



SOCIAL ECONOMY

REFERENCE GUIDE



CHANTIER
DE L'ÉCONOMIE SOCIALE

This guide is a reference tool on the social economy. It was designed for people developing educational activities on the social economy to provide them with reference materials and tools that will help them master the concepts they will be presenting. The *Boîte à outils de sensibilisation à l'économie sociale pour les jeunes de 14 à 35 ans* [Social economy education toolbox for youth aged 14–35] contains examples of activities to complement this reference guide.

In 2006, the Chantier's youth committee and the Alliance de recherche université communauté – Économie sociale [University and community research alliance on the social economy, known by its French acronym ARUC-ES] developed and conducted a survey to examine the perceptions of Québec youth about the social economy. Over 500 young people took part in this consultation. Among the areas of consideration that emerged from the survey, we specifically noted the following needs:

- **Promotion:** develop information and promotional tools on the social economy.
- **Training:** present the participatory and democratic management model in training materials on entrepreneurship.
- **Consumption:** use responsible consumption as a “gateway” to the social economy because this issue has the potential to serve as a good introduction for youth to the social economy.

The Chantier de l'économie sociale responded, as part of its 2009–2014 youth action strategy, by creating a social economy toolkit for young people aged 14 to 35 and this reference guide.

The website

economiesocialejeunesse.ca

The **economiesocialejeunesse.ca** website is where you can find all of the electronic versions of the tools you will need to facilitate educational activities. The general goal of the site was to gather together reference materials, ideas, and resources on the social economy. They are addressed to youth, future entrepreneurs and social economy stakeholders. You'll find videos, inspiring examples, and a wealth of reference materials that you can use to develop your activities.

You can find the tools under the *Outils pour intervenants* [tools for facilitators] tab in the *Partager vos outils* [share your tools] section.

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de l'économie sociale.
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I. DEFINITION

The term social economy comprises two sometimes opposing terms:

Economy...

– refers to the production of goods and services, contributing to a net increase in the collective wealth.

Social...

– refers to the social benefits or viability of these activities, not just their economic profitability. These benefits are assessed in terms of their contribution to democratic development, support for civic involvement, and the promotion of values and initiatives that foster individual and collective empowerment. In other words, social viability is the improvement of the community's quality of life and well-being, especially through the delivery of more services. As is true of the traditional public and private sectors, social viability can also be measured through the job creation rate.

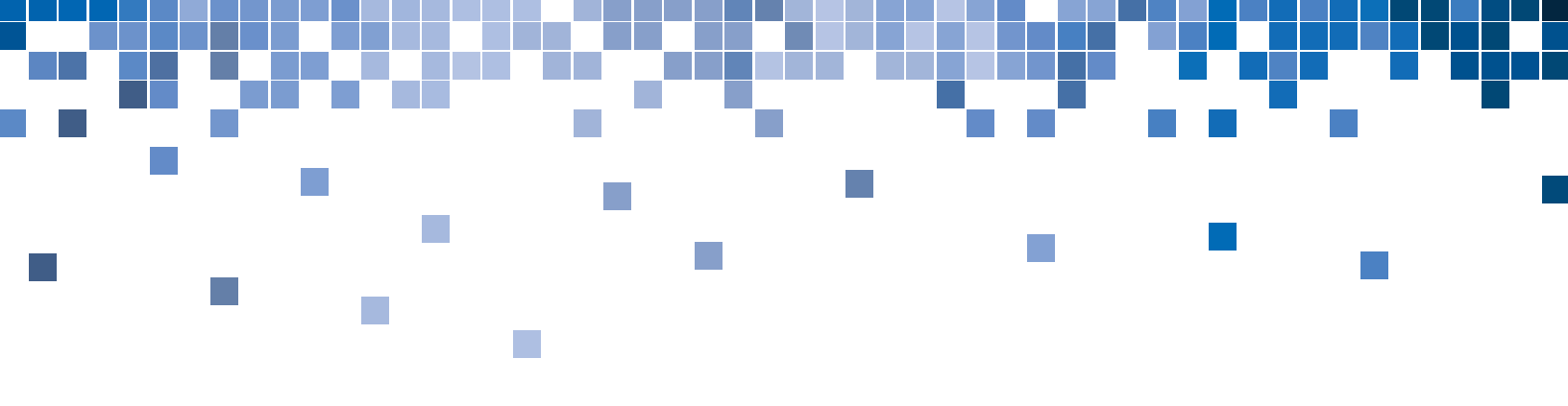
To simplify: the social economy is developed by enterprises that, rather than aiming for profits at any cost, are primarily interested in fulfilling a social mission while remaining economically viable. These enterprises are managed democratically and, as you will see in section VI, the range of social missions they fulfill is diverse.

Social economy enterprises are present in some 20 sectors.

Principles and operating rules of a social economy enterprise

Beyond their legal status, these enterprises are primarily guided by their principles and related operating rules. The five principles or operating rules of a social economy enterprise:

- 1** Primary aim is not to generate profit or financial returns, but rather to serve its members or the community. In practical terms, this means that the social mission is a social economy enterprise's reason for being. Nonetheless, as a business it must also meet certain economic objectives.
- 2** It is managed independently of government, which means that the government cannot interfere in the decisions of its board of directors or general meeting. Government and elected officials can support a social economy enterprise, but the enterprise must remain autonomous.
- 3** It uses a democratic decision-making process rooted in the basic principle of one person, one vote. In other words, power is not automatically in the hands of the richest individuals, or those who own the capital.



4 It upholds the primacy of people and work over capital in the distribution of profits and revenues. Making investors rich is not the goal. For example, if there is a surplus, it may be reinvested in the enterprise (enterprise development, job creation or consolidation, improvement of working conditions), or the community (support for local projects and social causes), or, in the case of some cooperatives, paid out as member dividends. It can also be kept in reserve for future expenses; for cooperatives, this is an obligation.

5 Its operation is based on the principles of participatory management, empowerment and individual and collective responsibility. This means that citizens can be collective actors for their own development.

In short, the social economy is made up enterprises, that, while selling a product or service, are responding to social needs (job creation, social/vocational integration, accessibility, environmental protection, civic engagement, etc.). These enterprises are managed by their members or the community. Finding a balance between achieving their social mission and meeting economic imperatives is the ongoing challenge of social economy enterprises!



II. SOCIAL ECONOMY ENTERPRISES TAKE DIFFERENT FORMS

Non-profit organizations

Operate with members, a general meeting, and a board of directors.

Not all non-profit organizations (NPOs) are social economy enterprises. To be considered a social economy enterprise, an NPO must conduct commercial activities such as selling a product or service.

Examples of NPOs that are social economy enterprises: childcare centres, integration enterprises, adapted enterprises, many of the festivals held in Québec, numerous cultural enterprises, etc.

You know that an NPO is a social economy enterprise if it conducts commercial activities. There has to be an entrepreneurial component in an organization for it to be called an enterprise. For instance, community groups dedicated to advocating people's rights are not social economy enterprises even though they are part of the social economy family.

What's the difference between a social economy enterprise and a community organization?

In its broadest sense, the social economy includes community organizations. When it comes to social economy enterprises, things get a little more specific. To be an enterprise, the activities must be of a market or commercial nature (generate revenues through sales).

There is no set limit in terms of the percentage of an organization's revenue that must come from market activities, so sometimes it is difficult to determine whether the organization can be considered a social economy enterprise. The concepts of market and entrepreneurship should, however, help to make this distinction.

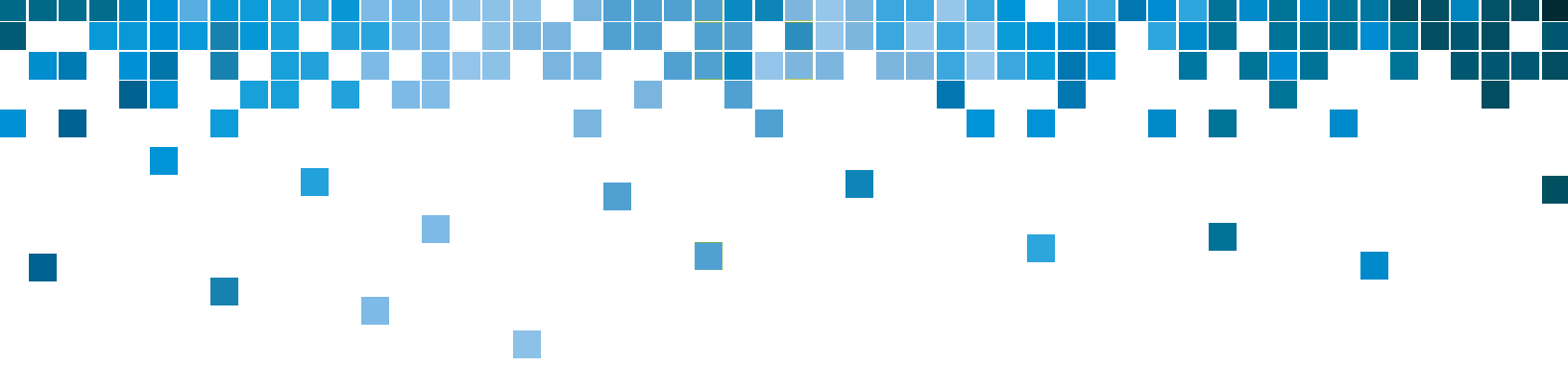
What can be considered market activities?

When an enterprise conducts market activities, it is selling products or services in a market. It has customers who buy their products or services. These customers may be individuals; but the government can also purchase the services these enterprises provide. For example, the government is the client of private enterprises that provide snow removal services to the public, and it is also the client of social economy enterprises that provide educational childcare services to the public (*Centres de la petite enfance* [childcare centres]).

Mutualist organizations

These organizations create solutions for and with their members in response to social needs expressed by their members.

In Québec, most mutualist organizations operate in the insurance sector and their members are policy-holders. These enterprises focus on social security, solidarity, and mutual aid, and they operate according to the terms set out in their by-laws. They contribute to the cultural, psychological,



intellectual, and physical development of their members and society in general, and enhance living conditions.

Mutualist organizations are also present in the training sector.

Cooperatives

1 User and consumer cooperatives

Members: those who use the cooperative's products or services for their personal use.

Aim: provide goods and services to their members.

Example: cooperatives in the education sector, where members are both students and staff who purchase educational materials.

2 Worker cooperatives

Members: the enterprise's workers. The by-laws may set out conditions (for instance, minimum duration of employment at the co-op) for new workers to become members and participate in the cooperative's decision-making process.

Aim: provide work to its members.

Examples: forestry cooperatives, artisanal breweries, bistro-café.

3 Producer cooperatives

Members: producers (or entrepreneurs) for whom the cooperative provides goods and services for their professional use.

Aim: these co-ops are frequently about sharing services.

Example: taxi drivers who share a dispatching service.

4 Solidarity cooperatives

Members: solidarity cooperatives can have many categories of members. They must represent at least two categories of members among the following: users of the cooperative's services (consumers or producers), workers and supporting members (individual or company with an interest in the cooperative's activities).

Aim: often connected with maintaining or improving quality of life.

Examples: home support enterprises, grocery or general store, seniors residence.

5 Worker/shareholder cooperatives

Members: employees of a joint-stock company who group together to acquire a certain number of shares in the company and eventually acquire the enterprise.

Aim: create or maintain jobs.

Example: a manufacturing enterprise in which employees hold a portion of the shares and administer it cooperatively.

Worker/shareholder cooperatives do not hold all the shares of the company employing their members. As such, they are not eligible for certain types of financing that are reserved to social economy enterprises, but the workers have access to the Cooperative Investment Plan (CIP), which provides tax benefits to investors who acquire shares issued by the cooperative.



III. THE SOCIAL ECONOMY: KEY PLAYER IN A PLURAL ECONOMY

The social economy functions alongside the public and private sector as part of a plural economy.

Relations among the three spheres are alternately cooperative and confrontational. Each sphere has its place, and together they provide a balanced approach for our society. Collective enterprises do not aspire to sole responsibility for economic development. But the significance of their role should be more fully acknowledged.

Each of these economic spheres is distinguished, among other things, by the aspect of enterprise ownership, and accordingly, revenue (wealth) redistribution.

Private economy (individual)...

An individual or group of individuals (shareholders) owns the enterprise and determines how profits will be redistributed. If the enterprise generates profits, the owners (or shareholders) are personally enriched. Decisions are made based on the interests of the owners or shareholders. Those who invest more money have more power when it comes to the enterprise's decision-making process.

Public economy (State)...

The State must provide services to the population (health, health, etc.) and develop social programs. It is responsible for distributing the wealth. It is also the owner of certain enterprises—public enterprises such as Hydro-Québec, whose directors it appoints. Profits generated by these enterprises are administered by the State and may be used to maintain other public services.

Social economy (collective)...

The enterprise (cooperative, mutualist organization, or non-profit organization) is collectively owned. The directors of a cooperative or NPO are elected (one person, one vote) by a general meeting of members. Profits are reinvested in the enterprise or used to benefit the community (wealth sharing).



Private and social economies collaborate

Communities have mobilized to create an enterprise as a way of preserving the vitality of their area. This is the case of a dairy in the Outaouais region. When the Laiterie Château closed in 2007, a relaunching committee was formed. They came up with an original formula for re-starting the dairy by creating two cooperatives. One is a consumers cooperative and the other is a worker/shareholder cooperative. Each cooperative holds nearly 13% of the dairy's shares. The rest of the shares are owned by three "regular" shareholders, including the dairy's executive director who owns 51% of the shares.

Public and social economies collaborate

Community housing involves many stakeholders: community housing stakeholders, including cooperatives, NPOs and their associations, technical resource groups (known by their French acronym GRT) and their association, and the Fonds québécois d'habitation communautaire. But the public sector (public housing societies and the government departments they report to, municipalities) are also significant actors in the development of community housing.¹

1 <http://www.aruc-es.uqam.ca/Portals/0/C-01-2011.pdf>, p. 17



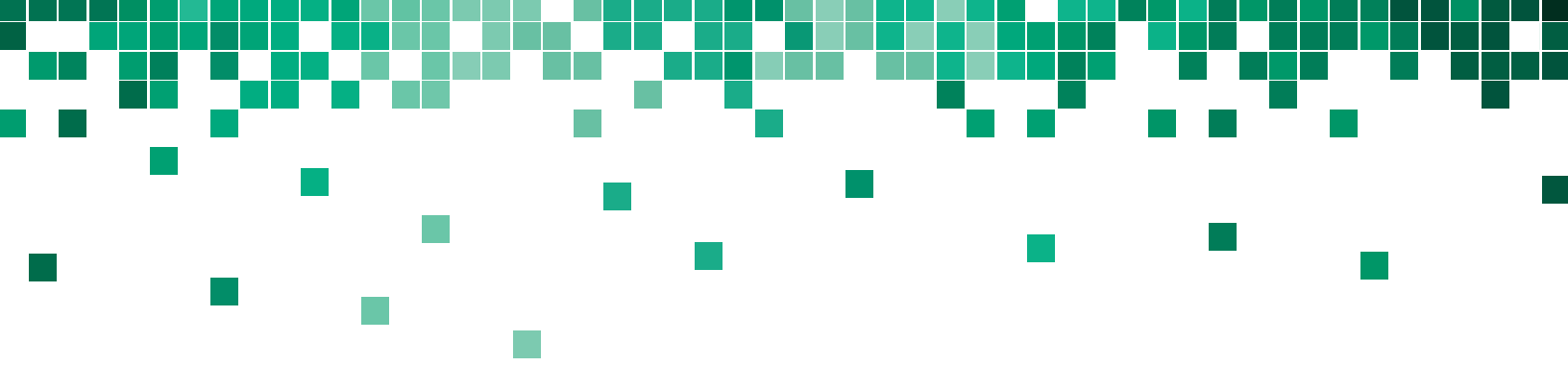
IV. THE HISTORY OF THE SOCIAL ECONOMY IN QUÉBEC

In Québec, the social economy can be traced back to the middle of the 18th century, with the creation of the first mutualist organizations (fraternal benefit societies) that provided assistance in the event of a death or other hardships and also offered their members psychological support and a social network. The first Desjardins credit union was founded in the early 19th century, in Lévis. In the same era, rural communities organized in response to the arrival of industrialization, creating the first forestry cooperatives in the regions of the Lower St. Lawrence River and Abitibi-Témiscamingue, fisher cooperatives in the Gaspé, agricultural cooperatives, etc.

In urban neighbourhoods during the 1960s and 1970s the first citizens' committees demanded and set up collectively run community centres, community clinics, and legal aid clinics. The first neighbourhood daycare centres were also created, emerging from the collective organizing of parents who were demanding quality and accessible childcare services. Rural communities also mobilized and developed Opérations Dignité and the Coopérative de développement du JAL (Saint-Juste, Auclair and Lejeune) to protest the closing of villages. Thanks to collective mobilizing and empowerment, they prevailed.

The 1970 and 1980s saw the creation of family economy cooperative associations (ACEF), housing committees, housing cooperatives, popular education and literacy groups, etc. These organizations demanded to be recognized by the State while maintaining their autonomy. The 1980s and 1990s saw the creation of women's groups, youth groups, community development corporations, community economic development corporations, regional development cooperatives, employability development groups, integration enterprises, loan circles, and regional and local investment funds.

In the second half of the 1990s, two seminal events had a considerable influence on political, social, and economic life in Québec, and as a result, set the tone and approach for the social economy of the 21st century: *the Women's March Against Poverty*, known as *Du pain et des roses*, [Bread and roses] in 1995, and *Summit Conference on the Economy and Employment* in 1996.



One of the demands of the women's march concerned the social economy, specifically the social infrastructure. Women demanded financing for jobs in the community sector, particularly women's jobs, making the analogy with the federal infrastructure program that financed renovation projects and building construction. The Québec government responded by setting up regional social economy committees in every region of Québec. Ten years later, these committees had become the Regional Poles of the Social Economy. Meanwhile, a Québec-wide social economy steering committee was formed. This committee was composed of representatives from the women's movement and various government departments who had been mandated to make recommendations concerning the social economy. At the time, many people associated the social economy with employment integration for marginalized individuals. This was also the perspective of the committee's report, entitled *Entre l'espoir et le doute* [Between hope and doubt], tabled in 1996.

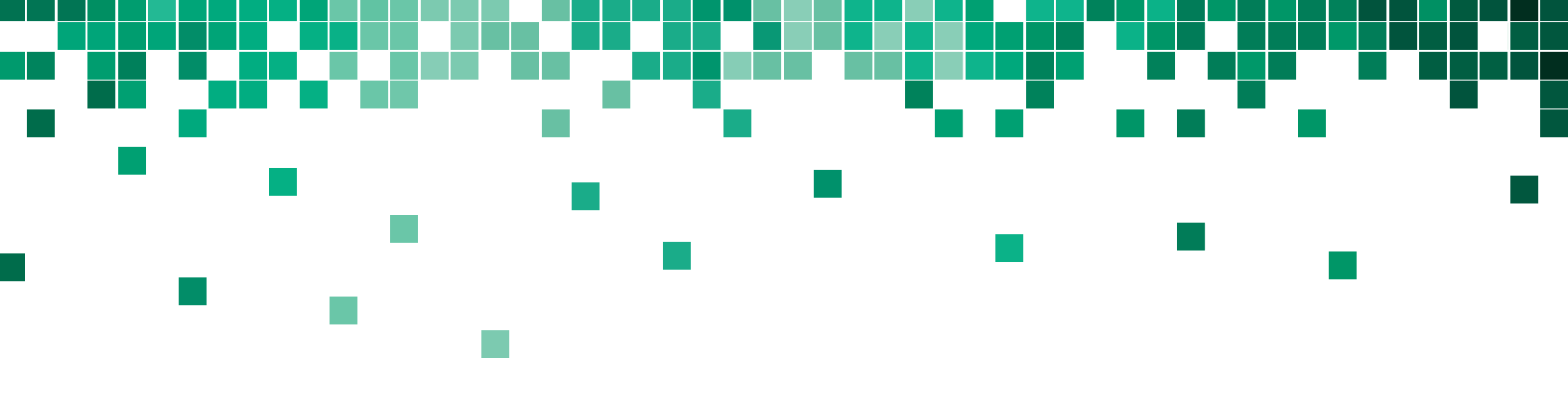
In March 1996, Lucien Bouchard, then premier of Québec, convened a Québec-wide conference on social and economic affairs, the first ever held in Québec. At the table were representatives of the community movement, employability organizations, and the women's movement. This conference was the initial step toward a summit conference on the economy and employment, which was held in October of the same year. The government had two objectives: a zero deficit and job creation. To achieve these objectives, they set up working groups, including a social economy working group. These developments were the backdrop for the mobilization of networks of collective enterprises, local and regional development agencies, and

diverse social movements that came together to formulate an ambitious action plan. The aim of this plan was to create jobs and respond to social, environmental, and cultural needs by means of the social and solidarity economy.

Six months later, at the Summit Conference on the Economy and Employment, attended by representatives of government, the principal social and community movements, private enterprise and high finance, the social economy working group submitted its report, *Osons la solidarité!* [Daring solidarity]. The definition of social economy and the development model proposed by the working group received unanimous agreement. From then on, the social economy was no longer exclusively associated with integration.

The Québec government had recognized the importance of civil society participation in economic development through both collective projects (recognition of the social economy as such) and its active role in defining public policy.

After the 1996 summit conference, the government passed a number of public policies to enable the development of projects that had been proposed at the conference. Over 1,000 new enterprises and 20,000 new jobs were created in a wave of new services across Québec.



In 1997, the government of Québec created the *Politique de soutien au développement local et régional* [Policy to support local and regional development] to provide a framework for the creation of local development centres (CLD) throughout Québec. CLDs were given broad mandates to support socioeconomic development in their territories. Every CLD Board had to include, not only elected representatives and business people, but also individuals from the labour, community, and social economy movements. In accordance with the recommendation of the social economy working group, one of the missions of the CLDs was to support the development of social economy enterprises. Dedicated funds (Fonds de développement des entreprises d'économie sociale) were reserved to support this work. In urban areas, the Corporations de développement économique communautaire (CDEC) were given the job of developing the social economy, and in the case of Montréal CDECs, all of the responsibilities normally attributed to the CLDs. Today, CLDs no longer have to administer funds dedicated to social economy enterprises, but they must still support the development of the social economy in their territory. As a result, many of them decided to maintain the dedicated funds.

In 2013, the National Assembly unanimously adopted a Law on the Social Economy which recognizes and regulates the social economy in Québec and sets up a permanent dialogue space with the government in order to facilitate the development of new public policies in its favour.

Short History of the Chantier de l'économie sociale

The Chantier came into being in the wake of the 1996 Summit Conference on the Economy and Employment. At the close of the summit, the government gave the social economy working group a two-year mandate to:

- Complete the 25 projects mentioned in *Osons la solidarité!*;
- Promote its role and the potential of the social economy
- Help implement the public policies and measures required for its development.

The Chantier de l'économie sociale emerged from this activity, and was incorporated in February 1997.

In 1998, after conducting a broad consultation of stakeholders and partners across Québec, the Chantier's policy committee decided to make the organization a permanent structure. The Chantier de l'économie sociale ratified its status as an independent non-profit corporation at its founding general meeting in April 1999.



V. PORTRAIT OF THE SOCIAL ECONOMY IN QUÉBEC

Social economy enterprises, large and small, are active in roughly 20 sectors

- Agri-food
- Art/culture
- Retail trade
- Environment
- Solidarity finance
- Collective real estate
- Collective infrastructures
- Recreation and tourism
- Manufacturing
- Media and communications
- Early childhood
- Research
- Representation and consultation
- Natural resources
- Health
- Business services
- Personal services
- ICT
- Transport

Statistics²

- Over 7,000 social economy enterprises
- 125,000 employees
- Over \$17 billion in sales
- 7–8% of Québec's GDP
- GDP surpassing that of the construction industry

2 We have no official statistics for non-profit organizations.



Benefits

Social benefits are difficult to quantify, but they are omnipresent in the social economy. As for economic benefits, they have not all been measured, but we do have some data. Studies have shown that government investments have benefited integration enterprises and adapted enterprises. Researchers have calculated the sums invested by different levels of government in these types of enterprises: the money they have generated and the findings speak for themselves.

Adapted enterprises are a major boon for governments. Studies have shown that these enterprises generate net benefits assessed at \$8.1 million per year for both levels of government (this figure was arrived at by calculating government tax revenues plus savings on social assistance, minus the subsidies paid to the enterprises).³

The economic impacts of integration enterprises are just as impressive. A study conducted in 2011 shows that in 21 years, integration enterprises have generated total savings of nearly \$100 for the federal and provincial governments million, thereby generating a surplus of close to \$60 million. It is also noteworthy that it takes only 29 months for both levels of government to recover the funds they injected into these enterprises.⁴

Type of enterprise	Accrued gains for provincial and federal governments
Adapted	\$8.1 million annually
Integration	Nearly \$2.9 million annually

3 Fortin, P. and M. Van Audenrode, *Les entreprises adaptées : une aubaine économique et sociale pour le Québec*. February 2006.
4 Comeau, M. *Étude d'impacts socio-économiques des entreprises d'insertion du Québec*. February 2011.

VI. A VARIETY OF MISSIONS

Social economy enterprises have different types of missions, reflecting the needs and aspirations of their communities.

Proponents of the social economy seek to make a difference and derive a sense of meaning from their work. A group of individuals will see a need and work together on a collective enterprise whose mission will be to answer that need. In doing so, they contribute to the development of their community, and gain recognition for their skills.

Missions of social economy enterprises:

1 Create jobs

These jobs may be...

- a. Created for specific groups. Individuals who are not traditionally active in the labour market can find work in integration enterprises. These enterprises enable individuals to gain work experience while benefiting from close supervision and adapted training for a period of approximately six months. Afterwards, they are ready to hold another job or go back to school.

Integration enterprises operate in a variety of industries (restaurants and catering, woodworking, metal work, dress-making, etc.) and provide support to diverse clienteles (school drop-outs, immigrant women, people suffering from addictions, etc.). For some, the integration process is their first positive experience, the first time they feel a sense of self-worth. There are 47 integration enterprises that create 870 full-time jobs and more than 3,000 integration positions.

Adapted enterprises are businesses that adapt their equipment and work methods with a view to hiring individuals with physical, intellectual, or mental health challenges. There are 45 adapted enterprises that create 4,500 full-time jobs, 3,500 of which are for people with disabilities.⁵

- b. Qualified, in other words, require a degree (educator in a licensed childcare centre, forestry engineer in a forestry cooperative, architect in a housing technical resources group, etc.)
- c. For members of the enterprise, in the case of worker cooperatives and solidarity cooperatives with members who are employees.

⁵ Contact details for the Collectif des entreprises d'insertion and the Conseil québécois des entreprises adaptées can be found in the resource section at the end of this guide.



2 Make a product or service accessible to all, regardless of income

This principle does not imply that these products and services are designed solely for low-income individuals, and certainly not that they are of inferior quality. Everyone, regardless of their income, can do business with social economy enterprises. For instance, home support enterprises provide home support services primarily for the elderly to help them remain in their homes rather than move into a facility that provides these services. Their rates vary in accordance with different criteria, including the user's income. Family camps democratize people's access to holidays by enabling families of all socioeconomic backgrounds to get away for a vacation. It's like going to summer camp, but with the whole family! Here too, rates may be adjusted for low-income families.

4 Revitalize a neighbourhood or rural community

Spaces where community members can get together, talk, develop a sense of belonging, and participate in activities are crucial to the vitality of a neighbourhood, a village or a city. Many people have understood the importance of such spaces and have joined together to create cafés that are also cultural spaces where people to meet, have fun and enjoy art, music and other forms of artistic expression.

3 Counter the exodus to urban centres by preserving local services

In rural communities, food and multiservice cooperatives are sometimes the only sources of essential goods within a radius of several dozen kilometres. Why? The answer: no private entrepreneur would consider a village of only a few hundred inhabitants a large enough market. Still, everyone there wants to be able to buy milk and other basic necessities without having to travel 30 kilometres. As a result, community members get together to create a cooperative that will make the service both accessible and economically viable, without necessarily generating a profit. There is a guide that sets out the conditions for the success of such cooperatives.

5 Value local culture

There are over 400 local and regional festivals in Québec. They offer inhabitants a chance to gather together and showcase the culture specific to their region. There are also several hundred performance spaces, theatrical or dance troupes, artist workshops, and spaces where residents can meet and get to know each other.



6 Protect the environment

Waste sorting and recovery centres sell used and reconditioned goods. By giving such items a second life, these enterprises help to reduce the amount of waste buried in landfills, which is very beneficial to the environment. Other enterprises offer environmental management services for events. In fact, social economy enterprises were responsible for setting up the waste management market, a market that is now attracting private enterprise.

8 Enable civic participation

Community media provide not only a means for expression, but also access to information other than that broadcast by the mass media. In this way, they contribute to democratic life and foster a sense of belonging in the people of their communities.

7 Ensure that money-generating activities produce collective benefits

Historically, funeral businesses in Québec were family-owned, with the business passed down from one generation to the next. In the mid-1990s, many of them were confronted with the problem of succession. Sensing a good business opportunity, American multinationals bought up many of them, upsetting those who did not want death to be a source of personal enrichment for entrepreneurs focused on profits. The Fédération des coopératives funéraires intervened to preserve Québec's heritage by preventing the commodification of funeral rituals and curbing rate increases. It also succeeded in financing the acquisition of enterprises with no succession to transform them into cooperatives.

Housing cooperatives and NPOs make it possible to acquire resources collectively in order to develop affordable living solutions.

Why the social economy?

When you start up a social economy enterprise, you are making the choice of collective entrepreneurship to achieve a social mission. The range of missions clearly illustrates that social economy enterprises are not simply filling the gap in markets abandoned by private enterprises and public agencies. Some

operate in markets that are also appealing to private entrepreneurs. They may also emerge to enable the expression of local concerns and provide an option other than the standardized government model of products and services. Or, they may be created to provide services to complement those provided by the government.



VII. SOCIAL ECONOMY OR SOCIAL ENTREPRENEURSHIP

Social economy enterprises are not the only businesses with a social mission. But there are fundamental differences between the social economy and social entrepreneurship.

Social economy enterprises are always **collectively** operated. Their operation is necessarily democratic and they are **inalienable** (cannot be sold), which is not true of all social enterprises. An individual entrepreneur for whom social values are important may decide to give her or his enterprise a social mission, however the mission is not rooted in a collective action of empowerment in response to an identified need. If the owner sells the business, the social mission could be abandoned, because it was not defended by a group and based on the participation of many individuals. Similarly, in the absence of a democratic structure—in other words, without a group of people with differing perspectives who take part in the decisions—it is less likely that these decisions will truly reflect the identified collective needs.

In social economy enterprises, the social mission is grounded in a structure and internal rules; it does not depend on one individual's interests.

■ **Collective enterprises...**

These enterprises cannot be created by a single person and decisions may not be made by a single individual. The initial idea may have come from one person, but the idea must then be developed in the group and supported by many individuals who group together to provide themselves or their community with products and services. The enterprise functions with a democratic structure in which a variety of individuals are involved in decision-making. Everyone has a vote, regardless of their monetary investment in the enterprise.

■ **Inalienable enterprises...**

In contrast to private enterprises, social economy enterprises cannot be moved or sold; they are inalienable. They don't seek short-term profits and will not close their doors at the first financial setback. Furthermore, they won't set up somewhere else to take advantage of a cheaper workforce.



VIII. ANTI-POVERTY WORK

Social economy enterprises participate in the anti-poverty struggle.

What they don't do...

- Not all of them have the specific objective of combating poverty, as shown by the diversity of their missions. It is a myth that they work exclusively with low-income citizens. Every member of society, regardless of their income, can be committed to the development of a democratic economy and make consumer, career, and lifestyle choices that encourage the social economy.
- They do not have a monopoly on combating poverty: this should be everyone's concern. While it's normal that the social economy be concerned with fighting poverty, this is a responsibility society as a whole must share, and as such, the government and private sector have just as much responsibility as the social economy.
- They are not charity groups. Social objectives, rather than a generous impulse, are the driving force of social economy enterprises.

- They do not support the disengagement of government. Their activities are not meant to replace the role of the government, which is responsible for implementing social programs and redistributing the wealth.
- It is not their role to manage the exclusion generated by neoliberalism. It is rather to change the economic model in a way that positions the economy at the service of people, not the other way around.

What they do...

- Some social economy enterprises have dedicated themselves to fighting poverty.
- They make products and services accessible to low-income people, but not exclusively to this group.
- They create jobs, notably for people who have difficulty obtaining employment, but not only for them.
- Social economy enterprises work together to come up with solutions to emerging needs, and press for the development of public policies that are adapted to these needs.



IX. LUCRATIVE MARKETS, COMPETITION AND SUBSIDIES

Some social economy enterprises operate in markets that are also appealing to private enterprises. The social economy is not restricted to abandoned sectors. Why should these enterprises step aside, leaving attractive business opportunities to the private sector?

There is no particular economic sector dominated by social economy enterprises. They have a large presence in the service sector, but they can also be found in the manufacturing, primary, and other sectors.

Competition, subsidies, and purchases of services

Some people accuse social economy enterprises of unfair competition, mistakenly believing they receive grants to help them compete against private enterprises.

Here's the reality:

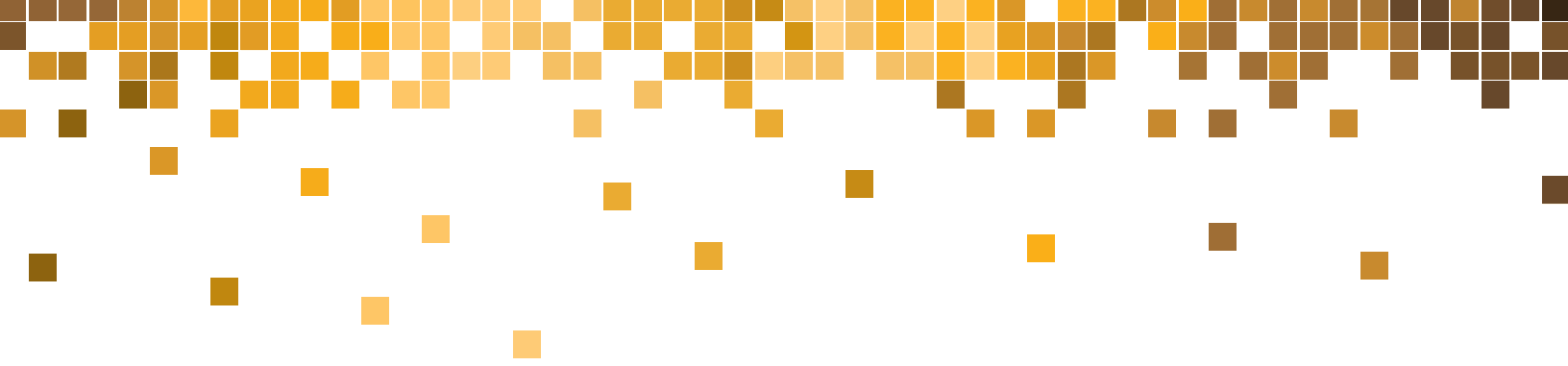
- Private enterprises are also entitled to subsidies and government programs of all kinds.

A comparative accounting of subsidies and tax benefits is not available for Québec. If it were, perhaps we would learn that private enterprises receive more assistance than is generally assumed.

- In many cases, the grants received by social economy enterprises are one-time subsidies; they are not recurrent and are usually small sums used to help start up a new project.
- In some cases, financial support is tied to job integration of marginalized individuals.

Often, financial assistance is attributed in the form of salary grants. This form of assistance is designed to compensate for the reduced productivity linked to hiring people who have difficulty finding employment (individuals with disabilities or in the integration process). These people are rarely hired by private enterprises. If they did hire them, they would receive the same financial assistance as social economy enterprises.

- In other cases, enterprises do receive recurrent funding, but in the form of purchases of services, not grants.



There are some sectors of activity in which the government provides annual funding to partially fund the services provided by social economy enterprises. For example, the government partially funds the services provided by childcare centres to ensure public access to childcare services. But keep in mind that the government also purchases childcare services provided by hundreds of private daycares where parents pay the same rates as those charged by childcare centres. These daycares are thus receiving government assistance even though they are not democratically run and their profits, rather than serving the community, are being pocketed by the owners!

When a social economy enterprise receives assistance of any kind, it is for the benefit of the group, not for a single individual or shareholders. Furthermore, social economy enterprises have to report on their activities regularly and open their books to their funders.



X.THE SOCIAL ECONOMY: A RESPONSIBLE CONSUMER CHOICE

Responsible consumption essentially means fostering the common good through individual consumer choices.

They can take different forms:

- Reducing individual consumption
- Recycling
- Composting
- Local consumption
- Socially responsible consumption (e.g., consuming products and services produced by the social economy)
- Environmental protection
- Sustainable transportation
- Etc.

Purchasing social economy products and services is just one of the practices of responsible consumption. Why? Because of the democratic process and equitable redistribution of revenue that is the hallmark of social economy enterprises.



XI. THE SOCIAL ECONOMY: A SUSTAINABLE DEVELOPMENT CHOICE

The classic definition of sustainable development: a balance of social equity, environmental protection, and economic efficiency.

Sustainable development meets current needs without compromising the capacity of future generations to meet theirs.⁶ Also, since 1992, voices in many quarters have been raised, pressing for culture to be seen as the fourth pillar of sustainable development. In Québec, a broad range of stakeholders have acknowledged culture's contribution to local and regional development, moving us one step further toward integrating it into the notion of sustainable development.

Social economy enterprises are not focussed on maximum returns; their objectives are long term. So it is natural that their activities and strategies are guided by a perspective of sustainable development.

Fundamentally, their structure incorporates two components of sustainable development: social and economic.

Many social economy enterprises are specifically dedicated to environmental protection and all businesses are increasingly concerned about the environment. Here are two examples:

Funeral Cooperatives

Funeral cooperatives in Québec have adopted a sustainable development policy that promotes the integration of personalized sustainable development policies in each cooperative. For instance, cooperatives provide viewings in the home, recycle flowers into compost, plant trees to compensate for greenhouse gas emissions, offer biodegradable urns and caskets, and use rainwater to wash hearses.

Childcare Centres

Childcare centres are very active in the area of sustainable development. In 2010, for example, they conducted Québec's first pilot project to introduce washable diapers, diverting 3,100 disposable diapers from the landfill.⁷

⁶ Brundtland Report, 1987.

⁷ http://www.langebleu.org/index.php?option=com_content&view=article&id=9&Itemid=8&lang=fr



XII. THE SOCIAL ECONOMY: QUÉBÉCOIS INVENTION OR PLANETARY MOVEMENT?

It's called social economy, solidarity economy, and popular economy. No matter what you call it, across the planet people have constructed people-centred economies.

Its existence around the planet is unmistakable at a multitude of international events such as the World Social Forum and sustainable development conferences. Social economy stakeholders at these gatherings have shown that the neoliberal economic model is not all there is, and that globalization can be driven by the principle of solidarity.

In October 2011, over 1,600 people from 62 countries came to Montréal to discuss the social economy, in particular, the need for collaboration between government and social economy stakeholders to draft supportive public policy. The presence of government representatives from many countries testified to the fact that many states are recognizing the need to create the conditions that will foster collective entrepreneurship. This international forum demonstrated the importance of the social economy internationally and enabled the building of alliances to reinforce its development. It highlighted the existence of an international movement of social and solidarity economies.

More evidence of the importance accorded to these kinds of collective enterprises: the United Nations proclaimed 2012 as *International Year of Cooperatives*.

In September 2013 a UN Inter-Agency Task Force on Social and Solidarity Economy was created, bringing together almost twenty agencies of the United Nations. This inter-agency partnership aims to assist countries, mobilize political will and increase momentum to make the social and solidarity economy a standard part of international and national policy frameworks.

Links

International links reinforce our conviction of the relevance and reach of collective enterprises. They also provide us with inspiration from the practices of others, help us to create more appropriate tools, and foster a growing recognition of the social economy, particularly on the part of governments.



A real life example

Young people from Québec's Indian Friendship Centres have been going to Mexico to visit social economy enterprises since 2010. More specifically, they visit Chiapas, a region with a large indigenous population. The youth learn that the social economy meets clearly identified needs and encourages democratic practices. They learn more about Aboriginal entrepreneurship, its founding principles, and its operation in the form of collective enterprises. They learn about the impacts of globalization on Aboriginal peoples in the Americas. They also see the impact they can have on this situation by playing an active role in the development of their own communities. In addition, they form ties with Aboriginal people of another culture and with Mexican stakeholders. This opens up possibilities for partnerships between Québec and Chiapas in the area of awareness-raising with regard to Aboriginal entrepreneurial culture.

Practically speaking, these trips have resulted in Aboriginal youth becoming involved in collective entrepreneurship projects, such as the Minimak project, run by the Centre Inter-Bande des jeunes in Montréal. This is a stone sculpture project aimed at encouraging the talents, creativity, and traditional knowledge development of Aboriginal youth. The project also seeks to develop qualities such as commitment, respect, and a sense of responsibility through artistic expression. The Boutique Munian presents works created by youth and sculptures created by their elders and other community members. The objective is to transform the project into a cooperative, run by the young members of the Centre Inter-Bande, that would become a permanent institution.



XIII. CHALLENGES AND ISSUES

The first challenge of many social economy enterprises is to balance their economic objectives, which are essential to their survival, with their social objectives, which are their reason for existing. Achieving this balance is, in fact, an ongoing challenge.

Generally speaking, there are a number of challenges and issues when it comes to developing the social economy in Québec. At the moment, the most pressing issues appear to be:

Incorporating environmental concerns into all sectors

The environment is the primary focus of some social economy enterprises. All collective enterprises, however, no matter the sector, should adopt environmentally-friendly practices.

Taking advantage of opportunities linked to the development of a “green” economy

Social economy enterprises must position themselves to take advantage of opportunities linked to the development of non-polluting energy, green transportation methods, and other possibilities connected with the green economy.

Positioning with respect to private enterprises

Some social economy enterprises operate in financially rewarding industries. Private enterprises are not the only ones entitled to these markets. To occupy a share of a market that is appealing to private enterprise, they must organize themselves and ensure they have access to tools similar to those from which private enterprises benefit.

Entrepreneurs and succession planning

Québec is faced with a shortage of entrepreneurs to take over from the great number of small business owners who will be retiring in the next few years. With the prospect of this wave of retirements looming, there is a real buzz around the issue of succession and an abundance of consultants/coaches eager to support these processes. However, there has been little interest in considering collective enterprises as one of the succession options. Social economy stakeholders need to demonstrate the importance of considering this solution as a means to preserve jobs and economic activity across Québec.

Workforce succession

As with entrepreneurial succession, social economy enterprises must also consider how to recruit new employees and preserve their workforce. To this end, they need to be able to provide good working conditions.



Integration of diverse groups

Social economy enterprises seek to integrate diverse groups that can help ensure entrepreneurial succession. Among these groups are youth, Aboriginal people, and recent immigrants. With regard to Aboriginal people, increasing interest is being manifested in the creation of collective enterprises as a way to assert control of their development.

Promotion of the social economy as an avenue of development that goes beyond poverty reduction

The social economy makes a major contribution to reducing poverty. It should not be viewed, however, as a second-class economy addressed exclusively to low-income people, with private enterprise serving those who are better off.

Positioning of the social economy as a model for a more solidarity-based development

The social economy should be considered as a development model rather than as a way to minimize the problems caused by capitalist development. If we can recognize its full potential and provide it with the means it needs to develop, we may be able to avoid future economic and financial crises such as those of the mid-2000s.

Production of accurate statistics

To properly assess the importance and the impact of social economy enterprises, official and accurate statistics must be produced.



CONCLUSION: CHANGE THE WORLD THROUGH A DEMOCRATIC ECONOMY

The social economy responds to collective needs, but it also highlights collective aspirations.

Individuals who decide to create a social economy enterprise may be motivated by the desire to meet a need, but they may also be motivated by aspirations for a fairer and more democratic society with which they can identify and in which they can express themselves. The social economy also enables people to innovate and try out new ways of making development more people-centred.

Of course, not every group of promoters, board member, group member, employee, and user of social economy enterprises is intent on changing the parameters of economic development. Sometimes, it's just about a particular need or activity. But through their involvement in the social economy, all these people are demonstrating that a democratic and inclusive economy exists, is viable, and generates real benefits.

As they become more aware of the social economy, more and more people are discovering its value. Growing numbers of users, workers, board members, and promoters are consciously choosing the social economy and supporting a transformation of the development model. This is even more obvious when economic crises erupt. These crises teach us that the neoliberal model based on speculation and capital accumulation by a tiny fraction of the population causes great harm and impoverishes entire societies.



SOCIAL ECONOMY RESOURCES

Development assistance agencies provide coaching and technical services such as support for drafting a business plan, finding the most appropriate type of financing, entrepreneurship training, etc.

For social economy enterprises and promoters:

- Centres locaux de développement (CLD)
- Coopératives de développement régional (CDR)
- Sociétés d'aide au développement des collectivités (SADC)
- Corporations de développement communautaire (CDC)
- Community loan funds
- Carrefours jeunesse emploi (CJE)
- Centres locaux d'emploi (CLE)
- Regroupements sectoriels en économie sociale [sector-based social economy associations]

For social housing and collective real estate (association of community groups and social economy enterprises under one roof):

- Groupe de ressources techniques [housing technical resources group] (GRT)

Social economy development coordinating bodies


Québec-wide

For representation and development

www.chantier.qc.ca

The Chantier de l'économie sociale is an independent organization mainly dedicated to promoting and developing the social economy in Québec. A non-profit corporation, the Chantier is composed of promoters of social economy enterprises (cooperatives and non-profit organizations) operating in multiple sectors (environment, local services, communications, recreation, housing, natural resources, child/family, training, financing, culture, etc.), representatives of Québec-wide social movements, and local and regional development stakeholders from every region in Québec.

The mission of the Chantier de l'économie sociale is to promote the social economy as an integral part of Québec's plural economy, and, in so doing, to participate in the democratization of the economy as well as in the emergence of this model of development based on the values of solidarity, equity and transparency.



The main activities of the Chantier de l'économie sociale are:

- Working with social economy stakeholders and partners at the regional and Québec-wide levels
- Promoting the social economy as a vector of social and economic change
- Creating the conditions and tools conducive to the consolidation, the experimentation, and the development of new niches and projects
- Participating in the construction of alliances with other socio-economic stakeholders and community action groups that support this development model, including at the international level

Over the years, the Chantier has developed tools to support the development of social economy enterprises. Among these are the Réseau d'investissement social du Québec (RISQ) and the Chantier de l'économie sociale Trust, both of which are presented in the section on financial tools. The Chantier also created Commerce solidaire Québec, a marketing tool designed for the use of collective enterprises and local development. It is a transactional platform that allows social economy enterprises to market their products and services. This new instrument, initiated and supported by the Chantier de l'économie sociale, is a strong lever to reinforce the social and solidarity economy sector and its role in economic activity. Finally the Chantier created the RELIESS, an international reference and networking center on public policy for the social and solidarity economy.

For training and workforce development

www.csmoesac.qc.ca

The mission of the Comité sectoriel de main-d'oeuvre de l'économie sociale et de l'action communautaire (CSMO-ESAC) is to foster and consolidate coordinated action and partnerships to resolve workforce problems in the social economy and community sectors.

For cooperatives and mutualist organizations

www.coopquebec.coop

The mission of the Conseil québécois de la coopération et de la mutualité (CQCM) is to participate in the social and economic development of Québec by stimulating the development of the cooperative and mutualist movements in Québec in accordance with the principles and values of the International Cooperative Alliance. To carry out this mission, it:

- Organizes coordinated action among the cooperative and mutualist sectors and with their partners
- Conducts representation activities and defends the interests of Québec's cooperative and mutualist movement
- Fosters the development of cooperatives and mutual aid associations to multiply the benefits, cooperation and mutual aid for its members and the public

Responsibilities of the Conseil

To effectively carry out its mission, it has responsibilities in three main areas or roles:

- Coordinated action
- Representation
- Development of Québec's cooperative and mutual aid movements

Québec's regions

The role of the Regional Poles of the Social Economy is to promote the social economy and foster coordinated action and partnership between local and regional social economy stakeholders. They are mainly composed of local collective enterprises and support agencies.

To consult the list of Regional Poles, see the Chantier de l'économie sociale's website under the "L'économie sociale au Québec" tab:

www.chantier.qc.ca

Sectoral associations of the social economy

Coalitions, associations, and federations of social economy enterprises enable the sharing of knowledge, tools, resources, support and training. Many networks also carry out political representation activities on issues related to the role and overall mission of their members. Some also conduct coordinated actions with the stakeholders in their networks.

Here is a list of sectoral associations and federations:

Associations and networks

- Association des médias écrits communautaires du Québec
www.amecq.ca
- Association québécoise des CPE
www.aqcpe.com
- Association des radiodiffuseurs communautaires du Québec
www.arcq.qc.ca
- Association des groupes de ressources techniques du Québec
www.agrtq.qc.ca
- Collectif des entreprises d'insertion du Québec
www.collectif.qc.ca
- Conseil québécois des entreprises adaptées
www.cqea.qc.ca
- Conseil québécois du loisir,
www.loisirquebec.com
- Regroupement d'entreprises d'économie sociale en aide domestique du Québec
www.reesadq.org
- Réseau des Centres de ressources périnatales
www.reseaudescrp.org
- Table d'entrepreneuriat collectif du Bas-Richelieu
<http://www.soreltracyregion.net/societe/cdc/organisme.php/65>
- Table Entreprises d'économie sociale en Abitibi-Témiscamingue
- Réseau québécois du crédit communautaire
www.rqcc.qc.ca
- Fédération québécoise des gestionnaires de Zecs
www.zecquebec.com
- Fédération des TVC autonomes du Québec
www.fedetvc.qc.ca
- Réseau québécois des OSBL d'habitation
<http://www.rqoh.com/>
- Fédération de Laval, Laurentides et Lanaudière des OSBL d'habitation
<http://floh.rqoh.com>
- Fédération des OSBL d'habitation du Bas-Saint-Laurent, de la Gaspésie et des Îles
<http://fohbgi.rqoh.com>
- Fédération des OSBL d'habitation de Montréal
<http://fohm.rqoh.com>
- Fédération régionale des OSBL d'habitation du Saguenay, Lac St-Jean, Chibougamau, Chapais et Côte-Nord
<http://froh.rqoh.com>
- Fédération régionale des OSBL d'habitation de la Montérégie
<http://frohm.rqoh.com>
- Fédération régionale des OSBL de la Mauricie / Centre-du-Québec
<http://frohmcq.rqoh.com>
- Fédération régionale des OBNL d'habitation de Québec et Chaudière-Appalaches
<http://frohq.rqoh.com>
- Regroupement des OSBL d'habitation et d'hébergement avec support communautaire de l'Outaouais.
<http://rohsco.rqoh.com>



Sectoral federations that are members of the Conseil québécois de la coopération et de la mutualité (CQCM)

- Réseau de la coopération du travail du Québec
www.reseau.coop
- Fédération des coopératives de développement régional
www.fcdrrq.coop
- La Coop fédérée
www.90.lacoop.coop
- Agropur Coopérative
www.agropur.com/fr/
- Fédération des caisses Desjardins du Québec
www.desjardins.com/fr/
- Groupe Promutuel
www.promutuel.ca/fr
- La Capitale mutuelle de l'administration publique
www.lacapitale.com/fr/accueil
- Fédération des coopératives de travailleurs actionnaires du Québec
- Maisons rurales familiales
www.mfr.asso.fr/pages/accueil.aspx
- SSQ Mutuelle de gestion
www.ssq.ca/fr/CAMutuelleGestion.asp
- Fédération québécoise des coopératives forestières
www.fqcf.coop
- Fédération des coopératives d'alimentation du Québec
www.fcaq.coop
- Fédération des coopératives de câblodistribution et de télécommunication du Québec
www.fccq.net
- Fédération des coopératives de services à domicile et de santé du Québec
www.fcsdsq.coop
- Fédération québécoise des coopératives en milieu scolaire
www.fqcms.com

- Fédération des coopératives funéraires du Québec
www.fcfq.qc.ca
- Fédération des coopératives du Nouveau-Québec
fcnq.netc.net
- Fédération des coopératives des paramédics du Québec
www.fcpq.coop
- Confédération québécoise des coopératives d'habitation
www.cooperativehabitation.coop
- Fédération Coop-Habitat Estrie
- Fédération des coopératives d'habitation de l'Outaouais
- Fédération des coopératives d'habitation de la Mauricie et du Centre-du-Québec
- Fédération des coopératives d'habitation du Royaume Saguenay - Lac-Saint-Jean/ Nord-du-Québec
- Fédération des coopératives d'habitation montréalaises
- Fédération des coopératives d'habitation de Québec, Chaudière-Appalaches

Financial tools

Social economy financing covers a wide variety of financial needs that can be grouped into two overarching categories: project financing (start-up, development or consolidation), which is long term, and operations financing, which is short term.

Project financing

Social economy enterprises need funds to start up, expand, modernize their facilities, and diversify their activities in order to ensure their ongoing viability. A variety of financing solutions are adapted to the enterprise's stage of development. They finance the assets required to carry out a project, including

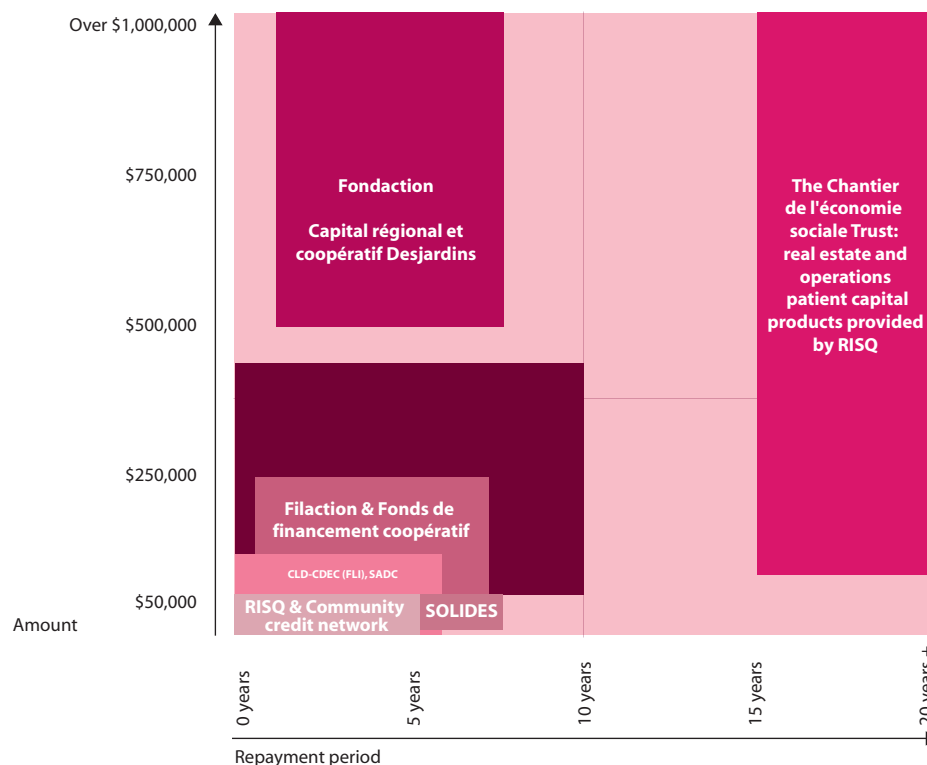
fixed asset purchases, project operation funds, and start-up costs.

- Local development funds – These are grants, term loans (local investment funds), and loan guarantees provided by the regional county municipalities or MRCs (Pacte rural), CLDs, Corporations de développement économique et communautaire or CDECs (mandated by the CLDs), and SADCs.
- Regional development funds – Grants provided by CDRs to youth who are starting up a cooperative, and by the regional conferences of elected officials (CRÉs) with their regional development funds, particularly for developmental projects of regional scope.

- Development capital funds – Purchases of preferred shares, patient capital loans (most of which do not require a guarantee), and guaranteed loans. The different development capital funds are presented in the chart below.

- Community credit funds – Unguaranteed loans offered by loan circles, community loan funds, and other agencies, depending on the sector.

- Lines of credit, term loans, and mortgage loans – Offered by the Caisse d'économie solidaire Desjardins, Caisses Desjardins Business Centres, and other financial institutions. These are loans that have as guarantee a real estate property.







Chantier de l'économie sociale

Phone : 514 899-9916

Toll free : 1 888 251-3255

E-mail : ecosoci@chantier.qc.ca

Website : www.chantier.qc.ca

Design

Studio créatif Coloc – coop de travail



CHANTIER
DE L'ÉCONOMIE SOCIALE
www.chantier.qc.ca