



Social Enterprises
Knowledgeable Economies
and Sustainable Communities

Government Policies towards Community Economic Development and the Social Economy in Quebec and Manitoba

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**A research report prepared for the Northern Ontario, Manitoba,
and Saskatchewan Regional Node of the Social Economy Suite**

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Entreprises sociales
économies intelligentes
et communautés durables



GOVERNMENT POLICIES
TOWARDS COMMUNITY ECONOMIC DEVELOPMENT
AND THE SOCIAL ECONOMY
IN QUEBEC AND MANITOBA

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AND THE SOCIAL ECONOMY
IN QUEBEC AND MANITOBA**

A REPORT FIRST PREPARED FOR THE CANADIAN CED NETWORK (CCEDNET)
APRIL 2007 / AMENDED OCTOBER 2007

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LIST OF ACRONYMS

- ACU — Assiniboine Credit Union
CCQ — Conseil de la coopération du Québec
CDC — community development corporation
CDR — regional development co-operative
CED — community economic development
CEDC — community economic development corporation
CEDF — Communities Economic Development Fund
CEDTAS — Community Economic Development Technical Assistance Service
CFDC — Community Futures Development Corporation
CLE — local employment centre
CLD — local development centre
CLSC — community service centre
COS — Community Ownership Solutions
CSN — Confédération des syndicats nationaux
CQRCDR — Conseil québécois du regroupement des coopératives
de développement régional
FDEM — Fonds de développement emploi-Montréal
FTQ — Fédération des travailleurs et travailleuses du Québec
MRC — Municipalités régionales de comté
NEHP — North End Housing Project
NGC — New Generation Co-operative
OPDQ — Office de planification et de développement du Québec
OPK — Ojijiita Pimatiswin Kinamatwin
PARC — Parkland Agricultural Resource Co-operative
PEP — Programme économique de Pointe St-Charles
RIOCM — Regroupement intersectoriel des organismes communautaires de Montréal
RISQ — Réseau d'investissement social du Québec
SADC — Société d'aide au développement des collectivités
SOLIDE — Société locale d'investissement dans le développement de l'emploi
WBA — Workers' Benevolent Association
WPA — Winnipeg Partnership Agreement

EXECUTIVE SUMMARY

Purpose

This report examines the evolution of the social economy in Quebec and Manitoba and of government policies in support of that economy.¹

The Social Economy

It defines the social economy as that part of the economy that is not driven by profit nor controlled by the state.

The Social Economy in Quebec

- It traces the growth of the social economy in Quebec back to the eighteenth century and highlights the success of the co-operative and *caisses populaires* movement in the province.
- The co-op movement is highly developed in sectors such as retail, housing, funerals, cabs and health care, with workers' co-ops having a strong presence.
- A strong collectivist presence is also found in the non-co-op sector, especially in the provision of daycare, community service centres, legal clinics, health clinics and women's centres. These are serviced by community development corporations (CDCs).
- There has been a great flourishing of social economy vehicles since the early 1980s, spurred by high rates of unemployment and poverty. These comprise community economic development corporations (CEDCs) and a number of funds created with trade union, municipal, *caisses populaires* and provincial government involvement.
- The economic crisis of the early 1990s gave rise to protests by social coalitions, including the women's march against poverty of 1995. The *Chantier de l'économie sociale*

emerged as a major voice promoting the social economy as a solution to poverty, unemployment, autocracy and inequity. It also raises finance.

- In 1997, the government created Local Employment Centres (CLEs) and Local Development Centres (CLDs) with representation from and implications for the social economy.

Recent Policy towards the Social Economy/CED in Quebec

- Government has been a major promoter of the social economy and of decentralized, consultative decision taking.
- Early 1980s saw legislative and institutional support for co-ops, with regional and provincial support and co-ordination. More recently, new laws have allowed solidarity co-ops of workers and consumers, popular in home care.
- Institution building by the province has also taken the form of supporting CEDCs, recognizing CED in policy and involving CED actors in policy formulation.
- The province has also provided financial support through the creation of special funds and the provision of tax credits for CED.
- Sectoral policies have been designed to promote the social economy: daycare, home care, social housing, recycling.
- There has been a notable willingness by the state to involve social economy actors, under the leadership of the *Chantier*, in policy making and in combating poverty.

The Social Economy in Manitoba

- Co-ops have a long history in Manitoba, worker co-ops dating back to 1887, farmers' co-ops being well-established by 1910.
- Retail co-ops and credit unions also have a long history, and are currently very vibrant, but they have also had set-backs which has bred caution in promoting them. New Generation Co-ops are taking off.
- Most co-ops/credit unions tend to be conservative, the exceptions being Neechi Foods and the Assiniboine Credit Union (ACU).
- Rural CDCs and Community Futures Development Corporations (CFDCs) are well established.
- The CED movement took off in the 1990s with ACU and SEED Winnipeg playing a major role.
- New financial and technical assistance organizations have been created, and a number of urban CDCs formed.

- Social economy actors are present in training and employment services, social housing and the service sector. There are numerous Aboriginal social enterprises.

Recent Policy towards the Social Economy/CED in Manitoba

- There has been much policy innovation since the NDP government came to power in 1999, in particular the adoption of a CED policy and the creation of a CED Lens, both based on the Neechi Principles, to which most CED entities now subscribe.
- The government has also helped sponsor the Manitoba Research Alliance.
- Capacity building is a major emphasis of policy, and funding, through Neighbourhoods Alive, the Communities Economic Development Fund (CEDF), the Rural Economic Development Initiative (REDI), the CED Tax Credit and other programs, is a major tool.
- The government has also adopted a progressive procurement policy, explicitly linked to CED, and has joined the Social Purchasing Portal.
- Government supports a variety of technical assistance and education programs for CED.
- It also has sectoral support programs promoting CED, such as those in clean energy, housing, youth safety and women's health.

Drawing Lessons from the Two Experiences

- Quebec has a much larger credit union sector than Manitoba and more non-financial co-ops and workers. But Manitoba has more members, sales and assets in non-financial co-ops due, mainly, to the Red River gas co-op. The volunteer base of Manitoba is larger than that of Quebec, but the scale of CED activities is larger in Quebec.
- Social democratic governments have been important promoters of CED/social economy. Other governments have chosen neo-liberal approaches to dealing with social and economic problems. In Quebec there were very strong pressures from below to pursue social economy approaches. In Manitoba there was a coincidence of beliefs between government and CED activists, some of who are in government. In any event, political pressure on governments is essential for CED.
- Multi-faceted approaches to policy do work; legislation, institutional support and financial support do have an impact, in both provinces. These are stronger and more coherent in Quebec than in Manitoba.
- Unlike Manitoba, Quebec uses the social economy extensively to provide important social services. There are many advantages for CED in doing this; exposing more people to CED, creating a demarcated space for CED, clear and stable funding sup-

port, more sensitivity to local needs and the possibility of more democracy.

- There are, however, some threats to CED, mainly of bureaucratization and professionalization. Increasing geographical scale and hence remoteness from the support base is also an issue in Quebec. This approach might also be used to lower public sector employment and wages. There is a need, therefore, to build in safeguards.
- Quebec has been successful in institutionalizing long term finance, outside of government, with government, credit union and labour pension fund support. Manitoba has been less successful and the Crocus failure inhibits replicating the Quebec approach to some degree. Is there a role for CCEDNet here?
- There is a great need for the promotion of social enterprise approaches in Manitoba.
- Manitoba's CED framework and lens hold the promise of greatly stimulating CED through government initiatives. That promise needs to be supported by more follow-up, more financial support and a more demands on the bureaucracy.
- The social economy sector in Quebec has more influence on policy formulation than it does in Manitoba. Breaking down both government departmental as well as CED organizational silos, would help, as would more CED representation on the Premier's Economic Advisory Council. Here again, there is a role for CCEDNet to play, along the lines of the *Chantier*.
- The democratic record of social economy/CED organizations is mixed and government funding might impede rather than enhance it. But that need not be the case and all funders of CED could insist on greater board independence, more participatory management structures and less autocratic and arbitrary management practices.
- Promoting the social economy/CED will require the building of broad based political alliances, as in Quebec. The CED movement should, therefore, embrace and see itself as an integral part of broader economic, social and political struggles. At the same time we must celebrate and build on our success stories.

INTRODUCTION

THIS PAPER EXPLORES the state of CED/social economy activities in both Quebec and Manitoba and recent government policies in support of them. It seeks to separate out the similarities and differences between the two provinces and their underlying causes. It also suggests what might be unique about the two situations and, where this is thought not to be the case, what lessons others might usefully learn from them.

CED AND THE SOCIAL ECONOMY: DEFINITIONAL ISSUES

WHILE DEFINING BOTH CED AND THE SOCIAL ECONOMY can be quite problematical,² this paper starts from the perspective that “the objectives of the actors in the Quebec social economy and English Canada’s CED community are much the same” (MacKinnon 2006, 26). We shall adopt The Canadian Community Economic Development Network’s (CCEDNet) definition of CED as “action by people locally to create economic opportunities on a sustainable and inclusive basis, particularly with those who are most disadvantaged. CED is a community based and community directed process that explicitly combines social and economic development and fosters the economic, social, ecological and cultural well-being of communities” (CCEDNet 2007). How demanding the requirements of CED will be will depend upon its objectives; “gap-filling” CED being much less demanding than “transformative” CED, the first working within the confines of

capitalism to rectify its deficiencies, the latter seeking to replace capitalism altogether (Loxley 2007a and b). Thus, CED either works within the spaces left by the state and the market, or seeks to replace them. In this respect, the similarities with the social economy, as defined in Quebec, are striking, to the point where some see little distinction between the two. Thus, Nancy Neamtan (2005, 71) defines the social economy as “all forms of organization or enterprises involved in the production of goods and services (i.e., having an economic activity) that are not private, for profit or public.” She emphasizes service rather than mere profit, independence from the state, democratic decision taking and people over capital when it comes to distributing surplus. Favreau (2006, 8) uses an enterprise focus emphasizing roughly the same characteristics as Neamtan. For both Neamtan and Favreau, the social economy coincides broadly with associations, co-operatives or mutual benefit societies, but neither rules out private sector participation in the social economy.³

For the purposes of this paper, these definitions are quite adequate and we will speak of CED/social economy as if, for the most part, they are inter-changeable. Where we feel this is not the case, this will be pointed out. We should note, however, that in English-speaking Canada, CED usually goes beyond the activities of collective enterprises as such, to encompass supporting activities that may not generate a surplus. This becomes important in the policy field where, for instance, the preferred approach of the federal government also appears to limit its definition of the social economy to enterprise activity (see Painter 2006).

THE SOCIAL ECONOMY IN QUEBEC: A BRIEF OVERVIEW

THE SOCIAL ECONOMY IN QUEBEC dates back to at least 1789 with the establishment of the first mutual insurance company, which was followed in the nineteenth century with the creation of mutual aid associations (Mendell 2002, 327). Co-operatives have played a significant role in the social economy of Quebec for over a hundred years and continue to be central to it. They date back to at least 1900, when

Alphonse Desjardins, a journalist, created a people's bank, *caisse populaire*. This was the beginning of the credit union movement in Canada and in the USA where, a little later, Desjardins also opened the first credit union. Legislation for *caisses populaires* was introduced in Quebec as far back as 1907 (Statistics Canada 1978, 8). Financial co-operatives were promoted by the clergy as being "a model of economic organization which was more in conformity with the interests and values of Catholic Francophones" (National Task Force on Co-operative Development 1984, 129) and as a result they grew rapidly, especially in the 1930s and 1940s (Mendell 2002, 328). They gave French Canadians a vehicle for controlling their own finances, allowing them "to affirm their economic and cultural power" (National Task Force on Co-operative Development 1984, 129). The result was that co-operative financial institutions became generally more advanced in Quebec than elsewhere and the sector has grown steadily over the years in terms of members and assets.

In 2006, there were 530 *caisses populaires* in Quebec with 5.2 million members and assets of \$84 billion, representing about 47 percent of the Canadian total in each category (Bogach 2006). Central co-operative organizations held perhaps a further \$20 billion in assets. Also in the social economy financial sector in 2004, there were some 39 mutual assurance co-operatives with 1.42 million members and assets of almost \$6.0 billion (Développement économique, innovation, exportation Québec 2006, 16). Among them, these financial co-ops employed about 40,000 workers, just over 1 percent of the total employed in Quebec.

Other forms of co-operatives were somewhat later in developing than in other parts of the country and, especially, the prairies. They were, initially, mainly farmer supply co-ops, and by 1920 there were some three hundred with about nineteen thousand members (MacPherson 1979, 63). The main growth of co-ops took place after the 1960s, coinciding with the "Quiet Revolution" or the economic and cultural emancipation of Francophones in Quebec, and especially after the mid-1970s as what is now termed the "new social economy" model emerged (Mendell 2003, 5; Favreau 2006, 9). Thereafter, credit unions and co-ops grew rapidly, fostered by nationalism, and the latter diversified into such new sectors as consumer and housing co-ops (National Task Force on Co-operative Development 1984, 130).

In 2004 in the non-financial sector, there were 2,223 co-operatives with 975,000 members, 37,000 employees, sales of \$8.4 billion and assets of about \$4 billion (Développement

économique, innovation, exportation Québec 2006, 16). The majority of co-ops (62 percent) are consumer co-ops. Almost half of all non-financial co-ops are housing co-ops, followed by agriculture (8.4 percent), and schools, forestry, enterprise services and groceries, about 3 percent each. Other distinguishing features of the co-op movement in Quebec are its presence in funeral services, ambulance services and the provision of health and social services. Since 1991, there has also been the development of agricultural machinery/farm implement use co-operatives, of which there are now about fifty. Based on French experience, these share equipment, usually balers, drills and harvesters for livestock operations, and sometimes they share hired labour (Harris and Fulton 2000). Workers' co-ops have been growing rapidly in number in recent years (Développement économique, innovation, exportation Québec 2006, 18) and now number in excess of two hundred (Ninacs 2003, 28). They have been represented for many years mainly in the forestry sector, where they have been undergoing some set-backs in recent years, in agriculture, among artisans, cultural activities and the taxi industry (Tremblay 1981, 18). Quebec also has a number of worker-shareholder co-ops in which workers own a share of the voting equity. There are also seventeen Aboriginal co-ops (Développement économique, innovation, exportation Québec 2006, 24).

Little is known about CDCs and other non-co-op forms in Quebec before 1960, although there appears to have been some initiatives undertaken by the church or private foundations dating back to 1940 (Fontan 1993, 14). The first CDC appears to have been established in 1970 by *l'Institut Parallèle de Point St-Charles* of Montreal and may, in fact, have been the first urban CDC in Canada (Fontan 1991). It was founded on employment-creation programs, but in 1971 it established a social housing arm (*Loge-Peuple*) and a community economic enterprise making row boats (*l'Usine Autogérée*) (Fontan 1993, 14). Thereafter, a number of other employment-creating CDCs were set up in the 1970s, essentially funded by the state. While no detailed history of these seems to exist, it appears that these CDCs do not function in the same way as CDCs elsewhere. Rather than drawing their members from individuals in a given local community, their members are other community based organizations within a (mainly rural) region, such as those active in health, child care, housing, etc. They service these community organizations through consultancy, technical assistance and other services (Favreau and Ninacs 1994, 160). In 2003 there were forty of them.

Mirroring the growth of co-ops, the non-co-op organizations side of the social economy expanded rapidly after the mid-1970s with the creation of not-for-profit child care centres, community service centres (CLSCs), legal clinics, health clinics, women's centres and a variety of other civil society organizations (food banks, community centres, etc.) (Mendell 2003, 5). While some of this growth reflected a peculiarly Quebec resistance to neo-liberalism based on nationalism and civil society partnership with the state (ibid., 6), some of it, such as the growth of mental health facilities, homeless shelters and addiction treatment centres, appears to have been the outcome of state policies of de-institutionalization, which were common features of neo-liberalism elsewhere.

It is from the mid-1980s that we can trace the origins of many community development corporations in Quebec, responding primarily to the high rates of unemployment prevailing in the province at the time; 14 percent in 1986, over 20 percent for youth and for some regions and 34 percent for single parents with families (Morin 1994, 24) The oldest surviving one, the *Corporation de développement communautaire de Bois-France*, dates back to 1984 (Fontan 1993, 22). There are currently more than forty CDCs in operation in Quebec, the main function of which is to bring together various community groups and agencies to enable them to participate in their community's development. Also dating back to the mid-1980s are the federally funded Community Futures Committees (SADC) in Québec, of which there are currently fifty-seven, mainly in small towns and rural communities that are or have been economically disadvantaged. As new CED organizations have been added to the mix in Quebec, most SADCs have reverted to offering business development and financing services only (Ninacs 2003, 13).

Nineteen eighty-four saw the creation of the first Community Economic Development Corporation (CEDC) in Quebec, in the *Pointe St-Charles* area of Montreal. The *Programme économique de Pointe St-Charles* (PEP) brought together community groups, local residents and business on its board of directors.⁴ Two other CEDCs, collectively regarded as first generation CEDCs, were formed by 1985. By 1990, there were three second generation CEDCs in Montreal, bringing the total to six (Coté et al. 1992, 20). There are currently fifteen CEDCs, but their functions and nature have changed over time. Initially, they were autonomous creatures of community activism, but more recently their functions have been

shifting towards service delivery for the state, with important ramifications that will be dealt with in the section below titled “Using Provision of Social Services as a Means of Promoting CED/Social Economy.” Initially, CEDCs focused on neighbourhood revitalization, business and employment creation and gradually have moved into administering loan funds, risk capital for new businesses and in some cases, micro credit (Morin 1994; Fontan et al. 2002). They have a co-ordinating organization, Inter-CEDC, to negotiate their increasingly close ties with government (Fontan et al. 1999, 207). Initially, their boards did not include representatives of government (Fontan et al. 2003, 65), but that changed in 2003, when legal provision was made for membership by municipal and provincial elected representatives (Fontan et al. 2006, 113).

Prior to the mid-1990s, there were a number of financial developments in Quebec of considerable importance to the way in which CED has emerged there. In reaction to the recession of the early 1980s, the first worker development fund, the *Fonds de solidarité*, was created in 1983 by the *Fédération des travailleurs et travailleuses du Québec* (FTQ), funded primarily from pension funds, but able to offer tax credits. This rapidly became a major source of funding for small and medium business including, in principle, social enterprises. Though it became the most important source of risk capital in Canada in 2001, with over \$3 billion in capital, it was still supposed to be sensitive to the structural impact of its investment sectorally and geographically (Comeau et al. 2001, 10), but it appears that in its early days it came into conflict with local activists (Mendell 2002, 320). In the early 1990s, it helped create the SOLIDE, *Société locale d'investissement dans le développement de l'emploi*, in collaboration with the Union of Regional and Local Municipalities to create quality, long-term job opportunities, the employment creation funds being administered by CEDCs. Each SOLIDE has a board with representation from the FTQ, the municipality, the CEDC and a local fund sponsor. Each SOLIDE has access to \$525,000 for loans, contributed by various partners, and makes loans of between \$5,000 and \$50,000 to create jobs (Malo and Moreau 1998, 15).

In 1987, another development fund geared towards the creation of employment arose when three CEDCs partnered with the *Fonds de solidarité FTQ* and the *Société de développement industriel du Québec* (which later became *Investissement-Québec*) to create the *Fonds de développement emploi-Montréal* (FDEM), which had a total of \$1.8 million in investment

funds available, with loans ranging from \$10 000 to \$70 000 (Comeau et al. 2001, 46).

Since the mid-1990s, when unemployment reached 12 percent in Quebec and the government deficit was considered unmanageable, there has been a deepening institutionalization of CED as part of the social economy. The main instigator of this was the Women's March against Poverty: for Bread and Roses, which took place 4 June 1995. During this high profile event, demands were made for investment in social infrastructure. The *Chantier de l'économie sociale* was the vehicle through which social economy activists presented their demands to the resulting 1996 Summit on the Economy and Employment. The *Chantier* was initially given a six-month task of coming up "with strategies that would allow for economic renewal and job creation, while taking into consideration the limitations of state intervention" (Neamtan 2002, 8). The *Chantier* brought together the disparate members of the social economy to press for recognition of its economic and social importance, and to press for policies designed to promote social enterprises, such as equality of access to funding given to the private sector, changes in co-op legislation and new sources of funding for employment creation and training (ibid., 8–9). The *Chantier* was then given a two-year mandate of defining and gaining recognition for Quebec's social economy model, and gathering resources for job creation projects (Mendell et al. 2003, 7). In 1999 the *Chantier* chose to become an independent organization and serve as an umbrella network of networks, continuing to support the social economy sector and act as a body that could lobby the government on behalf of the entire movement. It continues today to be presided over by Nancy Neamtan and is composed entirely of actors from civil society, having expanded its mandate to include the solidarity economy. It continues to attract new funding sources from partnerships among the government, the well-developed credit union movement, private enterprise and community groups.

In 1997, the *Chantier* helped create a new financial institution, the *Réseau d'investissement social du Québec* (RISQ), which raised \$10 million from the private sector, the Desjardins movement and the Quebec government for supporting co-operative or not-for-profit enterprises with venture capital and technical assistance. Since 2000, it has loaned \$7.4 million to 180 projects and provided \$0.9 million in funding for technical assistance (RISQ 2007).

In January 2006, the *Chantier de l'économie sociale* Trust was established to provide social enterprises with patient capital, fifteen-year loans, the principal of which is not repayable until the end of the loan period. The \$52.8 million trust is funded by Canada Economic Development (\$22.8 million), the *Fonds de solidarité FTQ* (\$12 million), the Québec government (\$10 million) and CSN's *Fondaction* (\$8 million) (Chantier 2006).

The *Confédération des syndicats nationaux* (CSN), the second biggest union organization in Quebec, created *Fondaction* in 1996 to provide development capital specifically for co-operative and social economy enterprises (Comeau et al. 2001, 10). In turn, this created *Filaction*, a fund to support local investment and social economy enterprises. This also manages the *Fond de financement coopératif*, which offers capital for collectives, non-profits and co-operatives (Mendell et al. 2003, 50). Unlike the funds supported by the FTQ, the CSN funds support only those enterprises with a clear social economy dimension in terms of the commitment to participatory management or to the environment (Mendell 2002, 320–21).

In 1997, as the Quebec government took over responsibility for federal employment programs, it also revamped its regional employment programs, introducing Local Employment Centres (CLEs) and Local Development Centres (CLDs). These were large decentralized institutions based on regions and municipalities (Fontan et al. 2006, 112). The CLDs serve as a platform through which are provided all services supporting entrepreneurial activity, and small and medium business. They are governed by a board drawn from business, unions, community organizations, co-operatives, public education, health services, women's organizations and municipalities. CLDs are responsible for managing two provincially funded loan programs: the Local Investment Fund for conventional businesses, and the Social Economy Fund, a five-year, \$225 million fund created by the government (Comeau et al. 2001, 39), as well as micro lending funds, funds for young entrepreneurs, SOLIDE funds and other special funds (Fontan et al. 2006, 113–15). They are also in charge of the creation and implementation of a local development strategy, and serving as council to the CLEs. While CLDs initially threatening to make CEDCs redundant, the CEDCs eventually became intermediaries, taking on some of the functions of the new organizations and being subordinated to them, those in Montreal reporting to a single CLD for the whole city (ibid.).

At this time, however, CEDCs lost their involvement in employability services to the

CLEs. With a new active job market development policy in place, the 150 Local Employment Centres are the product of a strategy to co-ordinate programs of employment insurance, labour force formation and income assistance, amalgamating them into a single regional service centre (Comeau et al. 2001, 35). CLEs offer programs in two streams — income assistance and job retention/reinsertion — and are governed by a regional council made up of representatives of employers, community organizations, education and government.

There have been two other financing initiatives since the turn of the century. The *Réseau québécois du crédit communautaire* (RQCC 2007) was created in 2000 to support micro credit and lending circles. It also administers a youth entrepreneur program. The *Capital régional et coopératif Desjardins* (2007) is a risk capital fund initiated by the *Mouvement des caisses Desjardins* in 2001. It has a mandate to invest 21 percent of its capital in co-operatives and local resource-based businesses. It offers a 35 percent tax credit and has raised \$80 million so far.

As of 2003, there were more than 46,300 non-profit and voluntary organizations operating in the province (Statistics Canada 2005, 20), with revenues of \$25 billion (ibid., 30).

Estimates of the size and influence of the social economy in Quebec vary greatly. One estimate puts it at more than 6,250 collective enterprises, with over sixty-five thousand jobs (Chantier 2007). Given the size of the co-operative and *caisse populaire* portion, this is probably a conservative estimate.

RECENT POLICY TOWARDS THE SOCIAL ECONOMY/CED IN QUEBEC

THE PROVINCIAL GOVERNMENT has played a key role in promoting the social economy in Quebec, helping to expand, but in some important ways, create, collectively based, social economy initiatives and enterprises, and working closely with these enterprises to solve economic problems. This has been an integral part of

decentralized and consultative approaches to economic and social development in the province.

In the early 1980s, the main emphasis was on *encouraging the spread of co-operatives*, through legal and institutional innovation and through the provision of financial support to umbrella organizations. As long ago as 1940, the *Conseil de la coopération du Québec* (CCQ) had been created to enhance and co-ordinate the co-operative movement. In 1982, the *Loi sur les coopératives* gave co-operatives a special status to encourage their proliferation. This was the beginning of a period of increasing governmental support for the co-operative business model as an economic development strategy in Quebec.

The value of local dialoguing and decentralized governance of development strategies was recognized and implemented around this time by the Government of Quebec. At the turn of the 1980s, the government created *Municipalités régionales de comté* (MRC) to facilitate dialogue between the municipalities and the population to create a coherent plan for socio-economic development (Comeau et al. 2001, 48). Over time this strategy would deepen with the creation of more organizations to offer regional development services according to the MRC divisions. The first regional development co-operative (CDR) appeared in 1984, with financial support from the Quebec government; two more appeared in 1985, with mandates to create and support co-operatives in their region. In 1984, the *ministère de l'Industrie et du Commerce* converted the *Société de développement des coopératives*, in existence since 1977, into a public institution run by a board of directors with the mandate to co-ordinate and support co-operatives across Quebec, leaving the development function to the CDRs.

In 1988, the CDRs formed the *Conseil québécois du regroupement des coopératives de développement régional* (CQRCDR). The funding model for CDRs changed in 1987–88 into one that funded them according to their returns and productivity (jobs created/maintained); the new model applied to all CDRs by 1991. In 1993–94, the addition of five young CDRs brought the total to nine, with a budget of \$1 million assured by the CCQ. In 1995, as part of a regional development strategy, the Quebec government added another million, making the total annual budget \$2 million (Finance Quebec 2007b). In 1998, the *Fédération des coopératives de développement régional du Québec* evolved out of the CQRCDR. By this time, CDRs had covered the whole of Quebec, adopting the MRC regional plan.

More recently, the government changed co-op legislation to permit the creation of solidarity co-operatives, which have representation from workers, members of the community affected by the services provided by the co-op and others with an interest. These have proven quite popular since 1997 in areas of service such as home care and currently number 218 (Développement économique, innovation, exportation Québec 2006, 23).

Government involvement in the development of the co-operative movement has, therefore, been quite systematic and intense, setting up local structures to promote this collective vehicle that is so central to the social economy.

Government has also actively promoted *institution building* in the non-co-op sector of the social economy, providing funding to and effectively scaling up the activities of CEDC, while also creating new collective community-based organizations to work with them.

The provincial government first got involved in the direct funding of CED in Quebec in the mid-1980s. Although the three tiers of government would come to financially support CED practices to varying degrees over the following decade, it was the provincial government that awarded the first grant money for the operation of a CEDC in Montreal. Throughout this period, however, funding was piecemeal and ad hoc, for these early forays by the Government of Quebec into funding decentralized local community economic development were experimental and did not constitute a concerted policy of support. It was not until the advent of the *Chantier de l'économie sociale* in 1996 that funding for CED would become an official component of Quebec's development policy and earn larger, longer-term financial support from the government.

In 1985, PEP and the other two first-generation CEDCs were awarded funding from the provincial government's *Office de planification et de développement du Québec* (OPDQ) of \$150,000 per year for three years for operating costs, and \$100,000 per year for three years to set up a local investment fund. In 1987, another funding agreement with the OPDQ awarded the three original CEDCs with \$150,000 for the year and \$125,000 for the following year, decreasing as the CEDCs were expected to find independent funding for their operations. The CEDCs, however, argued for continuing provincial support and were awarded \$150,000 again in 1989–90. These agreements between the province and CEDCs declared the following man-

date: work for the economic revitalization of the area; promote the creation of local employment; and provide access to the different employment skills development programs (Côté et al. 1992, 20). But the government's commitment to CED was still quite tenuous: despite the fact that three second-generation CEDCs were in existence by this time, they were not included in this arrangement and had to fend for themselves.

In 1990, a tripartite agreement was signed with all six of the Montreal CEDCs. The action plan *Partenaires dans le développement économique des quartiers* signalled the city of Montreal's recognition of the role the CEDCs had to play in local development. Adding the mandate of dialoguing with the local community, this plan institutionalized the CEDCs to a greater degree, with its stricter protocol for CEDC interventions and operations (Malo 1998, 6). Over the protests of the CEDCs, the plan also stipulated that the areas administered by each CEDC correspond to boroughs, a new plan that tripled the size of their administrative areas. With the city's pledge of \$6 million over five years, this became the first tripartite government funding agreement, as the federal government also signed on in 1990 and would continue to be a partner in the coming action plans.

The early 1990s saw the signing of many additional action plans for the advancement of local development initiatives and employment creation programs. In 1990, *Le plan d'action pour le développement économique des quartiers défavorisés de Montréal* harmonized support from the province and the city, pledging to assure 60 percent of the CEDCs's base budgets and creating the *Fonds d'adaptation de la main-d'oeuvre des quartiers défavorisés de Montréal* with a budget of \$25 million (Côté et al. 1992, 32). This was followed by plans that targeted the development of strategic industrial sectors, the creation of greater regional autonomy, long-term employment and economic development, and the development of workforce professional skills (Côté et al. 1992, 34).

In other contributions *to institution building*, the provincial government was directly responsible for the creation of CLDs and CLEs in 1997 as part of its new regional policy. These, and the CEDCs that undertake the functions of CLDs, have now become the dominant vehicles for local economic development and job creation strategies. All of them have community representation and all of them have access to state funding geared, to a degree, to promoting the social economy. The institutional system introduced by the state is, how-

ever, still evolving. In 2007, the responsibility for local development centres was transferred to the MRCs (Finance Quebec 2007a, 42). At the same time, the government also created regional conferences of elected officers as “focal points of regional development decision-making” on the argument that “those at the grassroots are more able to make decisions that stimulate the development of their region” (ibid., 43).

The province has supported the social economy by providing *financing* specifically earmarked for it. Some of this is provided directly, on its own account, as with the funding of CDRs, CEDCs, CLDs and CEDs, both for core funding and for programs. The Social Economy Fund is the largest of these and quite significant. It also has the *Fonds d'aide à l'action communautaire autonome*, which provides more than \$20 million a year to support community and volunteer action (Emploi et solidarité Québec 2006, 3). In addition, the province finances a variety of Aboriginal initiatives related to CED — community action funds and funds to assist Aboriginal economic development institutions (Secrétariat aux affaires autochtones 2007). As well, the province has provided financial support for initiatives undertaken by other social economy partners, including the *Chantier de l'économie sociale* Trust (*Fiducie du Chantier de l'économie sociale*), RISQ, SOLIDE, FDEM, and the RQCC. It has also indirectly supported social economy funding initiatives by providing tax credits for the *Fonds de solidarité FTQ* and *Fondation CSN*. But, beyond these labour-sponsored funds, it has also provided tax credits for co-operative organizations such as the *Capital régional et coopératif Desjardins*, and to worker, producer and worker-investor co-ops (the *Régime d'investissement coopérative*), it provides a 125 percent tax credit (Neamtan and Downing 2005, 22). In a related move, the province also changed the law to allow its investment agency, the *Société de développement industriel*, to provide loan guarantees to non-profit and social economy enterprises (Mendell 2002, 334).

Sectoral policies of the Quebec government are also often tailored to the promotion of the social economy. Four sectors stand out in this regard. First, in 1997, the Quebec government proclaimed its preference for the provision of daycare services by non-profit organizations as opposed to private companies and the state. This was a significant boost to the social economy, given that almost twenty years earlier the government had recognized that access to child care should not be determined by ability to pay, and given that Quebec had

the most advanced, state-supported, child-care system in the country. It came after many years of lobbying by women's groups, daycare advocates, unions and community groups and in part, recognized the central role that non-profits were already playing in the sector as well as the collective responsibility that society has to early childhood development. In May 1999, after further pressure from social movements, the government concluded an agreement with the CSN to significantly raise wages of child-care workers and to examine pension possibilities and wage equity concerns. In short, this was acknowledgement by the state that labour in this sector had previously been greatly under valued (Vaillancourt et al. 2002). The result of these and supportive budget measures has been a substantial increase in the number of daycare spaces and of social economy organizations providing them.

Secondly, social economy enterprises in home care, principally for the elderly, received a boost after the 1996 Summit on the Economy and Employment. Under the Financial Assistance Program for Domestic Services, funds were provided to consumers buying services from social economy enterprises. In addition to promoting the social economy, this also provided consumers with an alternative to institutionalization and lowered pressure on government to provide these services directly. Over one hundred collective enterprises now employ more than six thousand people and service over seventy-six thousand clients (Neamtan and Downing 2005, 34).

The third sector of note is that of social housing, in which the Quebec government has stepped up its activities as the federal government withdrew from the area. Also as a direct result of the Economy and Employment Summit, the government established the *AccèsLogis* program to build co-operative and not-for-profit housing. Originally a five-year program, this was extended to 2007 and is responsible for Quebec being well ahead of other provinces in the social housing field (Vaillancourt et al. 2002, 54; CMHC 2004). It has been assisted in this by the *Fonds québécois d'habitation communautaire*, also a product of the summit, which has served as a "forum for negotiation, arbitration and 'conflictual cooperation' between the government and the social economy and its 'technical, social and political expertise' has had a huge impact on the design of housing policy in Quebec" (Vaillancourt et al. 2002, 54–55).

The fourth notable sector is that of recycling, in which the province gives incentives

to social economy enterprises, through RECYC Québec, in the process creating more than a thousand jobs (Neamtan and Downing 2005, 34–35).

Perhaps the most salient aspect of government policy in Quebec since the mid-1990s has been its *willingness to involve the social economy sector in the policy making process*, alongside more traditional partners, business and the union movement. As a result of the Women’s March and the Summit on the Economy and Employment, the social economy, under the leadership of the *Chantier*, has played a pivotal role in helping define new approaches to economic and employment development. These new “horizontal public policies” in Quebec (Favreau 2006, 12) called for the state to work closely with all major social actors in finding solutions to unemployment and the revitalization of local economies. The state’s willingness to engage in alternative approaches was based not just on the immediacy of crisis, but also on the recognition of “a pre-existing dynamic, that is, an economic and cultural movement built on notions of partnership, territory, local development, collective enterprise, etc.” (ibid.). The formal recognition of the importance of this third, potentially much more democratic, sector and its incorporation into policy making circles, from which it can influence the institutional and financial supports to the social economy, is a critical feature of state policy in Quebec. In this regard, the path-breaking 2002 law against poverty, which makes, for North America, a unique legislative commitment to end poverty, assigns a central role to the social economy in its National Strategy to Combat Poverty and Social Exclusion. It also makes provision for community input into advice on future concrete policy measures that might be taken to fight poverty (Noël 2002).

THE SOCIAL ECONOMY IN MANITOBA: A BRIEF OVERVIEW

THE SOCIAL ECONOMY IN MANITOBA is a rich and integral part of the province’s history, with co-operatives being a major, but by no means the only, feature. As early as 1887, the tailors’ assembly of the Knights of Labour⁵ formed a

successful worker-owned co-operative, the Co-operative Tailoring Association. This employed thirteen tailors who had lost their jobs through a broken strike (Smith 1985, 16). By 1910, farmer and co-operatively owned elevators were a feature, and soon to become a dominant one, of the Manitoba rural skyline and the trade in grain (Friesen 1984, 134). From 1928 until 1992, the Workers and Farmers Co-operative Association, later the People's Co-op, ran a variety of businesses, from fuel, to milk, lumber, auto repair, housing, gas sales, recycling and even an unofficial bank. This member-owned co-op was established by the left wing of the Ukrainian community, and had not just an economic, but a social, political, cultural and educational mandate. It forged close political, cultural and educational ties with the multi-ethnic communities in the north end of Winnipeg.⁶ In 1992, it sold out to its workers, who formed a worker co-operative, but this too was bought out in 1994 (Mochoruk 2000). A sister institution, the Workers' Benevolent Association (WBA), "provided death benefits and a rudimentary form of health insurance for its members" (Mochoruk 2000, 13). Similar mutual aid organizations were created in other ethnic and political communities in Winnipeg, but the distinguishing feature of the vision of those behind the People's Co-op/WBA was a commitment to communitarian values.

Retail co-operatives also have a long history in Manitoba. The largest one, the Red River Co-operative, was established in 1937 as a retail gas business. Despite ups and downs since then, this side of the business has flourished in recent years because of escalating oil prices. Since 2001, membership has risen from around 70,000 to between 100,000 and 123,000⁷ and dividend payouts have skyrocketed fourfold to \$20.8 million, suggesting that total sales were in excess of \$200 million.⁸ The retail grocery side of the Red River Co-op first opened in 1948 but collapsed in 1982 (Mochoruk 2000, 155) through ill-considered expansion amid the sharp economic downturn.

Canadian Co-operative Implements Ltd. was formed in 1940–41 to manufacture and sell farm machinery in a bid to bring down costs (MacPherson 1987). The organization drew its membership from the three prairie provinces and enjoyed great success for many years.⁹ In 1948, Winnipeg was also home to the world's first co-operatively owned newspaper, the *Winnipeg Citizen*, which sought to bring more balanced reportage than that available from Winnipeg's two corporately owned, right-wing newspapers (Smith 1990, 137–38).¹⁰

Since the 1930s, credit unions have had a strong presence in Manitoba, and as commercial banks have retreated from retailing in recent years, the credit union movement has progressed steadily. There are currently in excess of 525,000 members of fifty-seven credit unions with assets in excess of \$11 billion (Credit Union Central of Manitoba 2007). Added to these there are seven *caisses populaires*, the Francophone equivalent of credit unions, with more than 30,000 members and assets of over \$600 million (Department of Finance 2006, 67).

In the late 1960s early 1970s, the federal and provincial governments promoted producer and consumer co-ops in Aboriginal communities in northern Manitoba, perhaps because of the “perceived close relation between community development (local initiative, joint action, non-exploitation, and education) and co-operative principles” (Loughran 1985, 10), as well as the predisposition of Aboriginal culture towards collective values. These co-ops were not generally initiated by community members. Rather, they were promoted, aggressively, by community development officers, through a badly organized, understaffed program, even as it was obvious that many were failing (McInnis 1975). Of thirty-nine co-operatives studied, “36% had their articles cancelled, 36% were inactive and 13% were active but in serious trouble, and only 15% were in satisfactory condition” (Loughran 1985, 76). Successful co-operatives continue to be a feature of northern community economic development but are not, these days, force-fed by government.

The co-operative movement in Manitoba as a whole remains vibrant. There are more than 350 co-ops of various types with a membership in excess of 290,000. They embrace a variety of types, with the most prevalent being housing (fifty-nine), consumer (sixty), day-care (forty-one) and utility (mainly water supply) and marketing (both thirty-five) (Department of Finance 2006, 67). There is also a cable tv/Internet/broadcasting provider, Westman Communications Group. In the agricultural sector, co-ops market grains, oilseeds, honey and livestock, while “Granny’s Poultry is one of the biggest poultry co-ops in Canada” (Canadian Co-operative Association 2004, 1).

It is in the agriculture sector that New Generation Co-ops (NGCs) are to be found, which seek to add value to agricultural production by, for instance, producers co-operating to process output. The Parkland Agricultural Resource Co-operative (PARC), consisting of eleven municipalities, was established “to add value to agricultural and natural resource

products, to process and market its by-products, and to provide any other related service that will result in economic growth of the PARC region” (PARC 2007). It calls itself an NGC and has encouraged the formation of such co-ops in ethanol and hemp production. In addition to NGCs following traditional co-operative principles,¹¹ membership is limited to those purchasing delivery rights, which requires them to pay often large amounts of up-front equity and to enter into contracts outlining delivery rights and obligations. NGCs are encouraged by the provincial government and raise new legal, financial and accounting challenges (Canadian Co-operative Association 2003).

Some significant co-operative operations in Manitoba are part of larger organizations operating nationally or in other provinces. Among these are Federated Co-operatives Ltd., which services retail co-ops with wholesale and manufactured goods, as well as with advice and assistance; Concentra Financial (formerly the Co-operative Trust Company of Canada), which provides financial services; Arctic Co-operatives Ltd., owned by thirty-five northern community co-op businesses in Manitoba, Nunavut and Northwest Territories; and the Co-operators Group, “the largest, wholly Canadian-owned multi-product insurance company” (Canadian Co-operative Association 2004, 2).

All of these would be considered part of the social economy and many would have clear connections to CED, but much of the co-operative/credit union movement acts little differently from the way in which the corporate sector operates, a point we shall return to in the section titled “Government Promotion of CED/Social Economy and Democratic Decision Taking.” Two co-operative organizations stand out as having consciously attempted to stay true to CED principles. The first is Neechi Foods, an Aboriginal worker co-op store operating in Winnipeg’s north end. Although relatively small, Neechi has had an impact on CED in Manitoba out of all proportion to its size, by lending the CED movement its eleven-point principles. These have been adopted by almost all CED entities in Winnipeg as well as by the provincial government. The second clear exception (and we are sure there are others) is the Assiniboine Credit Union (ACU), which was “greened” by more militant members in the mid-1990s to make it more sensitive to CED and to the needs of disadvantaged communities. Assiniboine has been recognized both for its efforts towards CED and for its enlightened employment policies.¹²

Co-ops are, therefore, the backbone of the social economy in Manitoba and are significant economically. There are, however, many other actors in the social economy of Manitoba, some of which date back many years, while others are relatively recent creations.

Community Development Corporations date back some forty years. Of forty-nine CDCs established in the late 1960s and early 1970s, twenty had been dissolved and half of the remainder were dormant or “inactive in terms of new development activity” by the early 1980s (Manitoba Department of Business Development and Tourism 1982, 3–4, quoted in Loughran 1985, 79). The explanation given for this was that CDCs were established with a specific goal in mind and dissolved or became relatively inactive once that goal had been met or missed (Loughran 1985, 80). There are now CDCs in ninety-five communities in Manitoba (Department of Finance, Manitoba 2006, F4). Some CDCs date back to the 1960s, while several others were creatures of the latter half of the 1990s under the Conservative government of Gary Filmon. There are also sixteen federally funded Community Futures Development Corporations operating in rural and northern Manitoba, some of which have been in operation for over twenty years. The main preoccupation of these organizations, both CDCs and CFDCs, is the development and attraction of businesses and capital and loans to business. There is, however, a strong CED component in what they do, in that they “work with communities to assess local problems, establish objectives, and plan and implement strategies to develop human, institutional and physical infrastructure, entrepreneurship, employment, and the economy” (FERENCE Weicker and Company 2003, 11). They rely heavily on volunteer labour and feel that they are under funded, under staffed and under trained (Bessant and Annis 2004). Both these types of CED organizations have their own umbrella organizations in Manitoba.

As in Quebec, it is possible to identify a wave of “new” CED/social economy organizations and initiatives since the 1990s. A pivotal moment came in 1992, when a group of social activists in *Cholces*, a Winnipeg coalition for social justice, organized a campaign to elect a more progressive board of directors of the Assiniboine Credit Union, the largest credit union in the city. They formed a group called *The Greening of the Assiniboine*, which gradually took control of the board and began to steer the credit union gently in more socially responsible directions. Assiniboine now has assets of over \$1 billion and a membership

base of more than 51,000 (Assiniboine Credit Union 2005, 12). Since its “greening,” it has systematically developed services and products designed to promote CED, including a Community Loan Centre. The ACU is involved, one way or another, with almost all CED initiatives in Winnipeg and with almost all *financing* initiatives, even when it is not the principal source of funding. Its importance in underpinning and promoting the CED movement in the city cannot be overemphasized. This has been recognized by the ACU being twice selected for the Credit Union Community Economic Development Award — in 2001 and in 2006.

The second major development in the early 1990s was the launching of SEED Winnipeg Inc., an independent, non-profit agency designed to combat poverty and promote inner-city renewal through micro and community enterprise development for low income people.¹³ SEED works closely with Assiniboine, which provides the credit for many SEED-assisted businesses. SEED has branched out into asset building schemes for housing, education and business development; it promotes small, social enterprise and worker co-operative entities; it hosts the Community Economic Development Technical Assistance Service (CEDTAS), the successful technical assistance matching program; with the North End Community Renewal Corporation, it co-produced the social purchasing portal to assist CED and businesses that have added social value; and it is heavily involved in most CED initiatives, including trying to build a social equity fund. SEED draws its funding from a wide variety of sources — from ACU, federal and provincial governments, charitable foundations, non-profits and the private sector.

SEED and ACU have been instrumental in helping form or in supporting the creation of a number of other CED initiatives in Winnipeg in recent years.¹⁴ These include LITE (Local Investment Towards Employment), founded in 1994, which raises money for investment in CED activities and which started out as a progressive alternative to the Christmas Cheer Board; the Jubilee Fund, an interfaith financier of CED founded in 2000; and the Alternative Financial Services Coalition, which involves several other local CED groups, is sponsored by the North End Renewal Corporation, and provides banking and other financial services to people underserved by mainstream banks. Work is also underway to investigate the possibility of establishing a Manitoba Social Enterprise Fund.

The Crocus Investment Fund, a labour-sponsored investment fund, established in 1992 between the Manitoba Federation of Labour and the Government of Manitoba,¹⁵ was a potential source of capital for the social economy. It had a commitment to worker ownership and established Community Ownership Solutions (COS), with a mandate to alleviate “poverty and structured unemployment in Winnipeg through the creation and transformation of market driven enterprises” (COS pamphlet 2002). The bulk of Crocus’s investments, however, were in venture capital to the private sector, and in 2005 it collapsed under allegations of over valuation of its shares relative to the value of underlying investments.¹⁶

The social economy in Manitoba has other important dimensions. There are several organizations devoted to CED that operate at the neighbourhood level. There are three development corporations, each established in the late 1990s: the West Broadway Development Corporation (1997); the Neeginan Development Corporation (1998, dealing with inner-city Aboriginal CED); and the North End Renewal Corporation (1999). The Spence Neighbourhood Association (2000) operates on similar lines and there are a whole host of other neighbourhood organizations whose work can be considered foundational to CED (Chorney 2003).

There are also a number of employment development agencies operating in Winnipeg, many of which can claim to be part of the social economy/CED network. These cover a range of functions from personal development, pre-employment, training and self-employment, to placement. Some of these date back many years, such as the Ma Mawi Wi Chi Itata Centre, established in 1984, while others such as the Centre for Aboriginal Human Resource Development were creatures of the devolution of such programs from the federal to the provincial government in the late 1990s.¹⁷ In 2003, Loewen identified more than fifty-five such organizations in what he acknowledged was only a partial listing; at least a dozen of these were Aboriginal. In addition, the Government of Manitoba website lists eight other community organizations through which it provides employment assistance and a further thirty-nine outside of Winnipeg (Manitoba Government 2007). No data is available on amounts of money channelled through the social economy/CED organizations, but the total spent in 2005–06 on the Canada-Manitoba Labour Market Development Agreement for training support was about \$43 million (Advanced Education and Training 2006, 52).

The social housing sector has a long history in Manitoba and is considered a corner-

stone of CED for the economic linkages and jobs it can potentially provide, as well as for its contribution to building social capital and providing a healthier, safer and more stable living environment (Deane 2006, Chap. 3). This sector provides self-help housing of different types and through different organizational forms. In addition to the fifty-nine housing co-ops in operation, there are Aboriginal housing organizations, CDCs, housing development corporations, special needs and religious groups, and neighbourhood associations involved in housing. Cates (2003) identified some twenty-six groups operating in Winnipeg alone. In addition, there are groups such as Inner City Renovations (ICR), formed by COS, which employs inner-city workers to help other organizations develop housing, and Ogiijiita Pimatiswin Kinamatwin (OPK), which employs Aboriginal youth who are ex-gang members and ex-inmates to do similar housing improvements (see Deane 2006, Chap. 6).

There are also a number of social enterprises operating in the province. Some of these entities, operating for broader social purposes than mere bottom-line profit, have already been mentioned, operating in the financial sector (ACU, SEED, etc.) and the housing sector (North End Housing Project (NEHP), Inner City Renovations, OPK). In addition to these, there are at least twenty other social enterprises including a bakery, office cleaning company, restaurant and book store, producer of star blankets, stores, catering concerns, a publishing house, agricultural production, manufacture and recycling businesses (Loewen 2003b).

Becoming increasingly important in Manitoba are the activities of various Tribal Councils or associations of First Nation communities. While the communities they serve are essentially rural or remote, their activities are often urban and they have significant investments in real estate, manufacturing, trading, health services, hotels, casinos and golf courses. While the businesses they own are often run as incorporated companies, the ownership is, at root, essentially collective, as profits not reinvested are returned to the communities (see Wuttunee 2005, 2007).

Finally, as elsewhere, there are huge numbers of non-profit and voluntary organizations operating in the province. As of 2003, these numbered around 8,200 (Statistics Canada 2005, 20), with revenues of \$7.6 billion (*ibid.*, 30).¹⁸

The broader social economy in Manitoba has a long history and is built into the cultural fabric of the province. While that history has not always run a smooth course and there have been a number of significant set-backs and failures, the social economy and the CED economy that is part of it are nonetheless important, vibrant and expanding features of Manitoba's economy.

RECENT POLICY TOWARDS THE SOCIAL ECONOMY/CED IN MANITOBA

SINCE 1999, government policy has played an important and innovative role in expanding CED activities in Manitoba. Shortly after taking power, the NDP government expressed the priority it attached to CED by creating the Community and Economic Development Committee of Cabinet. This was the first time in the history of the province that CED was explicitly mentioned in the name of the committee of cabinet responsible for determining government policy on economic development.

In 2001, with input from the CED community, the government adopted a CED policy framework and a CED Lens through which to judge how best government policies and programs might support and strengthen CED. The framework outlines five goals of CED: building greater community capacity; nurturing pride, self-reliance and leadership; enhancing knowledge and skills; developing businesses that are responsive to social, economic and environmental needs; and fostering balanced, equitable and sustainable economic development (Kostyra 2006, 22). Both the framework and the lens were based on principles of CED that were first developed by the Neechi Foods workers' co-op (Neechi Foods Co-op Ltd. 1993). These principles, as adopted by the government, provide for local employment, local ownership and decision making, building local linkages, reinvesting profits back into the community, drawing on and building local knowledge and skills, having a positive environmental impact, improving health and well-being, maintaining neighbourhood stability and community cohesion, fostering human dignity, and building interdepartmental and inter-

governmental collaboration (Department of Finance, Manitoba 2006b, F2). This brought the government's philosophy on CED into line with the dominant view in the community, since almost all CED organizations in Winnipeg had previously adopted these principles.¹⁹ The framework also incorporates many of the recommendations made by CCEDNet (MacKinnon 2006, 28).

The lens is designed to assist the civil service to understand and implement the government's CED strategy and does so by asking a series of questions about the eleven principles. The idea is that this should help departments to adjust their programs for consistency (Kostyra 2006, 22). An interdepartmental CED Working Group, chaired by the Secretariat of the CEDC, is charged with encouraging CED in government (ibid., 23).

The Government of Manitoba also worked closely with the CED community in helping sponsor the Manitoba Research Alliance on CED and the New Economy, which obtained an \$895,000 research grant from SSHRC in 2002. The grant was administered by the Canadian Centre for Policy Alternatives, but drew on academics and students from three universities in the province and on members of the community for its research activities. This highly successful joint initiative, which also involved the federal government, has helped throw light on problems and possibilities facing CED in Manitoba.²⁰ Among other things, the alliance placed great importance on hearing and recording the voices of those CED is supposed to serve (Silver 2006) and of those who played an important role in setting the foundation for CED in the province, especially those in the Aboriginal community, who are often not heard or recognized, seeing this as an important prerequisite for building a base for future success in CED.

The government sees its policies in terms of *building capacity, building infrastructure, promoting enterprise development and education and training*. It also supports CED initiatives in a variety of sectors — energy, eco-tourism, community forestry, culture, housing, safety, and health (Department of Finance, Manitoba 2006b, F3–F14).

Its main instrument in terms of capacity building is *the provision of funding*. The principal sources of incremental funding since 1999 have been the Neighbourhoods Alive! program, and more recently, the tripartite Winnipeg Partnership Agreement (WPA). The for-

mer has put over \$30 million into more than four hundred projects covering various aspects of CED. These include supporting the core funding of CDCs (up to \$75,000 a year), neighbourhood renewal, culture, youth recreation, safety and training. The provision of core funding has been crucial for the activities of organizations such as the North End Renewal Corporation and *le Conseil de développement économique des municipalités bilingues du Manitoba*, responsible for promoting CED in Francophone and bilingual municipalities. About \$10 million has been put into the building or repairing of housing through \$10,000 grants (Neighbourhoods Alive! 2007). The WPA is a \$75 million, five-year agreement with four components, two of which — the Aboriginal Participation and the Social Economy and Community Development — are most relevant to CED. Funding for these is about \$25 million in total. Each has a community committee to advise on the allocation of funds (WPA 2007).

Other sources of funding available from the Manitoba government include the Communities Economic Development Fund, a loan agency for northern businesses that has about \$20 million outstanding and loans out about \$5 million p.a., most of it to small entrepreneurs but some to CDCs and community-owned enterprises (perhaps as much as \$1.25 million in 2005–06) (CEDF 2006, 10), and the Rural Economic Development Initiative, which supports mainly rural but also northern business development through technical assistance and loan guarantees. Technically, these are available for social economy/CED entities, but most of the assistance goes to private business. Government financial support of SEED and financial and other supports to co-ops are also considered part of the government's enterprise development. In 2005–06, the Department of Agriculture gave matching operating grants to seven rural CDCs for a total of \$0.54 million (Manitoba Agriculture, Food and Rural Initiatives 2006, 4B). The Community Works Loan program, administered through the Department of Agriculture, gives rural CDCs matched, revolving, loan funding for job creation by local businesses, including co-ops. The CDC must raise between \$10,000 and \$25,000 in order to receive funding from the province in the ratio of 2:1. If loans (of up to \$10,000) are successfully placed, the province would match up to a further \$50,000 on a 1:1 basis, giving successful CDCs a potential total job creation pool of \$175,000 (Manitoba Agriculture, Food and Rural Initiatives 2007).

In 2004, the Manitoba government introduced the Community Enterprise Development Tax Credit, along the lines of the Nova Scotia model. This gives Manitoban's a tax credit for investing equity capital in community-based enterprises. It replaces the Grow Bond approach of the Filmon government, under which communities issued bonds for local development, the principal being guaranteed by the province (Manitoba Agriculture, Food and Rural Initiatives 2006, 4H).

The Government of Manitoba has also introduced new *infrastructure* programs, which it feels are important compliments to, if not prerequisites for, CED. Community Places, Hometown Manitoba, the WPA and the \$120 million Municipal Rural Infrastructure Fund are some of the initiatives in this area.

While the provision of funding is the principal means of encouraging enterprise development, the government has also committed itself to *progressive procurement*. The Aboriginal Procurement Initiative is explicitly linked to CED (Manitoba Infrastructure and Transportation 2007a) and provides for a Directory of Aboriginal Businesses, for set-asides and for pro-active contacting of Aboriginal entities when government is seeking supplies or services. This builds on a "green" procurement initiative introduced in 2000 to encourage the production and use of environmentally friendly products (Manitoba Infrastructure and Transportation 2007b). More recently, and perhaps more significantly for CED, the Manitoba government, together with the federal government and a number of community partners, helped establish and became a member of the Social Purchasing Portal (SPP). The SPP was developed by SEED and the North End Community Renewal Corporation and is "a web-based information resource to promote and expand sales opportunities for social enterprises" (Department of Finance, Manitoba 2006b, F9), "which in turn creates employment opportunities for individuals or groups who face multiple barriers to employment" (SEED 2007).

On the *education and training* side, two initiatives have been targeted explicitly at furthering CED. The government has provided financial support to CEDTAS, run out of SEED Winnipeg, which matches technical assistance needs with qualified volunteer specialists. It has also been a major funder of the Community Development/Community Economic Development Training Intermediary, run by the Community Education Development Association in conjunction with Red River Community College (RRCC) and other commu-

nity partners, to train CED workers. Its promotion of the University of the North, of RRCC, and of special access programs to universities are also seen as having important indirect spin-offs for CED in the long term (Department of Finance, Manitoba 2006b, F8).

In its *sectoral support programs*, there are some important innovations for CED. In a major departure from past practice, in what it calls “clean energy opportunities,” the government has offered First Nation communities ownership opportunities in hydro dams. This is the first time the government has allowed community ownership in dams built by Manitoba Hydro, a crown corporation, and the move has not been without controversy. An agreement with Hydro provides the Nisichawayasihk Cree Nation (NCN) of Nelson House with a 33 percent, \$84 million equity share in the \$1 billion Wuskwatim Dam. According to the president and CEO of Manitoba Hydro, Bob Brennan, “The expectation is that NCN will benefit from training, jobs, business opportunities and project financial returns” (Nisichawayasihk Cree Nation 2006). It remains to be seen how the community will raise the funds, leaving some to argue that a more direct, risk free, contribution by Hydro might have been preferable (Kulchyski 2005). Nonetheless, the contrast between this approach to northern community development and Hydro’s past destructive relations with northern Aboriginal communities is most striking.

Community development opportunities are also on offer from the government in the development of both ethanol and wind power, and support has been given both in the north and in Winnipeg to community organizations retrofitting houses for insulation and energy efficiency generally. The government is working closely with the Aboriginal community to promote eco-tourism and culturally based tourism opportunities, community forestry operations, and forestry value added and diversification initiatives. It is also funding a number of community groups to foster the promotion of cultural and related activities — such as the extension of broad band facilities — to promote CED (Department of Finance, Manitoba 2006b, F11–12).

The importance of quality affordable housing in CED is recognized in government policy. The government promotes housing co-ops and funds a number of CED involvements in this sector, through the Neighbourhoods Alive! program. An important beneficiary of this funding is the NEHP, a non-profit organization that buys and rehabilitates houses (see Deane

2006), in the process giving employment opportunities to other CED organizations such as OPK, which also receives government support, and ICR.

Finally, the government sees important CED implications in its Lighthouse Program, after school programs for youth with an underlying crime prevention rationale, its Healthy Child Program, its Northern Healthy Foods Initiative, and its support for Child Care (Department of Finance, Manitoba 2006b, F11–12). One might also add that the province has been quite supportive of some women's health initiatives, in particular, the Women's Health Clinic, a feminist, community-based organization with an outstanding reputation for participatory and emancipative approaches to women's health care.

In short, the Government of Manitoba recognizes both the legitimacy and the importance of CED to the point where it has integrated it explicitly into its policy framework, laid out the principles upon which policy will be based, and systematically outlined the tools at its disposal and the sectors in which it supports CED activities.

DRAWING LESSONS FROM THE TWO EXPERIENCES

THIS SECTION REFLECTS on the experiences of the social economy/ CED sector in the two provinces, drawing out what appear to us to be some similarities and differences. How interesting this will be to people of other provinces will depend not just on the accuracy of the observations, but also on the state of affairs of the sector and policies towards it in their respective provinces. It is hoped that what follows will be helpful for reflection and discussion within CCEDNet on possible ways forward in the policy field.

The Relative Size of the Social Economy in Each Province

It would be helpful to have a measure of how the social economy sector compares in both provinces, to help gauge what public policy has accomplished. There are, however, no com-

prehensive or meaningful statistics on the development of the social economy sector in the two provinces. Table 1 gives some indicators of the relative sizes of the financial and non-financial co-operative sectors and the volunteer sector. It shows that, relative to population size, Quebec has more credit unions, credit union members, credit union revenues and credit union assets than does Manitoba, and significantly so. This testifies to the long-term strength of the Desjardin movement and the not-so-smooth development of the movement in Manitoba which, nonetheless, has shown significant strength in recent years. On the non-financial co-operative front, Quebec has more co-ops and many more workers in that sector than does Manitoba, but Manitoba has double the membership per capita, more sales, and more assets than Quebec. This reflects, to some degree but not entirely, the strength of the Red River gas co-op, which accounts for 47 percent of total membership, 20 percent of sales, and 16 percent of assets. On the volunteer side, the picture is unambiguously straightforward. Manitoba has many more voluntary organizations, many more volunteers, and much greater revenues to voluntary organizations, relative to population, than does Quebec. This is significant because the CED sector in Manitoba draws heavily on volunteers, many of whom have religious affiliations.

Table 1: Indicators of Development of the Social Economy in Quebec and Manitoba

	Ratio of Manitoba to Quebec
Population	1:6.44
Number of credit unions (caisses populaires)	1:8.28
Members of credit unions, etc.	1:9.52
Revenues of credit unions, etc.	1:9.14
Assets of credit unions, etc	1:8.32
Number of non-financial co-operatives	1:7.75
Members of non-financial co-operatives	1:3.06
Workers in non-financial co-operatives	1:9.60
Volume of sales in non-financial co-operatives	1:4.87
Assets of non-financial co-operatives	1:5.19
Number of voluntary organizations	1:5.64
Revenues of voluntary organizations	1:3.29
Number of volunteers	1:3.31
Number of CFDCs/SADCs	1:3.56

Sources: Bogach, 2006; Canadian Co-operative Association, 2004; Statistics Canada, 2005.

Finally, Manitoba has more Community Futures Development Corporations per head of the population than Quebec, but without further details of their operations, this tells us very little. What is lacking is any clear quantitative and, perhaps more importantly, qualitative idea of how the new social economy sector looks in both provinces. The sense one has, though, is that the CLD/CLE structure in Quebec represents a major difference between the provinces in terms of systematic local infrastructure, while the CEDCs seem to be larger and better funded. In that sense, the social economy in Quebec has a much larger scale of operations. This latter is not surprising as the equivalent organizations in (urban) Manitoba, albeit, to some degree, based on the Quebec model, are more recent creations and are not integrated into an equivalent to the CLD structure in terms of function or finance.

Explaining Government Promotion of the Social Economy/CED

It is probably no accident that advances in policy towards the social economy/CED have taken place in both Quebec and Manitoba largely under social democratic governments. The PQ government responded in the mid-1990s not only to an unacceptable level of unemployment, but also to political pressure from important electoral constituencies in the province, and especially women. By that time, the social economy sector was well developed and the notion of collective enterprise, collective rights and community involvement in dealing with economic decline was well accepted. But the government chose to expand the influence of that sector in attempting to come to terms with the serious economic problems being faced by the province. This was a political choice, but one which found resonance with social economy activists at the time. What happened in Quebec, therefore, had as much to do with the culture and politics of the province as it did with the high rate of unemployment per se and the fiscal restraints on government, since the preferred approach elsewhere was a pure neo-liberal one.

In Manitoba, the unemployment rate never reached Quebec's level at that time, but it was high by historical standards, averaging 8 percent in 1994–95, or double the current rate. But the response of the Conservative government was just the opposite of that of the PQ government; rather than drawing on greater community input, it instituted neo-

liberal policies, which had the effect of undermining much CED activity. It slashed funding to social economy groups in the early 1990s after cutting taxes; it cut back the civil service, privatized important public services (like the Manitoba Telephone System), introduced balanced budget legislation and was generally hostile to the CED community, with the exception of rural Manitoba, its electoral base, and later, CED minor programs aimed at small entrepreneur or labour-force development.²¹ There was certainly never any question of involving the social economy in any substantive way in discussions around economic and social policy, as there was in Quebec. It took a change of government to accomplish the promotion of CED.

In order to assess the possibility of replicating any part of the recent policy push towards CED in Manitoba, it is necessary to try to explain its origins. To begin with, the government is controlled by the New Democratic Party, which has traditionally been supportive of policies designed to address issues of poverty and social exclusion in both urban centres and the North, the main areas of focus of contemporary CED policies. It is no accident that these areas also represent the main electoral base of the party.

Secondly, the NDP has always been more open than other parties in Manitoba to promoting collectivist and democratic solutions to economic development and to using the state to promote these. In varying degrees this has been a feature of each of the earlier NDP governments in Manitoba since the first one in 1969 (see Loxley 1993).

But there are also some unique features of the current government that make it more amenable to CED. At least two senior cabinet ministers elected in 1999 had strong backgrounds in the CED movement and both had been active in the grassroots *Cho!ces* organization, an influential coalition of social groups that was a major centre of resistance and opposition to neo-liberal provincial and federal economic policies in the 1990s. They have been important advocates for CED policy within government. Moreover, the secretary to the Community and Economic Development Committee of Cabinet when it was first established was not only a former minister for finance in the province but also an active member of *Cho!ces*, of the Greening of the Assiniboine, and of several other community organizations. Several other senior advisers to the premier came from backgrounds in community development and were activists in *Cho!ces*. There were, therefore, powerful people in both the

government and the senior bureaucracy who had long-time commitments to and experience in CED and community activism.

Furthermore, the person hired to manage the CED file in CEDC was herself from that same background and proved to be a tireless advocate of CED and the originator of the CED Lens. The strength of her commitment and of her community connections and her credibility with and access to decision makers in government cannot be overstated as factors explaining the government's adoption of the CED principles and the CED Lens.

There was also a strong CED constituency that was critically supportive of the NDP and which lobbied, and still lobbies, actively, to influence provincial policy in this area. It has strong ties to the Aboriginal community, which is an important component of the NDP's electoral constituency, but it is not restricted to it. This community serves to maintain pressure on the government to give some priority to CED. It was successful in having the province declare September 23–29 CED Week in 2002, to coincide with CCEDNet's national conference.

It is probably correct to argue, however, that progress in Manitoba is less the product of pressures from below than it is from a coincidence of beliefs between the government and the CED community. It appears that the balance in Quebec was somewhat different historically, with a strong social economy pre-dating active state participation by many years. The post-1996 movement to what Favreau (2006) calls a democratic partnership between the state and community organizations, while reflecting a change in the approach of government to decision making and perhaps, more cynically, to service delivery, was "based on a pre-existing dynamic, that is, an economic and cultural movement built on notions of partnership, territory, local development collective enterprise, etc." (Favreau 2006, 12). In short, government policies were much more the outcome of pressures from below, over many years, than they appear to have been in Manitoba.

Nonetheless, the lessons for others seem fairly clear. Whether or not there is a pre-existing cultural and political inclination to promotion of the social economy/CED, it is necessary for activists to pressure government to give priority to this sector and to seek representation in parties that are sympathetic and have a chance of forming government.

Multi-faceted Government Support Can Produce Results

What is most apparent from the Quebec approach to policy is that the state can have an impact on institutional development in the social economy when it offers a variety of interconnected supports. The richness of the co-operative sector in that province is due, in no small way, to supportive legislation from early to most recent times, to the establishment of pro-active bodies encouraging the development of co-ops, to the creation of regional and province-wide bodies to support and co-ordinate co-op activities, and to the provision of financing and of tax credits for co-ops. While some of these elements exist in Manitoba, the government's approach to co-ops is much more permissive, reacting to initiatives rather than actively encouraging or even promoting them. The funding available is also more limited and there are no tax credits for specifically co-op investments. Perhaps this reflects a more ambivalent cultural acceptance of co-ops, perhaps a recollection of past errors in force-feeding them. Whatever the explanation, the policy environment in Manitoba appears to be much less enabling for co-ops than in Quebec, which, as a result, has a much larger scale of co-operative operations.

Manitoba's recent approach to CED generally, however, confirms the wisdom of a multi-faceted approach. The CED framework and lens, the support for core funding of key CED organs and for program support within clear sectoral policy guidelines, the provision for CED training and technical assistance, and the support of a progressive procurement policy, combine to give "new" CED initiatives opportunities that have never existed before. The result has been a flourishing of institutions.

Quebec's approach to the non-co-op side of the social economy is similarly multi-faceted in terms of a supporting policy environment, institutional support and financial support. But the Quebec and Manitoba approaches differ in some important respects.

Using the Provision of Social Services as a Means of Promoting CED/Social Economy

The Quebec government initiated the social economy provision of public services. It created and funded new province-wide organizations to deliver these services and tailored sectoral

public policy towards supporting them. Pre-existing CEDCs were transformed towards this new service delivery. Unlike in Quebec, it does not appear that the Manitoba government is using CED as a substitute for government delivery of programs as a conscious and deliberate act of policy. There is, unquestionably, some of this in housing and the occasional job referral organization, and in health care, but not much. In fact, the CED community would like to see more of it as a way of “fattening out” (as well as scaling up) existing CED organizations. To the extent that CED is successful, it reduces the burden on the province of service delivery that might otherwise have to take place. The biggest potential for CED replacing government service delivery is in child welfare, with greater responsibility for services being devolved to Aboriginal organizations. It remains to be seen, however, whether these actually operate on CED principles. Home care services are reasonably well developed in Manitoba but are strictly state-delivered. Recycling in Winnipeg used to have a strong CED component, based partly on informal co-ops using voluntary labour and partly on CED-type, fee-for-service, not-for-profit enterprises, but this has been replaced by the City of Winnipeg contracting out to private business.

Developing CED/social economy enterprises based on delivery of public services offers a number of attractions to the CED/social economy sector. First, it brings the sector into close contact with a large section of the community, in the process widening public exposure to collective vehicles and potentially further strengthening attachment to the model. Second, it carves out a pre-determined space for collective endeavours, which should facilitate replication and deepening of social enterprises and related CED activities. Third, it provides the sector with a stable base of funding in sectors, which, like home care, can only be expected to grow over time. Fourth, it offers the prospect of services being delivered by local organizations situated closer to the clientele and which might, therefore, be more responsive to differing local needs. Finally, it opens up the possibility of the services themselves being managed more democratically by the people delivering them, and to alternative forms of worker/customer management models.

Building CED/the social economy on services previously delivered by the state is, however, not without controversy in Quebec. Shragge (2003) has argued that service delivery necessarily brings an element of professionalization and bureaucratization into CED/social

economy organizations, diverting them away from a transformational approach geared towards meeting the demands of marginalized communities. At best, he argues, this results in what Rothman (1974) has described as a locality development model in which local organizations have responsibility for program delivery but find their ability to pursue broader CED goals circumscribed by bureaucratic and funding needs related to service delivery. This view is supported by evidence that the move to service delivery “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” (RIOCM 1998, quoted in Shragge et al. 2001, 14). A contributing factor in all of this might well have been a state-inspired increase over time in the geographical scale of the operations of social economy entities in Quebec. This can be traced back to 1990, when CEDCs in Montreal were required, and reluctantly agreed, to cover *arrondissements* or boroughs three times as large as the areas covered previously (Malo 1998, 7; Côté et al. 1992, 31). The creation of CLEs in 1998 operating on MRC regional lines saw them replace many more organizations that operated in smaller geographical boundaries. Finally, the metropolitan tier of government created in Montreal in 2000 further broadened the space within which CLDs and CEDCs have to operate (Fontan et al. 2003, 62, 67). All of this distances the community from direct engagement, increasing their reliance on representatives.

There are also concerns that where social service delivery is devolved to the social economy (and it should be stressed that this was not the case in Quebec for daycare or home care services, which are additional to previous programs) it may be, in fact, quite consistent with neo-liberalism, especially in a context of tight budget constraints. It could, indeed, be a way of reducing public sector employment and public sector wages, with particularly adverse effects on women, who are strongly represented in the public sector. It could amount to what Heald (1991, 155) has termed the “self-management of low-wage and precarious jobs.” Surprisingly, the available literature does not appear to answer this question, with government reports arguing that reduced state spending flows, instead, from greater flexibility and responsiveness of the collective delivery model (Shragge et al. 2001, 12), but it is worth remembering that the policy push towards the new social economy coincided with the introduction, in 1996, of balanced budget legislation in Quebec.

The lessons here seem to be several. CED/social economy organizations can potentially strengthen their funding and structure by acting as delivery vehicles for social services. As Canadian CED activists observed years ago, even before service delivery took off in Quebec, the organizations must take care that this does not become “the sole activity of the group and is not shaped to ignore the more comprehensive aims of local CED” (Perry et al. 1993). The workers involved should receive the same pay and benefits as before (where possible, being unionized) and care must be taken to preserve time and resources for nurturing participatory decision-making models. As an internal document of SEED Winnipeg looking at the possibility of promoting community enterprises concluded, “If community enterprises are to aspire to more than ‘poor peoples capitalism,’ we need to build in safeguards to protect job quality, service quality, and community accountability” (SEED 1999, 5). The reliance on state funding and state administrative units may, however, constrain what social economy/CED entities can reasonably accomplish in all these areas.

The Institutionalization of Long-Term Finance

A major difference between Quebec and Manitoba in the form of assistance given to the social economy/CED sector is that of finance. The Quebec government has put relatively large amounts of money into funds that are controlled by the community for long-term investment. It has partnered with the labour movement and the Desjardins credit union movement to create several sources of finance for CED/the social economy, which will withstand any change in government. This allows for a degree of continuity, even permanence, which is not seen in Manitoba. There, funding given by Neighbourhoods Alive! is extremely helpful to CED groups, but it is quite clearly under the control of government and could be withdrawn relatively easily by a future government. While the Community Economic Development Fund in the north has a separate statutory base, it still relies on annual budget subventions so is only marginally more secure. Funding provided under the Winnipeg Partnership Agreement is time bound. What is lacking in Manitoba is state co-operation with the co-operative and labour movements to create funds earmarked partially or entirely for collective enterprises. Even the labour-sponsored venture capital funds in Quebec are more social economy oriented than Crocus was or ENSIS is. Crocus supported CED through the creation

of COS and it also funded one worker co-operative in rural Manitoba, both very useful, but nonetheless limited initiatives. These continue to operate despite the collapse of Crocus, unlike the educational measures taken by Crocus around worker ownership, which are now moribund. ENSIS has no such pretensions to support CED/the social economy.

Yet the availability of long-term finance remains an obvious gap in Manitoba (Loxley 2003a). Local CED groups did examine the scope for setting up an equity fund a couple of years ago, but concluded that it would not be able to make anywhere near a market rate of return. The promised funding for the social economy by the federal government might have been very helpful here, but it was cancelled by the Harper government. This suggests that if the Quebec approach to financing is to be emulated, then models like RISQ or the *Chantier de l'économie sociale* Trust, with significant inputs of provincial government funding (and federal funding from other sources, if available), would be the appropriate ones. Perhaps there is scope for CCEDNet, SEED or some other local actor to bring together representatives of the sponsors of the Quebec funds to meet with CED/the social economy community, government, credit union and trade union pension fund representatives in Manitoba to discuss the possibility of initiating a fund of this type and what this might entail for all potential participants. The difficulties in doing this are that the credit union movement in Manitoba is less coherent in values and policy than in Quebec, where the Desjardins movement dominates, and it is also, with few exceptions, quite conservative. At the same time, with the loss of Crocus, the bulk of the trade union movement is no longer represented in labour-sponsored venture capital funds, so the focus would have to be on pension funds of the larger unions. Nonetheless, the need is real, the Quebec example works, and bringing together the main actors to see if one or other type of fund could be emulated might well be worthwhile. The provincial government might be more willing to look into such a proposal now that the NDP has been returned to power for the third successive term, but the spectre of Crocus will, inevitably, mean that it will be very cautious in any future joint government/union sponsored financial initiatives.

Support for Social Enterprises

In some respects, the Government of Manitoba is actually ahead of the CED movement. For instance, while activists warmly welcomed the creation of CED tax credits, to date little

advantage has been taken of them. This is because of a relative dearth of “new,” financially viable, social enterprises in Manitoba, and this remains a major difference with Quebec. Opportunities for social enterprises abound in Manitoba and the interest is there. Long-term funding is certainly a constraint but one that would be more binding if more help and encouragement were available to promote the creation of viable social enterprises. In this respect, Manitoba is well behind Quebec in terms of both policy and specific instruments available to animate and support the social enterprise model. The dependence of CED organizations in Manitoba on government for core funding also leaves them somewhat vulnerable to a change in government so, to the extent that some of them might, with help and encouragement, branch out more into social enterprises, this would also help shore up their financial foundations. SEED or COS would be logical institutions for government to extend support for social enterprise promotion, as they already do some of this work with the limited resources at their disposal.

The Attraction and Limitations of the CED Framework and Lens

The innovation of the CED framework and lens in Manitoba is, however, one that might usefully be adopted in other provinces, if CED groups can negotiate that. They help bring into line the values and principles of both the government and the community around CED policy and strategy and, as Kostyra (2006, 22) puts it, help government “to find ways to support locally driven CED efforts without unduly changing their local character.”

Yet, while the innovations of the CED framework and lens are generally applauded as being necessary, it has become apparent over the years that they are not sufficient. As MacKinnon (2006, 28) has put it, “CED becomes the interest of everyone, but the responsibility of no one. There is no single champion and no real budget.” The response of departments has, therefore, been mixed, with some key ones lagging behind. MacKinnon has identified “industrial development, infrastructure development, education, health and child-care services, environmental programming and procurement” as areas where more needs to be done. These account for the lion’s share of the provincial budget. Sheldrick (2007, 105) has argued that, after the initial consultations, the adoption of the lens has obviated the need

for further community involvement in government policy, the state taking over that representation. As he puts it, “(c)ommunity representation has been integrated into the structure of bureaucratic expertise.” The use of the CED Lens can be understood, therefore, “as part of a process by which the state responds to the demands of the poor, but only partially and in a way that reproduces the dominance of traditional policy processes.” If this is, in fact, the case, it raises questions about where the resistance originates, with the government or with the bureaucracy. It also brings to the fore the lack of ongoing influence over government policy by the CED movement.

The Influence of CED/Social Economy Actors on Policy Formulation

The problem may well be that the CED community has not kept up pressure on the government to see that the lens produces results. One reason could be that, unlike the situation in Quebec, where there is a clear public policy role for the social economy and a clearly defined representative of that sector — the *Chantier* — the role and influence of the CED sector in Manitoba is more limited and agency is less clear. There is a Premier’s Economic Advisory Council, which has thirty-five members and which could, potentially, act as a forum for promotion of CED/social economy in Manitoba. It is, however, dominated by business, which has sixteen members. The CED community has three direct representatives — one each from the Aboriginal community, the Francophone community and the rural community — but none of these could be said to represent the “new” urban, Anglophone, CED, which is a major shortcoming.²²

This is not to say that the CED community does not attempt to influence policy. In Manitoba, as in Quebec (see Fontan 1993, 14, footnote 34; Favreau 2006), there is a strong intellectual involvement in CED, both academic and practical. In Manitoba, this has taken the form of joint research projects, which involve academics, community organizations *and* governments. Government is actively involved in research design, in sponsoring applications for SSHRC grants and in co-operating in the research projects themselves. Research findings are focused on policy, and special communication vehicles are used to reach policy makers in government. If this is at all effective, however, it will influence specific areas of policy cov-

ered by research, but will not act as a substitute for effective implementation of the CED Lens by all departments.

A major impediment to the strengthening of CED in Manitoba is the silos in which urban, Aboriginal and rural CED policies operate, and the lack of communication between the actors in these sectors, at both the government and community level. Northern and remote Aboriginal CED policies tend not to be co-ordinated with urban Aboriginal or even rural policies, yet the migratory process inevitably links them. And even if it didn't, the relative lack of interaction between activists and policy makers in the three areas reduces the prospect of one learning from the other or of developing policies that mutually support each area. This shortcoming goes beyond the complications of federal/provincial responsibilities, as the two levels of government often co-operate within a given geographic area (e.g., the Winnipeg Partnership Agreement), although this is clearly a factor. Community Futures Development Corporations in the rural areas are creatures of the federal government but work in provincial areas of jurisdiction, e.g., employment and training. The CED Lens should, theoretically, provide a homogenous policy approach to each of these three areas of responsibility, but as we have seen, the lens works only imperfectly, and even then, does not apply to federal CED initiatives in the province.

The crucial missing link in policy co-ordination is a common forum where urban, Aboriginal and rural CED practitioners and, indeed, other actors in the social economy such as co-ops and credit unions and non-profits, can meet with policy makers to share experiences and to point out deficiencies or shortcomings of existing policies. The Manitoba Research Alliance on CED and the New Economy went some way towards providing such a forum, but it did not explicitly address the issue of policy commonality or what might be gained by examining the relative policy experiences of the three geographic/ethnic groups, and it did not have much representation from co-ops. It is not too much of a stretch to argue that there is more contact between CED practitioners in Winnipeg and those in Quebec or BC than there is between Winnipeg practitioners and those in northern or rural Manitoba. It is, therefore, not just governments and government departments that are "siloeed"; the same applies to CED organizations within the province. Here, there is clearly an important role for an organization like CCEDNet to bridge the gap between these groups and

to bring out from their different experiences lessons that might be helpful to the others. If successful, this would also create a strong unified voice to lobby governments for greater support to CED.

It is not clear whether similar problems exist in Quebec, but we suspect they might. The *Chantier* and the *Fédération des coopératives de développement régional du Québec* play a representative role with government and are important actors in what Mendell has argued is an “emergent political culture” with “new mechanisms that co-ordinate relationships between various social actors and provide new and more powerful roles for previously marginalized individuals and groups” (Mendell 2002, 331). But we have not been able to uncover information on how effective their ongoing representation is or on how they relate to CDCs, other local rural actors and the Aboriginal community. It appears, though, that the social economy organizations in Quebec are now reasonably well established, both in terms of political influence and in terms of usefulness to government programming, as funding to them actually increased under the most recent Liberal government (Finance Quebec 2007b, 13).

Government Promotion of CED/Social Economy and Democratic Decision Taking

For many activists, CED/the social economy is not just about employment creation, poverty reduction or service delivery. It is about creating institutions that operate quite differently from private and state enterprises in their day-to-day decision taking. It is about transforming society by creating new institutions that are collectively owned and mutually reinforcing, but which are also democratically based. Much of the old social economy in Quebec, while being collectively owned, was neither mutually reinforcing nor democratically run. The co-operative movement “accommodated capitalism” (Mendell 2002, 331). The same could be said about co-ops and credit unions in Manitoba and, in addition, their record on democracy can only be said to be a mixed one. Indeed, the main motivation of those recently joining the Red River Co-op, the most rapidly growing co-op in Manitoba, is purely monetary — saving money on gas — and the co-op itself is so large and so distanced from its members that co-operative principles in its operations, beyond collective ownership and membership

dividends, are difficult to perceive. Indeed, the co-op took steps some years ago to move to a mail-in ballot to avoid its board being taken over by more militant members. As credit unions merge to better compete with large banks, and as they move to mail-in ballots, they too become more distanced from their members and more corporate in their operating behaviour.

The new social economy in both provinces, however, is supposed to do much better in this regard, hopefully “redefining social relations” (Mendell 2002, 331). But here again, the record seems at best to be chequered. While the tradition of democracy “is deeply rooted in the community sector in Quebec” (Fontan et al. 2006, 119), early studies on CEDCs (Fontan 1993b, 87) suggested that the pursuit of short-term goals actually led to the diminishing of “the collective power of the community.” It has been argued above that increasing reliance of CEDCs on state funding for employment generation appears to have further eroded democratic decision taking and community advocacy. Bill 34 of 2003, which set up electoral colleges for deciding membership of the boards of directors, has further reduced “the power of the local community to shape the directions of CEDCs” (Fontan et al. 2006, 113) by increasing the prominence of municipal and provincial elected officials. While this does not entirely close off the scope for “innovative and democratic initiatives” (ibid.), it certainly proscribes them, rendering CEDCs closer to arms of government than before.

In Manitoba, as in Quebec, the extent of participatory management varies greatly among CED organizations. Some clearly have democratically elected boards that have some distance from management; some have participatory management structures that are real and effective. Others, however, have boards that are effectively hand picked by management and rarely, if ever, exercise an independent check on management. Some have hierarchical management systems, run roughshod over unions and treat staff arbitrarily and shoddily (Loxley 2007c). Not much “redefining of social relations” in these organizations! But none of this can be laid at the feet of government; while it may make some demands on CED organizations in terms of bureaucracy,²³ there is no public sentiment that it does so to the point of distorting other CED goals. Certainly, it is not accused of intervening in board or management structures. On the contrary, a strong case could be made for government and other funders, such as United Way and charitable foundations, to be more assertive in demanding

that funding recipients demonstrate board independence and commitment to participatory management systems. They might also usefully support the introduction of participatory management and human resource training courses. They might go even further and promote the idea of a community-based appeals system against arbitrary and unfair treatment of workers or members of the community by management and boards. The point is that government funding need not undermine democratically based CED, and conceptually at least, could help foster it.

DEVELOPING A COMMON VOICE FOR PROMOTING THE SOCIAL ECONOMY IN CANADA

IT IS APPARENT that the depth and sophistication of the social economy in Quebec owed a great deal to different facets of civil society joining together around a common policy agenda and maintaining a coherence around that agenda for many years. Leaders of the CED movement were part and parcel of that collective voice and brought the message of CED quite successfully to the fore as a potential solution for unemployment and alienation that many people in Quebec faced. They also offered up creative social economy solutions for the delivery of important social services, thereby positioning the social economy centrally in the concerns being raised by the more broadly based social movements. There has, therefore, been a rare but constructive symbiosis between social movements generally, CED activists and relatively progressive provincial governments, in which interests overlapped.

In Manitoba, each of these elements has played a role in the recent promotion of CED, but the symbiosis is more fragile. Civil society is not as cohesive as it was in the 1990s, when groups combined to fight obviously damaging neo-liberal state policies. Nonetheless, some remnants of those earlier struggles remain today, finding reflection in loose networks of people, many of whom are CED activists and some of whom hold important positions in

the NDP government. In Manitoba, CCEDNet can play an obvious role in helping shore up and formalize those connections, in constantly promoting the social economy alternative and in organizing lobbying efforts to keep the CED agenda high on the government's political agenda.

It is likely that CCEDNet could usefully play such a role in other provinces, where the social economy/CED and government support of it are at different stages of development and take different forms. Nationally, CCEDNet already performs the useful task of acting as a clearing house for information on what is happening across the country in terms of policy and practice. As the various SSHRC social economy research initiatives bear fruit, there should be a whole raft of new ideas and information upon which the movement as a whole can draw, and CCEDNet will undoubtedly have an important, though not exclusive, role here. Taking that information to the provincial level would be very helpful in informing social economy/CED activists of what is happening elsewhere and what innovation might be possible.

Ultimately, the success of efforts to promote the social economy will rest on the political strength of those promoting it. The Quebec experience suggests that a coalition of women's groups, trade unions, anti-poverty groups and those directly involved in the social economy/CED sector can have a powerful impact on policy. This implies that the CED movement should embrace the broader economic, social and political struggles in society and not see itself as a quaint and marginal backwater of collectivism.

The Quebec experience also suggests that success in building social economy/CED institutions is likely cumulative, so some achievements will be necessary before collective institutions become an obvious and constant component of broadly based coalition politics. In this regard, it is important that we document and celebrate successful examples of social economy/CED undertakings in each and every province, even as we create the necessary institutions to ensure that success in future endeavours.

ENDNOTES

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2. For problems in defining CED see Loxley 2007a and Perry 1999. For those in defining the social economy see Lévesque and Mendell 1999, and Shragge, Graefe and Fontan 2001).
3. Neamtan (2002, 8) includes “private sector business involved in local development,” while Favreau (2006, 8) speaks of “enterprises in which one finds new actors, drawn from grass-roots and the middle class movements and who, *generally*, do not come from the business community” (emphasis added).
4. For a detailed and insightful history of the origins of PEP, its functions and challenges and eventual evolution into the *Regroupement économique et social du Sud-Ouest* (RESO), see Mike Lewis (2004).
5. The Noble and Holy Order of the Knights of Labor held an ultimate vision of a co-operatively run, wageless, society. In its immediate demands, as early as 1883, it called for equal wages for men and women (Smith 1985, 15–18).
6. In 1992, it sold out to its workers, who formed a worker co-operative, but this too was bought out in 1994 (Mochoruk 2000).
7. It is not clear exactly what the membership is at this time (see Red River Co-op 2007).
8. Equity payments to members were equal to 10.44 percent of purchases, but payouts are adjusted for taxes and reinvested equity.
9. As president and CEO, my friend Jock Brown successfully built up CCIL until he retired in 1969 and was deeply disappointed to see it adopt traditional mainstream sales and financing practices thereafter, which ultimately led to its collapse. The interview of Jock by Reilly, Ralson, and Friesen (1982) gives some sense of the importance Jock attached to a co-operative or socialist morality in running social economy enterprises. (JL)
10. Jock Brown was heavily involved in this enterprise too. Another director, Harry Ferns, was fired by United College (later renamed the University of Winnipeg) for his involvement in the newspaper, which, as it happens, competed with the *Winnipeg Tribune*, the publisher of which chaired United College’s fundraising committee (see Smith 1990, 137).

11. One member, one vote, democratic elections, and payment of dividends to members.
12. It, too, is growing rapidly through merger and other means, and has adopted the mail-in ballot system, rendering annual meetings less eventful. The board does, however, still have “greening” members who will, hopefully, keep it on the right track in terms of broader co-operative and CED principles.
13. Originally set up in 1988, it was not until 1993 that SEED (Supporting Employment and Economic Development) got off the ground. Garry Loewen, the first executive director, was instrumental in accomplishing this.
14. For a detailed analysis of these initiatives, see Loxley 2003a.
15. The government at that time was Conservative, but the initial planning for the fund had been carried out by the previous NDP government.
16. A smaller but similar fund, ENSIS, continues to operate but has no pretensions to supporting the social economy. It has suffered from the fall-out of the Crocus collapse, its net sales falling from \$15 million in 2004 to only \$5 million in 2005 and to -\$1.0 million in 2006, though it still sits on cash reserves of \$25 million (*Winnipeg Free Press*, 31 March 2007). It has assets of \$99.4 million (www.ensis.mb.ca).
17. The Centre for Aboriginal Human Resource Development evolved, however, from similar organizations dating back twenty-six years, including Native Pathfinders, Winnipeg Pathfinders, Native Employment Services, and Aboriginal Training and Employment Services of Manitoba (CAHRD, 2007).
18. There is some overlap here with organizations mentioned previously, but co-ops are not included.
19. The main exception being the COS, given its attachment to market-based solutions. See Loxley 2003a.
20. Its findings have been or are being published on the MRA’s website (MRA 2007), in books (Silver 2006; Silver, Loxley and Sexsmith 2007; Loxley 2007) and in the form of CCPA monographs (for a listing see CCPA 2007).
21. See Loxley 2003b, chap. 6, for a review of government policy in the 1990s.
22. Labour has five representatives, educational institutions, four, Aboriginal organizations (non-CED), four, culture, one, and state organizations, two.
23. Heavy administrative requirements and a lack of co-ordination of these requirements among different levels of government are said to be critiques of Winnipeg’s Urban Aboriginal Strategy (*Winnipeg Free Press*, 16 April 2007, A3).

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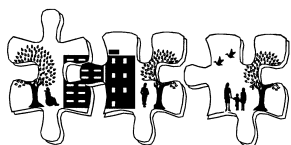


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