

## What is the Social Economy?

The concept of the Social Economy began to emerge in Europe during the middle of the nineteenth century. It is concerned with groups or community-based efforts to address social and economic issues. It takes a variety of institutional forms, including non-profits, voluntary associations, co-operatives and mutuals. The Social Economy varies somewhat in focus and institutional forms in different social, economic, and political contexts. It is characterized by a strong commitment to social purposes as well as economic betterment. Social Economy organisations do not have as their primary purpose either investor profit maximization or shareholder financial benefit, though they must always be concerned about being financially viable. They are governed by shared, often democratic, governance structures.

Here are some examples of definitions of the Social Economy used by some organizations.

➤ *The Canadian Community Economic Development Network (CCEDNet) National Policy Council* has the following definition:

“The Social Economy consists of association-based economic initiatives founded on values of:

- Service to members of community rather than generating profits
- Autonomous management (not government or market controlled)
- Democratic decision making
- Primacy of persons and work over capital
- Based on principles of participation, empowerment.

The Social Economy includes: social assets (housing, childcare, etc), social enterprises including co-operatives, credit unions, equity and debt capital for community investment, social purpose businesses, community training and skills development, integrated social and economic planning, and capacity building and community empowerment. The Social Economy is a continuum that goes from one end of totally voluntary organizations to the other end, where the economic activity (social enterprise) blurs the line with the private sector.”

➤ In providing a context for studying the Social Economy, *the Social Sciences and Humanities Research Council of Canada* introduces the Social Economy as follows:

“In recent years, in both North America and Europe, there has been increasing interest in what is known as the ‘Social Economy,’ for which some authorities use the term ‘community economic development.’

The social economy refers to those enterprises and organizations which use the tools and some of the methods of business, on a not-for-profit basis, to provide social, cultural, economic and health services to communities that need them. The social economy is characterized by cooperative enterprises, based on principles of community solidarity that respond to new needs in social and health services, typically at the community or regional level.

Social economy enterprises exhibit distinctive forms of organization and governance such as worker co-operatives and non-profit organizations. Such organizations produce goods for and deliver services to the public.”

### **What is the connection between Social Economy and for-profit organizations?**

Since the Social Economy bridges a very wide range of economic activity and organisational forms, many of its institutions, most obviously co-operatives and mutuals, can be deeply involved in the conventional market place and demonstrate many of the qualities of for-profit institutions. They still retain, however, governance structures that are drawn out of Social Economy traditions, notably “democratic control”, and they accept a community commitment that are derived from their underlying principles and values. There are, however, interesting and important ways in which Social Economy organisations can relate to contemporary interest in “Social Entrepreneurship” within market economy organisations.

### **How do SE organizations relate to public institutions and projects?**

Social Economy organisations share with public bodies a commitment to community wellbeing and a desire to include all significant stakeholders in delivering public and economic goods. They also share a high commitment to public accountability typically through established and often democratic governance structures and communications systems.

### **What is its global impact?**

Currently, there exists economic activity that embodies social values in every corner of the globe, even if these initiatives do not consciously identify as members of a Social Economy movement. In Europe, the impact of the SE is significant, particularly in the Italy, France, Belgium, and Spain. It is becoming more important as a concept in the United Kingdom and Sweden. In Latin America and particularly in Brazil, the Social Economy (also commonly referred to as the Solidarity Economy) has responded to poverty and social exclusion through collective management, and by creating worker co-operatives of marginalized populations.

Globally co-operative organizations operate in all sectors of activity, employ more than 100 million people and have more than one billion individual members. They provide important services, according to the United Nations, to 3 billion people, half of the world’s population. There is copious amount of literature devoted to the meaningful role co-operatives play in uplifting the socio-economic conditions of their members and their local communities. When examining the percentage of a country’s GDP attributable to co-operatives around the world, the proportion is highest in Kenya and Finland at 45%, followed by New Zealand at 22%. According to the World Council of Credit Union’s 2007 Statistical Report containing data from 96 countries revealed that 49,134 credit unions serve an estimated 177 million members.

The number and variety of nonprofit organizations (civil society) has grown enormously in recent years, culminating in what Salamon et al (2003) are calling a “global associational revolution” a massive upsurge of organized private, voluntary activity in virtually every region of the world. Using data from 40 countries around the world, Salamon equates the non-profit sector contribution to \$1.9 trillion, 48.4 million full time jobs and services 4.6% of the economically active population.

In Europe according to CIRIEC 2006 study, paid employment in co-operatives, mutual societies, associations and similarly organizations in the EU totaled 11,142,883 persons in 202-2003 or the equivalent of 6% of the working EU population, out of these 70% were employed in nonprofit associations, 26% in co-operatives and 3% in mutuals (Crystal Tremblay, Advancing the Social Economy for Socio-Economic Development: international Perspectives, September 2009, CSEHub, p.21)

**What is its impact on Canada?** In Canada, as of 2003, there were 2003 161,000 non profit organizations with charitable status. Nonprofits contributed \$80.3 billion to the GDP or 7.1% in 2006, which is a subset of the actual contribution of \$112 billion that includes the portion transferred by government to nonprofits. nonprofits employed 2 million people with 56% fulltime with the full time equivalent was 1.5 million

There were some 9200 co-operatives in 2003 with some overlap with the nonprofits as some co-operatives are also nonprofits. Their revenues totaled \$35.8 billions. All together, they accounted for 8% of Canada’s GDP, but this excludes the value of volunteer work which Stats Canada estimated at \$14 billion in the year 2000 or 2 billion hours annually. They employed 155,000 with full time equivalents estimated at 115,000 or 10% of the national workforce for 2003. Desjardins is the largest employer in Quebec.

The foregoing discussion is based on *Understanding the Social Economy, a Canadian Perspective* by Jack Quarter, Laurie Mook and Ann Armstrong University of Toronto Press 2009. pp. 28-30)

**Why is the Social Economy important?** Though the name may not always have been widely used in many jurisdictions, Social Economy traditions have been well established, albeit differently, in all societies. It has provided alternative ways in which people can provide themselves with economic and public goods. It is an important form of entrepreneurship that can meet needs that are not met – or are inadequately met – by the conventional market. It is of particular value in meeting the needs of rural and remote communities, under-serviced urban neighbourhoods, specific groups (e.g., youth at risk, seniors, people with disabilities, and immigrants). It can play a particularly important role in meeting a variety of contemporary needs (e.g., responding to energy needs, encouraging the wise stewardship of resources, and contributing to individual as well as community wellbeing). It is an essential dimension in the development of a sustainable and fairer economy.

There is a growing conceptualization of the Social Economy as a distinct framework for socio-economic development, particularly in academic, civil society, and government circles. It is an approach well known in many European countries, some Latin American countries, and Québec. (Crystal Tremblay, *Advancing the Social Economy for Socio-Economic Development: international Perspectives*, September 2009, CSEHub, p. 44)

**Why is it useful to think about the SE as a grouping of initiatives and organisations?**

By envisioning the Social Economy as a sector, the commonalities will become more obvious, the possibilities for each kind of organisation to learn from each other will be clearer, and the “tool boxes” for communities and groups will be more fully developed. Government policies for the development of the Social Economy will be more consistently and different funding approaches can be more fully and systematically explored. Universities will be encouraged to consider this approach to economic development and social wellness more systematically and thoroughly in both research and teaching.

**What is the nature of Social Economy research?** Social Economy research differs from traditional approaches to conducting research in that it actively encourages the participation of research participants in matters such as local governance, social justice initiatives, and the development and implementation of tools to serve communities. It seeks to engage researchers (both within and without the academy) in the conceptualisation, undertaking, and mutual validation of research results. It covers a wide range of issues, including Social Economy thought (and the thought of movements associated with it), public policies associated with the sector’s multifaceted development, examination of best practices for institutional growth and community development through Social Economy development, comparative analysis of different kinds of Social Economy approaches, and comparisons with for-profit as well as government alternatives.

**What is the Canadian Social Economy Research Partnerships?** CSERP is a collaboration between the Canadian Social Economy Hub (CSEHub), six regional research nodes across Canada, and partners at the national, regional, and provincial levels.

*Research Nodes:*

- **Atlantic**, [www.msvu.ca/socialeconomyatlantic](http://www.msvu.ca/socialeconomyatlantic)
- **Québec**, [www.aruc-es.uqam.ca](http://www.aruc-es.uqam.ca)
- **Southern Ontario**, <http://sec.oise.utoronto.ca/english/index.php>
- **Saskatchewan, Manitoba and Northern Ontario**, <http://usaskstudies.coop/socialeconomy>
- **British Columbia and Alberta**, [www.socialeconomy-bcalberta.ca](http://www.socialeconomy-bcalberta.ca)
- **Northern Node**, <http://dl1.yukoncollege.yk.ca/sernnoca/>

*National Partners:*

- **Canadian CED Network**, [www.ccednet-rcdec.ca/fr](http://www.ccednet-rcdec.ca/fr)

- **Canada Research Chair on Social Economy**, [www.chaire.ecosoc.uqam.ca](http://www.chaire.ecosoc.uqam.ca)
- **Canadian Co-operative Association**, [www.coopscanada.coop](http://www.coopscanada.coop)
- **CIRIEC Canada**, [www.ciriec.uqam.ca](http://www.ciriec.uqam.ca)
- **Conseil canadien de la co-opération et de la mutualité (CCCM)**, [www.cccm.coop/site.asp](http://www.cccm.coop/site.asp)
- **Imagine Canada**, [www.imaginecanada.ca](http://www.imaginecanada.ca)
- **Le chantier de l'économie sociale**, [www.chantier.qc.ca](http://www.chantier.qc.ca)
- **Centre for Community Innovation**, [www.carleton.ca/3ci/3ci.htm](http://www.carleton.ca/3ci/3ci.htm)
- **Women's Economic Council**, [www.womenseconomiccouncil.ca](http://www.womenseconomiccouncil.ca)

Each of the regional nodes has been developed in keeping with the ways in which the Social Economy has been viewed (or is coming to be viewed) in the Canadian regions. More about how each node has been developed can be found on the websites.

The CSEHub is a community-university research alliance between the University of Victoria, represented by its Principal Investigator Ian MacPherson, and the Canadian Community Economic Development Network, represented by the designated co-director, Rupert Downing. Together, the CSEHub is directed by the two organizations and their representatives, with the advice and input of a board of representatives of regional nodes and national partners. It creates opportunities and exchanges with international networks, and reaches out to practitioners, to researchers and to civil society through the regional research centres and their community partners. It also undertakes research as needed in order to understand and promote the Social Economy tradition within Canada and as a subject of academic enquiry within universities. CSERP gratefully operates on a grant from the Social Sciences and Research Council of Canada that will end in June 2011.

#### **Examples of projects being undertaken by the CSERP.**

The following are examples of some of the projects being undertaken by the CSERP.

1. One of CSERP's many research themes is the role of the Social Economy in food security. Working out of Mount Saint Vincent University (Halifax), members of the Social Economy and Sustainability Research Network partnered with the CSEHub in 2007-2008 to complete a National Scan and inventory of over 25 CSERP projects involving food security issues. An article titled, "Redesigning Canada's Food System: The role of the social economy in rebuilding community food security" was published in *Making Waves* Vol.19 No.3. Based on this Scan, two questions were asked:
  - What does CSERP research reveal about key strategies being used to move from short-term towards medium- and long-term solutions to food security?
  - How is Canada's social economy helping to bring about policy change and system redesign for food security?

2. “Knowing Traditional Territory” is an ongoing research project that began in 2007 involving Fort Albany First Nation, the Ontario Institute of Studies in Education (OISE/UT), and Algoma University. Originally, the project’s purpose was to create and support meaningful spaces for intergenerational dialogue concerning the importance of relationships to both the land and Albany River for Fort Albany First Nation. The group developed a community based research strategy, a community advisory group, and initiated two major projects. The first project stemmed from an idea to teach research skills to young people to carry out their own research on important issues in their community. Youth were supplied with audio recorders and basic training in research protocols. The youth involved conducted a series of interviews, engaging peers, adults and elders to share their personal stories, knowledge and perspectives on the Albany River. Subsequently, an audio documentary was produced; it was aired on Wawatay Radio. For the second project, youth organized a river excursion with community members as a means to carry out meaningful research in an applied way. The goal of the excursion was to do ‘community mapping’ of the sites and stories of elders and others with knowledge of the river by documenting these stories through written, audio and visual representation; interested participants took part in a training session on community based research before their departure.
3. **PARO Centre for Women’s Enterprise, Thunder Bay, Ontario:** PARO is a Latin term that means, “I am ready.” This is a fitting motto for the innovative organization that has enabled hundreds of women across Northern Ontario to build the skills, confidence, and funds to become successful entrepreneurs. PARO is a partner of CSERP’s Saskatchewan, Manitoba and Northern Ontario node, and helps women start their own small businesses. The organization offers training in important skills such as how to write business plans, apply for loans, and manage customer service. PARO also sets up peer networks that provide personal support and access to funding. PARO’s goal is to give women the confidence to be independent and self-sufficient in both their business and personal lives. An added bonus is how this contributes to stronger families and communities. People need money to start a business or expand one, but not everyone can meet the banks’ requirements — minimum loan amounts, good credit history, and collateral. PARO uses an innovative financing solution to help women access money for their businesses. Peer lending circles provide members with advice and support for their businesses, using a nontraditional lending model to access capital. Members review and approve one another’s loan applications, give references for each other, and are collectively accountable for loan repayment. Capital comes from PARO’s partners in the local financial community. Giving women access to financing for their micro-enterprises increases the entire community’s capacity for economic self-reliance.
4. **Fraser Valley Housing Project:** Researchers from CSERP’s British Columbia/Alberta node (BALTA) are currently examining the nature, dynamics

and extent of Social Economy organizations in the Fraser Valley, BC. As an outcome they hope to provide an inventory of affordable housing and related Social Economy housing provision organizations in the area. Dr. Ron van Wyk, Provincial Program Director of Mennonite Central Committee of British Columbia is the lead of this project, and he explained that through this project they also hope to, “provide a description of what affordable housing is, and what contribution it and the related Social Economy housing providers make economically, and socially to the community they serve.” Van Wyk also explained that there are over 130 non-profit organizations in the Fraser Valley who are already working with providing affordable housing strategies. “These organizations provide more than the service they are known for – they also provide employment,” he said. To learn more, the research team is analyzing annual budgets, revenue sources, and assets in order to learn the complete extent of these organizations’s contribution to the Social Economy. The team is also looking broadly, and wants to examine why housing has become unaffordable. They also work to raise awareness, and to mobilize the movement for advocacy. For more information, please visit: [www.socialeconomy-bcalberta.ca](http://www.socialeconomy-bcalberta.ca)

#### **What is needed for the SE to develop?**

- Recognition of it as a distinct and important sector able to meet needs.
- Variable forms of public support depending upon the tasks being undertaken and their capacity of self-sufficiency.
- Systematic and extensive study and teaching within educational institutions.
- The development of professional activities associated with the specific needs of Social Economy organizations.
- The maturing of a systematic and inclusive research agenda for the development of the Social Economy.
- Improvements in the availability of resources on the Social Economy for governments, the sector and communities.

#### **A Catalogue of Examples Social Economy Organizations:**

##### **Nanaimo Foodshare**

[www.nanaimofoodshare.ca](http://www.nanaimofoodshare.ca)

Whether they are developing small-scale businesses, teaching a canning workshop, or distributing locally grown produce through the Good Food Box program, Foodshare helps people develop the skills they need to increase food security, build community, and be self-sufficient. Through their programs, workshops, and community networks, their aim is to educate and empower by sharing not just food -- but also information, resources, workloads, and new opportunities.

**Atkinson Housing Co-operative**

[www.coophousing.com/development/development\\_atkinson.asp](http://www.coophousing.com/development/development_atkinson.asp)

Today, the Co-operative Housing Federation of Toronto (CHFT) is a member-supported organization representing more than 45,000 people living in more than 160 non-profit housing co-operatives located in Toronto and York Region. This former public housing project was the first in Canada to convert to co-operative management by tenants, and their projects have included townhouses and apartments, new construction and the rehabilitation of existing buildings. CHFT has always concentrated on creating co-op communities that include facilities for people with special housing needs.

**Haween Enterprises Inc.**

<http://haweenenterprises.com>

Haween Enterprises Inc. is a social enterprise that employs new Canadians who have participated in training programs and social support through a sister organization. Haween also brings a unique collective cultural attitude to how it regards its people and their skills.

**Arctic Co-operatives Ltd.**

[www.arcticco-op.com](http://www.arcticco-op.com)

Arctic Co-operatives Limited is a service federation that is owned and controlled by 31 community-based Co-operative business enterprises that are located in Nunavut and Northwest Territories. They coordinate the resources, consolidate the purchasing power and provide operational and technical support to the community based Co-operatives to enable them to provide a wide range of services to their local member owners in an economical manner.

**APEX Credit Union**

[www.apexcu.com](http://www.apexcu.com)

Founded in 1940 to serve provincial employees, this community financial institution now has open membership and is the fastest growing credit union in Alberta. Servus Credit Union is a member-owned, community-based financial institution with roots dating back to 1938. Servus is Alberta's largest credit union and, on November 1, 2008, became Canada's first province-wide credit union when it amalgamated with Community Savings and Common Wealth Credit Union. The new Servus serves 400,000 member-owners from 100 locations in 62 communities across the province and has assets of \$10 billion. Based in Edmonton with Regional Offices in Lloydminster and Red Deer, Servus Credit Union provides a complete line of financial services including: loans, deposits, investments, telephone and Internet banking, ATMs, debit and credit cards, financial planning, insurance, trust, agricultural and commercial services.

**Cowichan Bio-Diesel Co-op**

[www.smellbetter.org](http://www.smellbetter.org)

Currently, this co-op has 120 plus members who have easy access to Straight Vegetable Oil (SVO) and Bio-Diesel (B100) that was locally recycled and produced in the Cowichan

Valley. CB-DC's stock of recyclable waste oils generally comes from local restaurateurs who use non-trans-fat oils. They are part of their [Eat Better Locations](#) program. The organisation doesn't compete with food crops, is more environmentally friendly than regular diesel, and has a higher concentration of biomass than most other bio-diesels available from commercial sources. The exhaust fumes are cleaner, and less toxic.

### **Centre local de développement (CLD) of the Regional County Municipality of Antoine-Labelle**

[www.cld-antoine-labelle.qc.ca/index-a.html](http://www.cld-antoine-labelle.qc.ca/index-a.html)

The CLD in the RCM of Antoine-Labelle is a public nongovernmental organization whose mission is to support and develop commerce and industry, tourism and farming. It is an essential part of economic development. Its mandate is to help and promote economic activity for all its 17 municipalities. It offers business development services including for [businesses in the social economy](#). The CLD assists entrepreneurs already in business or interested in going into business and offers them consultation on business plans.

### **Community First Health Co-operative**

[www.healthco-op.ca](http://www.healthco-op.ca)

In the Summer of 2002, a group of concerned citizens, health care professionals, business and community leaders formed Community First Health Co-op to enhance and support health care services. The Co-op's guiding principle is to focus on the preventative and integrated benefits of health and wellness — keeping communities healthy. The Mission of the Community First Health Co-op is to enhance the health and wellness of communities, families and individuals by providing services through a co-operative partnership of consumer and health service providers.

### **St. John's Community Loan Fund**

[www.loanfund.ca](http://www.loanfund.ca)

The Saint John Community Loan Fund (Loan Fund) has been taking investments to build its capital since 1999. It uses this invested capital to help individuals create income, build assets, and attain greater self-reliance by providing: business loans, employment loans, affordable housing loans, non-profit loans, financial literacy training, community leadership training, enterprise development, youth entrepreneurship and matched savings program. The Loan Fund promotes community investing. It recruits investments to build its loan pool and donations to safe-guard the loan pool against losses. It has never lost an investor's money. Since starting in 1999, the Loan Fund has used these investments to make close to 177 loans for a total value greater than \$214,000. The impact has included individuals ending reliance on Provincial Income Assistance, families becoming self-reliant, plus millions in new income circulated here. This has saved the provincial government approximately \$500,000 in social assistance payments.

### **Northern Saskatchewan Trappers Association Co-operative (NSTAC)**

<http://sktrap.sasktelwebsite.net>

This group represents trappers in Saskatchewan, and is composed of individuals who are working for trappers and the fur industry in general. They work to defend peoples' right to trap and to harvest fur in an honest, humane, and professional manner. They also follow the guideline that the fur bearers of Saskatchewan should be properly managed for the benefit of everyone. The group was established in 1970, and converted to a co-op in 2007.