-wide network of community health and social services centres, the CLSCs
(Centres locales de services communautaires).

From the 1970s to the Present

The economic slow-down of the mid-to-late 1970s spelled the end of full employment in Canada, as jobless rates remained well above the 1945-1970 average, even at the end of prolonged economic expansions (such as those of the late 1980s or late 1990s). The welfare state likewise fell into crisis, under the combined assault of citizen dissatisfaction with bureaucratization and difficulties managing public finances (as high real interest rates reduced the ability of governments to carry debt).

The welfare state also fell prey to governments predisposed to restructured social programs that played down universal provision based on need in favour of targeted measures based strongly on encouraging (and even enforcing) labour market participation. These twin crises, of employment and of the welfare state, produced new forms of poverty and exclusion, as individuals could find themselves out of work for extended periods, as well as beyond the reach of a shrunken safety net.

The community sector also underwent a number of changes in the late 1970s and 1980s. The interest in political education and community action gave way to greater emphasis on providing services. This change in emphasis was aided by the interest shown by governments to create “partnerships” with third sector organizations. The idea for governments was to integrate these groups into a service delivery system that could pick up the slack as state services were trimmed back or downloaded.

This change had at least two important effects. First, service-provision demanded new skills, and gave rise to a growing sophistication in and professionalization of the sector. The professionalization of organizations in turn reduced the extent of participatory management and demobilized the active citizenry that often underpinned their creation. This tendency was and is reinforced by the incentive structure of governmental funding which supports service delivery roles but not advocacy and education functions.

In this context, groups became more dependent on state resources in order to maintain their services, and slowly moved into the orbit of existing state services.13 Second, the social economy moved from taking up projects that neither market nor state could perform effectively to replacing goods and services that had once been provided as public services by the state.

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These changes in the community sector, in combination with the de-industrialization of working-class neighbourhoods, the rise of unemployment, and cuts to the welfare state, set the stage for a new generation of social economy activities. The community sector was poised to move more firmly onto the economic terrain of local development and employability enhancement, in response to high rates of unemployment that crippled communities and left many workers on the scrap heap.

A whole panoply of new institutions and practices were created in response, ranging from collective kitchens to community restaurants, recycling firms, community loan associations (microcredit), and community economic development organizations. This partial enumeration of practices underlines the diversity of responses, but the common thread was to respond to exclusion from the labour market through innovative combinations of the economic and the social. A community restaurant, for instance, might provide a public space for social interaction, which the poor can afford. At the same time, work at the restaurant allows the excluded to develop their personal and employment capacities.

While these practices initially sprung up as isolated responses to economic dislocation, by the late 1980s and early 1990s, they were evolving into a consolidated and structured partnership with state funders. The emergence of the “social economy” as a hot topic of public debate since 1995 has placed the nature of this partnership under scrutiny. Some see this partnership as part of a neoliberal strategy, whereby social services currently provided by well-paid public servants are subcontracted to a social economy and provided by low-paid workers in precarious jobs. In the process, wealthy and middle-class individuals will likely opt for higher quality private social services, leaving the social economy as a cut-rate welfare state where the poor serve the poor. Here, the social income would serve to accentuate the differential access to citizenship rights based on wealth.

Others do not share this pessimistic vision, and instead believe the social economy may create linkages between the market, the state and the community in a consensus building effort. It is thus an exemplar of a new form of governance, where partnerships between the state and the community sector are employed to deliver social and economic policy. While this social economy is not a panacea, it plays an essential role in empowering communities and individuals left behind by the restructuring of the market and the state.¹⁴ These debates clearly raise the issue of whether the development of the social economy has consolidated and extended citizenship by reducing marginalization, or whether it has done exactly the opposite.

IV. The Social Economy: Building Citizenship?

Our historical sketch of the social economy suggests that the sector has contributed to the extension of citizenship, but in ways that were often indirect, unintended, or complementary to more significant influences. This section will turn its attention directly to the issue of the citizenship-building consequences of the social economy in Quebec, using the CPRN’s three-dimensional definition. CPRN defines citizenship as the “relationship between states and citizens,” and considers that it is comprised of the following elements:

- Rights and responsibilities, including rights to services
- Access to services, as well as to political power, and
- Feelings of belonging, especially to the national or civic community.

On each of these dimensions, citizenship can be seen to imply a commitment to equality. Citizens are deemed to have equal access to rights, political power, and the status of belonging. Where this equality is denied in practice, it frequently gives rise to demands that the promised equality of citizenship be fully extended.

We will consider each of these elements in turn. We will first outline the strongest arguments made for the enhancement of a particular dimension of citizenship, drawing especially on arguments made in the documents of the Quebec government. We will then briefly raise some considerations that temper the claims made for the social economy’s citizenship-building potential.

Rights and Responsibilities – From Rights to Services

One of the arguments frequently invoked in support of the social economy involves its ability to respond to new social needs. The Comité d’orientation et de concertation sur l’économie sociale, struck in response to the 1995 women’s march noted that “the objectives sought by the development of the social economy are the creation of stable and high-quality jobs and the development of goods and services of a collective utility which will respond to the social needs of the local and regional community through the use of the milieu’s resources.”15 A similar argument was advanced in the discussion document preceding the 1996-98 reform to the social assistance system. Here it was argued that “the social economy seeks to meet social needs expressed by the community, by offering goods and services while encouraging stable jobs protected by labour legislation.”16

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In contrast, a reflection group reporting to the Minister of Health and Social Services presented the social economy as helping maintain existing social rights in a period of welfare state cutbacks. Taking the view that the era of completely free services provided entirely by public service employees with favourable work conditions was now over, the group turned to the social economy as an alternative: “It is the difference between cutting State services and offering nothing in return, and cutting these services but at the same time offering an alternative which protects the essential elements of the populations’ quality of life.”17 This represents a slippage from viewing the social economy as a tool for meeting needs through new initiatives to proposing it as a replacement or substitute to existing public services.

All the preceding views share the idea that individuals should have access to services to meet needs related to living in situations of poverty and exclusion. The social economy is considered the best means for providing these services for several reasons. The view of “replacing existing services” exposes one reason why the social economy can increase rights to services while the state cannot – the expense. The Conseil du statut de la femme makes a similar point in noting that provision by the public sector would be costly, and that a social consensus to shoulder these costs is lacking.18

The question of affordability raises the issue of whether the savings are simply the result paying lower wages to those delivering the services. The argument from the various governmental reports is that the savings come from the characteristics of the sector, including greater responsiveness to users and more flexibility in identifying needs and tailoring activities to meet them. The costs and the inefficiencies arising from the bureaucratization of state services are thus avoided, such that the social economy ensures “a better use of the financial resources involved in state redistribution.”19 The ability to solicit contributions of voluntary labour, donations, and user fees also reduces the cost of service provision through social economy organizations. Finally, delivering services through the social economy can enhance the state’s flexibility, since it can withdraw from supporting particular services without having to buy-out employees or be left with redundant facilities.

At least two questions are nevertheless raised by these considerations. The first involves the meaning of rights. It has been argued that supporters of an expanded role for the social economy replace the idea of broad social rights as citizenship rights (which are then given meaning through a variety of specific services) with a much narrower conception of access to services based on needs.20

18 Conseil du statut de la femme, *L’économie sociale et les femmes: garder l’oeil ouvert* (Quebec: Conseil du statut de la femme, 1996), 12. At the same time, the Conseil notes that for-profit provision of these services is unworkable since they are either unprofitable, or must be priced in a manner that would impede universal access.
Social rights corresponded to a basic set of human needs and were seen as a *quid pro quo* for bearing the enduring and uncontrollable risks of living in society (unemployment, illness, disability, and so on). They were won by struggle, and were both universal and guaranteed. The narrower emphasis on services implies that access relies on the ability to provide them. As such, only those new needs that can be turned into a market for social economy firms seem to give rise to new rights.\(^{21}\) In other words, citizenship is limited to what *can* be provided by the social economy, rather than being based on what citizens *should* have as a right of citizenship.

Second, to what extent can one speak of “rights” to services if provision is reliant on local initiatives? For instance, can one claim to have a meaningful right to subsidized home care services when there are only about 100 firms province-wide? Filion’s research in community economic development also suggests that relying on local initiatives will tend to accentuate differences across space. Localities that already possess a strong community network have much greater success than those where the social fabric is weak or frayed. Similarly, wealthier localities can shoulder the user fees that may be required to manage certain services provided by the not-for-profit sector, while poorer localities may lack the necessary resources.\(^{22}\) As a result, to the extent that social economy activities build citizenship in terms of access to services, this citizenship may be highly localized, and highly unequal over space. This is contrary to the commitment to equality implied by the status of citizen.

The replacement of social rights by providing access to services, and the growing unevenness of such rights, are not inevitable. They can be avoided by a renewed state commitment to protecting broad social rights, and by committing significant public resources to reducing inequalities between communities. Such commitments, however, would place the social economy’s contribution to citizenship-building in a far more secondary role.

**Access to Political Power**

The arguments for access to political power take place on at least three levels: the organization, the locality, and the polity. At the level of the organizations themselves, it can be argued that these function as schools for democracy, with opportunities for participatory decision-making and informal learning. This dimension has received little attention in the government’s policy documents, and only slightly more in the academic literature. The definition commonly used in Quebec (see above) appears to take it for granted that organizations in the social economy follow democratic management principles and encourage participation. The Groupe de travail sur l’économie sociale,

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which prepared a report on the social economy’s job creation potential to the October
1996 Summit on the Economy and Employment noted that “basing itself on the
involvement of members of the community, [the social economy] contributes to the
democratization of society and to a more active citizenship.”

These claims are based on the premise that work relations in the sector are based on
democratic principles on two dimensions. First, the forms of management in the sector
are argued to be less hierarchical and more participatory. Second, unlike in the public
sector, both workers and users can participate in the elaboration of services and their
management, creating democratic forms of governance.

Despite these claims, it is difficult to argue that the social economy is inherently
democratic. The organizations within the sector provide spaces for democratic
experimentation, but one cannot say that a strong, permanent and successful democratic
tradition has been established. Fontan’s study of community economic development
corporations, for instance, did not reveal significant departures from traditional work
relations. Only two of the seven cases examined employed participatory management
practices. This is in keeping with our earlier comments about the effects of
professionalism. The extent of joint governance of workers and users is also highly
variable, as the institutions of the annual membership meeting and community
representation on boards of directors are blunt instruments. It is therefore more accurate
to say that the social economy has the potential to build democratic capacities through
participation, but that the realization of that potential depends on the context.

Our historical sketch suggests that an emphasis on service provision, particularly in a
context of partnerships with governments seeking to offload responsibilities, tends to
increase professionalization and make participation more formalistic. A recent
qualitative study of community organizations in Montréal comes to similar conclusions.
The shifting of service provision towards the community sector eroded grassroots
involvement, limited time for collective activities, increased the expertise needed to sit on
the boards of organizations, reduced advocacy activities, and constrained the ability to
participate in government consultations and forums.

The question of access to power transcends the context of individual community
organizations to pose the question of the influence of social economy firms at the local
and national levels. This involves looking at the social economy from a different angle,
namely its role in ensuring that the interests of the sector as a whole are represented and
advanced in local and provincial decision-making institutions. After all, community
action will exist only “as a palliative, a means of countering feelings of powerlessness

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23 Groupe de travail sur l’économie sociale, Osons la solidarité, 7.
24 Louis Favreau and Benoît Lévesque, Développement économique communautaire: Économie sociale
25 Jean-Marc Fontan, “Le développement économique communautaire québécois: éléments de synthèse
et point de vue critique,” Lien social et Politiques, No. 32 (1994), 121; Fontan and Shragge,
“Tendances, tensions and visions,” 7.
26 Regroupement intersectoriel des organismes communautaires de Montréal, Their balance leaves us off-
balance (Montréal: RIOCM, 1998), Ch. 7.
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and exclusion” if “local, regional and even national levels of action become increasingly powerless to take effective control of global economic determination.”

At the local level, there is the potential for increasing local capacities to plan and undertake social and economic development, either through community economic development organizations, or through bilateral negotiation and bargaining with the local government. The Quebec government’s new regional policy provides some openings along these lines by creating multi-stakeholder organizations at the local level. These Local Development Centres (CLDs) dispose of sums of money earmarked for the social economy, and provide representation to community organizations on their boards. It is perhaps too early to judge the performance of these new institutions. The president of the Chantier de l’économie sociale argues that they have provided collective solutions to questions of local development. There is also some evidence that representation has kept the issues of poverty and exclusion on the local development agenda.

At the level of Quebec as a whole, the ability of the women’s movement to place the social economy on the policy agenda has also widened access to policy-making circles. Again, the president of the Chantier de l’économie sociale argues that community actors are increasingly recognized as being full partners in Quebec’s economic and social development, placing Quebec ahead of all the OECD countries in terms of recognizing social group representatives as partners in economic development and job creation. The Chantier itself now pulls an important weight as it is seen to carry the demands of the community organizations supporting the social economy.

Despite these achievements in opening decision-making to representatives of the social economy sector, some pressing questions remain. First, to what extent do both the CLDs and involvement in Quebec-level policy networks provide citizens with access to power? The lines of popular accountability in this domain are vague or nonexistent. The boards of the CLDs are not accountable to the populations they serve, although they are chosen by electoral colleges drawn from the membership. The issues of which groups have access to Quebec-level policy networks, and which constituents they can legitimately claim to represent, are even less clearly specified.

Second, to what extent does participation in local or Quebec-wide planning give access to real power? Yvan Comeau and his colleagues, who are highly confident about the social economy.
economy’s potential, have expressed concern that unions and the associative sector lack sufficient representation in the CLDs to truly influence decisions about development. The result is that many of these Centres have focused on traditional local development initiatives and consider the social economy as something for the poor, and thus of peripheral interest.

A province-wide budgetary envelope of roughly $10M for social economy initiatives (spread out over more than 100 CLDs) does little to challenge these preconceptions.31 As well, the fact that the province sets the CLD’s mandates and funding greatly limits their potential to innovate. More broadly, although women’s organizations have gained some access to the state’s policy networks, there is considerable unease with the vision of the social economy adopted by the state, and the policies flowing from this vision. In other words, the ability to get a hearing has not translated into the impression of shaping policy development.32

**Feelings of Belonging, Especially to the National or Civic Community**

The social economy may help build belonging on both a symbolic and a substantive level. On the symbolic level, the Groupe de travail argued that “faced with the hard realities of misery and of exclusion,” the creators of social economy projects have “called upon solidarity and daring.”33 The growth of the social economy has also been explained as a response to “the need for identity and the need for a project to give meaning to living together.”34 The more substantive issues along these lines, however, are those of countering exclusion from employment and social participation.

It is here that one finds the centre of gravity in the government’s public policy agenda. The influential Ministry of Finance argues that “it is first of all for their specific contribution to the creation of jobs that are stable and which have a social finality that the government will support the social economy’s entrepreneurial approach and expansion.”35 There is a recurrent theme that the social economy can combat unemployment and exclusion. This holds for individuals, but also for communities, since the social economy is felt to empower communities to overcome their underdevelopment by mobilizing all their resources (including those outside of the market and the state), and by integrating

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33 Groupe de travail sur l’économie sociale, *Osons la solidarité*, 46 (our translation).


35 Ministère des Finances, Québec objectif emploi – Vers une économie d’avant-garde: Une stratégie de développement économique créatrice d’emplois (Quebec: Ministère des Finances, March 1998), 159-60 (our translation).
social and economic goals in innovative ways. These arguments nevertheless raise some questions. First, in terms of belonging, the shift to a service-provision footing can reduce the sector’s capacity to foster participation and involvement. Many community organizations were created by people and for people, and demanded a commitment from users to contribute to the organization’s ongoing functioning and development. Unintentionally, to the extent that individuals treat the services provided by these groups as a right (getting back to the first dimension of citizenship), they are less likely to recognize a reciprocal obligation. As such, the sector’s development along a service-provision angle is likely to foster professionalization rather than participation and belonging.

The uncertainty primarily relates to four possible impacts of the policies on the labour market. First, a key concern for many observers is the possibility of a displacement effect, where social economy firms undercut better paid and protected public sector jobs. In this view, the social economy acts as a downsizing policy that destroys as many jobs as it creates, since it simply substitutes state employment with community employment. The aggregate effect is to erode pay and working conditions in the sectors in which it operates, since the community sector jobs are generally less stable and less well paid.

This has a particular gender effect, as it is the public sector that threatens to be hardest hit, precisely where women have been most successful in making labour market gains. While a conclusive study has yet to be completed on this question, there are suggestions that public sector work that has been cut in the downsizing of health and social services has been replaced by social economy initiatives.

Second, it is not clear that the social economy offers an escape from a polarized society, given the low wages it offers. The Quebec government has argued that the minimum wage is an acceptable one for work in the sector, even if it guarantees an income below


37 Chantier de l’économie sociale, De nouveau, nous osons, 9.

38 See Regroupement intersectoriel des organismes communautaires de Montréal, Their balance leaves us off-balance, 120-122.

39 Diane Lamoureux, “La panacée de l’économie sociale: un placebo pour les femmes,” in Louise Boivin and Marc Fortier, L’économie sociale: L’avenir d’une illusion (Boucherville: Fides, 1998); Association féminine d’éducation et d’action sociale, Who Will be Responsible for Providing Care? The Impact of the Shift to Ambulatory Care and of Social Economy Policies on Quebec Women (Ottawa: Status of Women Canada, 1998). The Chantier de l’économie sociale contests these claims by noting that, in the job categories in CLSCs where a displacement effect is possible, the number of employees actually increased since 1992-1993 (De nouveau, nous osons, 14). Given that these years saw an ambulatory health reform seeking to enhance the role of CLSCs relative to hospitals, we believe a broader accounting of employment change is required to settle the question.
recognized low-income cut-offs. Even the women’s movement’s demand of $8.30 per hour provides a relatively stingy annual income of $15,000 per year (assuming permanent, full-year work at 35 hours per week). In practice, wages are slightly higher. A recent survey found an average production wage of $11.20 per hour for women and $10.73 per hour for men, although home care pay for both men and women sits at $8.70 per hour.\(^{40}\)

Moving people from the unemployment and social assistance rolls into low-paid work reduces welfare “dependency,” although wage subsidies and stipends to organizations taking placements cancel out savings to the public purse. It may also open lasting employment opportunities to some excluded individuals, although the Quebec experience shows that many social assistance recipients placed in community organizations are not retained once their placement ends.

At the same time, integration into the community sector does little to combat exclusion if the net result is to swell the ranks of the working poor. This is especially relevant if individuals remain trapped for extended periods at the low end of the labour market – as women often are.\(^{41}\)

There is also a third possibility of degrading the low end of the labour market, by creating a body of jobs that are not subject to the norms of conventional employment relationships, and which stigmatize their holders. In France, public policies using the social economy to insert the excluded into economic and social activities have caused a proliferation of atypical jobs and the institutionalization of a secondary labour market made up of internships, insertion measures, and personal services schemes. Youth participants in certain insertion measures have been shown to be more likely to be subsequently unemployed than non-participants.

There is a danger, however, that this situation may lead to a growing pool of excluded individuals stuck in the cycle of these low-paid measures, which in turn may reduce incentives to create more stable and institutionalized jobs in the social economy.\(^{42}\) Similar critiques have been made in Quebec, although recent policy initiatives dealing with the social economy have not emphasized the placement of social assistance recipients as the primary program goal.

Finally, the social economy will be hard pressed to increase social cohesion when the broader labour market trends are so dispiriting. The social economy’s relative share of economic activity and employment is very modest, and its impact is likely to be swamped by broader labour market trends. Quebec’s persistently high unemployment rates

\(^{40}\) Comeau et al., Emploi, économie sociale, développement local, 125-27.
(despite labour force participation rates below the Canadian average), its growing rates of nonstandard work, and widening inequality in the distribution of working time, all point to the dearth of good jobs. This lack of sustaining employment must rank as the major factor in Quebec’s high rates of poverty.\footnote{For details, see Quebec, \textit{Le Marché du Travail}, Vol. 19, No. 5 supplement, pp. 17, 22, 87-88; Statistics Canada, \textit{Labour Force Update} (Catalogue No. 71-005, Summer 1997), Table 25; and Statistics Canada, \textit{Incidence of Low Income Among Populations Living in Private Households} (http://www.statcan.ca/english/pgda/ people/families/famil60a.htm).}

While social economy initiatives provide a mild palliative by meeting the needs of those living under various forms of labour market exclusion or instability, and while such initiatives do manage to create some stable, quality jobs (without forgetting the data on pay noted above), the sector is too small to counteract these heavy tendencies. In the face of high unemployment and precarious work, the social economy is largely a band-aid solution to a problem requiring a concerted public policy response. The crises of work and of the welfare state touch all of society. A meaningful response must therefore be far reaching, rather than simply targeting those on the margins. There are a number of promising ideas along these lines that deserve serious debate, including the reduction of working time and the guaranteed annual income.
V. Conclusion

The social economy can make a number of beneficial contributions to the development of society. It can provide spaces for learning, for experimentation in democratic administration, for planning local economic and social development, and for mobilizing demands on the state. The organization of social and economic activity outside of the strictures of state and market can also serve to satisfy unmet needs in particular communities, and point to innovative strategies for countering unemployment and poverty. Under the right conditions, these elements contribute to building citizenship by enhancing political engagement, informal learning, sharing, and feelings of belonging.

When the social economy is asked to play a leading role in social provision, a number of pressures are introduced that undermine these citizenship-building elements. In these situations, there is a tendency to reduce educational and advocacy activities, and to shift from participatory practices to professional ones. The consolidation of social rights is also poorly served, since the local nature of service provision precludes the establishment of generalizable rights, and available services will likely vary widely between localities. The citizenship-building potential is vitiated in the process.

What this suggests is that it is not the social economy’s product that counts when it comes to citizenship, but the social and democratic experimentation that surrounds its production and its processes. As with the farmer and worker cooperatives of the 19th and early 20th century, the products may act as important and necessary palliatives to life’s pitfalls, particularly for those left unprotected at the margins of citizenship. But they do not in themselves widen the rights of citizens or their access to power.

In this light, envisioning social economy organizations as key service delivery agents under a new form of governance will have doubtful citizenship consequences. Community organizations may well increase their production, but at the expense of the citizenship-building activities of informal learning, organization and advocacy. If citizenship concerns the relationship between states and citizens, the social economy’s role in this respect does not involve delivering state-contracted services, so much as preparing citizens to demand expanded rights and greater access to power.
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