

# The Social Economy in Western Europe and Canada: Outlook and Trends

Marguerite Mendell

Concordia University, Montreal, Quebec, Canada.

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# 1. Why Canada and Western Europe?

## *Similar characteristics*

- Comprehensive welfare states
- State intervention

## *Fertile exchanges*

- Between governments (France and Quebec in 1990's, eg.)
- Between researchers (CIRIEC, EMES, among many other networks - both formal and informal)

## *Research - international comparisons*

- Action-based research; conceptualization of practice
- Recognition of diversity of experiences; institutional contexts
- Many definitions among researchers
- Contribution of research to evolving policy agenda in many countries (new interest in Canada; policy initiatives to reflect this)

# 1. What defines social economy organizations?

## *Similarities and Differences*

### **Definitions**

1. *Institutional* - accepted definitions within different countries

Specificities: institutional context.

“national models of the social economy”

“regional model of the social economy”

2. *Research*

Theory to capture *specificities* and *common features*

Research these specificities; their history; provide comparisons;  
search for common definitions

## **Institutional variability**

### **National (regional) models of the social economy**

- Countries with established social economy - France, Spain, Belgium, Quebec)
- Countries with emerging social economy - Denmark, Finland, Greece, Italy, Sweden, Ireland, Portugal, United Kingdom, Canada (outside Quebec) (CIRIEC 2000)
- Different development trajectories - flexibility and innovation of social economy depends on
  - institutional context in which it emerges; recognition by the state
  - mobilization of social actors (labour movement, social movements, local collectivities)
  - governance within the enterprises, organizations in the sectors
  - adoption of public policy explicitly for the social economy (regulation/legislation, development tools, etc)
  - difficulties and challenges linked to “definition” - tensions

## 2. Social Economy Organizations

### *Definitions*

#### *Principles and Values*

- service to members and to the collectivity
- self-management
- democratic decision making
- primacy of persons over capital
- participation, individual and collective responsibility

#### *Juridical status*

- cooperatives, mutual societies, not-for profit organizations

large cooperatives and mutual organizations of past- “old” social economy

- more heterogeneous and small collective

enterprises - “new” social economy-producing goods and services

Today, definitional debates abound - what to include/what to exclude.

a political question

a research question

## **Mosaic of social economy organizations and enterprises**

- cooperatives
- mutual societies
- NPOs
- emergent collective enterprises producing goods and services satisfying
  - collective interest
  - general interest

Expanded in Quebec to include (researchers)

- labour solidarity funds (objectives are socio-economic development; job creation and rate of return; social audits)
- community enterprise

## **Canada**

definitional debates continue as policy environment evolves

### *Complementary concepts*

- community economic development- integrated social and economic development (local)
- social enterprise (U.S. -NPO with trading activities; Europe -broader definition)
- third sector (Anglo-American vs. European/Canadian definitions)
- social innovation

## **Broad and inclusive concept of the social economy today**

### Three dimensions

- *economic* - the substantive economy (production of goods and services)
- *social* - contribution of the social economy to democratic development (governance) and to the quality of life and well-being of society
- *juridical status*

### **Macro perspective**

- Broad perspective views *social economy as a partner in social and economic development*, not only as a sector based in civil society; recognizes the social and economic value of citizen-based initiatives
- Variability among countries as to how broad a definition is used.
- Corresponds with “founding compromise” in different national/regional contexts (eg. 1996 in Quebec between government, cooperative movement, labour movement, social movements)

# Micro Perspective

## The social enterprise

creates a “balance” between economic and social objectives

### *1. Economic*

Production of goods and services

Bears economic risk

Hires employees

### *2. Social*

Citizen based initiatives

Democratic and participatory

Benefit to community

### 3. New Role for Social Economy Enterprises

- Response to new and unmet needs  
(not addressed by the State nor by the market)
  - Especially since the 1980's
    - »Crisis of the welfare state
    - »Economic restructuring and transformation
    - »End of full employment
    - »Integration of socially excluded population
- Response to the primary needs of a large and growing population of poor
  - Form of socio-economic reintegration offering quality goods and services and opportunities for social interaction
    - »Soup-kitchens, food banks, not-for-profit cafeterias, collective kitchens, second-hand stores, loan circles, barter networks
    - »Training businesses and centers of adaptation and rehabilitation adapted centers that employ people with difficulties integrating into the job market such as unemployed youth, long-term welfare recipients and people with disabilities, address primary needs by making it possible for these individuals to work

## **New role (cont'd)**

- Building social capacity
- Integration of civil society into economic and political life (re-embedding the economy)
  - Source of work, welfare, participatory democracy
- New opportunities and alternatives to create wealth
  - New sectors of activities based in civil society
  - Recognition of viability and profitability of collective enterprise

## 4. Diversity of theoretical approaches

### New generation of researchers definition

#### *The new social economy*

- Micro, meso and macro perspectives
- “Plural” economy: hybridity  
market, state and civil society resources
- Mixed economy of social welfare (welfare pluralism)
  - the social economy as an intermediate space
  - between the public and private sector
  - third sector but without rigid boundaries
- A redefinition of the economy (substantive)
- A redefinition of the political (co-production of public policy)

## 5. Recognition of Social Economy

Increasing recognition by governments in Europe and in Canada of capacity of social economy (integration of social and economic objectives- more in some countries than others)

- to satisfy unmet needs (new)
- provide new social services
- create new markets/sectors (opportunities)

Beyond earlier views

Market failure

State failure

Role of social economy perceived differently

eg. *USA* - complements market (third sector); *Scandinavia* - complements state; *France/Belgium/Spain* - complements both (recognition of civil society varies) *Quebec* - state, market, civil society-not restricted to social development; recognition of ability to address economic and social development requiring *compromise* between actors-a *movement*

## 6. The Social Economy in Quebec

Definition adopted by the Chantier de l'économie sociale  
(outcome of an extended *social dialogue* begun in 1996 between  
government, labour, business and civil society actors)

*As a whole, the social economy refers to the set of activities and organizations stemming from collective entrepreneurship, organized around the following principles and operating rules: 1) the purpose of a social economy enterprise is to serve its members or the community rather than to simply make profits; 2) it operates at arm's length from the state; 3) it promotes a democratic management process involving all users and/or workers through its statutes and the way it does business; 4) it defends the primacy of individuals and work over capital in the distribution of its surplus and its revenues; 5) it bases its activities on the principles of participation and individual and collective empowerment. The social economy therefore encompasses all cooperative and mutual movements and associations. The social economy can be developed in all sectors that meet the needs of the people and the community.*

## 7. The Social Economy in Europe

- Variability among countries “old” and “new” social economy
  - over 30% of population in Europe are members of a cooperative bank (36 million members and 91 million customers, 17% of all banking market) or cooperative and mutual insurers (account for almost 30% of the insurance market), together providing 8.5 million jobs or 7.7% of salaried employment).
- Innovations emanating from civil society (a few illustrations)
- Scandinavia- “new organizational forms and solutions to local problems”  
“cooperisation” of social services (expand role of users, eg. child care)
- Italy-solidarity cooperatives - not just “non-distribution” constraint but participation of stakeholders
- Spain-social solidarity cooperatives; mixed cooperatives for social integration (regions)
- U.K. - emergent social cooperatives and community enterprises (Scotland)

## **Social Economy in Europe (cont'd)**

### *Hybridization of cooperatives - New legal forms*

- legislation in several countries to create new and hybrid organizational forms for the evolving social economy (adopted in other countries - eg. Solidarity cooperatives, Quebec)
- Articulation between civil society initiatives and the cooperative movement at European level not yet realized
  - emphasis has been on job creation and the link to the social economy has not been made despite recognition of need to address local development and potential in “new services” for job creation (proximity services based in civil society/social economy)
- 1980's - European Commission - D.G. devoted to the social economy (abolished in 1990's)...activities integrated into Directorate on SMEs. Later, opening of DG on “Information Society” to associations (to enhance citizen participation in European construction)
- “Civil dialogue” - recognition of political role of civil society (Economic and Social Committee)
- Role of European Structural Funds

## **The Social Economy in Europe (continued)**

Proposed Social agenda (by the Commission on the Social Agenda for a modified Lisbon Strategy)

*to promote integration of economic social and employment policies; promote quality to improve human and social capital; modernize systems of social protection by adapting them to the current requirements of our societies on the basis of solidarity and by strengthening their role as a productive factor; take account of the “cost of lack of social policy” (2005)*

- Proposes measures to enable citizens to gain confidence in their own ability to effectively manage change
- Proposes instruments including legislation, social dialogue, financial instruments including ESF and other programs; strategies for social inclusion
- Calls for partnerships between public authorities at local, regional and national levels between government, workers, NGOs, etc.

Can this provide the basis for policy innovation for the social economy in Europe? 17

## 8. Summary of activity in the social economy in Quebec (2002)

- 6, 254 enterprises
  - 2,313 cooperatives
  - 3,941 non-profit enterprises
- 65,028 jobs
  - 19, 948 in cooperatives
  - 45,080 in non-profit enterprises

\$4.3 billion (*Cdn*) in revenues

\$ 3 for cooperatives

\$1.3 for non-profit enterprises

2001 - social economy represented approximately 2.5% of GDP  
Recent attempt to measure the percentage of GDP represented by the social economy in Canada (Policy Research Institute - Government of Canada) at 2.6% (1999) (data is drawn from several sources and is an “estimation”)

## Social Economy Enterprises (NPO and cooperatives) without financial Cooperatives in 2001

Sectors	Number of enterprises	Number of jobs	Business volume (\$M)
Homecare services	110	4 048	65,7
Culture	1 522	8 375	160,0
Information and communications	189	675	32,0
Early Childhood Centers	915	22 420	797,0
Adapted centers	34	3 400	117,0
Training businesses	46	489	18,6
Forest	83	5 916	435,1
Housing	1 378	155	153,3
Leisure and tourism	1 037	6 915	197,8
Peri-natal centers	10	61	3,2
Environment (recycling)	47	732	17,2
Funeral cooperatives	43	787	22,1
Farm-produce	323	17 114	5 181,9
Academic milieu	103	1 003	1214,1
Services to enterprises	107	635	10,4
Transport	48	1 341	73,2
Other sectors	327	3 206	158,9
<b>Total</b>	<b>6 331</b>	<b>78 292</b>	<b>7 567,5</b>
<b>Two agricultural cooperatives and worker-shareholder cooperatives</b>	<b>77</b>	<b>13 264</b>	<b>3 251</b>
<b>Total without agricultural cooperatives and worker-shareholder cooperatives</b>	<b>6 254</b>	<b>65 028</b>	<b>4 316,5</b>

## 9. Canada - debate on “what” constitutes the social economy

Measurement continues to be a challenge and opens up important questions

what to include; what to exclude  
how broad? a political question  
context specific

Canada : (broad definition)

*Non-profit sector* (Statistics Canada, 2004)

- represents 6.8% GDP (\$61.8 billion *Cdn*)

*Community economic development*

- over 3000 initiatives (community based organizations involved in CED (CCEDNet, 2003))

*Cooperatives*

- assets of \$343.3 billion (*Cdn*) financial and non-financial (2004)

## 10. Factors for success of social economy organizations

- 1 *Recognition* of actors in the social economy as agents of socio-economic transformation
- 2 *Networking* - critical role played by the Chantier de l'économie sociale in Quebec
3. *Enabling institutional environment*:
  - (i) *Measures*: fiscal, legislative, regulatory
  - (ii) *Innovation in public policy*: shift from “silo” approach to horizontal policy making and co-production of public policy including participation of stakeholders (codification of tacit knowledge) (key moments- Quebec-1996; Canada-2004)
  - (iii) Recognition of the *role of intermediaries*

4. Active citizen participation- new political spaces - “voice”
5. Development of collective tools/instruments by actors in collaboration/partnership with government, labour and civil society
  - (i) *Finance* - new financial architecture
    - debt and equity (quasi-equity) instruments
    - innovation - development of secondary markets (la Fiducie du Chantier de l'économie sociale)
    - role of labour movement
  - (ii) *Training*
    - CSMO (labour market)
    - RISQ (finance) and Chantier (development of sectors; services to collective enterprise; communications strategies for sectors, regions)

## 5. Development of collective tools/instruments by actors in collaboration/partnership with government, labour and civil society (cont'd)

### (iii) *Research*

- Participatory and collaborative research  
ARUC en économie sociale -dissemination/  
collective learning;  
impact on public policy (federal and  
provincial)
- Research networks (international) CRISES, CIRIEC,  
EMES, ISTR, ARNOVA, among others

## **11. The Social Economy and Local Development**

- Best placed to identify new needs at the local level
- Creates links with local communities
- Development of social economy enterprise; development of communities in which they are situated

### **Local initiatives in the social economy**

- role of partnerships/collaboration
- relationship between civil society, market actors and government (all levels)
- recognition of need for new “funding formulas”; for policy innovation; for participatory decision-making
- role of leadership; intermediary organizations
- diversity of strategies

## **Outcomes of local initiatives**

Production of goods and services especially in poor  
Communities

Addresses social exclusion in partnership with government  
(not subsidies)

Job Creation

Revitalization of neighborhoods/communities

Empowerment

## **Implications for Policy**

Innovations and success at local level have been the basis for  
policy formation in Canada

## **12. Conclusion**

*“And the Government will help communities help themselves. one of the best ways to do this is to get behind the remarkable people who are applying entrepreneurial skills, not for profit, but rather to enhance the social and environmental conditions in our communities across Canada. These new approaches to community development-sometimes referred to as the social economy- are producing more and more success stories about a turnaround in individual lives and distressed neighborhoods - communities working to combat homelessness, address poverty and clean up the environment. The Government of Canada wants to support those engaged in this entrepreneurial social movement. It will increase their access to resources and tools. The Government will, for example, work to widen the scope of programs currently available to small and medium-sized enterprises to include social enterprises.”* Prime Minister of Canada, 2003.

## **Commitments by the Government of Canada**

- Creation of a secretariat for the social economy (Social Development)
- Designation of \$132 million for the social economy
  - \$100 million for creation of “patient capital”
    - Quebec-\$30 million; la Fiducie
    - \$17 million for capacity building
    - \$15 million for research (partnership)
- Opening up of programs for SMEs to collective enterprise

## **Related commitments**

- Support for locally based learning communities that include all stakeholders, including government
- New commitments to a “cities agenda”
- All the above require a move from “silo” to horizontal policy making
- All the above recognize the need for broad structures of governance and a new and enabling regulatory environment

## **New social architecture**

- Reconfiguration of relations between the market, civil society and government debated at the national level based on realities of local initiatives

## **Government of Quebec**

- Commitment to social economy from 1996
- Creation of the Chantier de l'économie sociale - a network of networks - independent NPO (1998). Basis for this were the local initiatives implemented by civil society in the 1980's to address the economic crisis.
- New political spaces created within government (have moved with current government in power)
- Commitment to core funding of Chantier (renewed by current government)
- Many challenges - current government has a different approach to public policy; tensions; strength and fragility

## **Recombinant linkages (Fung and Wright)**

- Vertical linkages between micro, meso and macro policy environments
- Horizontal linkages
  - intersectoral
  - multi-stakeholder broad based governance structures  
deliberation, debate, dialogue

***•The role of social economy organizations at the local level are critical to designing the new social architecture for which a final policy blueprint is being drafted.***