The Social Investment State and the Social Economy

The Politics of Quebec’s Social Economy Turn, 1996-2015

By

Gabriel Arsenault

A thesis submitted in conformity with the requirements
for the degree of Doctor of Philosophy

Department of Political Science

University of Toronto

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Abstract

This dissertation argues that investigating the social economy is necessary to fully understand social investment politics and the specificity of the Quebec social model. Quebec has been structuring and promoting a social economy sector since the mid-1990s, launching social economy policies in areas such as child care, perinatal services, home support, social housing, and social insertion. No other provincial welfare state has taken a similar path. Why?

Given their goal to address post-industrial social needs by increasing employment levels, Quebec’s social economy policies are here construed as social investment policies. Drawing from the comparative social investment literature and the Canadian federalism literature, I identify five hypotheses accounting for Quebec’s distinct trajectory: power resources, cross-class coalitions, learning, structural changes, and federalism. Using a process tracing methodology and relying on a variety of documentary sources and a unique data set of 77 interviews, I argue that the strength of Quebec’s Left in the mid-1990s, in combination with coalition engineering during the 1996 Economy and Employment Summit, are what chiefly account for Quebec’s social economy turn. The centre-Left PQ has proven to be significantly more committed to the social economy than the centre-Right PLQ. Moreover, it was actors from the Left, including the Quebec Women’s Federation and the CSN, who brought the issue of the social economy on the government’s agenda. The Social Economy Task Force, launched in prevision of the 1996 Summit, then skillfully engineered a Left-Right social economy coalition based on the idea that the social economy would infringe upon neither the public, nor the private sector, while creating jobs and addressing unmet social needs. The dissertation’s argument is nuanced, however. Although Quebec’s social economy policies were launched en bloc, they were not quite underpinned by exactly the same causes.
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List of Acronyms

ADQ : Action démocratique du Québec
AGRTQ : Association des groupes de ressources techniques du Québec
AQCPE : Association québécoise des centres de la petite enfance
AREÉSADQ : Aire rurale des entreprise d’économie sociale en aide à domicile du Québec
ASA : Allocation de soutien à domicile
AVD : Activités à la vie domestique
AVQ : Activités à la vie quotidienne
BQ : Bloc Québécois
CAP : Canada Assistance Plan
CAPMO : Carrefour pastorale du monde ouvrier
CAQ : Coalition Avenir Québec
CEÉSADQ: Coalition des entreprises d’économie sociale en aide à domicile du Québec
CEIQ : Collectif des entreprises d’insertion du Québec
CEQ : Centrale des enseignants du Québec
CHA : Canada Health Act

CHSLD : Centre d’hébergement et de soins de longue durée

CHST : Canadian Health and Social Transfer

CIFAR: Canadian Institute for Advanced Research

CIHI: Canadian Institute for Health Information

CIT: Contrat d’intégration au travail; Corporation d’intégration au travail

CLSC: Centre local de services communautaires

CMHC: Canadian Mortgage and Housing Corporation

COCES: Comité d’orientation et de concertation en économie sociale

CPE : Centre de la petite enfance (early childhood centre)

CQCH : Confédération québécois des coopératives d’habitation

CQCM : Conseil québécois de la coopération et de la mutualité

CRA : Canada Revenue Agency

CRP : Centre de ressources périnatales (perinatal resource centres)

CQEA : Conseil québécois des entreprises adaptées

CRISES : Centre de recherche sur les innovations sociales
CSD : Centrale des syndicats démocratiques

CSMO-ÉSAC : Comité sectoriel de la main d’œuvre économie sociale et action communautaire

CSN : Confédération des syndicats nationaux

CSSS : Centre de santé et de services sociaux

CUPE: Canadian Union of Public Employees

EA: Entreprise adaptée

EAPD: Employability Assistance for Persons with Disabilities

EÉSAD : Entreprise d’économie sociale en aide domestique

EI: Entreprise d’insertion

EXTRA : EXpérience TRavail

FCCQ : Fédération des chambres de commerce du Québec

FCIQ : Fédération des chambres immobilières du Québec

FCSDSQ : Fédération des cooperatives de santé et d’aide à domicile du Québec

FDEE : Fond de développement en économie sociale

FIM : Fonds d’investissement de Montréal

FFQ : Fédération des femmes du Québec
FQHC : Fonds québécois d’habitation communautaire

FRAPRU : Front d’action populaire en réaménagement urbain

FTQ : Fédération des travailleurs et travailleuses du Québec

GRT : Groupe de ressources techniques

GTES : Groupe de travail sur l’économie sociale

HPS: Homelessness Partnering Strategy

HRDC: Human Resources Development Canada

LAREPPS : Laboratoire de recherche sur les pratiques et politiques sociales

LIP: Local Initiatives Program

LMA: Labour Market Agreement

LMAPD: Labour Market Agreements for Persons with Disabilities

LMDA: Labour Market Development Agreement

LPC : Liberal Party of Canada

MNA: Member of the National Assembly

MP: Member of Parliament

NHA: National Housing Act
NHI: National Homelessness Initiative

NPO: nonprofit organization

OFY: Opportunities for Youth

OMH: Office municipale d’habitation

OPHQ: Office des personnes handicapées du Québec

ON: Option nationale

PAIE : Programme d’aide à l’intégration en emploi

PARCO : Programme achat-rénovation pour coopératives et OSBL

PEFSAD: Programme d’exonération financière pour les services d’aide à domicile

PLQ : Parti Libéral du Québec

PRT : Power resource theory

PQ : Parti Québécois

PSBL-P : Programme sans but lucratif privé

PSEA : Programme de subvention des entreprises adaptées

QS : Québec solidaire

RAMQ: Régie de l’assurance-maladie du Québec
REÉSADQ : Regroupement des entreprises d’économie sociale en aide à domicile du Québec

RISQ : Réseau de l’investissement social du Québec

RNR : Regroupement Naissance-Renaissance

RCRPQ : Réseau des centres de ressources périnatales du Québec

RÉSO : Regroupement économique et social du Sud-Ouest

RQOH : Réseau québécois des OBNL d’habitation

SEE: Social economy enterprise

SFPQ: Syndicat de la function publique du Québec

SHQ: Société d’habitation du Québec

SPQ : Solidarité Populaire Québec

SQDM: Société Québécoise du développement de la main-d’œuvre

SSHRC: Social Science and Humanities Research Council

VRDP: Vocational Rehabilitation of Disabled Persons

WISE: Work integration social enterprise
Chapter One: Introduction

Capitalism is controversial. Some think there is a better alternative; others do not. My dissertation looks at one such potential alternative, the social economy, and investigates how it has been promoted by public policy in an advanced capitalist society, Quebec.

In Quebec, the social economy broadly refers to cooperatives, mutual societies, and nonprofits\(^1\) providing goods or services in the market (Quebec, 2013a; GTES, 1996). Self-recognized social economy enterprises (SEEs) typically also share certain ideals, such as to provide “genuinely” useful goods and services—in contrast to simply responding to the demands of a consumerist society—and to have democratic or empowering governance. Actors on the ground constantly debate and negotiate whether specific organizations qualify as SEEs.

Students of Quebec’s social economy also debate the extent to which social economy enterprises actually challenge capitalism. Some observers argue that Quebec’s social economy policies allow governments to legitimize welfare state retrenchments and to stabilize capitalism (Boivin and Fortier, 1998; Piotte, 1998; Raymond, 2013), while others argue that social economy enterprises constitute a genuinely progressive alternative to neoliberalism and an essential component to a plural economy (Guay, 1996; Arteau et al., 1998; Wright 2010, 2014-216) (and see Graefe 2006a; 2006b for a balanced position).

---

\(^1\) Private foundations are viewed as social economy enterprises in some countries, including France and Spain. In the Quebec 2013 social economy law, in contrast, foundations are not mentioned once. In Quebec, private foundations usually do not view themselves as social economy enterprises. Hence, the directory of Montreal’s one thousand plus self-recognized social economy enterprises, managed by the Comité d’économie sociale de l’Île de Montréal, lists only one foundation, Fondation Québec Cinéma. Quebec’s two largest (Montreal-based) private foundations, the Fondation Lucie et André Chagnon and the J.W. McConnell Family Foundation, are not listed in the directory.
This dissertation does not directly contribute to the debate on the transformative effects of Quebec’s social economy movement. It nonetheless speaks to that debate by taking a step back and investigating the political origins of Quebec’s social economy policies.

The remainder of this chapter is divided into six sections. In the first, I briefly introduce the concept of social economy; in the second, I present the main puzzle that this dissertation seeks to resolve; in the third, I give a sense of the size of Quebec’s social economy; in the fourth and fifth, I discuss my research design, methods, and data; in the sixth, I provide a plan of the dissertation.

**What is the social economy?**

From a legal perspective, the central difference between SEEs and capitalist enterprises concerns the distribution of surpluses or profits. The “nexus of contracts” theory of the firm, which posits that a corporation is nothing more than a collection of contracts between stakeholders, distinguishes between four functional stakeholders: capital, labour, producers, and consumers (Hansmann, 1996). In a capitalist economy, capitalists are the residual claimants; firms’ profits accrue to the suppliers of capital. Hansmann (2013) provocatively refers to these firms as “capital cooperatives”. Firms may be organized differently, however, as other stakeholders may act as the residual claimant. Hence, the corporation might have the status of a worker cooperative, a consumer cooperative, or a producer cooperative. In some corporations, called “nonprofits”, there are no residual claimants, as surpluses are entirely reinvested in the organization. This typology, inspired by Hansmann (1996, 2013) and illustrated in Figure 1.1, thus distinguishes between five pure types of firms delivering goods or services.
Figure 1.1 Typology of firms

<table>
<thead>
<tr>
<th>Residual claimant?</th>
<th>To which stakeholders do surpluses accrue?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>Capital cooperative</td>
</tr>
<tr>
<td>No</td>
<td>Consumer cooperative</td>
</tr>
<tr>
<td></td>
<td>Worker cooperative</td>
</tr>
<tr>
<td></td>
<td>Producer cooperative</td>
</tr>
<tr>
<td></td>
<td>Nonprofits</td>
</tr>
</tbody>
</table>

According to Quebec’s 2013 Social Economy Act (art. 3), social economy enterprises can have the status of nonprofit, consumer cooperative\(^2\), producer cooperative, or worker cooperative\(^3\)—but not of “capital cooperative”. In fact, SEEs may be nonprofits or cooperatives and according to Quebec’s Cooperatives Act, so-called “capital cooperatives” do not qualify as cooperatives. The Act, similarly to most cooperatives acts in other countries, stipulates that no cooperative member be allowed more than one vote (art. 4). In contrast, in publicly traded “capital cooperatives”, the rule is “one dollar, one vote”. In sum, the social economy, like capitalism, is a market-based economy; the social economy is different from capitalism, however, insofar as it relies on different types of firms.

Beyond these formal differences in legal status, social economy enterprises also point to certain ideals alien to capitalism, seeking to provide socially useful goods and services—in contrast to simply responding to the demands of a consumerist society—and to have genuinely democratic or “empowering” governance (e.g. GTES, 1996; Quebec, 2013a; Wright, 2010; Laville, 2010). The definition of the social economy is thus highly political. Actors on the ground constantly debate and negotiate whether specific organizations qualify as SEEs. Rather

---

\(^2\) Quebec’s 2013 Social Economy Act also includes mutual insurance organizations (e.g. Promutuel, La Capitale) as social economy enterprises. Mutual organizations (mutuelles) are close to consumer cooperatives, the main difference being that a direct contribution (part sociale) is not required in mutual organizations (CQCM, 2015a). In Hansmann’s (2013) typology, state-owned corporations are also viewed as consumer cooperatives.

\(^3\) Quebec also recognized in 1997 hybrid multi-stakeholder cooperatives (see chapter three).
than adopting a rigid legal definition of the social economy, this dissertation explores how political actors understand and mobilize this concept; clarifying the meanings of the social economy is part of the empirical inquiry. I discuss these debates in the Quebec context in chapter three.

The puzzle

According to most Canadian social scientists, the Quebec welfare state has progressively grown to become more egalitarian and generous than other provincial welfare states since the 1980s (e.g. Haddow 2014; Noël 2013; Graefe 2012; Béland and Lecours 2011; Saint-Arnaud and Bernard, 2003; Bouchard, 2013). This distinctive feature holds across a number of policy fields including higher education (lower post-secondary tuition fees), family (universal child care, more generous family allowances, more extended, flexible, and inclusive parental leaves), and labour (anti-scab law and active labour market policies covering all the unemployed).

This dissertation does not take issue with this reading of the Quebec social model, but wishes to highlight a second distinctive feature of the Quebec welfare state: its reliance on social economy enterprises. State support of SEEs is not necessarily egalitarian or social-democratic; it may involve welfare state expansion just as it may involve welfare state retrenchment, depending on whether SEEs substitutes themselves for the private or the public sector. Quebec’s reliance on SEEs is thus analytically separate from its more expansive welfare state.

Perhaps more than anyone else, Yves Vaillancourt (e.g. 2003, 2010, and 2013b) has demonstrated the prevalent role of social economy enterprises (SEEs) within the Quebec welfare state since the mid-1990s. In the mid-to-late 1990s, Quebec took a veritable social economy turn by launching, expanding, or consolidating various networks of SEEs enterprises delivering
subsidized social services, especially in the areas of child care, perinatal help, home assistance, community housing, and social insertion. Such political development has not been paralleled in other provinces. What accounts for this policy divergence? Why have social economy policies been implemented in Quebec but not in other provinces since the mid-1990s? The timing of Quebec’s social economy turn is also puzzling. Prior to the 1995 Women’s March Against Poverty, outside a few academic circles, no one in Quebec knew about the social economy (D’amours 2002, 32). Yet, by October of 1996, at the Economy and Employment Summit, a large consensus between community groups, unions, employers, and government officials was formed around the necessity to promote the social economy (Lévesque, 2013; GTES 1996, 43).

Why did Quebec’s enthusiasm for the social economy arise in the mid-1990s rather than at some other time?

Surprisingly, these puzzles have received very little attention from students of the Canadian welfare state. Existing studies have sought to explain cross-provincial differences in some of these sectors, including child care (e.g. Jenson, 2002; Haddow, 2015) and home assistance (Jenson and Phillips, 2000; Tremblay and Vaillancourt, 2002), but no study has sought to explain Quebec’s distinctive pluri-sectoral social economy turn. In fact, the idea that the Quebec welfare state relies to a greater extent on the social economy has been essentially ignored by Canadian political scientists (but see Salée 2003; Graefe 2006a; 2006b). This dissertation fills this gap in our knowledge of why Quebec adopted a social economy model.

The lack of political science scholarship on the social economy is not unique to Canada. The social economy is a blind spot in both Canadian and comparative politics. As a result,

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4 Anecdotally, I personally became familiar with the social economy only in the second year of my political science PhD program. Throughout my undergraduate and previous graduate political science studies, I had never come across this concept. I only learned about it after I had decided to focus my thesis on Canadian social policy and had started reading what social work researchers had to say about the Canadian welfare state. This is how I familiarized
political scientists have not sought to explain cross-national (or cross-provincial) differences in social economy policy.

As discussed in greater detail in chapter eight, countries seem to substantially differ in their support of the social economy. In France, the social economy enjoys significant policy recognition and social economy policies are widely viewed as progressive and as expanding social protection (e.g. Laville, 2010). In the United Kingdom, in contrast, the expression is virtually non-existing but *de facto* social economy policies tend to be viewed as neoliberal and as contributing to welfare state retrenchments (e.g. Corbett and Walker, 2013). Attending to this dimension of welfare states should thus be of major interest for scholars of comparative politics. Cross-national similarities and differences need to be clarified and explained in causal terms. This dissertation takes a step in that direction by clarifying and explaining Quebec’s distinct social economy policies in the Canadian context.

**Provincial social economies**

The variation that I seek to explain concerns social economy *policies* rather than the provincial social economy sectors themselves. In principle, Quebec could have the smallest social economy sector in the country. The fact that Quebec’s social economy sector is large and growing faster than that of other provinces, however, makes the study of its social economy policies particularly relevant.

There are no reliable data on the size of provinces’ social economy. Using an inclusive (legal) definition of the sector, the social economy represented in the early 2000s, about 150,000
jobs and over 7,000 social economy enterprises in Quebec (Quebec 2015a, 8). Some SEEs are larger than others. In particular, Quebec’s biggest non-governmental employer, the Desjardins Group, employs over 40,000 people in Quebec; the Coop fédérée, 9,000; Agropur, 3,500; La Capitale, 2,000; SSQ Groupe financier, 1,900; Exceldor, 1,900; and Promutuel, 1,900 (Les Affaires, 2015). Quebec’s network of early childhood centres (centres de la petite enfance, CPE) employs over 26,000 people (AQCPE, 2015). There are also over 6,000 social economy jobs in the area of home assistance (MSSS, 2010) and 3,200 jobs in Quebec’s forestry cooperatives network (CQCM, 2015b). Quebec’s social economy also represent 8% of the province’s total GDP (Brousseau-Pouliot, 2014), about the equivalent of the agriculture and construction industries combined (CANSIM, 379-0028).

In other provinces, no organization collects data on the provincial social economy sector, making cross-provincial comparisons difficult. Through Statistics Canada and Industry Canada, the federal government routinely collects data on the cooperative sector but not on the nonprofit and social economy sectors.

What the available data suggest is that Quebec has an increasingly larger cooperative sector. Quebec’s social economy policies in fact seem to have contributed to a divergent pattern in the evolution of provincial cooperative sectors. Mitch Diamantopoulos (2011) compared the evolution of the Quebec and Saskatchewan cooperative sector from 1980 to 2010. His main conclusion is that only Quebec’s cooperative sector has renewed itself, inter alia through the social economy movement (Quarter, Mook, and Hann 2012, 40). Between 1985 and 2005, in particular, Quebec’s cooperatives’ revenues increased by 160% while Saskatchewan cooperatives’ revenues decreased by 45% (Diamantopoulos, 12). The comparison is significant

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5 The data on the number of social enterprises come from the early 2000s, while the data on the number of job come from the early 2010s (Quebec 2015a, 8)
because these two provinces have traditionally had the two largest cooperative movements in the federation. In proportion to GDP or population size, Saskatchewan in fact continues to have the largest non-financial cooperative sector in the country—while Quebec has the largest credit union sector.

Table 1.1 looks at the non-financial cooperative sector in Quebec, Saskatchewan, and Canada outside Quebec during the 2000s. It provides further evidence of Quebec’s cooperative sector’s divergent trajectory. Over that decade, the non-financial cooperative sector has declined in Saskatchewan and Canada outside Quebec, but has grown significantly in Quebec. While other provinces lost over 8,000 cooperative jobs, Quebec gained over 9,000 such jobs during that period.

Table 1.1 Non-financial cooperative sector in Quebec, Saskatchewan, and Canada, 2001-2010

<table>
<thead>
<tr>
<th></th>
<th>Number of cooperatives</th>
<th>Employment</th>
<th>Business volume (million current dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quebec</td>
<td>1,976</td>
<td>2,379</td>
<td>35,626</td>
</tr>
<tr>
<td>Saskatchewan</td>
<td>963</td>
<td>579</td>
<td>15,549</td>
</tr>
<tr>
<td>Canada-outside-Quebec</td>
<td>3,700</td>
<td>2,715</td>
<td>51,283</td>
</tr>
</tbody>
</table>

Source: Industry Canada (2015)

With respect to the size of provincial nonprofit sectors, as discussed in chapter two, lack of cross-provincial longitudinal data prevents confident assessments, but existing data suggest
traditionally weak cross-provincial differences (Statistics Canada, 2003). As shown in the dissertation’s empirical chapters, however, Quebec’s social economy policies have directly led to the creation of thousands of nonprofit jobs, most significantly in the area of child care (chapter four).

**Research design**

This dissertation undertakes the study of one case: Quebec. In this section, I clarify why I focus on this case and how I have “constructed” it.

**Quebec**

Gerring (2004) famously defined a case study as “an intensive study of a single unit with an aim to generalize across a larger set of units”. Explaining that single unit is thus essentially a means to produce a generalization rather than an end in itself. In area studies, in contrast, priorities are reversed. Theories become tools employed to explain particular cases interesting for their own sake. In the field of Canadian (Quebec) politics, explaining Canada (Quebec) should thus be an end in itself\(^6\). It is so in this dissertation.

For students of the Canadian welfare state, the Quebec case is especially interesting as it is different from that of other provinces, *inter alia* with respect to its relationship with the social economy. Explaining why Quebec has that welfare state therefore appears to be an urgent task for scholars of Canadian politics. This dissertation directly contributes to this task by investigating Quebec’s social economy turn in the 1990s.

\(^6\) Canadiannists (or Quebecists) should draw on the comparative politics literature (White et al. 2008), but in my view, the study of Canadian or Quebec politics must not be reduced to a subfield of comparative politics and studied only to advance the theoretical goals of comparative politics.
For comparativists more broadly, my research should also be of interest. In particular, I aim to show that the social investment state literature would benefit from paying closer attention to the social economy. Viewing social economy policies as social investment policies allows a more comprehensive reading of welfare state modernization—in Quebec as well as in Europe and beyond. Consider southern Europe. Studying its social economy promises to produce a more balanced assessment of southern European welfare states. Widely recognized as laggards in active social policies (Bonoli, 2013), Spain, Portugal, Italy, and France are less often recognized by political scientists as leaders in social economy policies (Chaves and Dumoustier, 2013). The “social economy turn” has been even sharper in some regions of these countries, most famously Emilia-Romagna (Gonzales, 2011), the Walloon Region (Coutiez and Moens, 2013), and the Spanish Basque Country (e.g. Azurmendi et al., 2013; Kasmir, 1996). Now consider the case of Sweden. There is a specificity of the Swedish social model that is largely overlooked by the mainstream political science literature on the welfare state: its reliance on the social economy (Lorendahl, 1997; Pestoff, 2009), especially in the areas of housing (Turner and Magnuson, 2010), adult education and training (Larsson and Nordvall, 2010; Stryjan, 2001), and child care (Vamstad, 2012). These observations raise questions of central importance for students of comparative social policy: Why is a distinct social economy sector recognized in some countries and not in others? Why do some states invest more than others in the social economy? Why do some welfare states rely more heavily than others on the social economy for the delivery of social services? By intensively studying one case, my dissertation begins to address these questions and promises to yield hypotheses to be investigated in the study of other cases.
Focusing on seven social economy policy fields

Quebec’s social economy policies go beyond what is commonly viewed as the welfare state. For instance, Quebec has policies favouring funeral cooperatives, forestry cooperatives, and nonprofit waste treatment centres. Two key reasons justify the dissertation’s focus on welfare state-related policies. First, the most significant investments of Quebec’s recent social economy turn have been oriented toward the welfare state, especially in the areas of child care and community housing. Second, as suggested above, the social economy is a politically contested concept and it is the social economy enterprises evolving in welfare state-related areas that most strongly identify with the social economy. Hence, the board of directors of the Chantier de l’économie sociale, the province’s peak social economy association, is typically dominated by representatives of early childhood centres, social economy home assistance enterprises, disability-friendly enterprises, training businesses, perinatal resource centres, and community housing. In contrast, representatives of the “old” cooperative and mutual sector from the areas of finance (e.g. Desjardins, La Capitale) and agriculture (e.g. Coop fédérée, Agropur) do not identify with the social economy; commentators similarly do not associate them with the social economy as they are not perceived to be as committed to the social economy “ideals” of an alternative economy, as discussed in chapter three.

More specifically, in addition to discussing general social economy policies, I focus on six welfare state social economy fields: child care, perinatal services, community housing, home assistance, disability-friendly enterprises, and training businesses. A blueprint of Quebec’s social economy turn addressing these six policy fields is found in the final report of the Social Economy Task Force (which transformed itself into the Chantier de l’économie sociale in 1999), established in the wake of the 1996 Economy and Employment Summit. In other words, this
dissertation primarily seeks to explain Quebec’s social economy turn of the mid-to-late 1990s and so chiefly focuses on the policy fields where this turn has occurred\(^7\).

Single cases often exhibit very limited variation on the dependent variable. As further discussed below, however, limited variation on the dependent variable is only an insurmountable problem for causal inference in correlational research (Goertz and Mahoney, 2012). More qualitative research typically relies on critical pieces of evidence found within a single case to adjudicate between alternative causal hypotheses. Moreover, the dissertation does explore some variation on the dependent variable. Chapter four, in particular, compares the divergent fate of early childhood centres, which boomed beyond any expectation, and perinatal resource centres, which failed to reach maturity.

**A critical juncture**

The period of focus for this study, the mid to late 1990s, represents a critical juncture in Quebec’s social economy policies. Giovanni Capoccia (2015, 151) defines the critical juncture approach as follows:

an event or a series of events, typically exogenous to the institution of interest, leads to a phase of political uncertainty in which different options for radical institutional change are viable; antecedent conditions define the range of institutional alternatives available to decision makers but do not determine the

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\(^7\) At this point, the reader could object that I am selecting on the dependent variable. The argument against selecting on the dependent variable usually runs as follows. (1) The only case that falsifies the statement “if X, then Y” is one that includes an X and a non-Y. (2) Selecting only cases of Ys (i.e. selecting on the dependent variable) therefore precludes the possibility of finding a falsifying case; (3) A research design that selects on the dependent variable is a flawed research design (Geddes 1990; King, Keohane and Verba 1994). The logic is impeccable, but does not apply to my research—the goal of which is not to test a general “if X, then Y” statement, but rather to clarify the causes of a specific outcome in a particular case.
alternative chosen; one of these options is selected; and its selection generates a long-lasting institutional legacy.

This definition identifies four steps to the study of critical junctures. First, there needs to be a “phase of political uncertainty in which different options for radical institutional change are viable”. As emphasized in the dissertation, the 1996 Economy and Employment Summit, organized by Lucien Bouchard with the objective of addressing Quebec’s high debt and unemployment levels, constituted such a phase of high uncertainty and contingency, where political agents could play a decisive role. At that Summit, the Quebec government could have rejected the reforms proposed by the Social Economy Task Force, but instead decided to innovate and implement them.

Second, this phase of uncertainty must have been preceded by a series of events exogenous to the institution of interest. The decision to launch the 1996 Summit is not at all causally related to a prior commitment to or development of the social economy. Rather, as discussed in chapter two, the advent of the 1996 Summit is explained by the presence of structural economic pressures, a Left and weak government, relatively strong unions, and a provincial tradition of concerted action.

Third, “antecedent conditions constrain the range of limited options”. The contingency of the 1996 Summit was not absolute. The dissertation shows how prior developments made a limited number of social economy projects politically mature. Typically, the social economy reforms of the mid-1990s built on existing experiments and institutions developed over the course of the previous decades. Because I read history “forward” rather than “backward” (Capoccia and Ziblatt, 2010), however, I identify these antecedent conditions and discuss the
opportunities and constraints they create, but without seeking to explain them. Reading history “forward” means going back to the event itself and analysing what actors were “actually fighting for” in their situation of uncertainty, exploring their motivations in choosing certain alternatives and avoiding others. In contrast, if I were reading history “backward”, I would trace the genealogy of these reforms reaching far into the past.

Fourth, the selection of the option at hand “generates a long-lasting institutional legacy”. For Mahoney (2000, 513), critical junctures are critical because “once a particular option is selected it becomes progressively more difficult to return to the initial point when multiple alternatives were still available”. The contingency of the juncture is strongly contrasted with the path dependency of the political development that follows (Pierson, 2004; Mahoney, 2000; Mahoney and Thelen, 2010). While eschewing the deterministic variants of the critical juncture approaches that stress “lock-ins” and “reactive sequences”, the dissertation is attentive to the path-dependent dynamics that have perpetuated social economy policies since the mid-1990s. That the 1996 Economy and Employment Summit constituted a “juncture” was known by the political actors of the time; that it was a “critical” one, however, could only be confirmed much later, once enough time had passed for “long-lasting legacies” to be observed. Two decades later, it is possible to identify the 1996 Summit as a critical juncture with respect to the social economy as most of social economy reforms that it helped launch have survived to this day.

**Method and Data**

In this section, I clarify what process tracing is, why it is an appropriate method for my project, and the data I use to answer my research question.
Process tracing

In *A Tale of Two Cultures*, Goertz and Mahoney (2012, 88) clarify that “in small-N qualitative research, the main leverage for causal inference derives from within-case analysis, with cross-case methodologies sometimes playing a supporting role… In large-N statistical research, the main leverage for causal inference derives from cross-case analysis with within-case methodologies sometimes playing a supporting role”. My research strategy is consistent with this understanding of small-N qualitative research: studying only a single case, the main leverage for causal inference in my research derives from a within-case analysis.

In cross-case analysis, evidence supporting causal claims is correlational in nature and quantitative methods are often best-suited to establish these correlations. In within-case analysis, in contrast, evidence is usually marshalled through variants of a “process tracing” method (e.g. what Hall 2003 calls “systematic process analysis”). Process tracing is fundamentally about finding diagnostic pieces of evidence within a case that contribute to support or reject alternative explanatory hypotheses (Hall 2003, George and Bennet 2005, Goertz and Mahoney, 2012).

In this dissertation, I search for such diagnostic pieces of evidence to test five hypotheses accounting for Quebec’s distinct social economy policies: (i) power resources theory, which stresses the distribution of power among pro-labour and pro-capital parties and civil society groups; (ii) Left-Right coalition engineered by political entrepreneurs in the favourable institutional context of the 1996 Summit; (iii) learning, which stresses the role of experts and transnational influences, in particular Quebec’s cultural proximity with Francophone Europe, where social economy policies had been implemented since the 1980s; (iv) federalism, which stresses the asymmetrical effects of federal policies on provinces, and; (v) structures, which stresses the role of objective economic pressures, and Quebec’s especially difficult fiscal context
in the mid-1990s. In chapter two, I present these five hypotheses in detail and explain how I derive them from the literature.

Rather than strongly defending a single thesis, this dissertation seeks to fairly assess the merits and limits of these five hypotheses, acknowledging that different social economy policies were underpinned by a different set of causes. The dissertation nonetheless concludes that power resource theory and Left-Right coalitions are what chiefly account for Quebec’s distinct social economy policies. On the one hand, the 1996 Summit allowed for a powerful coalition, where social economy policies were supported by the Left on the assumption that they would not lead to public-sector job substitution and by the Right on the assumption that they would not lead to unfair competition between social economy enterprises and for-profits. On the other hand, the coalition terrain was tilted to the Left in the context of a centre-Left PQ government, strong unions, and well-organized pro-equality civil society groups. In other provinces, in comparison, the Left was weaker and there was no concerted action tradition conducive to Left-Right coalitions.

Data

In this subsection, I discuss the data that allow me to identify the diagnostic pieces of evidence required to test my five hypotheses. In addition to secondary sources, I have searched official documents, including parliamentary debates, Statistics Canada data, and provincial budgets; I have looked at Quebec’s party manifestos and premiers’ speeches; I have done archival work at the Bibliothèque et Archives nationales du Québec, at the Société Radio-Canada, at the Chantier de l’économie sociale, at the Société d’habitation du Québec, and at the Centre de documentation sur l’éducation des adultes et la condition féminine; I have relied on
electronic documents and archives from a number of institutions, including unions (FTQ and CSD), social economy organizations (e.g. FCSDSQ, CQEA; Boulot vers…, RCRPQ, AGRTQ), governmental agencies (e.g. RAMQ, Ministry of Family), and individual interviewees. The reader interested in an exhaustive list of my sources is invited to consult the bibliography.

I have not been able to access all of the documents I wanted to. In particular, I have actively sought to research the Fonds Lucien Bouchard, but was not given the necessary permission by Archives nationales du Québec. In fact, I have not been authorized to access any confidential government documents from the last 25 years, due to Quebec’s Act Respecting Access to Documents Held by Public Bodies and the Protection of Personal Information (article 30), including, crucially, from the 1995-2003 period.

Given these archival limitations, I have relied heavily on interviews. As Goldthorpe (1991) reminds us, the key advantage enjoyed by social scientists over historians is that they can generate new data. Interviews are one such way of generating new data. Fortunately, most political actors of the mid-1990s were still alive when I was conducting my research.

In total, I have conducted 77 interviews with 79 individuals (two interviews with conducted with a pair of individuals). New respondents were solicited until saturation point (Baker and Edwards, 2012). The final sample appears to be sufficiently large and diverse to satisfactorily answer my research question. I have sought to cast a wide net and to be attentive to various perspectives on Quebec’s social economy. Hence, my interviewees come from different sectors of Quebec’s society. They include: twelve MNAs, eight from the PQ and four from the PLQ; three MPs, two from the LPC and one from the BQ; five union leaders; five big private-sector employers; nineteen public officials; five community sector leaders; two political staff; one academic; and, most crucially, twenty-seven social economy actors. In the latter group,
actors come from the seven social economy subsectors focused on in this dissertation (see Appendix 1). Reflecting the concentration of Quebec’s population in urban centres, the majority of interviews took place in Montreal and its suburbs (52) or Quebec City (12), but I have made an effort to speak to people from other regions, including the Montérégie, Laval, Lanaudière, Centre-du-Québec, Bas-du-Fleuve, Côte-Nord—as well as from Toronto. I am less happy about the gender distribution of my interviewees. Although over 75% of Quebec’s social economy workers are women (especially in the areas of child care and home assistance), only (28/79=) 35% of my interviewees were female. This under representation of female interviewees partly reflects the fact that I have sought to talk to elites rather than front-line workers and that women remain under-represented in leadership positions.

The interviews roughly shared a similar format. The bulk of my interviews were conducted in person, from June 24 to December 4, 2014. Only seven interviews were conducted after that date, and one interview was conducted prior to it. Seven interviews were conducted over the phone; one was conducted via Skype. Interviews were always semi-structured. I would always come to the interview with a list of usually ten to fifteen questions, which I had previously sent to my interviewee. The questions were different for each interview. Interviews would usually last from 45 minutes to two hours. Interview notes rather than recording were used to increase rapport with respondents. Feedback from some respondents on an earlier version of this dissertation was used to dissipate possible misunderstandings.

Finally, I have complemented these interviews and archival research with participant observation, attending the 2015 general assembly of the Caisse d’économie solidaire Desjardins, the leading financial institution of Quebec’s social economy enterprises, as well as various less formal social economy events (e.g. a 2014 CAP Finance meeting; social economy workshops at
the 2014 edition of Je Vois Montréal). These incursions into the “real world” have given me a more concrete sense of the culture, the realities, and challenges of Quebec’s social economy.

**Plan of the dissertation**

The remainder of the dissertation is organized as follows. Chapter two reviews the Canadian welfare state, comparative social investment state and social economy literature, clarifies the dissertation’s main hypotheses, and briefly previews how they fare in the empirical analysis. Chapters three to seven contain the empirical analysis of the dissertation. Chapter three offers a survey of Quebec’s main general social economy policies, introducing, *inter alia*, Quebec’s social economy statute, financial tools for social economy enterprises, and social economy government agencies. It emphasizes the role of the coalition engineered by the social economy task force during the 1996 Economy and Employment Summit in identifying the social economy as a strategic sector of Quebec’s economy. Chapter four focuses on nonprofit early childhood and perinatal resource centres. It argues that a strong Left was instrumental for Quebec’s divergent trajectory in the area of child care and stresses the lack of expert support in accounting for the limited policy enthusiasm in the area of perinatal services. Chapter five discusses social economy home assistance enterprises. It emphasizes the coalitional-building capacity of the social economy task force in convincing the government to invest in an original province-wide network of home assistance nonprofits and cooperatives. Chapter six is a study of Quebec’s community housing sector. It emphasizes the role of the PQ and pro-equality civil society groups, such as the FRAPRU and the AGRTQ, in accounting for Quebec’s greater support of social housing, relative to other provinces. Chapter seven explores how the Quebec government came to support two social economy-based initiatives in the area of social insertion:
disability-friendly enterprises, employing persons with disabilities, and training businesses, temporarily employing and training (typically young) people excluded from the labour market. The chapter emphasizes the role of the 1996 coalition in convincing the government to consolidate its support to disability-friendly enterprises and the 1997 Canada-Quebec Labour Market Agreement in allowing Quebec to launch an innovative program supporting training businesses. Chapter seven concludes and points to avenues for future comparative and Canadian research on the social economy.

Appendix 1: List of interviews (in chronological order)

<table>
<thead>
<tr>
<th>Interviewee</th>
<th>Main position</th>
<th>Format</th>
<th>Length</th>
<th>Recording</th>
<th>Transcript</th>
<th>Time (2014-2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gérald Larose</td>
<td>CSN</td>
<td>Semi-structured</td>
<td>75 min</td>
<td>Concurrent notes</td>
<td>Non-confidential</td>
<td>23 May</td>
</tr>
<tr>
<td>Rosette Côté</td>
<td>Deputy minister</td>
<td>Semi-structured</td>
<td>150 min</td>
<td>Concurrent notes</td>
<td>Non-confidential</td>
<td>24 June</td>
</tr>
<tr>
<td>Guy Morneau</td>
<td>Priorities committee</td>
<td>Semi-structured</td>
<td>150 min</td>
<td>Concurrent notes</td>
<td>Non-confidential</td>
<td>25 June</td>
</tr>
<tr>
<td>André Trudeau</td>
<td>Deputy minister</td>
<td>Semi-structured</td>
<td>120 min</td>
<td>Concurrent notes</td>
<td>Non-confidential</td>
<td>26 June</td>
</tr>
<tr>
<td>Gabriel Tremblay</td>
<td>CQEA</td>
<td>Semi-structured</td>
<td>60 min</td>
<td>Concurrent notes</td>
<td>Non-confidential</td>
<td>27 June</td>
</tr>
<tr>
<td>Claude Béland</td>
<td>Desjardins</td>
<td>Semi-structured</td>
<td>60 min</td>
<td>Concurrent notes</td>
<td>Non-confidential</td>
<td>2 July</td>
</tr>
<tr>
<td>FTQ</td>
<td>Semi-structured</td>
<td>75 min</td>
<td>Concurrent notes</td>
<td>Confidential</td>
<td>3 July</td>
<td></td>
</tr>
<tr>
<td>Diane Bellemare</td>
<td>SQDM</td>
<td>Semi-structured</td>
<td>120 min</td>
<td>Concurrent notes</td>
<td>Non-confidential</td>
<td>3 July</td>
</tr>
<tr>
<td>Claudette Pitre-Robin</td>
<td>AQCPE</td>
<td>Semi-structured</td>
<td>120 min</td>
<td>Concurrent notes</td>
<td>Non-confidential</td>
<td>8 July</td>
</tr>
<tr>
<td>No.</td>
<td>Name</td>
<td>Organisation</td>
<td>Segment</td>
<td>Duration</td>
<td>Notes</td>
<td>Confidentiality</td>
</tr>
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<tr>
<td>10</td>
<td>Nancy Neamtan</td>
<td>Chantier économie sociale</td>
<td>Semi-structured</td>
<td>75min</td>
<td>Concurrent notes</td>
<td>Non-confidential</td>
</tr>
<tr>
<td>11</td>
<td>X and Lorraine Guay</td>
<td>Women’s groups</td>
<td>Semi-structured</td>
<td>120 min</td>
<td>Concurrent notes</td>
<td>X: confidential</td>
</tr>
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<td></td>
<td></td>
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<td></td>
<td></td>
<td>Guay: non-confidential</td>
</tr>
<tr>
<td>12</td>
<td>Jean-Claude Scraire</td>
<td>Caisse de dépôt et de placement</td>
<td>Semi-structured</td>
<td>75min</td>
<td>Concurrent notes</td>
<td>Non-confidential</td>
</tr>
<tr>
<td>13</td>
<td>Ghislain Dufour</td>
<td>Conseil du patronat</td>
<td>Semi-structured</td>
<td>120 min</td>
<td>Concurrent notes</td>
<td>Non-confidential</td>
</tr>
<tr>
<td>14</td>
<td>Jean Coutu</td>
<td>Groupe Jean Coutu</td>
<td>Semi-structured</td>
<td>120 min</td>
<td>Concurrent notes</td>
<td>Non-confidential</td>
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<td>15</td>
<td>Robert Laplante</td>
<td>GTES</td>
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<td>120 min</td>
<td>Concurrent notes</td>
<td>Non-confidential</td>
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<tr>
<td>16</td>
<td></td>
<td>Comité économie sociale</td>
<td>Semi-structured</td>
<td>40 min</td>
<td>Concurrent notes</td>
<td>Confidential</td>
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<td>Paul Martin</td>
<td>Prime minister</td>
<td>Semi-structured</td>
<td>30 min</td>
<td>Concurrent notes (Phone)</td>
<td>Non-confidential</td>
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<td>18</td>
<td>Nicole Boily</td>
<td>Deputy minister</td>
<td>Semi-structured</td>
<td>120 min</td>
<td>Concurrent notes</td>
<td>Non-confidential</td>
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<tr>
<td>19</td>
<td>Jacques Fournier</td>
<td>Home support services</td>
<td>Semi-structured</td>
<td>120 min</td>
<td>Concurrent notes</td>
<td>Non-confidential</td>
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<tr>
<td>20</td>
<td>Pierre Charette</td>
<td>Fiducie Chantier économie sociale</td>
<td>Semi-structured</td>
<td>90 min</td>
<td>Concurrent notes</td>
<td>Non-confidential</td>
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<tr>
<td>21</td>
<td>Patrice Rodriguez</td>
<td>Boulot vers…</td>
<td>Semi-structured</td>
<td>90 min</td>
<td>Concurrent notes</td>
<td>Non-confidential</td>
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<tr>
<td>22</td>
<td>Norbert Rodrigue</td>
<td>CSN</td>
<td>Semi-structured</td>
<td>90 min</td>
<td>Concurrent notes</td>
<td>Non-confidential</td>
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<tr>
<td>23</td>
<td></td>
<td>MARS</td>
<td>Semi-structured</td>
<td>60 min</td>
<td>Concurrent notes</td>
<td>Confidential</td>
</tr>
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<td>24</td>
<td>Serge</td>
<td>SFPQ</td>
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<td>150 min</td>
<td>Concurrent notes</td>
<td>Non-confidential</td>
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<td>No.</td>
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<td>Position/Role</td>
<td>Structure</td>
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<td>Date</td>
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<td>25</td>
<td>Jean Charest</td>
<td>CQEA</td>
<td>Semi-</td>
<td>60 min</td>
<td>Concurrent notes</td>
<td>5 August</td>
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<td>26</td>
<td>Marc Munger</td>
<td>Paramedic cooperative</td>
<td>Semi-</td>
<td>75 min</td>
<td>Concurrent notes</td>
<td>7 August</td>
</tr>
<tr>
<td>27</td>
<td>Carole Théberge</td>
<td>Cabinet minister</td>
<td>Semi-</td>
<td>60 min</td>
<td>Concurrent notes</td>
<td>8 August</td>
</tr>
<tr>
<td>28</td>
<td>Eleni Bakopanos</td>
<td>Member of parliament</td>
<td>Semi-</td>
<td>90 min</td>
<td>Concurrent notes</td>
<td>12 August</td>
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<tr>
<td>29</td>
<td>Hubert Thibault</td>
<td>Chief of staff, Lucien Bouchard</td>
<td>Semi-</td>
<td>90 min</td>
<td>Concurrent notes</td>
<td>13 August</td>
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<td>Stéphan Corriveau</td>
<td>RQOH</td>
<td>Semi-</td>
<td>150 min</td>
<td>Concurrent notes</td>
<td>19 August</td>
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<td>31</td>
<td>Jocelyn Jutras</td>
<td>Emploi-Québec</td>
<td>Semi-</td>
<td>90 min</td>
<td>Concurrent notes</td>
<td>20 August 2014; 27 August 2015</td>
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<td>32</td>
<td>Denis Perrault</td>
<td>Ambulance services</td>
<td>Semi-</td>
<td>90 min</td>
<td>Concurrent notes</td>
<td>26 August</td>
</tr>
<tr>
<td>33</td>
<td>Jean-Pierre Beaulieu</td>
<td>SHQ</td>
<td>Semi-</td>
<td>120 min</td>
<td>Concurrent notes</td>
<td>27 August</td>
</tr>
<tr>
<td>34</td>
<td>Jocelyn Grondin</td>
<td>Ambulance services</td>
<td>Semi-</td>
<td>90 min</td>
<td>Concurrent notes</td>
<td>28 August</td>
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<tr>
<td>35</td>
<td>Marie-Josée Ouellet</td>
<td>Social economy office</td>
<td>Semi-</td>
<td>90 min</td>
<td>Concurrent notes</td>
<td>28 August</td>
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<td>36</td>
<td>Lorraine Pagé</td>
<td>CEQ</td>
<td>Semi-</td>
<td>45 min</td>
<td>Concurrent notes</td>
<td>2 September</td>
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<td>37</td>
<td>Marie-Andrée Ulysse</td>
<td>Health ministry bureaucrat</td>
<td>Semi-</td>
<td>45 min</td>
<td>Concurrent notes</td>
<td>3 September</td>
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Participant observation: general annual assembly, Caisse d’économie solidaire Desjardins (23 April, 2015)

Individuals who declined or did not respond to my demand for an interview (in alphabetical order): Michel Audet, André Bérard, Louis Bernard, André Chagnon, Guy Chevrette, Gilles Godbout, Daniel Johnson, Lisette Lapointe, Jean-François Lisée, Henri Massé, Jacques L. Ménard, Nathalie Normandeau, Gérald Ponton, Daniel Riverin, Jean Rochon, and Rémi Trudel.
Chapter Two: Theory and Hypotheses

Why is the social economy recognized and promoted through social policies in Quebec, but not in other provinces? Why did Quebec take a social economy turn in the 1990s, rather than at some other time? In this chapter, I review various literatures in order to identify potential explanations to these puzzles outlined in chapter one. I introduce the five hypotheses that structure the empirical analysis conducted in chapters three to seven, where I seek to understand change in Quebec’s seven main social economy fields (i.e. general social economy, child care, perinatal services, home assistance, community housing, training businesses, and disability-friendly enterprises). These five hypotheses can be formulated succinctly:

H1 (structures): The structural pressures underpinning social economy policies were stronger in Quebec than in other provinces;

H2 (power): The Left was more powerful in Quebec than in other provinces and so social economy policies enjoyed greater support from political actors.

H3 (coalition): Quebec’s distinct concerted action institutions made a cross-class coalition around social economy policies more likely than in other provinces.

H4 (learning): In particular, Quebec’s privileged ties with Francophone Europe facilitated the diffusion of French-inspired social economy policy ideas.

H5 (federalism): Changes in federal policies made social economy policies more likely in Quebec than in other provinces.

The remainder of the chapter is divided into three sections. In the first, I review the social economy and welfare state literature and derive these hypotheses. In the second and main
section, I discuss each hypothesis in detail. In the third, I briefly present how the hypotheses fare in the empirical chapters.

**Literature review**

To explain Quebec’s social economy turn, the most obvious literature to turn to is the one on the social economy. Unfortunately, I argue in the first part of this section that this literature is essentially normative and descriptive and so is of little help for addressing the causal questions of interest to comparative politics. In the second part, I turn to the political science literature on the social investment state and derive from it most of my hypotheses.

**The social economy**

The proliferation of new social risks in a context of limited growth has led most welfare states to rely more heavily on the nonprofit sector since the 1980s—especially in areas such as child care, home care, and social insertion (Rosanvallon 1995; Ascoli and Ranci, 2002; Laville 2010; Jenson 2013). Although widely acknowledged, the role of nonprofits has been little studied by scholars of comparative welfare states.

The most comprehensive international data set on nonprofits comes from the Johns Hopkins’ Comparative Nonprofit Sector Project, led by Lester M. Salamon. In his attempt to explain cross-national differences in welfare states’ reliance on nonprofits, Salamon developed the “social origins” theory, which remains one of the leading theories of the field. The theory posits that nonprofits mostly provide social services in liberal and corporatist welfare states (Salamon and Anheier, 1998). This is because nonprofits act as substitute to the state in ungenerous liberal welfare states and as deliverer of state-sponsored social services in more
generous corporatist welfare states. In contrast, nonprofits are crowded out in the delivery of social services in social democratic welfare states and restrained in statist welfare states.

Empirically, however, the reality of this pattern has been questioned. In particular, Mediterranean welfare states are badly captured by this typology. Heavily reliant on cash transfers, they combine relatively high social spending and a strong nonprofit sector (Evers and Laville 2004, 27-28; and see Perista, 2001; Thomas, 2004; Carini et al., 2012). The data provided by Ranci (2002) in fact reveal that it is in Mediterranean and Continental welfare states that the nonprofit sector occupies a larger share of the social care market. In comparison, liberal welfare states rely more heavily on for-profits and Nordic welfare states rely more on the state.

These rough national patterns are not necessarily static. As suggested above, nonprofits have been observed to play an increasing role in the delivery of social services in virtually all welfare states, including social-democratic ones (Lorendahl, 1997; Stryjan, 2001; Vamstad, 2012). Moreover, different patterns seem to emerge depending on the sector. For instance, the community housing stock is the largest in the Netherlands and Sweden (chapter six), while training businesses and disability-friendly enterprises are especially developed in Francophone Europe (chapter seven). As emphasized in the following chapters, existing data and research provide a very incomplete comparative picture of the relationship between the welfare state and nonprofits. The comparative politics literature on the welfare mix, nascent in the late 1990s (Evers, 1993) and early 2000s (Ascoli and Ranci, 2002), never reached maturity and now remains largely neglected.

Research on this topic is, moreover, complicated by the fact that different national scholarship traditions privilege different concepts. In particular, in the English-speaking tradition, the third sector is largely equated to nonprofits (e.g. Ranci 2002, 27); in contrast,
Quebec and continental European scholarship insist that the “third sector” must also encompass cooperatives and mutual societies (e.g. Laforest, 2011a, 47). For that reason, in much of Latin Europe and Quebec, the concept of “social economy” is preferred.

Even more so than the Anglophone literature on nonprofits and the third sector, however, the continental European and Quebec literature on the “social economy” is entirely descriptive. Although extensively studied in social work and management, the social economy has so far been ignored in the field of comparative politics. Cross-national policy differences, in particular, have never been explored systematically. A recent study commissioned by the European Economic and Social Committee nonetheless reports that, in the European Union, it is in two Latin European countries, Spain and Portugal, that the expression “social economy” is the most widely accepted by public authorities (Monzón and Chaves 2012, 39). Similarly, a number of edited volumes of international social economy scholars suggest that general social economy policies are especially developed in Quebec and Latin European countries (e.g. Noya and Clarence 2007; Amin 2009; Chaves and Demoustier 2013). That Montreal was chosen as the city to host the second Global Social Economy Forum in September of 2016 is another testament to Quebec’s leadership with respect to the social economy. Moreover, it is in another Latin European country, France, that the concept of économie sociale first appeared, toward the end of the 19th century, and was first institutionally recognized and promoted by public policies in the early 1980s (Gardin 2006, 25-26; Desroche, 1991). Social economy policies then appeared in much of southern Europe (e.g. Spain in 1989), Quebec (1996), the European Union (2000), and, more recently, in Latin America (Vaillancourt, 2013a). Reflecting this increase in popularity, the United Nations commissioned a task force on the social and solidarity economy in 2012 (TFSSE, 2014). Today, a vast number of countries have social economy policies, but we do not know with
precision how national social economy policies concretely differ and even less about the causes of these differences.

In Quebec, as suggested above, the central debate has been whether social economy enterprises constitute a progressive alternative to neoliberalism. Social economy scholars working at the UQÀM-based Research Centre on Social Innovation (Centre de recherche sur les innovations sociales, CRISES) have also produced a wealth of detailed descriptions of Quebec’s social economy enterprises. Finally, some studies have sought to explain cross-provincial differences in some social economy sectors, including child care (e.g. Jenson, 2002; Haddow, 2015) and home assistance (Jenson and Phillips, 2000; Tremblay and Vaillancourt, 2002), but no study has sought to explain Quebec’s distinct social economy turn.

The broader academic debates on the social economy have similarly been mostly normative and little focused on policy. Economists have mostly sought to explain why “alternative enterprises” have had so little success in the market, whiles scholars from most other disciplines have tended to make a case for them. For economists, key aspects of social economy enterprises seem problematic. On the one hand, their social mission renders them less efficient. Given conflicts or trade-offs between economic and social missions, a business attending to multiple bottom lines is likely to be less efficient economically than a business solely attending to a financial bottom line (Friedman, 1970; Hansmann and Kraakman, 2001; 2012). On the other hand, democratic governance further undermines efficiency by increasing decision-making costs, weakening work incentives, and diluting management competence (see Dow 2003 for a measured synthesis). Economists suggest that the proof is in the pudding, rhetorically asking: “if social economy enterprises are so desirable, why are there so few of them?” (Hansmann and Kraakman, 2001; Dow, 2003). Only a minority of economists laud the merits of non-
governmental collective institutions, for example in managing common-pool resources (Ostrom, 2009; Mendell, 2003).

Without necessarily disputing these claims, scholars from other disciplines have underscored the various positive externalities (e.g. social inclusion, empowerment, community) of social and alternative enterprises (Greenfield, 2006; Laville, 2010) and the intrinsic desirability of economic democracy (Schweickart, 2011; Wright, 2010). More or less explicitly, for the latter scholars, the implication is that the rules of the market need to be changed for social economy enterprises to thrive (e.g. see Malleson, 2014).

The social investment state

To draw insights from the comparative politics literature, Quebec’s social economy policies must be described in terms of categories familiar to comparative politics. What are Quebec’s social economy policies cases of? I argue that they qualify as “social investment” or “active” social policies. Even if the role of civil society is sometimes emphasized in the social investment literature (Giddens, 1998; see also Hirst, 1994), the literatures on the social investment state (e.g. Bonoli, Hemerijck, Häusermann) and on the social economy (e.g. Pestoff, Chaves, Laville) are completely isolated from each other. This thesis is the first attempt to bridge them.

In an ambitious book synthesizing research on the social investment state, Hemerijck (2013) distinguishes three periods in the history of the welfare state: Keynesianism and social policy expansion (1945-1975), monetarism and neoliberal retrenchment (1975-1995), and social investment (1995-). The social investment state is primarily characterized by a shift from the “passive” social policies of the Keynesian era toward “active” social policies.
As used by leading social investment state scholars—such as Bonoli, Hemerijck, and Häusermann—active social policies tend to be defined loosely in terms of three characteristics. First, active social policies address the “new” risks associated with women’s entry into the workforce and post-industrialization (e.g. single parenting, obsolete skills)—in contrast to the “old” risks of male breadwinner industrial economies (e.g. illness, old age, and unemployment). Second, active social policies are viewed as springboards and so favour instruments that foster human capital and employability, such as vocational training and education, whereas passive social policies are viewed as safety nets and so favour instruments such as income replacement. Third, active social policies seek to (re)integrate the non-employed\(^8\) into the labour market, thus functionally differing from the “passive” social policies of the post-war era, which chiefly sought to protect workers from excessive reliance on the market (Esping-Andersen, 1985).

Paul Pierson (2001) concluded that the fiscal pressures were such that welfare states could at most “resist” retrenchment; net expansion was literally not an option. Active social policies nonetheless allowed modern welfare states to expand in ongoing “hard times” (Häusermann, 2010; Hemerijck, 2013). Indeed, active social policies are depicted as win-win policies striking a “just middle” between Keynesian and neo-liberal social policies. In contrast to the latter, they provide help to disadvantaged people by investing in their human capital and responding to their needs; in contrast to the former, they secure returns for society in the shape of lower social assistance expenditures and higher tax revenues. By increasing labour market participation, active social policies may in fact entirely pay for themselves and even yield some savings.

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\(^8\) Keynesianism sought to reduce unemployment; social investment goes further by seeking to maximize employment levels. Hence, since they are not technically “unemployed”, stay-at-home mothers or persons with disabilities are not targeted by Keynesian policies, but since they are not “employed”, they are targeted by social investment policies.
Child care and active labour market policies are the quintessential active social policies (e.g. Bonoli, 2013), addressing “new” social needs while fostering human capital and employment. Home assistance policies are also widely viewed as active social policies (e.g. Hemerijck, 2013), as they increase employment among women and respond to the new reality of working mothers and daughters. Quebec’s social economy policies promoting early childhood centres, perinatal resource centres, training businesses, disability-friendly enterprises, and home assistance social economy enterprises, thus easily qualify as active social policies. As discussed in chapter three, general social economy policies also stemmed from a governmental desire to address new social needs and to increase employment levels. Although policies aiming to promote community housing less obviously qualify as active social policies, chapter six discusses how they promise to create jobs and to combat social exclusion among the elderly. The literature on the social investment state thus promises to shed light on the expansion of Quebec’s social economy welfare state.

Although virtually all welfare states have taken a “social investment turn” of some sort since the late 1990s, some have taken it much further than others. For example, while this “turn” has been generally weaker in southern Europe (Bonoli 2013; Gingrich and Ansell 2015), it has gone especially far under the Left governments of Tony Blair in Britain (Third Way) and of Poul Nyrup Rasmussen in Denmark (Flexicurity). What accounts for this variation?

The literature on the social investment state so far has been mostly descriptive and/or prescriptive (e.g. Giddens, 1994; Esping-Andersen, 2002; Jenson and Saint-Martin, 2003; Morel, Palier and Palme, 2012; Hemerijck, 2013); more work remains to be done to clarify the politics leading to the (evolving) social investment state. Some studies have nonetheless tackled this puzzle head-on by identifying various movers of the social investment state (in particular, Bonoli
2013). First, the importance of the structural changes in the economy brought about by women’s entry into the workforce and deindustrialization is emphasized universally. These “pressures” can potentially contribute to explaining cross-national differences. Hence, the particularly tough budgetary constraints found in southern European countries arguably limit their capacity to invest in new social policies (Bonoli, 2013). Second, investments in active social policies are more likely when the Left controls government (Bonoli, 2013)—at least in non-dualized labour markets (Gingrich and Ansell, 2015) like Quebec’s. Third, active social policy investments can be favoured by broad cross-class coalitions creatively engineered by entrepreneurs in an institutional context that favours negotiation and compromises among employers and unions (Häusermann, 2010; Martin and Swank, 2012). Fourth, social learning among different governments allows for the diffusion of win-win active social policies (Bonoli, 2013; Saint-Martin, 2002). Given the alleged “win-win” virtues of active social policies, the role of policy experts in social investment politics cannot be underplayed.

These four movers of the social investment state are, a priori, plausible explanations of Quebec’s distinct trajectory. Quebec’s social economy policies were launched under a centre-Left party, the Parti Québécois. They were decided during a context particularly amenable to coalition building: the 1996 Economy and Employment Summit. Some of these policies directly addressed the new social risks created by women’s entry into the workforce and deindustrialization and they were presumably approved by policy experts.

The social investment literature has so far chiefly focused on sovereign states and so has largely ignored the role of federal dynamics. In fact, the welfare state literature more generally almost always takes the sovereign state as unit of analysis (Haddow 2015, 5-6). Because Quebec is a Canadian province and so only partly sovereign, changes in Canadian federalism must be
considered as a potential mover or inhibitor of provincial social policies. In the section below, I discuss in detail these five hypotheses (i.e. structural changes, power, coalitions, learning, and federalism).

**Five hypotheses**

**Structural changes**

Structural explanations emphasize the importance of constraints that are largely outside of decision-makers’ control (Parsons 2007, 49-51). A first such structural variable to consider is the existing size of the social economy sector. Perhaps Quebec’s social economy policies seek to compensate for the province’s particularly ill-developed social economy sector—itself resulting from factors other than policies. Alternatively, a strong existing cooperative sector may resist assimilation into a larger social economy movement and so may inhibit the development of social economy policies. A complementary possibility is that the structural changes related to deindustrialization, unemployment, women’s entry into the workforce, and population ageing that fuelled a demand for social economy policies were simply more acute in Quebec than in other provinces. Alternatively, these structural challenges often imply limited budgetary margins of manoeuvre and, as discussed above in the case of southern Europe, excessive budgetary constraints may inhibit states from investing in active social policies. In this section, I review how Quebec compared with other provinces in the mid-1990s with respect to these structural variables.

Obviously, no official statistics measuring the size of the provincial “social economy” sectors prior to the recognition of the social economy are available. Available data on the
cooperative and nonprofit sectors, however, suggest that Quebec was not in an exceptional situation in the mid-1990s.

By 1995, when measured in absolute terms, Quebec was the province with the largest cooperative sector in the country. In relative terms, Quebec’s cooperative sector was less exceptional. Quebec had the biggest credit union sector, led by Desjardins. The province’s credit unions accounted for 52.0% of the country’s total credit unions’ revenues. As a share of provincial GDP, however, credit union revenues were only slightly higher in Quebec (2.4% of GDP) than in Saskatchewan (1.8%), the province with the second largest credit union sector. When looking only at the non-financial cooperative sector, Quebec ceases to be an outlier. As illustrated in Table 2.1, in the mid-1990s, no matter the indicator chosen, Quebec’s non-financial cooperative sector was much smaller than that of the Prairie Provinces (MacPherson, 1979) and that of Saskatchewan, in particular.

Table 2.1 Non-financial cooperative sector in Canadian provinces in 1995

<table>
<thead>
<tr>
<th>Province</th>
<th>Number of cooperatives per 100,000 population</th>
<th>Membership per population</th>
<th>Business volume, % of GDP</th>
<th>Assets, % of GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>AB</td>
<td>24</td>
<td>34</td>
<td>0.042</td>
<td>0.021</td>
</tr>
<tr>
<td>BC</td>
<td>11</td>
<td>33</td>
<td>0.012</td>
<td>0.013</td>
</tr>
<tr>
<td>MB</td>
<td>27</td>
<td>19</td>
<td>0.052</td>
<td>0.025</td>
</tr>
<tr>
<td>NB</td>
<td>20</td>
<td>12</td>
<td>0.030</td>
<td>0.012</td>
</tr>
<tr>
<td>NF</td>
<td>11</td>
<td>13</td>
<td>0.013</td>
<td>0.007</td>
</tr>
<tr>
<td>NS</td>
<td>23</td>
<td>7</td>
<td>0.032</td>
<td>0.016</td>
</tr>
<tr>
<td>ON</td>
<td>8</td>
<td>2</td>
<td>0.005</td>
<td>0.010</td>
</tr>
<tr>
<td>PE</td>
<td>45</td>
<td>23</td>
<td>0.065</td>
<td>0.022</td>
</tr>
</tbody>
</table>
Data on the size of the provincial nonprofit sectors are harder to find as they are not routinely collected by the Canadian government. The best data available were gathered in 2003 as part of the global Johns Hopkins’ Comparative Nonprofit Sector Project mentioned above. The 2003 Canadian National Survey of Nonprofit and Voluntary Organizations provides detailed data on the nonprofit sector in each province. What the report suggests is that cross-provincial differences with respect to the size of the nonprofit sector are relatively small. The size of Quebec’s nonprofit sector, with 617 nonprofit and voluntary organizations per 100,000 inhabitants was found to be intermediate. Saskatchewan scored 800 (highest); Ontario, 369 (lowest) (Statistics Canada 2003, 20). While representing 23.7% of the Canadian population, Quebec then accounted for 29% of the country’s nonprofits (p.20), 22% of total nonprofits’ revenues (p.30), 24% of total hours volunteered (p.36), and 23.1% of nonprofits’ paid staff (p.41). Quebec possibly had a smaller nonprofit sector prior to the social economy policies of the late 1990s.9

In sum, in the mid-1990s, Quebec had the biggest credit union sector, Saskatchewan had the biggest non-financial cooperative sector, and cross-provincial differences with respect to the nonprofit sector were small. Considering that context alone, it would have been difficult to

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9 Indeed, according to 2000 data, Quebec exhibited the lowest level of voluntary association membership in the country (Hwang, Andersen and Grabb, 2007).
predict that social economy policies were about to be launched in Quebec but not in other provinces.

The “problems” social economy policies promise to solve, however, were arguably acuter in Quebec. In the mid-1990s, Quebec experienced a greater industrial decline, higher unemployment levels, lower female employment levels, and an older and ageing population, thus making it to particularly amenable to active social policies promising to (re)integrate the non-employed into the labour market.

Over the past decades, manufacturing has declined in virtually all rich countries. In Canada, manufacturing fell from the 1950s to the early 1980s, from nearly 30% to just under 20% of national GDP (Baldwin and Macdonald 2009, 17). From the early 1980s to the early 2000s, manufacturing as a share of GDP has remained relatively stable in Canada (Baldwin and Macdonald, 2009) and Quebec (Tousignant, 2012). Canada’s manufacturing sector then underwent another wave of decline in the 2000s, partly as a result of the increase in the price of oil (e.g. Coulombe, 2013; Tousignant, 2012). The most industrialized provinces, Quebec and Ontario, were the most severely affected by this decline (see Houle 2014 for a Quebec perspective). From 2000 to 2011, for instance, the manufacturing sector declined, as a share of provincial GDP, by 8.3 points in Ontario, 7 points in Quebec, 3.7 points in British Columbia, and 1.4 points in Alberta (CANSIM, Table 379-0025).

Figure 2.1 Unemployment rates in Canadian provinces, 15-64 year-olds, 1980-1996
Source: CANSIM, Table 282-0002; “Atlantic” and “Prairie” data represented unweighted averages of the four Atlantic provinces (NF, NS, NB, PE) and the three Prairie provinces (MB, SK, AB), respectively.

Whether related to deindustrialization or not, unemployment was an urgent issue in Quebec in the mid-1990s. As illustrated in Figure 2.1, Quebec had basically maintained double-digit unemployment rates since 1980. In 1996, Quebec’s unemployment rate (11.9%) was about three points above that of Ontario (9.1) and British Columbia (8.7%) and five points above that of Prairie Provinces (7.0%). Unemployment levels were higher only in the Atlantic Provinces, particularly in Newfoundland (19.0%).

Similarly, as illustrated in Figure 2.2, by the mid-1990s, Quebec’s female employment levels remained significantly below those of most other provinces. In 1996, Quebec’s female employment rate (47.8%) was almost six points below that of Ontario and British Columbia (53.6%) and almost nine points below that of the Prairie Provinces (56.6%).

Figure 2.2 Female employment levels in Canadian provinces, 15 year and older, 1980-1996
Moreover, as illustrated in Figure 2.3, it was in Quebec and the Prairie Provinces that the male-female employment gap was the greatest. Cross-provincial differences were small, ranging from 7.4 percentage points in Newfoundland to 13.9 in Quebec and 14.0 in Manitoba in 1996. In every province, the gap had steadily declined over the past decades, but the employment gap remained higher in Quebec—and lower in Atlantic Canada.

Quebec was then also the oldest and fastest ageing province, as suggested in Table 2.2. Indeed, the median age in Quebec (36.1) was then higher than in any other province, and almost one full point above that of Canada-including-Quebec (35.2). Moreover, it was in Quebec that the youth, particularly under 18 years of age, represented the smallest share of the total population, indicating a faster ageing population and workforce.

Figure 2.3 Male-female employment gap in Canadian provinces, 15-year and older, 1980-1996
Source: CANSIM, Table 282-0002; “Atlantic” and “Prairie” data represented unweighted averages of the four Atlantic provinces (NF, NS, NB, PE) and the three Prairie provinces (MB, SK, AB), respectively.

Table 2.2 Demographic pressures in Canadian provinces in 1996

<table>
<thead>
<tr>
<th>Province</th>
<th>0-17 (%)</th>
<th>18-24 (%)</th>
<th>25-29 (%)</th>
<th>Median</th>
</tr>
</thead>
<tbody>
<tr>
<td>Newfoundland</td>
<td>24.5</td>
<td>11.2</td>
<td>8.2</td>
<td>34.1</td>
</tr>
<tr>
<td>Prince Edward Island</td>
<td>26.0</td>
<td>10.0</td>
<td>6.7</td>
<td>34.7</td>
</tr>
<tr>
<td>Nova Scotia</td>
<td>23.6</td>
<td>9.7</td>
<td>7.1</td>
<td>35.7</td>
</tr>
<tr>
<td>New Brunswick</td>
<td>23.6</td>
<td>10.2</td>
<td>7.2</td>
<td>35.4</td>
</tr>
<tr>
<td>Quebec</td>
<td>23.2</td>
<td>9.2</td>
<td>6.9</td>
<td>36.1</td>
</tr>
<tr>
<td>Ontario</td>
<td>24.3</td>
<td>9.3</td>
<td>7.4</td>
<td>35.0</td>
</tr>
<tr>
<td>Manitoba</td>
<td>26.0</td>
<td>9.8</td>
<td>7.0</td>
<td>34.5</td>
</tr>
<tr>
<td>Saskatchewan</td>
<td>27.5</td>
<td>9.9</td>
<td>6.3</td>
<td>34.2</td>
</tr>
<tr>
<td>Alberta</td>
<td>26.9</td>
<td>9.9</td>
<td>7.6</td>
<td>33.3</td>
</tr>
<tr>
<td>British Columbia</td>
<td>23.3</td>
<td>9.3</td>
<td>7.6</td>
<td>35.7</td>
</tr>
<tr>
<td><strong>Canada</strong></td>
<td><strong>24.3</strong></td>
<td><strong>9.4</strong></td>
<td><strong>7.3</strong></td>
<td><strong>35.2</strong></td>
</tr>
</tbody>
</table>

Source: CANSIM, Table 051-0001
In sum, in the mid-1990s, the structural forces underpinning the social investment state were arguably stronger in Quebec than in other provinces. On the other hand, a limited budgetary margin of manoeuvre made substantial new social investments particularly demanding in Quebec. To compare Quebec’s budgetary margin of manoeuvre with that of other provinces in the mid-1990s, I look at five statistics: GDP, GDP per capita, tax revenues as a percentage of GDP, the latest deficit as a percentage of GDP, and public debt as a percentage of GDP, as indicated in Table 2.3.

Table 2.3 Provincial budgetary margins of manoeuvre, 1995 data (current dollars)

<table>
<thead>
<tr>
<th></th>
<th>GDP (million $)</th>
<th>GDP per capita (thousand $)</th>
<th>Consumption provincial tax per GDP (%)</th>
<th>Income provincial tax per GDP (%)</th>
<th>Total provincial taxes per GDP (%)</th>
<th>Public deficit per GDP</th>
<th>Net public financial debt per GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>NF</td>
<td>10,853</td>
<td>19.1</td>
<td>8.3</td>
<td>5.0</td>
<td>15.7</td>
<td>-0.2</td>
<td>72.9</td>
</tr>
<tr>
<td>PE</td>
<td>2,693</td>
<td>20.1</td>
<td>6.8</td>
<td>4.6</td>
<td>14.3</td>
<td>+0.3</td>
<td>40.0</td>
</tr>
<tr>
<td>NS</td>
<td>19,920</td>
<td>21.5</td>
<td>6.1</td>
<td>5.0</td>
<td>12.5</td>
<td>-0.7</td>
<td>47.3</td>
</tr>
<tr>
<td>NB</td>
<td>16,872</td>
<td>22.5</td>
<td>6.1</td>
<td>5.1</td>
<td>13.8</td>
<td>-0.9</td>
<td>35.2</td>
</tr>
<tr>
<td>QC</td>
<td><strong>181,229</strong></td>
<td><strong>25.1</strong></td>
<td><strong>4.5</strong></td>
<td><strong>7.9</strong></td>
<td><strong>16.4</strong></td>
<td><strong>-3.5</strong></td>
<td><strong>42.5</strong></td>
</tr>
<tr>
<td>ON</td>
<td>335,199</td>
<td>30.6</td>
<td>4.2</td>
<td>5.5</td>
<td>11.9</td>
<td>-2.7</td>
<td>25.7</td>
</tr>
<tr>
<td>MB</td>
<td>27,461</td>
<td>24.3</td>
<td>5.3</td>
<td>5.0</td>
<td>13.3</td>
<td>+0.5</td>
<td>33.8</td>
</tr>
<tr>
<td>SK</td>
<td>26,707</td>
<td>26.3</td>
<td>5.0</td>
<td>4.6</td>
<td>12.4</td>
<td>+0.4</td>
<td>41.5</td>
</tr>
<tr>
<td>AB</td>
<td>93,425</td>
<td>34.2</td>
<td>1.9</td>
<td>4.4</td>
<td>9.6</td>
<td>+0.9</td>
<td>9.1</td>
</tr>
<tr>
<td>BC</td>
<td>107,745</td>
<td>28.5</td>
<td>4.7</td>
<td>5.5</td>
<td>9.4</td>
<td>-0.0</td>
<td>7.4</td>
</tr>
</tbody>
</table>

Sources: CANSIM tables 384-0038 (GDP); 051-0001 (population); 385-0002 (tax and deficit); 385-0014 (debt).

Total provincial taxes include income, consumption, property and related taxes, other taxes, health and drug insurance premiums, as well as contributions to social security plans.
Ceteris paribus, wealthy jurisdictions presumably have a greater margin of manoeuvre than poor ones. GDP per capita data show that Quebec was richer than most of the smallest provinces, but significantly poorer than the provinces of comparable size (ON, BC, AB). On this front, some changes have occurred over the last decades. In particular, Saskatchewan and Newfoundland and Labrador have become significantly richer in the early-to-mid 2000s, but Quebec has remained a “have not” province (e.g. Capeluk, 2014).

Another determinant of a government’s budgetary margin of manoeuvre is its capacity to increase its revenues, itself partly determined by existing tax efforts. In the mid-1990s, Table 2.3 shows that total provincial taxes, and especially income taxes, represented a substantially greater share of GDP in Quebec than in other provinces. In that context, further increasing taxes was presumably difficult. In 2010, compared to other provinces, Quebec taxes continued to represent a greater share of GDP, income taxes remained particularly higher, corporate taxes were similar, consumption taxes were slightly lower, and social contributions higher (Godbout 2015, 42; 47-48).

Debts also limit states’ financial capacities. In 1995, Quebec’s public deficit was markedly higher than any other province’s (Imbeau and Leclerc, 2002). This high deficit was not entirely unique to 1995. Indeed, as indicated in Table 2.3, net financial debts were substantially higher in Quebec than in other large provinces. The only province with much higher debt levels was Newfoundland, which was then suffering the consequences of the moratorium on northern cod fishing (see below). Since the mid-1990s, the public debts of Newfoundland and Labrador and Saskatchewan have fallen below the Canadian average, but Quebec continues to have a greater public debt (Quebec, 2015c).

10 Following the Godbout report on taxation, the Quebec government is now committed to increasing consumption taxes and to decreasing income taxes (Chouinard, 2015).
Prior to empirical investigation, then, it is unclear whether structural and budgetary pressures made Quebec more likely to take a social investment turn than other provinces. This issue is thus explored in chapters three to seven.

**Power resources**

The second hypothesis, inspired by the power resource approach, holds that Quebec made bolder social investments in the social economy because its Left was more powerful. In the traditional power resource theory (PRT), social policies are viewed as the result of a struggle between labour and capital (Esping-Andersen 1985). Pro-labour actors, especially unions and social-democratic parties, seek to reduce workers’ dependence on the market through de-commodifying social policies, whereas pro-capital actors, especially employers’ associations and conservative parties, defend a market-based allocation of resources. In this dissertation, a looser power resource approach is employed. Such an approach chiefly holds that egalitarian social policies result from a power struggle between the Left and the Right. Four elements of that approach need to be clarified.

First, the terms “Left” and “Right” are used instead of the terms “labour” and “capital”. This choice emphasizes, in particular, the notions that the Left goes beyond unions and social democratic parties and that pro-labour organizations may not always be progressive. Hence, a number of pro-equality civil society groups may wield significant political power and so a power resource approach should pay attention to them. In Quebec, students of social policy cannot ignore groups such as Au-bas de l’échelle, which defends the interests of non-unionized workers; the FRAPRU, which advocates for more social housing; and the Quebec Women’s Federation. In a context of high unemployment, unions may, moreover, decide to neglect market outsiders and
privilege the interests of those with secure employment (Rueda, 2008). Moreover post-industrialization has led to a decline of class-voting, thus complicating the association between social-democratic parties and “labour”. Indeed, the Left now draws most of its support from various segments of the middle-class, including working women, sociocultural professionals, as well as from non-unionized labour market “outsiders” (e.g. Gingrich and Häusermann, 2015).

Second, I focus on “equality” rather than on “de-commodification”. To some extent, this is because attachment to equality is what fundamentally defines the Left (Noël and Thérien, 2008; Graham et al. 2009). More importantly, the concept of de-commodification is at odds with more market-oriented but nonetheless egalitarian active social investment policies (Thelen, 2014). Indeed, the Left has been found to support to a greater extent than the Right both passive de-commodifying consumption social policies and market integrating social investment policies (Bonoli, 2013; Gingrich and Ansell, 2015).¹¹

Third, in PRT, even if capital and labour have fundamentally different first-order preferences, capital-labour agreements are nonetheless possible. The initiative to expand policies securing social citizenship rights is always expected to come from pro-Labour organization. Conservative parties, for example, may nonetheless strategically consent to welfare state expansion in a context of negotiation or if they fear voter retaliation (Korpi 2006, 182). In fact, when “the distribution of power is quite unequal we should expect to see little or no open contestation” (Pierson 2015, 127). In other words, the Right might express “consent” to welfare state expansion, but a given distribution of power resources is crucial for it.

¹¹ Commodification can also be opposed independently of equality arguments on the grounds that there are moral limits to markets (Heath, 2011). Even then, however, different Left-Right sensibilities centred on equality emerge. Consider child care. While sharing the moral belief that child care should not be commodified, segments of the Left and the Right will disagree on what should be done. The Left will privilege community-run nonprofits; the Right will privilege cash transfers allowing mothers to stay at home and care for their own children (see chapter four).
Fourth, PRT is attentive to the long-term effects of Left power. To explain policy change in the mid-1990s, it does not suffice to determine who is in power in the mid-1990s. Prolonged Left government incumbency, in particular, matters for progressive social policies (Huber and Stephens, 2001). In Scandinavian countries, legacies of successive social democratic governments constrain the range of options available to the Right (Esping-Andersen, 1990).

A priori, PRT seems ill-adapted to explain social policy change in Quebec as there are no obvious social democratic and conservative parties in the province. Indeed, as the party system is mainly structured around identity issues, social policy has been observed to be the object of weaker partisan disagreements in Quebec than in other provinces (e.g. Haddow and Klassen, 2006). Moreover, between 1996 and 2001, when most of Quebec’s social economy policies were launched (Vaillancourt, 2012), the PQ leader and province’s premier, Lucien Bouchard, was widely viewed as conservative by political commentators (Mouterde, 2003; Bock-Côté, 2007). A Progressive-Conservative MP between 1988 and 1990, Bouchard initially seemed mainly interested in the deficit—not in social policies (Raymond, 2013).

Yet, most sophisticated analyses of Quebec’s distinct social model emphasize the role of pro-equality actors, in particular of the centre-Left PQ and unions (Haddow, 2014). In fact, it is common for authors to take this explanation for granted and to focus on identifying the deeper causes underlying the power of these pro-equality actors, such as the “progressive ethos” of Quebec’s politics since the Quiet Revolution (Noël, 2013), or the power of a “master myth” at odds with neoliberalism in Quebec (Bouchard, 2013).

Figures 2.4 and 2.5 suggest that, compared to other provinces, Quebec has had social-democratic governments more often and conservative governments less often. Even if the social policy reform of interest only occurred in the 1990s, the figures cover a larger timespan, thus
taking seriously the notion that past legacies define the range of options of current governments. When a first centre-Left government was suddenly elected in the early-1990s in Ontario, it was not able to accomplish the same kinds of reforms available to the PQ, when it took back power in the mid-to-late 1990s. The time frame covered by the figures starts in 1945, which roughly corresponds to the end of World War II, the beginning of the Trente glorieuses, widely viewed as the golden age of the welfare state, and the rise of the first social democratic government in North America, the Saskatchewan Co-operative Commonwealth Federation (Lipset, 1950).

Figure 2.4 looks at the number of months of social-democratic government in Canada’s ten provinces since 1945 and 1980. The PQ is here considered to be a social-democratic party, as this is the norm in the provincial welfare state literature (McGrane, 2014; Haddow 2015) and as experts continue to view the PQ as standing to the left of the PLQ (Collette and Pétry 2012, 116)— although analyses of party manifestos reveal that Left-Right differences between the PQ and the PLQ, once substantial, had virtually disappeared by the mid-1990s or mid-2000s, depending on the methodology used (Pétry 2013, 66-68; Collette and Pétry 2012, 123)12. From its creation in the late 1960s to 2015, the PQ was in power for 230 months: between 1976 and 1985, between 1994 and 2004, and then between 2012 and 2014. This score places Quebec in the third rank of the most social-democratic provinces in the country, behind Saskatchewan and Manitoba. For the most recent period, the gap between Quebec and the two Prairie Provinces was small, suggesting comparable levels of social democratic power (e.g. McGrane 2014 for such an argument applied to Quebec and Saskatchewan): over the last thirty-five years, Manitoba has had 259 months of social-democratic government, Saskatchewan 220, and Quebec 193.

12 Analyses of party manifestos can be misleading. In 1976, Pétry (2013, 66) suggests that the PQ was to the Right of the PLQ. This is highly implausible.
However, what really sets Quebec apart, in terms of parties, is its unique absence of a conservative party. As illustrated in Figure 2.5, Quebec is the only province not to have experienced a conservative government since 1980. Indeed, Quebec has not had a conservative government since the electoral defeat of the Union Nationale in 1970. The Union nationale had completely disappeared by the end of the 1980s. Quebec’s more contemporary conservative parties, such as the Action démocratique du Québec (ADQ) and the Coalition Avenir Québec (CAQ) have had some electoral success, but have never formed a government.

Figure 2.4 Number of months of social-democratic governments in Canadian provinces

![Graph showing months of social-democratic governments in Canadian provinces](image)

Notes: Social-democratic governments include CCF, NDP, and PQ governments. The figure makes no distinction between majority, minority, and coalition governments. The data cover the period from January 1, 1945 (April 1, 1949 in the case of Newfoundland) to December 31, 2015.

Analyses of party manifestos confirm that Quebec does not really have a conservative party. In fact, every single Quebec party, including the most conservative ADQ and CAQ, are
classified as left-of-centre in a broad comparative perspective (Pétry 2013, 68-69). Because data on the left-right orientation of other provincial party systems are missing, assessing cross-provincial differences is difficult\(^{13}\), but party manifesto data situate the Quebec party system significantly to the left of the federal party system (Pétry 2013, 69)\(^{14}\).

The fact that left-wing federalists—especially among non-francophones (Serré, 2002) and visible minorities (Bilodeau, 2013)—support the PLQ has traditionally led the PLQ to remain relatively centrist on redistributive issues. Indeed, studies have shown that the relatively weak importance of redistributive issues in the province’s party system has a stabilizing effect on Quebec’s social model (Haddow and Klassen, 2006; Noël, 2013; Haddow 2015)\(^{15}\).

Figure 2.5 Number of months of conservative governments in Canadian provinces

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\(^{13}\) Studies on the Left-Right ideological placement of parties in English Canada seem to have only focused on the federal level (e.g. Bittner and Koop 2013, 320).

\(^{14}\) That last result seems to be at least partly attributable to a measurement bias. Left-Right scores depend on the extent to which party manifests support “welfare state expansionism”. Because most social policies fall under provincial jurisdiction, federal parties should indeed be expected to focus to a lesser extent on this issue.

\(^{15}\) This might be about to change, however, as the PLQ now has considerable electoral slack (Rousseau, 2014), and as Pierson (1996) identifies electoral slack as a condition for major cutbacks.
Notes: Conservative governments include governments ruled by progressive-conservative parties, social credit parties, the Union nationale, and the Saskatchewan Party. The figure makes no distinction between majority, minority, and coalition governments. The data cover the period from January 1, 1945 (April 1, 1949 in the case of NL) to December 31, 2015

The second key “power resource” actors are unions. Four main dimensions of union strength can be distinguished (Gordon 2014, 3): union density, union coverage, union centralization, and relative involvement in unemployment benefit administration\textsuperscript{16}. Union density refers to the share of workers who are unionized. Union coverage refers to the share of unionized and non-unionized workers who are covered by a collective agreement. Union centralization is a more complex concept, referring to a number of related notions. In a centralized setting, the bargaining takes place at levels higher than the firm (i.e. the economic sector or national level), the union federations have great authority over the behaviour of their affiliate unions, and the union movement is composed of only a small number of cooperating federations\textsuperscript{17}. Finally, Nordic and some other European countries have a Ghent (or a quasi-Ghent) system, in which unions directly administer unemployment benefits.

There are two union movements in Canada, “one inside Quebec and one in the other nine provinces” (McIntosh 1999, 162). The alliance between the Canadian Labour Congress (CLC) and the NDP in English Canada, for instance, has little resonance in Quebec. Quebec branches have been given substantial independence in nominally pan-Canadian labour organizations. The FTQ, for example, is said to enjoy “sovereignty-association” within the CLC (McIntosh, 1999).

\textsuperscript{16} One could also look at the level of labour participation in corporatist or concertation institutions, traditionally high in Quebec (Haddow and Klassen 2006, 124-127), but decreasingly so since the 2003 Charest government (Rouillard et al. 2006).

\textsuperscript{17} Union centralization matters for a number of reasons. First by extending collective agreements to non-unionized workers, employers’ resistance to unions is lessened. Second, centralization limits inter-union divisions. Third, centralized bargaining allows unions to play a greater policy role (Rosenfeld 2014, 20).
In that context, a distinct union movement could be a plausible contributing factor to Quebec’s distinct welfare state.

Comparisons of provincial union movements focus only on union density and coverage. No province has a Ghent system. In Canada, unemployment benefits are administered by governments rather than unions. In comparative perspective, Canada’s union system is decentralized (Murray and Verge 1999, 27). Data on the centralization of provincial union movements are missing, but the available information strongly suggests that Quebec’s union movement is not highly centralized. First, Quebec has three or four major union federations in addition to a plethora of independent unions. In 1997, in Quebec, 37.3% of unionized workers were affiliated with the FTQ, 23.9% with the CSN, 9.9% with the CEQ, and 3.8% with the CSD (Murray and Verge 1999, 30). Quebec’s union movement was once more concentrated. In 1965, 59.9% of unionized workers were affiliated with the FTQ and 27.1% with the CSN (Murray and Verge 1999, 30). Occasional “common fronts”, where the leading union federations ally and speak with one voice, produce a de facto more concentrated setting. Comparable concentration levels are observed in other provinces. In Ontario, for instance, over 40% of unionized workers are affiliated with CUPE (Landry 2004, 2; CANSIM, Table 282-0078). Second, as discussed in chapter three, the largest union federation of the province, the FTQ, is not particularly centralized—notably less so than the CSN. Third, in the private sector, bargaining usually takes place at the firm-level (Rigaud et al. 2010, 25)—in spite of unions’ ambition to establish industry-level bargaining (Tanguay 1984, 383). Bargaining over decrees constitutes an exception to this rule, as decrees apply to several firms, usually pertaining to the same industry in a given geographical area. In the public sector, as in other provinces and most countries, bargaining is more centralized (Landry, 2004).
Cross-provincial comparisons are further complicated by the fact that Statistics Canada collected data on union density only until 1995 and on union coverage only since 1997. This is not a huge problem, however, as in Canada few non-unionized workers are covered by a collective agreement. Indeed, in 2000 and 2001, the gap between union density and union coverage rates hovered around only one or two percentage points in provinces other than Quebec and just over three points in Quebec (Akyeampong 2001, 51; see also Haddow 2015, 43).

This greater gap in Quebec seems to be due to the enduring presence of its decree system, which guarantees to non-unionized workers in a given region or industrial sector certain basic provisions of an umbrella collective agreement negotiated by employers and unions. Quebec’s decree system, which dates back to 1934, used to be described as “probably the most original feature of Quebec’s legal and institutional framework for industrial relations” (Grant 2005, 140). Quebec’s Act Respecting Collective Agreement Decrees remains unique in North America (Charest 2004, 273). Its significance has declined over time, however. In 1959, 120 such decrees would cover some 250,000 workers in the province. By 2002, however, Quebec had only 18 decrees left, covering 75,831 workers (Grant 2005, 142); and in 2015, only 15 decrees were still standing (MESS, 2015b).

Figure 2.6 illustrates the Statistics Canada data on provinces’ average union density between 1976 and 1997 and average union coverage rates from 1997 to 2014. The figure shows that union density and coverage have been higher in Quebec than in most other provinces. Five key observations can be made from an analysis of the figure and from a breakdown of the data, provided in Appendix 2.

First, until the mid-1990s, the most unionized province was Newfoundland. In 1995, union density was still much higher in Newfoundland (54.1%) than in Quebec (40.8%). By 1997,
however, union coverage in NL had plummeted to only 40.7%, while union coverage in Quebec had remained stable, at 41.4%. Presumably, this massive decline in union coverage resulted from the moratorium on the fishery of northern cod imposed by the federal government in 1992, which directly led to the loss of some 40,000 (highly unionized) fishery jobs (Dolan 2005, 102)\(^\text{18}\).

Second, and relatedly, union coverage has been higher in Quebec than in any other province every year since 1997 (see Appendix 2). For the 1997-2014-period, Quebec’s average union coverage rate was 40%, slightly above the corresponding rate of the other strongly unionized provinces, such as Newfoundland and Labrador (38.9%), and Manitoba (36.7%), and substantially above the rates of weakly unionized provinces, such as Ontario (28.2%) and Alberta (24.2%).

Figure 2.6: Average union density (1976-1995) and union coverage (1997-2014) rates in Canadian provinces

\(^{18}\) Information obtained in personal correspondence with Newfoundland historian, Sean Cadigan, 22 September 2015.
Third, British Columbia’s union density rate was higher than Quebec’s in the late 1970s and early 1980s; since 1987, however, Quebec has systematically had higher union density and coverage rates. By 2014, the gap in union coverage rate between the two provinces had reached almost ten percentage points.

Fourth, and relatedly, in contrast to British Columbia and Newfoundland, union density/coverage rates have remained relatively stable in Quebec over the past decades, hovering around 40% since the mid-1980s. A similar stability characterized union density in other provinces. From a comparative perspective, such stability is exceptional, as union membership has fallen dramatically in most rich countries that did not have a Ghent system since the 1980s (Rosenfeld 2014, 20; Hassel, 2015).

Fifth, union coverage is now higher in Quebec than in any other provinces in both public and private sectors. In Quebec as in other provinces, the public sector is much more strongly unionized than the private sector. In 2014, according to Statistics Canada data, Quebec had nearly 720,000 public-sector workers covered by a collective agreement, or 82% of public-sector workers, but only 660,000 covered private-sector workers, or 25% of private-sector workers. In comparison, the corresponding figures for Canada were 75% and 17% (CANSIM, Table 282-0078).

Figures 2.4 to 2.6, moreover, show that Quebec is the only province to rank in the top-three of most social democratic provinces according to all the indicators: the number of months of social democratic governments since 1945 and 1980 (rank: 3), the number of months of conservative governments since 1945 (rank: 2) and 1980 (rank: 1), average union density rates until 1995 (rank: 3), and average coverage rates since 1997 (rank: 1). This pattern is consistent
with public opinion data, which finds that Quebeckers tend to be more egalitarian or left-leaning than other Canadians (e.g. Baer et al. 1993; Adams 2003, 82; Cochrane and Perrella 2012, 838-839).

Quebec’s pro-equality civil society organizations were particularly well-organized in the mid-1990s. For example, as further discussed in chapter four, under the leadership of Françoise David, the credibility and influence of the Quebec Women’s Federation in the wake of the Women’s March of Bread and Roses was arguably unparallelled in other provinces (or in Quebec’s past). Similarly, the Quebec national umbrella organization of unions, popular and community groups, Solidarité populaire Québec, created in the wake of the debates surrounding the Canada-United States Free Trade Agreement, was at its peak in the mid-1990s (SPQ 1987; 1994).

In comparison, the influence of pro-equality civil society groups in Canada outside Quebec seems to have been declining since the 1980s (e.g. Phillips, 2013). White (2012; 2002) argues that Quebec’s civil community groups have come to enjoy greater autonomy and more collaborative relationships with the state than those from Ontario and most other provinces since the 1980s. Compared to those of other provinces, Quebec’s community groups, moreover, receive significantly more state funding (Laforest 2011a, 48; Statistics Canada 2003, 31).

In sum, a power resource approach predicts that Quebec should have a more egalitarian welfare state. Similarly, *ceteris paribus*, progressive social economy policies were more likely to be enacted in Quebec than in most other provinces. Some social economy policies have a very low salience, however. Even among the most politically attentive citizens, it is very common in Quebec not to be familiar with the social economy. This low salience casts doubts on the importance of Left power in explaining the expansion of social economy policies in Quebec. In
an innovative study of corporate control, Culpepper (2011) concludes that when the issue is politically unimportant, national policy is largely determined by the main stakeholders, in this case, employers; it is only when the issue develops political salience that the politics of corporate control become more complex. With social economy policies, the expectation is thus that when the issue at hand is not salient, immediate social economy stakeholders have more power; that it is mostly when the issue is salient that parties, employers and unions take part in the debate. A minimal political saliency thus possibly acts as a precondition for a power resource explanation of social economy policies.

Coalitions

In a power-based explanation, Left-Right agreements are possible, but they are underpinned by a particular distribution of power resources. Responding to this dominant power resource approach, numerous studies have argued that employers’ support of social policies may in fact reflect sincere preferences rather than a weak bargaining position (Hall and Soskice, 2001; Swenson, 2002; Mares, 2003; Martín and Swank, 2012).

Such cross-class coalitions on social policy, typically engineered by political entrepreneurs, are facilitated by collaborative interest intermediation institutions bringing together representatives of labour and capital (Lijphart, 1977; Katzenstein, 1985; Hall and Soskice, 2001; Häusermann, 2010). I argue in this section that such a possibly coalition-leading summit was more likely to take place in Quebec than in other provinces (e.g. Montpetit, 2004; Haddow and Klassen 2006; Côté, Lévesque and Morneau, 2009; Rigaud et al. 2010).

First, Quebec had already held a number of summits by the mid-1990s. During the first PQ government, between May 1977 and April 1982, twenty socioeconomic conferences were
organized, including three national summits—Point-au-Pic (May 1977), Montebello (March 1979), and Quebec City (April 1982)—and seventeen sectoral summits (Tanguay, 1984). This tradition possibly even goes back to the 1930s, when Quebec’s Catholic elites embraced corporatism (Archibald, 1983).

Second, in the mid-1990s, Quebec was not simply mechanically reproducing past patterns. Quebec’s concerted action “tradition” was maintained in the 1990s because the conditions supporting it were still present.

To identify such conditions in the political science literature, one must specify what Quebec’s concerted action is a case of. Quebec’s concerted action is not corporatism, because the state plays too great a role in such summits and because employers and unions are represented by several associations (Tanguay, 1984). The literature exploring the roots of corporatism is thus of limited relevance to explain the Quebec case. As suggested by Noël (2013, 258), one can instead situate the Quebec case within the European literature on “social pacts”. Social pacts differ from traditional corporatist arrangements as they are less routinized, as the exit cost for social partners is lower, and as the state plays a central role (Rhodes 2001, 177). During the 1990s, in the wake of tight budgetary constraints and ongoing globalization pressures, “social pacts”, typically related to social security systems, employment rules and wage bargaining, were negotiated in a number of traditionally non-corporatist European countries (Rhodes 2001; Avdagic, Rhodes, and Visser, 2011), notably in Latin Europe.

The literature on social pact focuses exclusively on European cases (e.g. Avdagic, 2010; Avdagic, Rhodes, and Visser 2011). The Quebec case is slightly different. First, the 1996 Summit had a more comprehensive policy agenda, going beyond narrow labour market issues. Second, more actors were invited to sit around the deliberation table. European summits have a
bi-partite or tri-partite structure; Quebec had a quadripartite concertation structure involving several representatives of the state, employers, unions, and civil society (including chiefly community groups). Third, the Quebec state lacked the full powers of a sovereign state. The 1996 Economy and Employment Summit nonetheless arguably yielded a genuine “social pact”, centred on a zero-deficit strategy, labour market policies, and family policies (Noël, 2013).

Quebec’s 1996 socio-economic “pact” has no parallel in other provinces. Why have such pacts been negotiated in some countries, or provinces, and not others? Early accounts have emphasized the importance of the economic challenges induced by globalization and the European Monetary Union (Rhodes, 2001; Culpepper, 2002; Hancké and Rhodes, 2005). While the causal relevance of exogenous pressures has never been denied, more recent scholarship stresses the role of political factors to explain cross-national differences. Avdagic (2010), in particular, argues that high public deficits, unemployment levels, and inflation rates are individually neither sufficient nor necessary for social pacts to materialize. She identifies three paths to social pacts: (1) high inflation or deficits, minority governments and intermediate union centralization (e.g. Italy, Portugal, and Spain); (2) high unemployment combined with minority governments (e.g. Ireland), and (3) high unemployment combined with intermediate union centralization (e.g. Finland).

This conclusion has been largely corroborated by the literature. In particular, the importance of weak governments for social pacts has also been argued by Baccaro and Simoni (2008). Some authors stress the role of union strength or centralization (Harcourt and Wood 2003; Culpepper and Regan, 2014). Strong unions may threaten governments with the stick of
protest\textsuperscript{19} or may seduce policymakers with the carrot of problem-solving resources. Others argue that an intermediate union strength is more conducive to pacts, as it moderates union demands (Baccaro and Simoni, 2008; Ebbinghaus and Hassel, 2000). Finally, other authors add that governments are most likely to share their policy-making prerogatives with the “social partners” when they are of the Left (Baccaro and Simoni 2008; Harcourt and Wood 2003, 758).

Most of these conditions were more strongly present in Quebec than in other provinces. On the “problem load” side, Quebec distinctly suffered from high budgetary deficits and unemployment, as discussed above. On the political side, Quebec had a weak government of the Left and a relatively strong union movement. The government was not weak electorally; it was a majority government. It might nevertheless be said to have been “weak” insofar as it had just experienced a devastating defeat in the 1995 referendum on sovereignty.

When asked why Bouchard organized a summit, Joseph Facal, then a PQ MNA and parliamentary assistant to Lucien Bouchard, provides an answer that closely parallels the European literature (interview #65): (1) Bouchard became premier before being elected as MNA and was in quest of legitimacy; (2) the referendum on sovereignty had just been lost and the government needed to start anew; (3) the PQ was close to unions and community groups, who advocated for concerted action. All three political conditions are alluded to in this explanation from a government insider: weak government (points 1 and 2), the proximity to unions typical of Left parties (point 3) and the weight of unions (point 3). The allusion to community groups also points to Quebec’s difference in comparison to European cases.

Concerted action is also possibly favoured by a shared national identity. If this is the case, then we have a complementary explanation to Quebec’s greater amenability to concerted

\textsuperscript{19} The PQ’s initial willingness to develop a “concertation” approach stemmed directly from the tenuous labour relations of the early 1970s (Tanguay, 1984). Indeed, the number of person-days of work lost due to strike had risen from 200,000 in 1960 to 6.4 million in 1976 (Haddow 2015, 42).
action because Quebec is the only province that has a national identity. Taking Denmark as their paradigmatic case, Campbell and Hall (2009) argue that countries with such a strong national identity are more likely to develop an ideology of social partnership. Haddow (2015) argues that nationalism similarly underpinned Quebec’s concerted interest intermediation.

The 1996 March Conference on the Social and Economic Future of Quebec and the October Economy and Employment Summit, in particular, constituted a highly coalition-inducing setting (Noël 2013, 258). *Ceteris paribus*, then, a broad cross-class coalition around the social economy was more likely to be formed in Quebec than in other provinces.

**Learning**

A fourth possibility is that the Left and the Right jointly supported a social economy initiative on shared grounds. Coalitions are about satisfying the *different* interests or preferences of the Left and the Right. In this “learning” hypothesis, the language of distinct “class interests” or “ideological preferences” is dropped as Left and Right care about the same valence issues. Policies are here viewed as more or less efficient as solving commonly recognized problems—rather than as distributing resources to different segments of the population. Both Left and Right prefer an efficient welfare state over a non-efficient one; if social economy policies succeed in employing welfare recipients, at a benefit to them, to the state, and to the economy, they may be lauded by the Left and the Right on similar efficiency grounds.

As suggested above, active social policies are widely viewed as such win-win Pareto-efficient policies (Hemerijck, 2013). For social learning scholars, the emergence of the social investment state is—to employ Heclo’s (1974) phrases—more about “puzzling through” than about “powering through” (Saint-Martin, 2002). It is more about solving universally recognized
problems, such as female underemployment and public debt, than about contentiously distributing resources among competing groups. Perhaps social economy policies were perceived as such win-win policies in Quebec in the mid-1990s.

I distinguish three possible reasons why “social economy learning” could have occurred in Quebec but not in other provinces. First, in addition to being more amenable to coalitions, concerted action has been argued to favour learning and “puzzling through”. Martin and Swank (2012, 155-156), in particular, argue that when employers participate in national corporatist negotiations with unions, they learn about the effects of active social policies and become more favourable to them. Given Quebec’s distinct concerted action tradition, Quebec might be more amenable to policy learning than other provinces.

Second, as indicated above, the économie sociale has French origins. Perhaps, then, it is not entirely fortuitous if, in Canada, social economy policies have only been implemented in the country’s only French-speaking province. Given bounded rationality, political actors have very uneven access to policy ideas from other countries; availability heuristics lead them to base decisions on the few cases “close” to them (Dobbin, Simmons, and Garrett 2007, 452, 461). Because of closer cultural ties with France, perhaps Quebec government officials and civil society actors were more likely than their analogues from other provinces to draw policy inspiration from France or Francophone Europe.

Third, policy experts may be instrumental in convincing government officials of the soundness of a given policy idea (Dobbin, Simmons, and Garrett 2007, 450-454). OECD experts, in particular, have played a role in the spread of the social investment paradigm (e.g. Jenson, 2010) and social economy ideas (Graefe, 2006a; 2006b). More local policy experts have also been instrumental in the spread of these ideas. Experts such as Camil Bouchard and Pierre
Fortin, for instance, have been argued to have had a decisive influence on Quebec’s social investment policies (e.g. Gendron, 2013). Perhaps Quebec happened to have more entrepreneurial and influential social economy-friendly policy experts.

**Canadian Federalism**

Changes in federal policies are a fifth potential source of Quebec’s distinct trajectory. This hypothesis may seem surprising, because federalism is usually viewed as a “static” variable. Federalism, for instance, may limit welfare state expansion (Banting 1982, 82; Huber and Stephens, 2001; Collier, 2010; Bonoli and Cyrielle, 2015), mitigate welfare state retrenchments (Banting, 2005), or favour the diffusion of “best practices” across jurisdictions (Pierson 1995, 463; Banting and Corbett 2002, 79). Because Canadian provinces’ federated statuses have remained constant over the past decades, however, “federalism”, statically understood, cannot explain the emergence of cross-provincial differences. The decentralized nature of the Canadian federation allows for substantial cross-provincial social policy differences (Haddow and Klassen, 2006; Haddow, 2015), but cannot explain any of the content of these differences. In this dissertation, federalism is therefore studied as a dynamic variable: because changes in federal policies or in provincial-federal relations may affect provinces differently (Gagnon, 2001), such changes may have specifically favoured or disfavoured Quebec’s social economy policies since the 1990s.

Canadian federalism underwent three key transformations over the past decades. First, transfers to provinces were dramatically cut in the mid-1990s and then progressively increased as of the late 1999s. Second, the federal government transferred some responsibilities to provinces,
thus making the federation more decentralized. Third, Quebec’s power within the federation has declined. In the reminder of this section, I succinctly present these three transformations.

In the early 1990s, Quebec received federal money from three main transfer programs: equalization payments, Established Programs Financing (EPT), and Canada Assistance Plan (CAP). In 1995, the latter two were merged into Canada Health and Social Transfers (CHST), which was again split into two programs, Canada Health Transfers (CHT) and Canada Social Transfer (CST) in 2004. Quantitatively, these two or three major federal transfer programs underwent significant changes over the past few decades. In particular, in the mid-1990s, transfers to provinces were dramatically cut. As illustrated in Figure 2.7, transfers to provincial and territorial governments as a percentage of total federal revenues dropped from 23% to 15% between 1995 and 1997. As a share of Canadian GDP, transfers were cut from 4.3% to 2.9%, as shown in Figure 2.8. From a provincial perspective, these cuts meant smaller revenues, as illustrated in Figures 2.9 and 2.10. In Quebec, as shown in Figure 2.10, the share of revenues accounted by federal transfers dropped from 21% to 14% between 1995 and 1997.

These cuts in federal transfers to provinces have had a depressing effect on provincial social expenditures and capacity to launch new social policies (e.g. Charland, 2006; Kneebone and White, 2009). Quebec’s social economy turn in the mid-to-late 1990s was presumably undertaken in spite of these cuts.

Figure 2.7: Federal transfers to provincial and territorial governments as percentage of total federal revenues, 1983-2014
As Figures 2.7 to 2.10 suggest, however, transfers started increasing after 1998. By 2010, federal transfers to provinces and territories as a share of federal revenues (Figure 2.7), Canadian GDP (Figure 2.8), or provincial, territorial, and local revenues (Figure 2.9), had returned to the high levels of the early 1980s. Figure 2.8, in particular, clearly illustrates that the low-ebb of federal transfers lasted for about a decade, from 1995 to 2005.\( ^{20} \)

Figure 2.8: Federal transfers to provincial and territorial governments as percentage of Canadian GDP, 1983-2014

\( ^{20} \) In Quebec, if federal transfers never came to represent as great a share of total provincial revenues as they did in the late 1970s and early 1980s, it is chiefly because Quebec increased its own revenue capacities. Quebec’s own-source revenues as a share of Quebec’s GDP increased from 18% in 1989 to 22% in 2013 (Bibeau 2015, 31).
Sources CANSIM, tables 380-0064 (GDP) and 380-0080 (transfers)

Figure 2.9: Federal transfers to other governments as percentage total Provincial, Territorial, and Local Governments’ Revenues, 1990-2009

Source: CANSIM, Table 385-0001 (To get at transfer revenues, I subtracted own-source revenues to total revenues).
From a more qualitative perspective, transfer payments have become less conditional over the last few decades (e.g. Brown 2008, 74), while provinces acquired greater responsibilities in social policy. Under CAP, for example, federal transfers for child care were earmarked for means-tested programs; under the CHST, transfers could be used more freely by provinces (see chapter four). Social housing stopped being a mainly federal responsibility as of the mid-1990s (see chapter six). Through the 1997 Canada-Quebec Labour Market Development Agreement, the federal government transferred to Quebec its portion of the Employment Insurance account devoted to active labour market policies, thus allowing Quebec to design and implement policies according to its own priorities. The Canada-Quebec 2009 Labour Market Agreement devolved further policy capacities to the province, thus further allowing Quebec to make its own social policy choices (see chapter seven). This decentralization presumably made it easier for Quebec to innovate in the area of social policy.
Since the mid-1990s, however, Quebec has become less powerful in the federation and so less capable of influencing federal social policies—presumably to the detriment of its social economy model.

Since the early 1990s—and, in fact, since 1867—Quebec has had a declining presence in the House of Commons as Quebec’s demographic weight in the federation has been steadily decreasing. In 1990, 25.3% of Canada’s population lived in Quebec; in 2014, that share had decreased to 23.1% (Massicotte 2009, 4). The percentage of seats from Quebec in the House of Commons has proportionally declined. Quebec’s share of seats had similarly declined to 23.1% by 2015 (Massicotte 2009, 4; Dutrisac and Vastel, 2011).

Table 2.4 Federal governments, 1993-2015

<table>
<thead>
<tr>
<th>Year</th>
<th>Party in power</th>
<th>Type of government</th>
<th>Number of Quebec seats held by government</th>
</tr>
</thead>
<tbody>
<tr>
<td>1993</td>
<td>Liberal</td>
<td>Majority</td>
<td>19/75</td>
</tr>
<tr>
<td>1997</td>
<td>Liberal</td>
<td>Majority</td>
<td>26/75</td>
</tr>
<tr>
<td>2000</td>
<td>Liberal</td>
<td>Majority</td>
<td>36/75</td>
</tr>
<tr>
<td>2004</td>
<td>Liberal</td>
<td>Minority</td>
<td>21/75</td>
</tr>
<tr>
<td>2006</td>
<td>Conservative</td>
<td>Minority</td>
<td>10/75</td>
</tr>
<tr>
<td>2008</td>
<td>Conservative</td>
<td>Minority</td>
<td>10/75</td>
</tr>
<tr>
<td>2011</td>
<td>Conservative</td>
<td>Majority</td>
<td>5/75</td>
</tr>
<tr>
<td>2015</td>
<td>Liberal</td>
<td>Majority</td>
<td>40/78</td>
</tr>
</tbody>
</table>

Most significantly, Quebec’s representatives in the House of Commons had been increasingly sitting in the Opposition from the 1990s to the mid-2010s, and more decidedly so under Conservative governments. For most of the post-war era, in contrast, the Liberals were in
power and Quebec representatives yielded significant influence in that party. Quebec occupied a privileged place in the Liberal Party’s brokerage coalition (Carty 2015, 53). Indeed, in the 1963, 1965, 1968, 1972, 1974, and 1980 Liberal governments, Quebec MPs were strongly overrepresented in both government and cabinet—with respect to Quebec’s share of the population (Bakvis and Tanguay 2008, 123-124). Powerful Quebec Liberal cabinet ministers, such as Marc Lalonde and Monique Bégin, moreover, pushed for progressive federal social policies (Banting and Myles 2013, 422). Again after the 1988 Progressive-Conservative electoral victory, Quebec was the province with the highest number of MPs in government. For a quarter of century following the failure of the Meech Lake Accord in 1990 and Canada’s failure to constitutionally recognize Quebec as a distinct society, however, Quebec has experienced a state of “exile in the federation” (Laforest, 2014), as parties of the opposition have systematically held a majority of Quebec’s seats in the House of Commons between 1993 and 2015, as illustrated in Table 2.4. For the first time since 1988, however, a small majority of Quebec’s seats were won by the party forming the government in the October 2015 elections.

The results: a quick overview

In chapters three to seven, I test these five hypotheses with respect to seven social economy policies fields in Quebec: general social economy, child care, perinatal resources, home assistance, community housing, disability-friendly enterprises, and training businesses. Table 2.5 summarizes my findings. I put an “X” when I found evidence of the cause and an X in bold when I thought it was the main cause of Quebec’s social economy turn in the 1990s.

Six observations are in order. First, Table 2.5 ignores the role of structural factors on Quebec’s social economy policies. With respect to the larger structural forces at play, the dissertation is mostly concerned with refuting the hypothesis according to which they are at the
root of Quebec’s different relationship with the social economy. The empirical chapters show that Quebec either faced roughly similar structural challenges or that its greater structural challenges made policy change more difficult.

Table 2.5: The causes of Quebec’s social economy turn in the mid-1990s

<table>
<thead>
<tr>
<th></th>
<th>Power</th>
<th>1996 Coalition</th>
<th>Federalism</th>
<th>Learning</th>
</tr>
</thead>
<tbody>
<tr>
<td>General social economy</td>
<td>X</td>
<td>X</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Child care</td>
<td>X</td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Perinatal services</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
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<tr>
<td>Home help</td>
<td>X</td>
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<tr>
<td>Community housing</td>
<td>X</td>
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<td>X</td>
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Second, Table 2.5 does not specify how Quebec compares with other provinces. Some of the causes identified as underwriting Quebec’s social economy turn were present in all other provinces. The retreat of the federal government from the social housing field between 1994 and 2002, for instance, concerned all provinces. Whereas this retreat is a crucial cause of Quebec’s community housing policy, it cannot explain why only some provinces launched their own social housing programs. What precisely accounts for Quebec’s distinct trajectory in these different social economy policy fields cannot be succinctly summarized, however, as it depends on the cases with which Quebec is compared. The “other” provinces do not constitute a monolithic bloc. Chapter four, for instance, argues that power resource theory chiefly explains why an ambitious child care program was established in Quebec but not in Ontario. Had one compared
Quebec with Saskatchewan or Manitoba, a more subtle argument would have likely been required as these two provinces roughly share Quebec’s progressive background (at least with respect to political parties).

Third, the table does not distinguish between various types of causes. Some causes raise the probability of an effect (Gerring, 2005). Other causes are necessary and/or sufficient for the production of an effect (Mahoney, 2008). In my empirical chapters, I try, when possible, to specify what kind of causes are at play. Chapter seven, for example, argues that a centre-Left government made it more likely for Quebec to adopt a policy supporting training businesses. It nonetheless argues that a centre-Right government could also have adopted such a policy (a centre-Left party was thus not necessary) and that, absent other factors, the centre-Left government in power was unlikely to act (a centre-Left party was thus not sufficient). Alternatively, chapter four, for instance, argues that, absent a centre-Left party, Quebec would not have launched an extensive network of social economy-based early childhood centres (a centre-Left was necessary). Fewer sufficient causes have been identified. By artificially limiting the number of causes of interest to four or five, one could argue that only one such cause mattered and so that it was sufficient. It is in that restricted sense that the 1996 social economy coalition could be argued to have been a sufficient cause of Quebec’s decision to enhance funding to disability-friendly enterprises in the 1990s.

Fourth, the causal story told in Table 2.5 is a complex one. Although Quebec’s social economy policies were launched en bloc, they were not quite underpinned by exactly the same causes. Only two social economy policies resulted from the same set of causes (home assistance and perinatal services). Process tracing analysis reveals that a number of causes interacted differently to produce different social economy policies in the mid-1990s.
Fifth, and relatedly, the Table shows that “power”, “coalition”, “federalism”, and “learning” are not mutually exclusive. Power is identified as a cause when the mobilization of Left resources is important for a social economy policy to materialize. In particular, except for disability-friendly enterprises, the PQ has been found to be more likely than the PLQ to implement social economy policies. “Coalition” is identified as a cause when the Left-Right coalition engineered by the social economy task force in 1996—based on the notion that the social economy would infringe on neither the private nor the public sector—was important for a social economy policy to materialize. With the exception of child care and training businesses, I argue that the social economy task force was causally significant in the adoption of social economy policies. “Federalism” was a cause when a change in federal policy was important for a social economy policy to materialize. In the cases of community housing and, especially, training businesses, I argue that changes in federal policies played a crucial role. Similarly, “learning” from France was important in the adoption of general social economy policies and a training businesses policy, while a policy entrepreneur was instrumental in convincing the government of the economic soundness of investing in child care.

Sixth, some causes are more important than others. Power and coalitions were by far the most important causes of Quebec’s social economy turn. Left power underpinned six of the seven studied social economy policy fields and constituted the main cause of the social economy turn in the two fields requiring the greatest financial resources, child care and community housing. Coalitions underpinned five of the seven studied social economy policy fields and constituted the main cause of the social economy turn in four such fields. In only one policy field, that of training businesses, was the main cause of the social economy turn neither “power” nor “coalition” but federalism. “Learning” from France or from social science research has
played a relatively minor role in Quebec’s social economy politics so far. Broadly speaking, then, power resources and coalitions are what chiefly explain Quebec’s social economy turn. In comparison, few other provinces had as powerful a Left and no other province had a coalition-inducing concerted action tradition.

Appendix 2: Union density and coverage in Canadian provinces, 1976-2014

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Sources: Statistics Canada, CANSIM, tables 2790025 (1976-1995) and 2820078 (1997-2014)
Chapter Three: General Social Economy Policies

This chapter seeks to explain why, in the mid-1990s, Quebec recognized and substantially increased its support for the social economy sector. Whereas chapters four to seven explore individual social economy policy fields (child care, perinatal services, home assistance, housing, social insertion), this chapter focuses on general (or global) social economy policies addressing the social sector as a whole.

The chapter is divided into two parts. The first offers a survey of Quebec’s main general social economy policies and establishes that the social economy was identified as a strategic sector in the mid-1990s. The second seeks to identify the causes of this general social economy turn, by exploring the five hypotheses presented in chapter two: structures, power, coalitions, learning, and federalism. It mostly finds support for two of these hypotheses: power and coalition. More specifically, actors from the Left were the ones who put the social economy on the government’s agenda. The actual general social economy policies, however, satisfied the preferences of both the Left and the Right as they promised that the social economy would infringe upon neither the public nor the private sector.

The state of Quebec’s general social economy policies

The kinds of organizations that are now recognized as belonging to the social economy, such as cooperatives and nonprofits pursuing economic activities, have existed for centuries, the world over. Yet, the “social economy” construct only became significant in Quebec in the mid-
1990s and only after that point have explicit “social economy” policies followed. More specifically, I argue in this section that Quebec identified in the mid-1990s the social economy as a strategic sector of its economy. Consider these five general or global social economy policies.

First, since 1999 the Social Economy Worksite (Chantier de l’économie sociale) has been recognized, along with the much older Quebec Council of Co-operation and Mutuality (CQCM), as the sector’s permanent peak association (Quebec, 2013a) and receives an annual governmental grant of about $600,000 (Quebec 2008, 7; Quebec 2015a, 47).

Second, in 2002, a permanent Office of the Social Economy was created within the Ministry of Finance and the Economy to research and advise the minister on matters related to the social economy. While the Office has moved from the Ministry of the Economy (2002-2007) to the Ministry of Municipalities (2007-2014) and then back to Economy (2014-), its mission has remained the same (Bureau de l’économie sociale, 2014). In particular, the Office has helped produce three social economy action plans: the Action Plan for the Development of Social Economy Enterprises 2003–2005 (Quebec, 2003a), the Governmental Action Plan in Collective Entrepreneurship 2008–2013 (MAMR, 2008), and the Social Economy Action Plan 2015–2020 (Quebec 2015a). Provincially funded regional development bodies have similar social economy committees (e.g. the Comité d’économie sociale de l’Île de Montréal).

Third, legislative adjustments have been made to recognize and support Quebec’s social economy. The provincial Cooperatives Act was amended in 1997 to allow for multi-stakeholder cooperatives (coopératives de solidarité)—i.e. cooperatives that, like nonprofit organizations, had a multi-stakeholder board of directors (Quebec, 1997a). The new Act thus effectively blurred the distinction between cooperatives and NPOs, reinforcing the “social economy” identity of these new organizations (Girard, 2008; CQCM 2013, 8). The move was consequential: more than
50% of cooperatives created since have adopted this formula (Girard, 2008). Similarly, Quebec’s Act Respecting Assistance for the Development of Cooperatives was amended in 1997 so that nonprofit organizations were recognized as eligible to governmental economic development programs traditionally addressed to cooperatives (Quebec, 1997b). The goal was to support social economy enterprises rather than only cooperatives (Béland 2012, 186). More recently, in 2013, Quebec adopted a Social Economy Act committing the government to produce quinquennial social economy plans. As further discussed below, the law also broadly adopts the definition of social economy enterprises advocated by the Social Economy Worksite (GTES 1996, 7), emphasizing the importance of both social purpose and democratic decision-making.

Fourth, new financial and technical assistance tools were made available to Quebec’s social economy enterprises. Three publicly funded financial tools specifically targeting Quebec’s SEEs have been created since the mid-1990s: the Quebec social investment network (Réseau d’investissement social du Québec, RISQ), launched in 1997 and co-funded by employers and the Quebec government; two financial products for SEEs offered by Investissement Québec since 200121; and the Social Economy Worksite Trust (Fiducie du Chantier de l’économie sociale), launched in 2008, and co-funded by the federal government, the Quebec government and Quebec labour funds. Together, these three funds now invest nearly $400 million per year in Quebec’s SEEs (Mendell et al. 2014, 11).

Fifth, since 1995, the Société québécoise de développement de la main-d’oeuvre (and now Emploi-Québec) has established workforce committees in 29 strategic economic sectors, including aerospace, forest management, and rubber, to identify and address issues in their sectorial labour markets. In 1997, the social economy was given its own sectoral workforce
committee—the Comité sectoriel de la main-d'oeuvre en économie sociale et action communautaire (CSMO-ÉSAC)—which is still active today.

This recognition—or construction—of a distinct social economy sector has no parallel in other provinces. Quebec’s social economy turn is a Quebec phenomenon, not a provincial manifestation of a broader Canadian phenomenon. This is not to say that there is no social economy in the rest of Canada. In fact Canada’s nonprofit and voluntary sector is one of the largest in the world. And although Canada’s cooperative sector is mostly concentrated in Quebec—controlling more than 60% of the country’s cooperative assets (Heneberry and Laforest 2011, 60)—Saskatchewan’s cooperative sector remains similar to that of Quebec in terms of membership and workforce per capita (Heneberry and Laforest 2011, 60; but see discussion in chapter two).

Yet, this Canadian “social economy” is generally not construed as such. No other provincial government has recognized the social economy through policies the way the Quebec government has (Vaillancourt, 2010). In their study of the Canadian social economy, Downing and Charron (2010) similarly conclude that Quebec is the only province with a formal and structured social economy sector. In the other provinces, it is in Manitoba that the social economy enjoys the strongest level of policy recognition (see also Loxley and Simpson 2007). Its Community Economic Development Network, for example, is the closest equivalent to the Social Economy Worksite to be found in another province (Neamtan and Downing, 2005). In Ontario and Atlantic Canada, Downing and Charron (2010) talk of “emerging coordinating spaces” (e.g. Ontario Social Economy Roundtable). And in the other provinces and territories, the social economy remains highly fragmented, lacking a unifying structure.

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22 It might even be the second largest in the world (after the Netherlands), as measured by the share of the nonprofit and voluntary workforce relative to the active population (Hall, 2005).
In English Canada, as in much of the English-speaking world, the *économie sociale* is a less popular construct than that of *social enterprises*. In the United Kingdom, the promotion of “social enterprises” was at the heart of David Cameron’s Big Society (Ishkanian and Szreter, 2012). Closer to home, in 2013, at the same time that the Quebec National Assembly approved the Social Economy Act, the Ontario government launched a $7 million Social Enterprise Strategy (Ontario, 2013). Ontario’s social enterprises have a lot in common with Quebec’s social economy enterprises, but the two expressions are not interchangeable. For-profit enterprises “with a conscience” count as social enterprises, but not as social economy enterprises. Enterprises with a social mission that lack a democratic structure can count as social enterprises, but not as social economy enterprises. The social economy movement in Quebec is more of a grassroots’ movement than in Ontario, concludes an interviewee from the MaRS’ Centre for Impact Investing (interview #23). What come closest to Quebec’s financial tools for the social economy in English Canada are the various impact funds, such as the MaRS Centre for Impact Investing in Toronto (Elston, Gouldsborough, and Jones, 2009). Founded by KPMG, RBC, the Rockefeller Foundation, the Hamilton Community Foundation, and the J.W. McConnell Family Foundation, the Centre seeks to maximize the social impacts of investment. It receives funding from the Ontario government for doing so and features prominently in Ontario’s Social Enterprise Strategy\(^\text{23}\).

**Explaining Quebec’s general social economy policies**

Bold social economy policies are found in some countries and not others. In Canada they are found in Quebec but not in other provinces. Why? This section assesses the merits and limits

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\(^{23}\) MaRS is cited 11 times in the 27-page document.
of five hypotheses—structures, learning, power resources, coalitions, and federalism—derived from the literature review in chapter two. It concludes that power resources and coalitions are the hypotheses best Quebec’s distinct trajectory.

**Structural changes**

In his popular book, *The End of Work* (1995), Jeremy Rifkin argues that the key remedy to rising technological unemployment is the *économie sociale*. Whether or not he is right, there is little question that in Quebec, the rise of the social economy is closely associated with a growing concern for employment and public finances.

When Lucien Bouchard became Premier, in January of 1996, public officials immediately drew his attention to the dire state of Quebec’s public finances (interviews #3 and #66). Quebec’s debt-to-GDP ratio was the highest in the country, its 1995 $5.8 billion-deficit was at a record high, and imminent dramatic transfer cuts from the federal government were expected (Imbeau and Leclerc, 2002). The pressure from the creditors was real. When Bouchard tabled his first budget, in June of 1996, Standard and Poor’s sent his government a confidential brief indicating that Quebec’s credit rating was about to be downgraded (Vézina 2005; see also Neamtan, 2014). Bouchard immediately took a private airplane to meet with analysts from Standard and Poor’s in New York to negotiate—an act that was to be publicly revealed by Bouchard only ten years later (Vézina, 2005). Although Bouchard’s 1996 budget predicted a zero-deficit for the 1999-2000 fiscal year, the Quebec government had lost its credibility in the eyes of Standard and Poor’s: “Quebec had been busting its budgets for almost forty years now” (interview #66). After hours of intense negotiations, Quebec finally avoided a downgrade but remained “under surveillance”. More than ever, and arguably more than anything else, Bouchard
was now determined to achieve a zero-deficit—a goal his government did achieve as soon as 1998-1999, helped by faster-than-anticipated economic growth (Québec, 1999).

The preferred solution to Quebec’s fiscal crisis was also desired intrinsically: full employment. Quebec had then been dealing with double-digit unemployment rates since the recession of 1980-1982 (Paquette, 1995) and unemployment was widely recognized as a pressing issue. In Le Coeur à l’ouvrage, published during the 1995 referendum campaign, the PQ had argued that establishing a national employment strategy would be its priority after a Yes vote. Moreover, the government’s social partners had already been mobilized for over a decade around this issue as participants of the Forum pour l’emploi (Payette, 1992).

With this assessment in mind, Bouchard immediately organized two summits, respectively planned for March and October of that year. The March Conference on the Social and Economic Future of Quebec was to establish a consensus on a zero-deficit plan. The October Economy and Employment Summit sought to establish a consensus on strategies to boost employment. At the end of the March Conference, in preparation for the October Summit, it was decided to organize three task forces to produce employment creation strategies: one on the private sector, presided over by a big employer, Jean Coutu; one on the social economy (Groupe de travail sur l’économie sociale, GTES), presided over by a community leader, Nancy Neamtan who then represented the Coalition des organismes communautaires pour le développement de la main-d’oeuvre24; and one on Montreal, presided over by André Bérard, from the National

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24 Who would preside over the GTES was not obvious. The person had to be already present at the Conference and had to come from the “community sector” (interview #3). Françoise David was an obvious candidate. Of the community sector representatives present at the Conference, she clearly had the highest profile (e.g. interview #51). But her candidacy was quickly rejected as she was perceived to be too radical and antagonistic with employers (confidential interviews)—in a context where consensuses were sought. In the government’s eyes, the candidacy of Nancy Neamtan, proposed by left-leaning PQ minister Louise Harel (interview #57; Béland 2015, 189), seemed more appropriate.
Bank\textsuperscript{25}. It is from this social economy task force that the bulk of Quebec’s general social economy policies emerged. Its final report, *Daring Solidarity! (Osons la solidarité!)*, made bold and innovative recommendations for the social economy taken as a whole, as well as for social economy enterprises operating in various activity sectors and, astonishingly, all these bold recommendations were received favourably by Bouchard’s government (Canadian Press, 1996; Comeau et al. 2001).

Government interest in the social economy is inseparable from its will to increase employment rates. This is what a governmental preparatory document published just a few days before the Conference had to say on the social economy (Quebec 1996a, 43):


> Le soutien à l’entrepreneurship communautaire, le développement de l’économie sociale et la mise en valeur du potentiel d’emplois d’utilité collective constituent des pistes de réflexion à explorer afin de réinsérer de façon utile et productive les personnes actuellement exclues du marché du travail… Essentiellement, il s’agit de favoriser la création et l’expansion d’entreprises offrant des «services de proximité» destinés aux personnes, aux familles ou aux collectivités dont la capacité de payer est limitée. Les retombées en termes d’emplois créés et d’insertion sur le marché du travail de personnes actuellement marginalisées sont potentiellement importantes... Il apparaît par conséquent primordial que, devant autant de possibilités d’emplois encore inexploitées, nous cherchions les meilleures façons de développer ces créneaux d’emplois...

\textsuperscript{25} A fourth task force on regions and municipalities was eventually established.
At this stage, the government was interested in employment possibilities in what could be alternatively called “community entrepreneurship”, “social economy”, or “community service work” (see also Lemieux, 1994). According to a high public official of the time, “the initial goal was really to create jobs for the three to five hundred thousand Quebeckers who had working capacities but who were unable to secure employment in a competitive economy due to a mental or a physical handicap, a lack of skills, or simply a lack of opportunity” (confidential interview). According to the final report of a working group on income security commissioned by Louise Harel, published just a few weeks before the March 1996 Conference, social economy jobs were similarly understood to refer to socially useful jobs developed by neither the public nor the private sector (Bouchard, Labrie, and Noël 1996, 62-63). Quebec’s new post-industrial economy had little use for its low-skill workers. In 1971, 64% of Quebec’s social assistance recipients were considered to have severe work incapacities; by the mid-1990s that rate had dropped below 20% (Bouchard, Labrie and Noël, 1996, p. 104). If the competitive economy was unable to employ low-skill workers, maybe the “social economy” would?

The person chosen to head the GTES—and who remained, until August of 2015, the director general of the Social Economy Worksite—Nancy Neamtan, shared these concerns about unemployment. During the 1986 Montreal economic Summit, the East, the South-West, and the Centre-South were identified as the three Montreal areas most severely hit by the economic recession of the early 1980s. Action had to be taken to stimulate employment and investment in these three strategic areas. The situation was especially dire in the South-West neighbourhood of Pointe-Saint-Charles, which had lost 20,000 industrial jobs between 1967 and 1988 and which was facing employment rates just over 25% (Neamtan and Fontan, 1989). Inspired by American experiments in community economic development, a group of citizens led by Nancy Neamtan
started doing some economic development work in the neighbourhood and founded the Pointe-Saint-Charles Economic Programme (PEP) in 1984 (Garreau, 1990). For the members of the Recovery Committee of the Economy and Employment in the Southwest of Montreal, launched in the wake of the 1986 Montreal Summit, the PEP represented an inspiring model, and so they decided to transform the PEP into Quebec’s first formal community economic development corporation, the Regroupement économique et social du Sud-Ouest (RÉSO)—covering the entire South-West rather than just one of its six neighbourhoods. A nonprofit, the RÉSO chiefly sought to increase employment rates in its community by engaging in a dialogue with employers and other social partners, by helping the non-employed find jobs, the employers hire locally, the employees get extra training, and the community get its share of investment. The equivalent committees for the East and the Centre-South of Montreal reached similar conclusions and helped found two other community economic development corporations. By 1996, the director of the RÉSO was sufficiently well-known, and her expertise in job creation for labour market outsiders sufficiently recognized, to earn an invitation to Bouchard’s prestigious national summit and then to be asked to preside over the GTES.

In any account of the Quebec social economy movement, one needs to start with the employment crisis of the 1980s that fuelled it. Yet, that crisis was not particular to Quebec. It was common to virtually all OECD countries and so it does not explain why only some societies adopted social economy policies. In particular, why has the post-industrial employment crisis of the 1980s led to social economy policies in Quebec but not in other provinces?
Learning

In discussions with social economy actors, allusions to “puzzling-through” are omnipresent. For government officials, in particular, policies favouring the social economy were simply good policies, efficiently addressing universally recognized issues, especially unemployment. With $250 million in government investment, the GTES promised to directly create close to 15,000 jobs—often for people on social assistance—in the next three to five years and to address unmeasurable social needs (GTES 1996; Comeau, 2002). By 2000, Quebec’s finance ministry had calculated that the social economy projects launched after the Summit had directly already created more than 13,000 jobs—albeit with nearly a billion dollars of government investment, mostly in the area of child care (Quebec 2003a, 13). The cost-benefit analysis is different for each social economy project, but at the heart of social economy politics is the idea that governments perceive social economy investments as having both social and economic positive returns.

The general social economy policies requiring the heaviest financial investments are the social economy financial tools. From the outset, these investments have resisted austerity politics and welfare state retrenchments. The RISQ was launched when the Bouchard government was aggressively pursuing a zero-deficit agenda, slashing nearly $1.5 billion in public spending in 1996-1997 alone (Imbeau and Leclerc 2002, 72). Recently, while the Couillard government is seeking to cut $4 billion in public spending (Lessard, 2014), it nonetheless promised to inject over $80 million into the social economy’s financial tools (Quebec, 2015a). It is by using hard numbers (Stone, 1989) that government officials get convinced of the soundness of investing in these financial tools. Unlike typical financial institutions, the RISQ documents that its $2.4 million in loans in 2013 helped create or maintain 721 jobs (RISQ 2014, 6) and the Fiducie similarly claims that its $34 million in loans have so far created or maintained 1,990 jobs as well
as 263 practicums in training businesses (Fiducie 2013, 7). Until 2008, Investissement-Québec also reported an estimate of the number of jobs it helped consolidate or create with its financial products; hence, in 2007-2008, with $22.6 million in loans to social economy enterprises, it helped create 174 jobs (IQ 2008, 19). For Yvon Boudreau, the senior public official responsible for the social economy in the year that followed the 1996 Summit, a chief appeal of the social economy is that it creates many jobs with only small investments (interview #52; see also Leclerc 1994, Paquette 1995). In confidentiality, an interviewee similarly reported that Jacques Daoust, who acted as minister responsible for the social economy under the Couillard government, had a good opinion of the social economy “as a banker”.

If efficiency “social investment” considerations are important for explaining Quebec social economy policies, they raise the question: why are these considerations not as present in other provinces? Perhaps the answer lies in the fact that the concept of économie sociale is primarily rooted in Francophone Europe and that Quebec is Canada’s only predominantly francophone province. In academia, the concept was timidly introduced at roughly the same time in Quebec (Lévesque and Malo, 1992) and English Canada (Quarter, 1992). But Quebec and federal public officials get their information from different places to solve their puzzles. According to one public official, Quebec’s acquaintance with France’s recent social economy policies and with the francophone literature on the social economy was instrumental in the government’s adoption of this concept, rather than the competing concepts of “social infrastructures”, “community entrepreneurship” or “community service work” (confidential interview). When the GTES had to define the social economy, it borrowed a definition from the Walloon Council of the Social Economy (Mendell, 2003). In contrast, when the federal government got interested in the social economy, in 2004 (see below), federal bureaucrats
(unsuccessfully) proposed to send the MP responsible for the social economy, Eleni Bakopanos, to London to learn about “social enterprises” (interview #28).

If “best practices” can be diffused from France to Quebec or from London to Ottawa, however, they can also be diffused from Quebec to other provinces. The fact that Quebec’s social economy policies have not spread to other provinces strongly suggests that this “learning” requires a certain political environment. Quebec arguably differed from other provinces in a more relevant way than language: the relative power of its Left.

**Power resources**

As discussed in chapter two, in the mid-1990s, Quebec had a strong Left compared with other provinces. The Quebec government was controlled by a party with a social-democratic orientation, the Parti Québécois, and Quebec’s union movement was relatively strong (Rouillard, 2004). Quebec also had vibrant pro-equality community groups, such as the FFQ and the FRAPRU. And arguably a fourth pillar of Quebec’s Left during the mid-1990s was the cooperative movement.

Quebec’s Left had, moreover, been heavily mobilized during the 1995 referendum on Quebec’s sovereignty and was quite united in favouring the “yes” side. The centre-Left PQ was for sovereignty (as well as, for a brief moment, a small centre-Right party, the ADQ). The umbrella sovereigntist organization, the Partners of Sovereignty, included all the major unions of the time—CSN, FTQ, CEQ, and SFPQ—as well as Solidarité populaire Québec, itself a national umbrella organization of unions, community groups. Other prominent sovereignty partners included the Quebec university and cégep student federations (FEUQ; FECQ) and the Quebec Intellectuals for Sovereignty (Intellectuels pour la souveraineté, IPSO). As expressed by its former leader Gérald Larose, the hope of the Partners of Sovereignty was to complete the Quiet
Revolution and make Quebec a genuinely social-democratic country à la québécoise—meaning a social democracy with a large role for civil society actors (interview #1; see also SPQ, 1994). After the failure of the 1995 referendum, these hopes had not vanished. Even with the limited means of a provincial government, the PQ had to deliver on its promises. In this section, I argue that this strong and mobilized Left has been crucial to the development of social economy policies in Quebec.

Without vibrant community groups, Quebec would not have taken its sharp social economy turn. These groups have strongly contributed to drawing the government’s attention to the social economy and to the concrete design of social economy policies. Before the spring of 1995, a few academic publications had addressed Quebec’s social economy (Lévesque and Malo, 1992) and some people at the CSN had started doing research on the topic (Paquette 1995, 118-124; Aubry and Charest, 1995), but virtually no one in the government and general population was using the concept (D’amours 2002, 32). Then, between May 26 and June 4 of 1995, 850 women marched over 200 km to Québec City (from Montreal, Longueuil, and Rivière-du-Loup) to protest against poverty. Under the leadership of Françoise David from the Quebec Women’s Federation (FFQ), the Women’s March Against Poverty made nine specific demands, including the one to invest in “social infrastructures”. To stimulate employment, the federal government had invested in a “bricks and mortar” type of infrastructure program that overwhelmingly favoured male workers; the idea was now to invest in a “proximity services” type of infrastructure program that would incidentally favour female workers. This is how the Women’s March defined social infrastructures (David 1995, 5):

26 In 1994, unions and community groups active in Solidarité populaire Québec (1994, article 53), also expressed a common commitment to democratize the economy through the économie sociale.

In response to that demand, Income Security Minister Jeanne Blackburn constituted a social economy committee (Comité d’orientation et de concertation sur l’économie sociale, COCES) and promised to inject $225 million in Quebec’s “social economy” or “social infrastructures”—at this stage, the two terms are used interchangeably—within the following five years (Venne, 1995). In making this announcement at the end of the Women’s March Against Poverty, Blackburn recognized that “unemployment was high…and that job opportunities existed in the social economy” (RDI, 1995). It is at this point that the expression “social economy” became publicly known in Quebec (D’amours 2002, 32). Even Nancy Neamtan, who would later become the main leader of the Quebec social economy movement, claims to have become familiar with the notion only during the 1995 Women’s March (interview #10).
Yet, the Women’s March had a limited impact on the development of Quebec’s social economy. According to two Women’s March participants who then joined the COCES, the creation of a committee on the social economy was mostly a political response meant to save time and never became a government priority (interview #11). Two top public officials at the time concur that the COCES did not play a key role (interviews #3 and #52); and two others, including Lucien Bouchard, claim to have no recollection of the COCES (interviews #56 and #66). Most crucially, when the COCES issued its final report, the GTES had already been formed, and according to a leading member of the GTES, the COCES’ report created no enthusiasm and was in the end largely ignored by the government (confidential interview; Graefe 2006b). Important tensions in fact quickly arose between the women’s groups who had pioneered the concept of social infrastructures and the RÉSO within the GTES. Compared with the FFQ’s “social infrastructures”, the social economy concept did not emphasize as much the gendered inequities of the economy. Hence, whereas the various women’s groups constituted an important dimension of “social infrastructures”, they did not qualify as social economy enterprises as they did sell or trade goods or services in the market and so would not be supported by social economy funds (Jetté, 1999); whereas the infrastructure funds promised after the 1995 Women’s March formally privileged employment for women (Morin, 1996), social economy policies coming from the GTES would not explicitly target women—even if in 2000, 76% of Quebec social economy workers were women (Méthé 2008, 31). More fundamentally, it was—and remains—common in the community sector to be annoyed with the social economy’s acceptance of the market economy, as with its readiness to accept user fees and its focus on efficiency and

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27 For community groups, the existence of the COCES undermined the relevance of the GTES. Hence, during the 1996 Conference, Jean-Pierre Wilsey, from Solidarité populaire Québec, demanded a task force on income security, while Josée Belleau, from the Women’s March Against Poverty, pleaded for a return on social infrastructures (RDI, 1996a).
productivity (D’Amours, 2002; interview #11). The community sector, with its opposition to user fees and its heavy reliance on volunteer work, thus typically does not view itself as part of the (social) economy (D’amours 2002; Québec 2001). With respect to the social economy, then, the key achievement of the 1995 Women’s March was to popularize the concept. Hence, when the Bouchard government was preparing for the 1996 March conference and thinking about an employment strategy, the “social economy” was an option to consider.

Similarly, without a centre-Left party firmly in power, Quebec would not have taken a social economy turn. First, Quebec’s willingness to explore social economy policies initially resulted from a rejection of the Liberals’ income security reform. In liberal welfare states, characterized by low unemployment protection, the standard response to an “overcrowded” population of social assistance recipients is a mixture of welfare cuts and “workfare” measures that primarily seek to influence the beneficiaries (Noël, 1995). The Ontarian social assistance reform under Mike Harris is a case in point. Welfare rates were cut by 21.6 per cent in 1995 and, in some cities, welfare beneficiaries were required to work on “community improvement” projects (Lightman, 2002). In the early 1990s, the Quebec Liberals were taking a similarly “liberal” route by putting in place a number of workfare programs—the best-known ones being PAIE and EXTRA—that gave social assistance recipients six-to-twelve-month-work experiences, made possible by wage subsidies to their employers (Shragge and Deniger, 2002). An important goal of these programs was to socialize recipients so that they could operate in the labour market (interview #49). The Liberals’ social assistance reform also involved inspectors—dubbed, by skeptics, the Boubou Macoutes in reference to the Bourassa-Bourbeau team and Haiti’s Tontons Macoutes—who would regularly visit welfare recipients at their home to identify fraudsters.
The Bourassa-Bourbeau social welfare reform was the object of a stark partisan disagreement. André Bourbeau claims that PAIE was the best program he ever authored (interview #49). The PQ despised these workfare programs and dismantled them as soon as it could (interview #57). The “Boubou Macoutes” agents also quickly disappeared under the authority of PQ income security minister Jeanne Blackburn. The Left resisted the Liberals’ workfare programs as it sought to provide permanent, useful and decently-paid jobs to the unemployed—instead of what were perceived as dead-end work opportunities provided by PAIE and EXTRA (e.g. Fournier, 2000). For the Left, the emphasis should be less on changing the beneficiaries (e.g. by socializing them properly) than on adjusting the labour market itself (Noël, 1995). The promotion of the social economy sector by the government may be partly understood as a response to pressures from the Left to adjust the labour market so that “real jobs” became available to those structurally excluded from the competitive labour market. Even if the PQ’s Left segment repudiated the Liberals’ social welfare reform, the PQ entirely shared the Liberals’ goal of reducing the number of welfare recipients with “working capacities”.

Second, before 1996, compared with the Liberals, the PQ had expressed significantly more ideological sympathy for the kinds of organizations now recognized as belonging to the social economy. Before the PQ had ever formed a government, its enthusiasm for cooperatives seemed boundless. In its 1976 electoral platform, the PQ suggested that it wanted to move beyond capitalism toward a more cooperatives-based economy by committing to (Parti Québécois 1975, p.287)\(^{28}\):

\[\text{Associer les consommateurs à la vie économique et sociale pour accélérer la conversion du secteur commercial des biens et services en un}\]

\(^{28}\) An insight further developed in *Les Coopératives... la solution?* Montréal, Éditions du Parti québécois, 1973.
secteur basé sur des coopératives autogérées par les employés et les consommateurs.

Although such a transition was not launched in 1976, Lévesque’s PQ government extended substantial support to cooperatives, by: implementing a governmental policy on the development of forestry cooperatives (1977), creating the Société de développement des coopératives (1978), putting an end to the moratorium on school-based cooperatives (1979), organizing the Co-operation Summit (1980), launching Quebec’s regional development cooperatives networks during the early 1980s, and supporting the development of ambulance cooperatives (Girard, 1999). The Lévesque government was also the first to establish a program supporting disability-friendly enterprises (see chapter seven), and a provincial program supporting housing cooperatives and nonprofits (see chapter six)²⁹.

Third, since 1996, social economy policies have overwhelmingly come from PQ governments. The PQ was arguably divided on this issue. Confidentially, interviewees have revealed that Bernard Landry, for example, failed to see the appeal of the social economy; something he himself denied in my interview with him (interview #46) but the fact that the PQ platform does not mention the social economy once under his leadership would tend to support that conclusion (see Table 3.2). These possible dissensions notwithstanding, during the Bouchard-Landry years (1996-2003), the PQ put in place the bulk of Quebec’s existing general social economy policies.

²⁹ The PQ has also supported worker cooperatives. Under Lise Payette’s leadership, for example, the PQ unsuccessfully sought to rescue the Tricofil textile factory, recently transformed into a worker cooperative (Fournier 1991, 33; Payette, 2012). In 1985, a few months before the provincial general elections, the PQ also unsuccessfully tried to sell most of Montreal’s 129 SAQ stores to workers’ cooperatives (Lauzon, 1994; Benoît, 1994; Desjardins, 2005).
The social economy was once again on the government agenda during the Marois years (2012-2014). In the fall of 2013, as promised in the PQ’s 2012 electoral platform (PQ 2012, 15), Quebec became one of the first societies in the world to adopt a law on the social economy (Chantier de l’économie sociale, 2013a).

Furthermore as Table 3.1 shows, the 2013 Social Economy Act’s definitional criteria of social economy enterprises have remained loyal to those advocated by the GTES in 1996, both definitions emphasizing social purpose and democratic governance (criteria 1-3). In particular, against the opposition of business and the Quebec Council of Cooperation and Mutuality (FCCQ, 2013; CQCM, 2013), the Act continues to view cooperatives as a type of social economy enterprise. Arguably the main difference between the two definitions concerns the new criterion of “economic viability”, the importance of which is downplayed by the public official heading Quebec’s Social Economy Office at the time of my field work (summer 2014). This criterion means that social economy enterprises should, like traditional enterprises, “aspire” to operate free of subsidies, even if in practice, both types of enterprises are and will continue to be subsidized, for example through Investissement-Québec (interview #35). Moreover, “subsidies” are distinguished from service agreements, where the state effectively supports an enterprise by buying its services or by helping citizens buy them. Social economy child care, home care, ambulances, disability-friendly enterprises, or training businesses, for example, are mostly supported through such service agreements rather than through “subsidies”.

Table 3.1 Social economy enterprises in Quebec: two definitions

|---------------|--------------------------|

⁴⁰ The translation is mine.
1. The purpose of the social economy enterprise is to serve the needs of its members or the community rather than simply generate profits or seeking financial returns.

2. It has a management autonomy from the state.

3. It integrates in its statuses and practices a democratic decision-making process involving users and workers.

4. It defends the primacy of persons and work over capital in the distribution of surpluses.

5. Its activities are guided by the principles of participation and individual and collective responsibility.

6. The rules applicable to a legal person operating the enterprise provide that in the event of its dissolution, the enterprise’s remaining assets must devolve to another legal person sharing similar objectives.

The purpose of the enterprise is to meet the needs of its members or the community.

2. The enterprise is not under the decision-making authority of one or more public bodies within the meaning of the Act respecting Access to documents held by public bodies and the Protection of personal information (chapter A-2.1).

3. The rules applicable to the enterprise provide for democratic governance by its members.

4. The enterprise aspires to economic viability.

5. The rules applicable to the enterprise prohibit the distribution of surplus earnings generated by its activities or provide that surplus earnings be distributed among its members in proportion to the transactions each of the members has carried out with the enterprise.

6. The rules applicable to a legal person operating the enterprise provide that in the event of its dissolution, the enterprise’s remaining assets must devolve to another legal person sharing similar objectives.

A look at party platforms also suggests that the “social economy” is slightly closer to the preoccupations of the Left (PQ, QS, ON) than of the Right (PLQ, ADQ, CAQ), and that it is especially important for the PQ. Table 3.2 suggests this by reporting the number of times the expression “social economy” is used in various parties’ electoral platforms since the official recognition of the social economy in 1996.\(^3\)

\(^3\) References to the social economy in these platforms are positive or neutral but never negative.
Table 3.2 Use of the expression “social economy” in electoral platforms

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Source: Société du patrimoine politique du Québec

Yet, the Liberals are not opposed to general social economy policies. During the 1996 Summit, Liberal leader Daniel Johnson extended congratulations to the GTES and never expressed opposition to these general social economy policies (Secrétariat du sommet sur l’économie et l’emploi 1996a, 84-86). The 1998 report of an internal PLQ working group on poverty even warned that the social economy must not be used to legitimize welfare state retrenchments (PLQ 1998, 96-98).

During the Charest rule (2003-2012), although no major new social economy policy was put in place, the PQ’s general social economy policies were maintained. The Social Economy Worksite has continued to receive government funding (Bureau de l’économie sociale, 2014). The Social Economy Office has been downsized from a peak of 8 employees in 2002 to 3 employees since 2003, but it has not been dismantled (Bureau de l’économie sociale 2014, 6). The social economy workforce committee, the CSMO-ESAC, is still in place. And most crucially, the financial tools supporting the social economy have modestly expanded since 2003. After some time of uncertainty, during the much-attended 2006 Social and Solidarity Economy
Summit celebrating the 10th anniversary of the Social Economy Worksite, the Charest government made its first commitment to the social economy by announcing a $10-million investment to the Social Economy Worksite Trust, launched under the leadership of the federal government (see below) (Turcotte, 2006). To the $6.5 million invested by the PQ in the RISQ, the PLQ added $5 million in 2010 (RISQ 2011). Investissement Québec’s two social economy programs have been similarly renewed and now annually jointly invest over $20 million in Quebec’s social economy (IQ, 2008). The local development centres’ social economy program, the Social Economy Business Development Fund (FDEE), has also been maintained. Since individual local development centres manage their own FDEE budget, it is difficult to know how much is invested through the FDEE nationally, but a ministerial study reveals that the FDEE invested nationally over $12 million annually between 2004 and 2006 (Québec 2009, 32)—only a small drop from the $16-million 2003 grant (Chantier de l’économie sociale, 2004). Like the PQ’s 2003 social economy action plan, the 2008 Liberal Governmental Action Plan in Collective Entrepreneurship also announced a number of more punctual investments, including the creation of a $10 million infrastructure program for social economy enterprises and various investments in regional development bodies.

This attitude toward the social economy has been maintained by Couillard. In 2013, Couillard’s Liberals voted in favour of the Quebec Social Economy Act in the National Assembly. In 2015, the Liberals launched a $106.5 million social economy plan, mostly consolidating existing financial tools for SEEs (Quebec 2015a).

In sum, general social economy policies constitute an ambivalently partisan issue in Quebec. Although the Liberals seem sympathetic to these policies, ideological commitment, policy innovations, and significant social economy policy expansions seem to be the prerogative
of the PQ. In that context, in Quebec, a social-democratic (PQ) government was arguably a necessary condition to introduce a significant social economy turn.

The role of unions has been more ambiguous. Unions are divided with respect to the social economy; in particular, the CSN has always been significantly more supportive of the social economy than the FTQ. Asked to comment on the GTES’ report, Henri Massé (FTQ) mainly expressed the concern that in the area of health care, the social economy would substitute itself for the public sector (Secrétariat du Sommet sur l’économie et l’emploi 1996a, 52). In contrast, Gérald Larose (CSN) responded that “l’économie sociale… c’est une économie réelle, vieille, bien, enracinée dans l’âme québécoise … il ne faudrait pas que la zone grise dans le secteur de la santé vienne perturber l’ensemble du développement du secteur de l’économie sociale…” (73). Moreover, unions—of all stripes—have continuously reasserted their preference for the public sector over the social economy sector.

Yet, in Quebec, unions, and the CSN in particular, have facilitated the turn toward the social economy. First, the CSN significantly contributed to the decision to establish a social economy task force after the 1996 March Conference. As mentioned above, before the Conference the government had expressed an interest in the social economy, but had no concrete plan about what to do next. The government then had a very superficial understanding of the social economy. In his opening speech for the Conference, on March 18, Bouchard explained that the social economy basically consisted of proximity services, such as child care and home help (RDI, 1996b). But during the Conference, CSN General Secretary Pierre Paquette—who

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32 What precisely explains these inter-union differences is beyond the scope of this project. One interviewee nonetheless confidentially suggested a hypothesis: “the FTQ is a federation of voluntarily federated unions. The FTQ cannot fail to defend the interests of its federated unions or they will leave—hence its reputation of being corporatiste. The CSN, in contrast, is a confederation, federating eight union federations. For an individual union, it is more costly and complicated to leave the CSN than to leave the FTQ. The CSN can thus allow itself to be more “philosophical”. Along the same line, relative to the CSN, the FTQ represents more private-sector workers, and unions are more fragile in the private sector (Rouillard, 2004).
had then been thinking about the social economy for some years (Paquette, 1995)—and others criticized this narrow interpretation of the social economy (RDI, 1996a). In his closing speech, on March 20, Bouchard claimed that he had now understood that the social economy was not limited to proximity services (RDI, 1996a). An evident sense of confusion emanates from this exchange: the concept of économie sociale is utterly unclear and so its clarification was to be politically negotiated. In this context of semantic uncertainty, the CSN actively pushed for the creation of a task force on the social economy (as revealed in interviews #1 and #66). Realizing that neither the state nor the private enterprise was able to provide employment to everyone and to address all the social needs, the Bouchard government was willing to take a risk and launch this task force in preparation for the October summit on employment.

Second, unions have come to play a major role in social economy finance. Ironically, the precursor of this trend is the FTQ. To find ways to grapple with the employment crisis of the early 1980s, the Lévesque government invited representatives from unions, employers, and other social partners to three national summits (Tanguay, 1984). In the third of these summits, held in Quebec City in April of 1982, FTQ leader Louis Laberge publicly introduced for the first time the idea of a union-controlled investment fund meant to stimulate employment in the province (Fournier, 1991). With the help of tax credits provided by the provincial and federal governments, the Fund was launched a year later and quickly became a symbol of the Quebec development model (Bourque, 2000). From an analytical perspective, the Fund fits Quebec’s official definition of the social economy—serving a social mission, employment, rather than

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33 According to all my interviewees, the idea of establishing a social economy task force was improvised during the Conference (in particular interviews #3, #10, and #66). When she received her invitation to the Conference, for example, Nancy Neamtan had no idea that she was about to head a task force on the social economy (interview #10). In her public interventions during the 1996 March Conference, she never mentioned the social economy (RDI 1996a; 1996b; 1996c).

34 Each level of government granted a 15% tax credit to the first $5,000 invested in the Fund (Ducas, 2013).
capital accumulation (Massé, 1999); being democratically managed independently from the state (Lacasse et al. 2000); and being a quintessential illustration of collective self-help. Unsurprisingly, then, the hope since 1996 was that the FTQ Solidarity Fund would be viewed as part of Quebec’s social economy (Arteau et al., 1998, Mendell 2003). Yet, the FTQ never viewed its Funds as part of the social economy (Massé, 1999). After its bitter experience in the failed Tricofil textile factory rescue in the early 1980s (see note 28), the FTQ became quite suspicious of cooperatives and workplace democracy and never directly invested in social economy enterprises since (Fonds FTQ, 2014)—with the exception of the large Coopérative fédérée (Béland, Bouchard and Girard 2012, 30-31). It did, however, as mentioned above, eventually invest in investment funds specialized in the social economy, such as the Social Economy Worksite Trust.

Table 3.3. Solidarity finance in Quebec 2013

<table>
<thead>
<tr>
<th></th>
<th>Assets (in millions of dollars)</th>
<th>Share of total (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Caisse d’économie solidaire Desjardins</td>
<td>675.1</td>
<td>58.1</td>
</tr>
<tr>
<td>Investissement Québec (2 programs)</td>
<td>326.5</td>
<td>28</td>
</tr>
<tr>
<td>Fiducie du Chantier de l’économie sociale</td>
<td>34</td>
<td>2.9</td>
</tr>
<tr>
<td>Filaction</td>
<td>32</td>
<td>2.7</td>
</tr>
<tr>
<td>Réseau d’investissement social du Québec</td>
<td>20</td>
<td>1.7</td>
</tr>
<tr>
<td>Other</td>
<td>75.3</td>
<td>6.6</td>
</tr>
<tr>
<td>Total</td>
<td>1162.9</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Mendell et al. (2014)
Inspired by the success of the FTQ Solidarity Fund, the CSN launched its own labour fund in 1996, the FondAction—enjoying the same fiscal advantages granted to the FTQ Solidarity Fund and similarly investing most of its capital in Quebec (FondAction, 2014). In contrast with the FTQ fund, however, the FondAction mainly invests in democratically managed and/or socially/environmentally conscious organizations, like social economy enterprises. It 2001, FondAction, moreover, launched a small development fund, Filaction, that exclusively deals with small-and-medium enterprises with socio-economic objectives. In addition, it must be recalled that CSN workers are responsible for the creation of the biggest actor in Quebec solidarity finance: the Caisse d’économie solidaire Desjardins (see Table 3.3.). Solidarity finance funds organizations with socio-economic objectives, including social economy enterprises. Quebec funds exclusively dedicated to solidarity finance, like Filaction and the Caisse d’économie solidaire Desjardins, collectively managed an investment portfolio of over 1.1 billion dollars in 2013. Born in the early 2000s from the fusion of various CSN workers’ funds (caisses d’économie) affiliated with the Desjardins Federation, the Caisse d’économie solidaire Desjardins now represents close to 60% of that portfolio.

Third, as with Tricofil, unions have often favoured the social economy when they thought doing so meant moving away from the traditional private sector. The story of Quebec’s network of paramedics’ worker cooperatives is illustrative. That story has actually never been properly documented: while several books and articles have been published on the failure of Tricofil, only one short article seems to have ever been written on the unlikely success of Quebec’s paramedic worker cooperatives (Comeau, 1991). And a success it is. To this day, Quebec is the only place in North America and one of the very few places in the world where ambulances are largely run by worker cooperatives. The CSN, once again, played a key part in that story. In the early 1980s,
when paramedic workers started joining unions affiliated with the CSN, Quebec ambulances were publicly funded but mostly privately owned and managed. As of 1988, the CSN encouraged paramedics to buy the ambulances and other equipment from their owners and constitute worker cooperatives. This bold strategy needs to be further researched but one interviewee confidentially told me that the CSN expected the worker cooperatives to fail—just as Tricofil had failed—and that the state would then be pushed to buy them, making ambulance services publicly owned and managed. If that was the strategy, it worked in Montreal and Laval, where a public corporation, Urgences-Santé, quickly replaced the nascent worker cooperative and was put in charge of ambulance services (Bisson, 1989). In other areas, including the Montérégie, the Bois-Francs, the Mauricie, the Outaouais, the Saguenay, and Quebec City, paramedic workers continue to manage their own cooperative.

On the other hand, unions have always firmly opposed the social economy when that meant going away from the public sector. The CSN research note on the social economy published in 1995 emphasized that the social economy must not replace the public sector (Aubry and Charest, 1995). During the 1996 Summit, representatives from the four main union federations—Henri Massé (FTQ), Gérald Larose (CSN), Lorraine Pagé (CEQ), and Serge Roy (SFPQ)—insisted that their support for the social economy was conditional upon the respect of the “non-substitution principle”, whereby social economy jobs were not to replace public sector jobs (Secrétariat du Sommet sur l’économie et l’emploi 1996a; 1996b; 1996c). During the Summit, Lucien Bouchard formally endorsed that principle, as did the GTES’ final report (1996).

In sum, the relationship between the social economy and unions is complex and remains to be fully elucidated. In 1996, the relationship between the social economy and employers was, in contrast, a lot simpler. As further detailed in the next section, employers consented to the
expansion of the economy but, most importantly, they paid very little attention to it, prioritizing other issues.

In Quebec’s social economy turn, the role of the cooperative movement has been similarly ambiguous. Cooperatives’ Left-Right positioning is not strongly structurally determined as the capital-labour opposition is not as salient in cooperatives as it is in traditional firms. Traditional firms are owned by capitalists (shareholders or proprietors), not workers, and so the standard cleavage inside the firm opposes capital to labour. Social economy enterprises, in contrast, and as discussed in chapter one, are not owned by capitalists. Cooperatives may be owned by the suppliers, the consumers, or the workers themselves—but not capital owners. The standard capital-labour cleavage is thus blurred. Non-structural factors, such as agency, are important in determining the Left-Right positioning of cooperatives and a fortiori of the cooperative movement.

The case of the Desjardins Group, the leader of Quebec’s cooperative movement because of its size, success, and old roots, is illustrative. In 1996, its leader, Claude Béland, widely identified as sovereigntist and progressive (Lessard, 1994), was strongly supportive of the social economy. To assist the task forces, the government provided them with public officials as staff. In the case of the GTES, the government made available a public official from the ministry of income security with expertise on social assistance (interview #10). Nancy Neamtan refused this help as she had a much more ambitious and broad conception of the social economy; she instead solicited help from Claude Béland, who shared her vision of a “social” economy (interviews #6 and #10) and who also happened to supervise the various task forces launched after the March Conference—including the GTES. Using its own resources, Desjardins then provided the GTES with staff, an office, and working material (Lévesque 2013, 36). In 2013, when the social
economy bill was under study, Claude Béland, in a written brief, reiterated his support for the social economy and the importance of recognizing its value through legislation (Béland, 2013).

Such enthusiasm for the social economy is atypical in the cooperative movement. According to Claude Béland himself, people from Desjardins were reluctant to identify with the social economy in 1996 as it was perceived as a poor people’s economy—a reputation that Desjardins had for a very long time and did not want to have back35 (interview #6). Desjardins largely stopped supporting the Social Economy Worksite when Claude Béland left the presidency of the Caisses Desjardins, in 200036. In the social economy milieu, the head of Desjardins, Monique Leroux, is associated with the Liberals and widely seen as an opponent—rather than as an ally (Tanguay, 2012). In 2013, the Quebec Council of Cooperation and Mutuality (CQCM), then also presided over by Monique Leroux, opposed, in its brief related to the Quebec social economy bill, a definition of the social economy that included cooperatives (CQCM, 2013). Members of the CQCM, including Desjardins, the Coop fédérée and other big cooperatives, generally do not view themselves as part of the social economy (e.g. interviews #26, #34, and #49). Significant tension characterizes the relationship between the Social Economy Worksite and the CQCM as the two de facto compete with each other as representatives of cooperatives (Favreau, 2006). In that context, it is far from certain that Quebec’s large cooperative sector positively contributed to its social economy turn.

In sum, in attempting to explain why Quebec came to take a social economy turn, the importance of a strong Left should be both emphasized and nuanced. In Quebec, the impulse and

35 Claude Béland tells a revealing anecdote about this. When Jacques Parizeau, who comes from a wealthy background, learned that his sons had put their saving in the Caisses Desjardins, he was shocked, as in his mind, “Desjardins was for the poor”. For him, that a Parizeau used Desjardins for his savings was evidence that Desjardins had very much changed over the years (interview #6).

36 Hence, in 2001, Desjardins launched the Fonds Capital régional et coopératif Desjardins, which, like the FTQ Solidarity Fund, heavily invests in Quebec’s small and medium enterprises, but without any targeting of social economy enterprises.
the most important allies for social economy policies came from actors associated with the Left, such as the FFQ, the RÉSO, the Parti Québécois, the CSN, and Claude Béland. Yet, a power-resource explanation needs to be reconciled with the fact that neither the Liberals nor the employers were opposed to the social economy, and that the community groups, the PQ, the unions, and the cooperative movement were divided over the issue.

Coalitions

When Lucien Bouchard became premier, he wanted non-trivial consensuses. Summits, like other concerted action exercises, give social partners the opportunity to deliberate and reach such consensuses (Lijphart, 1977; Martin and Swank, 2012). Lévesque’s national summits had given rise to the FTQ Solidarity Fund and to a vast infrastructure investment strategy, Corvée-Habitation (Fournier, 1991). At the 1996 March Conference, a consensus was established on the desirability of pursuing a zero-deficit agenda; at the 1996 October Summit, one key consensus concerned the social economy.

The structure of Quebec’s 1996 Summit was of crucial importance for this consensus. In traditional tripartite concerted action exercises, popular/community groups are missing. Even in Quebec, these groups were largely absent from the Lévesque summits. But in 1996, a number of such groups, including the FFQ, SPQ, the Women’s Coalition Against Poverty, and RÉSO, were represented. The government wanted to elicit these groups’ expertise given its prior interest in having them develop employment opportunities for labour market outsiders relying on social assistance (as documented above; interview #3). According to all my interviewees, however, community group representation also reflected these groups’ newly acquired strength in the context of high unemployment. These groups had become inevitable interlocutors and the
government preferred to have them around the table rather than protesting on the streets—especially given that they had sided with the government during the 1995 referendum (Maisonneuve 2003, 81). In turn, the 1996 summit provided community groups with the opportunity to yield an unprecedented influence on public policy. In particular, community groups played a key role within the social economy task force, led by the representative of the RÉSO. The GTES was, indeed, responsible for most of the “design” and “innovation” of Quebec’s social economy policies. Gathering civil society actors from various areas of activities (see Appendix 3), the GTES was close enough to both Quebec’s “latent” social economy actors and to government officials to articulate rigorously costed policy plans in a remarkably short period of time (GTES, 1996). The policy ideas were not coming from public officials, but from the GTES (e.g. interviews #10, #15, #47, #52, #66, and #69; as often the case in such summits, Culpepper, 2002). Health Minister Jean Rochon’s chief of staff put it that way: “Le gouvernement a ici accaparé… dans le bon sens du terme!... le travail de la société civile… on aimait ça, mais l’initiative n’était pas gouvernementale…” (interview #69).

The GTES, however, realized that the support from employers and unions was crucial for concrete social economy projects to materialize. Very quickly, when the GTES was formed, unions feared that the social economy would come to infringe on the public sector (Boivin and Fortier, 1998; Raymond, 2013), while employers feared “unfair competition” between subsidized social economy enterprises and non-subsidized for-profit businesses (Larose 2001, 153; FCCQ, 2013). As illustrated in Table 3.4, to achieve a consensus on the social economy, the GTES needed to allay such fears, by emphasizing that the social economy would act as a complement to the public and private sectors in a context of high unemployment and unsatisfied social needs, such as in the areas of care and training.
Table 3.4. Four understandings of the social economy and corresponding Left-Right support

<table>
<thead>
<tr>
<th></th>
<th>Left support</th>
<th>Right support</th>
<th>Left-Right consensus</th>
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<tbody>
<tr>
<td>No substitution</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Private sector substitution</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Public sector substitution</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Private and public sector substitution</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
</tbody>
</table>

For the GTES, identifying such consensual projects was a challenge, as in practice, the Left hoped that, once implemented, social economy policies would lead to private sector substitution, while the Right hoped they would lead to public sector substitution. For various respondents within the Left, the social economy promised to be “about the control of the means of production by the people”, “an economy for the people”, “a more humane and democratic economy”, an alternative to neoliberalism (Guay, 1996), or even capitalism (Wright 2010, 204–216). Alternatively, within the Right, many believed that the social economy was about limiting the growth of the welfare state. As one employer attending the Summit put it: “… les syndicats étaient craintifs (c’étaient du cheap labour!)… moi, je pense qu’il a un grand avenir là-dedans… il faut éviter d’envoyer les personnes âgées dans les institutions publiques, ce serait bien trop coûteux… l’aide domestique économie sociale, c’est très bien…” In his popular book, *Et si on s’y mettait*, Jacques Ménard, the main employer participating within the GTES, applauds the hard work of EÉSs, which he describes as “small local non-profit enterprises”, in a context where “les gouvernements ont tendance à se désengager de champs complets de services” (2008, 233-234). During the October Summit, Charles Sirois (Teleglobe Inc.) stated that government regulation was in fact an obstacle to the development of the social economy (Secrétariat du
Sommet sur l’économie et l’emploi 1996a, 82). ADQ leader Mario Dumont similarly lauded the fact that the social economy was autonomous from the state and that he hoped it stayed “far from bureaucrats” (Secrétariat du Sommet sur l’économie et l’emploi 1996a, 83-84).

To satisfy the Left’s preferences, the GTES’ final report casts the social economy as a humane and democratic economy (GTES 1996, 6–10) and explicitly endorses the non-substitution principle for the public sector (GTES 1996, 10–11). Social economy projects that infringed too much upon the public sector were discarded. By far the most controversial project concerned home help for the elderly precisely because it had the potential to undermine the public sector (Fournier, 2003). Similarly, allusions to Quebec’s existing networks of health care and paramedic worker cooperatives were carefully avoided. As two respondents reported, a social economy project in the area of school homework support was also discarded because “education belonged within the public sector”.

The GTES’ report similarly satisfied the Right’s preferences, as no proposed social economy project clearly threatened to infringe upon the private sector. There is simply neither documentary nor interview evidence that a particular social economy project was opposed by employers, in particular. The case of domestic workers is illustrative. This single issue spurred a huge debate within the Left and countless articles and even books (Vaillancourt, Aubry and Jetté 2003; Vaillancourt and Jetté 2009). Yet, in my interview with him, the spokesperson for the Conseil du patronat du Québec at the time, Ghislain Dufour, confesses that he does not remember much about this issue: “Look, we really had other fish to fry during that summit… to take one example, unions were talking about a moratorium on lay-offs in order to stimulate the employment level! Whether domestic work for the elderly was taken care of by the state or the social economy did not really concern business” (interview #13). Moreover, employers did not
believe in the social economy’s potential to “build another economy”. As André Bérard put it: “If small social economy enterprises want to grow, for all practical purposes, they will turn themselves into something quite close to traditional firms…” (Robitaille, 1998) (my translation). For employers, then, the GTES’ social economy projects seemed inoffensive.

As the 1996 Summit was discussed extensively by the mass media in Quebec, and filmed live on RDI, employers might have made an effort to appear generous. In particular, as one respondent emphasized: “individual employers actively participating in the Summit did not want to be publicly seen as opposing acts of solidarity. Unlike employers’ associations, individual private companies can be boycotted by angry citizens-consumers”. With respect to the social economy, however, there is little evidence that Right’s support stemmed from a fear of consumer (or voter) retaliation, as suggested by power resource theory (Korpi 2006, 182).

Building a Left-Right coalition behind the social economy, however, involved more than mechanically identifying projects that infringed upon neither the public nor the private sector. The GTES needed to deploy superior persuasion skills to win the support of social partners. Nancy Neamtan quickly proved that she had such skills. In fact, she became a textbook example of policy entrepreneurship. Consider the four essential characteristics of the policy entrepreneur, as defined by Mintrom and Norman (2009). First, she led by example. As the RÉSO leader, she headed Quebec’s first community economic development corporation and enjoyed the reputation of a successful “social entrepreneur”. Second, she displayed social acuity, having already demonstrated that she was able to work with unions, community groups, and big employers to favour employment in the South-West (e.g. Leblanc, 1990) and as community representative in the Société québécoise de développement de la main-d’oeuvre. A “social entrepreneur”, a woman business leader with Maoist antecedents, an English literature graduate able to articulate
sophisticated costed job creation schemes, a Jewish Anglophone Quebec nationalist (Lacombe, 2011) married to a sovereignty activist—a fact I was confidentially reminded of by two high public officials—she had no trouble putting herself in other people’s shoes. She has also been described in my interviews as being “pragmatic” and as having “a superior intelligence” and “an unquestionable integrity”. Third, she defined a policy issue, raising unprecedented awareness about the social economy as GTES leader.

Fourth, and most importantly, she built a team. Between the 1996 March Conference and the October Summit, Neamtan was constantly talking to government officials, union leaders, employers, and community leaders to convince them about the virtues of the social economy. Records of these countless private discussions are not available, but a story, independently told to me by Nancy Neamtan and Louise Harel and documented by Robitaille (1997) and Lessard (1996), illustrates Neamtan’s ability to build bridges with employers to promote solidarity. For the October Summit, the community sector, led by Françoise David and Vivian Labrie, demanded a “zero-impoverishment clause”, which required that no policy contributed to the impoverishment of the poorest fifth of the population. On the last night of the Summit, between October 31st and November 1st, Louise Harel called Nancy Neamtan to tell her that, in spite of all the pressures, the government was not going to endorse the “zero-impoverishment clause” and that she was seriously considering not attending the end of the Summit. In the morning of November 1st, Neamtan convinced the other task force leaders, Jean Coutu and André Bérard, that something had to be done. A few months earlier, in March, Bouchard made it clear that the deficit needed to be eliminated without increasing taxes: “Une autre tentation, serait de taxer davantage… C’est un peu comme dire au dentiste: «docteur, ne vous occupez pas trop de ma dent malade, mais faites-moi mal sur une de mes bonnes dents qui restent!»” (Bouchard, 1996).
Yet, for the remainder of that day Coutu and, especially, Bérard actively and successfully pushed for a new one-shot $250 million anti-poverty tax (Venne 2015, 27–28)—a compromise between the status quo and an anti-impoverishment guarantee. $119 million of these funds would be raised by the employers themselves and $7.4 million would be specifically earmarked for social economy projects (Comeau et al. 2002).

Neamtan’s coalition work was also arguably facilitated by the ambiguity of the concept of social economy. The sheer confusion around the social economy made it possible for the Right and the Left to entertain fundamentally different views about it. In my interviews, I have been struck by how much everyone seemed to struggle to understand that “hard concept”. People at the Social Economy Worksite are regularly disappointed to find this or that politician or journalist expressing a lack of understanding about what the social economy is. A conspicuously high number of interviewees have explicitly complained about either not clearly understanding the concept themselves or about others failing to understand it properly (e.g. interviews #9, #10, #11, #16, and #69). The confusion and the negotiation of the meaning of the social economy by political actors do not seem to have abated (so far) by the enactment of a social economy act officialising one definition of the social economy. And in the general population, my own experience talking to friends and relatives suggests that the social economy remains not so much a politically contested concept as it is an unknown concept. In that context, it is easier to take some semantic liberties or to emphasize different aspects of the social economy when discussing it with different actors.

In sum, a coalitional politics approach to social economy policies stresses Left-Right agreements in a context of relatively balanced distribution of power. In Quebec, such an agreement was produced during the 1996 socio-economic Summit through the coalition
engineering work of the GTES, which carefully crafted social economy projects hindering the interests of neither employers nor unions and turned the ambiguity of the social economy into a selling point.

**Federalism**

Being a federated state, Quebec is governed by two governments: the Quebec government and the federal Canadian government. So far, I have only focused on the actions of the Quebec government. Now I ask: has the federal government contributed to Quebec’s social economy turn? Has it contributed to the differentiation between Quebec and other provinces with respect to the social economy?

In public policy terms, a series of federal policies in the 1980s and 1990s arguably aggravated the “problem” for which the social economy became a “solution”. Initially, for Bouchard’s government, the social economy was largely a way of addressing “excessive” social assistance expenditures in a context of high unemployment and tight public finances. As discussed in chapter two and seven, cuts in federal transfers to provinces and in unemployment protection during the 1980s and 1990s had the effect of increasing the burden on provincial social assistance (Quebec 1987, 10-11).

In societies with a strong Left, generous unemployment protection is expected (Gordon, 2014). The Quebec of the mid-1990s represents an interesting case: its Left was relatively strong, yet Quebec was condemned to have weak unemployment protection—unemployment insurance being a federal responsibility. The rise of the social economy appeared in this unusual context. With a more generous unemployment protection, the expressed need to expand the social economy might not have been as strong. And in the mid-1990s, Quebec might have done things
differently with unemployment protection. When she was the minister responsible for income security, Louise Harel had considered a universal basic income, but abandoned the idea as too complex in the absence of control over unemployment protection (Porter, 2014).

Also, one cannot fail to observe that the fate of what became the geographic centre of Quebec’s social economy movement—Montreal’s South-West—has always been closely tied to federal policies. For a long time the heart of Canada’s industrial complex, the area greatly benefitted from the popularity of the Lachine Canal and the railway-focused federal industrial strategy. The South-West then quickly deindustrialized and became one of Montreal’s poorest regions (Montreal, 1986) as a result of the federal construction of the Saint Lawrence Seaway in the 1950s—which effectively shut down the Lachine Canal.

More directly related to Quebec’s post-1990 social economy turn, the federal government’s first attitude was indifference. Chrétien’s government was unimpressed with the social economy, and preferred to go forward with a $95 million Voluntary Sector Initiative promoting “organizations heavily relying on volunteers” (Laforest, 2011b). Since 2006, this indifference resumed: the expression “social economy” stopped being used and no new sums were put forward for the social economy (Jackson, 2008). Moreover, the federal government’s contribution to the Social Economy Worksite Trust was reassessed from $28.5 million to $22.8 million (Vaillancourt and Thériault 2009, note 53).

Under Paul Martin’s Liberal minority government (2004-2006), however, the social economy became something of a priority. Between 1988 and 2008, Paul Martin was the MP for LaSalle-Émard in Montreal’s South-West—the electoral district where Nancy Neamtan happened to work (interview #10). Demonstrating her role, once again, as coalition engineer, she

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37 It was in Pointe-Saint-Charles, in particular, that emerged Quebec’s first: citizen urban committees (1963), community clinics (1968), popular legal clinics (1972), housing cooperative (1971), and community economic development corporation (1989) (Sévigny, 2001).
was the one who convinced him about the virtues of the social economy (Martin 2008, 236). Impressed with what she had done in Quebec, he wanted Ottawa to import this “best practice” and structure a pan-Canadian social economy (interview #17). In my interview with him, Paul Martin defined social economy enterprises (or “social enterprises”, he used the two terms interchangeably) as businesses with a social purpose. He stated that he always strongly believed in corporate social responsibility and that, for him, the creation of social enterprises was the “next step” (interview #17). In a 2007 Speech at the Munk Centre in Toronto, he further explained that “[S]ocial enterprises are like a business in that they trade goods and services and make money doing so. However, the latter is not their primary objective. It is a means to a greater end. Their major return on investment is calculated by their social or environmental return” (Martin, 2007).

In his first throne speech, in 2004, Paul Martin announced that his government wanted to “help communities to help themselves” by supporting new approaches to “community development—sometimes referred to as the ‘social economy’” (Canada, 2004). He then “…set aside… 132 million dollars for the social economy and gave a leading Parliamentary Secretary, Eleni Bakopanos, the nod to push the envelope as far as she could” (Martin 2008, 326). Eleni Bakopanos (also a Montrealer) hoped to create a federal structure analogous to the Social Economy Worksite and to spend across the country the $132 million she had been made responsible for (interview #28). By the time elections were called, however, she had only been able to spend a small fraction of that sum and most of it went to Quebec. Hence $28.5 million were set aside for the Social Economy Worksite Trust (to be later brought down to $22.8 million) while the “other provinces didn’t have the structures to manage our social economy funds…” (interview #28). Another $15 million was given to the Social Science and Humanities...
Research Council (SSHRC) in 2004 to support partnership-oriented research on the Social Economy across Canada (Tremblay 2011, 66). By 2011, however, the SSHRC’s national social economy research program was over (Laforest 2011b).

For a brief interlude during the Martin years, then, Quebec was able to influence the federal government and use federal resources to advance its social economy agenda. During that short period, contrary to its own plans, the federal government accentuated the gap between Quebec and other provinces with respect to the social economy, by providing greater funding to Quebec than to other provinces. Outside of these short years, however, federal policies have not significantly contributed to Quebec’s social economy turn, privileging other initiatives instead. A study of opposition parties’ platform, moreover, suggests that this state of affairs was not strongly dependent on electoral politics. Indeed, over the past twenty years, the expression “social economy” has only been mentioned in (some of) the platforms of the Bloc Québécois (2004, 41; 2006, 82-83; 2011, 106-107); Liberal, NDP, and Conservative platforms have never used the expression.

In conclusion, Quebec has been structuring and promoting a “social economy sector” since the mid-1990s. No other province has taken that path. Why? An employment crisis coupled with the social economy’s impressive job-creation capacities have been crucial factors leading to Quebec’s social economy turn. But they cannot explain cross-provincial differences as these factors were common to most jurisdictions in the OECD. And accidental asymmetric federalism can account for no more than one of Quebec’s social economy institutions—the Social Economy Worksite Trust. The strength and mobilization of Quebec’s Left in the mid-1990s, followed by the GTES coalition engineering work during the 1996 Summit, more convincingly account for Quebec’s distinctive general social economy policies. Do these same factors explain Quebec’s
sectorial social economy policies (e.g. in the areas of child care, perinatal services, domestic help, social housing, and social insertion)? The four following chapters address this question.

Appendix 3: The GTES’ members

President: Nancy Neamtan, RÉSO

Members:
- François Aubry, CSN
- Josée Belleau, Coalition des femmes contre la pauvreté
- Thérèse Belley, Comité d’orientation et de concertation sur l’économie sociale
- Simon Brault, Groupe Montréal Culture
- Michel Doray, Desjardins
- Roger Lanoue, Hydro-Québec
- Julie Lévesque, Conseil permanent de la jeunesse
- Jacques Ménard, Nesbitt Burns (Bank of Montreal)
- Monique Richard, CEQ
- Dominique Savoie, FTQ
- Majella St-Pierre, Conseil de la coopération du Québec

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38 GTES (1996, iv)
Chapter Four: Child Care and Perinatal Services

Between 1997 and 2002, the number of places in nonprofit “social economy” early childhood centres (CPEs) more than tripled in Quebec, increasing from 37,315 to 123,122 (Lalonde-Graton 2002, 388-9). CPEs quickly became a symbol of Quebec’s social model (Godbout and St-Cerny, 2008; Noël, 2013; Haddow, 2015) and came to represent 85% of Quebec’s governmental investments in the social economy (Quebec 2003b, 14). A study of Quebec’s social economy policies must thus pay particular attention to the sector of child care, the main focus of this chapter.

Table 4.1 provides evidence of Quebec’s greater investments in child care relative to other provinces since—but only since—the mid-1990s. In 1992, Quebec still spent less on child care than Ontario and the Canadian average.

Table 4.1: Provincial efforts in child care

<table>
<thead>
<tr>
<th>Province</th>
<th>Percent of children 0-12 years for whom there is a regulated child care space</th>
<th>Total allocations for regulated child care (unadjusted dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>QC</td>
<td>6,8 37,4</td>
<td>140,726,000 2,392,649,000</td>
</tr>
<tr>
<td>ON</td>
<td>8,1 15,4</td>
<td>420,140,000 865,100,000</td>
</tr>
<tr>
<td>CA</td>
<td>7,5 20,4</td>
<td>761,959,000 4,016,815,891</td>
</tr>
</tbody>
</table>

Data: Friendly et al. (2013)
By OECD standards, Quebec’s post-1997 provision of child care is generous, with parents paying only a small share of the costs of child care (Québec 2010; Godbout and St-Cerny 2008, 195-196; Haddow 2015, 268-269). Compared to other countries, the main distinctive trait of Quebec child care, however, seems to be its reliance on the social economy (Bouchard, 1997). This possibility has yet to be fully explored by the comparative literature, but we know that English-speaking democracies rely more heavily on for-profit child care (Turgeon, 2010) while many continental European countries rely more heavily on public sector child care, especially for three- to five-year-olds (Adamson, 2008).

This chapter seeks to explain this social economy turn in Quebec child care. Methodologically it proceeds in three steps: (i) a process tracing analysis of the “decision” to expand Quebec’s network of early childhood centres, (ii) a comparison with the failed expansion of a similar social-economy based network of perinatal resource centres in Quebec in the mid-1990s, and (iii) a comparison with the failed expansion of publicly funded child care in other provinces. Whereas chapter three emphasized the role of power and coalition in accounting for Quebec’s general social economy policies, this chapter’s process tracing analysis and two “controlled” (most similar) comparisons argue that power and learning constituted two necessary conditions for Quebec’s social economy turn in the area of child care. Lack of credible social investment arguments prevented the expansion of a strong network of perinatal resource centres; lack of Left power account for the weak expansion of publicly funded child care in other provinces. Table 4.2 summarizes the chapter’s argument.
Table 4.2. Child care in Quebec

<table>
<thead>
<tr>
<th></th>
<th>Learning</th>
<th>Powering</th>
<th>Major publicly funded expansion</th>
</tr>
</thead>
<tbody>
<tr>
<td>QC child care</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>QC perinatal help</td>
<td>N</td>
<td>Y</td>
<td>N</td>
</tr>
<tr>
<td>CA child care</td>
<td>Y</td>
<td>N</td>
<td>N</td>
</tr>
</tbody>
</table>

**Child Care: Quebec and other provinces**

This section consists of a process tracing analysis of the “decision” to expand social economy-based child care in Quebec, exploring the five hypotheses identified in chapter two: structural changes, coalition politics, learning, power resources, and federalism. When relevant, comparative evidence from other provinces is used as complement.

**Structural changes**

Two structural changes explain the rise of family policies across the OECD: women’s entry into the labour market and, less importantly, the ageing of the population (Hemerijck, 2013; Bonoli 2013). These factors, however, traditionally explain the timing of family policies rather than cross-national variation. They explain why generous child care policies were implemented in the 1980s and 1990s rather than in the 1940s and 1950s, but they arguably fail to explain robust cross-provincial differences.

In Quebec, plenty of evidence indicates that child care was viewed as a means to facilitate work/family conciliation in the wake of women’s entry into the labour force (Jenson 2002, 312). For example, when Quebec’s new child care policy was first announced, during the
1996 Summit on the Economy and Employment, work-family conciliation was the first goal to be stated (Quebec, 1996a). Statistics Canada (2013) data report that in 1996, the employment rate of women aged fifteen and over was significantly lower in Quebec (47.7%) than it was in Ontario (53.6%) or in Canada (52.1%), as discussed in chapter two. Yet, judging from my interviews and the policy documents of the mid-1990s, this inter-provincial gap did not seem to be politically salient at the time. The intra-provincial *gender* gap in employment, in contrast, was a key consideration, and with that respect, interprovincial differences were small and so unlikely to explain cross-provincial differences in policy. The employment gap between men and women aged fifteen and over was then 14 points in Quebec, 12.5 points in Ontario, and 12.9 points in Canada (Statistics Canada, 2013); for both Quebec *and* Canadian feminists the existence of such gaps constituted a powerful argument justifying public investments in child care (Prentice, 2001).

“Natalist” considerations were also present, albeit not central (Haddow, 2015; Jenson, 2002), contrary to what is often assumed in English Canada (e.g. McGrane 2014, 222; White 1998, 27-28). Two reasons would lead one to expect these considerations to be particularly important in Quebec. First, due to its non-Anglophone and minority nature, integrating immigrants is more costly and politically contentious in Quebec than in the rest of Canada (Bouchard and Taylor, 2008)—although immigration rates per capita are still higher in Quebec than in most OECD countries, including the United States (Dubreuil et Marois 2011, 46-48). Compared with Ontario or British Columbia, Quebec has traditionally received fewer immigrants per capita and its unemployment gap between immigrants and natives has always been higher (Dubreuil and Marois 2011, 122-127). Second, Quebec’s population was old and ageing fast. In 1996, the median Quebec inhabitant was older (36.2 years old) than the median inhabitant of any
other province and almost a year older than the median Canadian (35.3 years old) (Statistics Canada, 2001). In Quebec, children aged 15 and under represented 19.2% of the total population in 1996, the lowest proportion of any province (Statistics Canada, 1997). According to 1993 data, Quebec fertility rates (1.61) were also below the Canadian average (1.7) (Statistics Canada 1996, 22).

These disadvantageous demographics, however, did not determine Quebec’s child care policy. During the 1995 referendum campaign, Bouchard famously and awkwardly criticized Quebec women’s low fertility rate (Venne 1996, 22), but the condemnation of his comment by feminists was firm and he quickly realized he had committed a mistake (Leblanc, 2014). At the discourse-level Bouchard never insisted on the relationship between child care policies and fertility rates. At the end of the Summit on the Economy and Employment, he listed the five main justifications for his new family policy and increasing fertility rates was not among them (Bouchard, 1996)\textsuperscript{39}. The design of the new family policy also distinguished itself from traditional natalist policies that incentivize families to have more than one or two children. The “baby bonus” put in place by the Bourassa government in the 1988 was such an overtly natalist policy, and it indeed had a significant impact on Quebec fertility rates (Miligan, 2002). It was abolished in the wake of the new family policy (Jenson, 2002). The actors I have interviewed, moreover, overwhelmingly concur that natalist considerations were less salient than the goals of balancing family and work, addressing early childhood educational needs, and incentivizing employment (in particular interviews #1, #9, #18, #36, #53, #56, #66, and #68). In fact, according to child care expert Camil Bouchard, the family policy that had a real impact on birthrates was not child

\textsuperscript{39}These were: (i) balancing family and work; (ii) responding to the educational needs of young children; (iii) incentivizing low-income earners to find employment; (iv) promoting the social economy; and (v) combating unreported employment (Bouchard, 1996).
care but parental insurance (interview #68)—a conclusion that seems consistent with the recent scientific literature (Kalwij, 2010; Balbo et al., 2013).

Coalitions

Chapter three argues that a broad social economy coalition, formed during the 1996 Conference and Summit and led by Nancy Neamtan’s social economy task force, was instrumental in Quebec’s decision to recognize a social economy sector and to promote it through public policies. Chapters six, seven, and eight similarly emphasize the role of that coalition in explaining the rise of the social economy in the fields of home assistance, social housing, and social insertion. Yet, careful process tracing analysis reveals that the social economy turn in Quebec child care has not been significantly influenced by the social economy coalition.

Superficial evidence suggests that the GTES played a key role in the development of social economy child care in Quebec. For the 1996 Summit, the GTES had proposed to first experiment for a three-year period with thirteen innovative social economy-based early childhood centres, CPEs, and then to possibly expand the CPE network to province-wide proportions (GTES 1996, 31; Lalonde-Graton 2002, 247). At the Summit, the government announced it would immediately launch a provincial CPE network. Moreover, in justifying his family policy, Bouchard explicitly invoked “the will to develop the social economy” (Bouchard, 1996). During the October Summit, Liberal leader Daniel Johnson ironized that the government must find felicitous the “bizarre coincidence” that, just when it is introducing a new family policy, the GTES’ report is stressing CPEs (Secrétariat sur l’économie et l’emploi, 1996). It was
not a coincidence, but neither was it the case that the GTES caused the government to act in a specific way. Four observations support this conclusion.

First, the decision to go forward with a bold child care policy predated the publication of the GTES report, in October of 1996. In her memoirs, Pauline Marois explains that immediately after the March 1996 Conference on the Social and Economic Future of Quebec, Bouchard had asked the priorities committee to elaborate a set of policies to support young families (Marois 2008, 153). After that call from the premier, public officials from the priorities committee carefully designed Quebec’s three-prong family policy (i.e. universal $5 child care, integrated family allowance, and parental insurance; Quebec 1996b; Quebec 1997c)—a fact confirmed to me by several members of the priorities committee (interviews #53, #56, #57, and #66; see also Gendron, 2013). Their policy work was discreet. When Bouchard publicly announced his family policy at the October Summit, most actors were taken by surprise. In an article reviewing the history of Quebec’s family policy published just before the October Summit, historian Denyse Baillargeon concluded that work-family conciliation policies were not about to get better in Quebec, given the province’s fiscal crisis and the ongoing questioning of the welfare state (Baillargeon 1996, 21). Actors from the child care milieu willingly concede that the family policy announced during the Summit had surprised them and had surpassed their expectations (interview #9). Pierre Paquette, then the CSN’s secretary general, reports having learned about the family policy just a few weeks before the Summit (interview #44). An employer present at the Summit concluded that “Bouchard took us all by surprise with this policy” (interview #58). A review of the press and interviews with actors similarly reveal that the issue had hardly been debated during the Summit—in comparison, for example, to the $250 million anti-poverty fund (chapter three) or to social economy-based home assistance (chapter five), suggesting that if
Bouchard’s family policy was announced during the Summit, it was not “of” the Summit (interview #18).  

Second, although the generosity and scope of Quebec’s 1997 child care policy constituted a clear break from the past (Jenson 2002; Noël 2013; Haddow 2015), its reliance on the social economy was the outcome of a path-dependent trajectory (Lévesque 2011). Just before the launching of the new child care policy, in 1996-1997, Lalonde-Graton (2002, 338) reports that 64% of Quebec’s existing child care spaces were in parent-controlled nonprofit centres. In the area of child care, the “social economy turn” had been taken in the 1970s (Lévesque, 2011). In 1997, the “social economy” nature of the new child care centres was not pre-determined, but I argue below that it was almost taken for granted and that the GTES was not crucial in the rejection of the most likely alternatives. Moreover, the 1970s child care social economy turn was a pan-Canadian phenomenon (Turgeon, 2010; see below). Prentice (2006) reports that, in the early 2000s, about four fifths of Canada’s child care centre spaces were delivered through nonprofit child care centres and that, in practice, these centres were almost always democratically controlled by parent-users.

Third, the concept of “CPEs” also predated the GTES. Close to ideas circulating in Ontario at the time (e.g. OCBD, 1986), integrated early childhood centres (CPEs) were thought of as nonprofit and parent-controlled “one-stop shops” providing various early childhood

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40 The fact that the announcement of the family policy did not “save the Summit” provides further evidence that child care was not at the heart of the Summit’s negotiations. For community groups, the priority was the anti-poverty clause (see chapter three) and the announcement of Bouchard’s family policy did not prevent Françoise David (FFQ), François Saillant (SPQ), and Thérèse Sainte-Marie (CNFCP) from leaving the Summit before the end (Saillant, 1998). For unions, the priority was a general strategy for employment and union leaders’ decision not to leave the Summit until the end did not heavily weigh on the announcement of the family policy (interviews #1, #7, #24, #36; and see Rouillard 2004, 257).

41 Different provinces and territories have different legal requirements when it comes to parental participation in child care centres’ boards of directors (Ferguson and Prentice, 2000). Hence, whereas Ontario, Alberta, and British Columbia do not require parents to be represented on these boards, Saskatchewan requires parents to form a majority of board members, and Quebec requires parents to form at least two-thirds of CPEs’ board members.
education and care services to families, chiefly including nonprofit centre-based and family-based child care (CIRGQ 1996a; CIRGQ 199b). The organization that championed the CPE project in the GTES was the leading association of parent-controlled nonprofit child care centres of the time, the CIRGQ (Concertation inter-régionale des garderies du Québec) (GTES, 1996, 31). Prior to its involvement in the GTES, the CIRGQ had defended the CPE model on at least two occasions. Immediately after its 1994 election, the PQ launched a task force on the financing of child care and the final report, published in January of 1995, indicates that the CIRGQ had pleaded for integrated early childhood centres (GTFSG, 1995). The CIRGQ again defended these early childhood centres in a policy document published a few weeks before the 1996 March Conference (CIRGQ, 1996a).

Fourth, the identification of the CPEs with the social economy has always been a source of contention. Claudette Pitre-Robin, the CIRGQ leader in the mid-1990s and a life-long nonprofit child care activist, enthusiastically identifies CPEs with the social economy (interview #9). The political “author” of the CPEs, Pauline Marois, similarly clearly views CPEs as belonging to the social economy (Quebec, 2003a; interview #53). Bill 145, first presented by Pauline Marois on May 15, 1997, defines early childhood centres (CPEs) as cooperatives or nonprofit organizations managed by a board of at least seven individuals, of whom at least two-thirds must be parents of children enrolled in the CPE (Québec, 1997d)42. On paper, CPEs perfectly qualify as social economy enterprises (GTES, 1996; see chapter one). In practice, however, several interviewees have confidentially argued that CPEs are not sufficiently autonomous from the state to qualify as “enterprises”.

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42 In 2003, the Liberals sought to require that two members of the CPE’s boards came from the business community to provide them with managerial expertise (Bellemare 2007, 150) but stepped back (Quebec, 2005).
Quebec’s bold 1996-1997 family policy came from the top rather than from a broad coalition of civil society actors. Contrary to what is sometimes suggested (e.g. Mahon and Collier 2010, 61) Quebec’s family policy was never “negotiated” or the result of a “compromise” with the 1996 Summit’s actors. In particular, the social economy coalition did not play a significant role in the establishment of the CPE network. The recognition of the social economy and the expansion of social economy-based child care centres experienced, perhaps counter-intuitively, parallel, independent developments. If the Social Economy Worksite played a role in child care, it was by defending the CPEs once they were already created (see below).

Learning

Two aspects of Quebec’s 1997 child care reform need to be distinguished: its bias toward social economy-based CPEs and its scope or generosity. Only the first aspect is the focus of this thesis; but it is the scope of Quebec’s child care reform that makes its reliance on the social economy significant, and so this second aspect of the reform cannot be ignored. Regarding the social economy, “learning” has been unimportant. Although a broad scholarship concludes that, compared with for-profits, nonprofits offer superior early childhood education and care (Japel, Tremblay and Côté, 2005; Bouchard, 2014; Childcare Resource and Research Unit, 2011), governments’ preferences for different types of child care providers are arguably more governed by ideology than by academic evidence.

In contrast, absent the belief that investing in child care was both socially and economically cogent, Bouchard’s determination to pilot a bold child care reform is unfathomable. Indeed, neither Quebec’s unprecedented fiscal crisis nor significant internal disagreement in his cabinet stopped him.
Camil Bouchard is widely viewed as having played a key role in convincing Lucien Bouchard of the virtues of investing in early childhood (Gendron, 2013; interview #66). A social psychologist at the UQÀM, Camil Bouchard became a public figure in the early 1990s in the wake of his report *Un Québec fou de ses enfants*, (Quebec, Mad about its Children) (Bouchard, 1991). Although the report focuses on the mistreatment of young children rather than on early childhood education and care (a fact emphasized in interview #9), it heavily emphasized the scientifically demonstrated merits of investing in early childhood (Fréchette, 1992). The report was well received by civil society. In 1992 Camil Bouchard was honoured by the CEQ for his report (Léger, 1992), and for a few years he was promoting his report’s ideas on a full-time basis, giving conferences across the province (interview #68). Then, in May of 1995, Quebec’s income security minister Jeanne Blackburn gave Camil Bouchard and economist Pierre Fortin the responsibility to write another report, this time on income security reform. For a number of reasons, Fortin and Bouchard parted and wrote separate reports. Although the reports diverge on a number of elements, they both recognize the importance of investing in child care (Fortin-Séguin 1996, 55-57; Bouchard-Labrie-Noël 1996, 131-138)—a section of the reports that had in fact been mostly written before the split (interview #68). More specifically, the reports recommended free child care spaces for all children from disadvantaged families between the ages of six months and five years. Such a program was hailed as the best insurance against the reproduction of poverty and school dropouts. Referring to the results of the Ypsilanti (Michigan) Perry Preschool project of infantile stimulation in disadvantaged neighbourhoods (Berruata-Clement et al., 1984; see also Young 1995) the Bouchard report claimed that each dollar invested in early childhood could generate seven dollars in return (Bouchard-Labrie-Noël 1996, 132-133).
Camil Bouchard’s arguments were convincing to government officials. A few weeks before the October Summit, Camil Bouchard had met with Lucien Bouchard to discuss his forthcoming report and almost twenty years later Lucien Bouchard is still able to cite from memory the “return on investment” figures put forward by Camil Bouchard (interview #66; and Gendron 2013, 27). He readily admits that the report “literally taught” him about the promising returns of investing in early childhood.

In the priorities committee the endorsement of health care minister and public health expert Jean Rochon seems to have added substantial weight to Camil Bouchard’s 1996 report (Gendron 2013, 35). Rochon would “educate” the priorities committee about the crucial importance of early childhood in the development of persons (interview #56). A medical doctor and a Harvard PhD, Jean Rochon had been the dean of the Université Laval’s Faculty of Medicine (1979-1985) and the president of the Health Care Research Commission (1985-1988). Public officials working for him have, moreover, described him as being “brilliant” and as having “one of the finest minds” (interviews #4 and #56). Then, the fact that two public officials from the priorities committee, Émile Dubois and Gilles Demers, were primarily recognized for their expertise in economics and enthusiastically believed that Quebec’s fiscal crisis was not incompatible with a bold family policy further reassured decision-makers (interviews #3, #56, and #52).

At this point, it is useful to clarify that the priorities committee was an administrative innovation made by Bouchard when he became premier. He wanted Quebec to have something like Ottawa’s Privy Council Office, a structure under the direct authority of the premier gathering the “machine’s top bureaucrats” (Gendron 2013, 29-30). Not only were these bureaucrats “experts”, they had an unmatched knowledge of “the machine”; some of them,
including Guy Morneau (who headed the priorities committee) and Gilles Demers, had been part of Jacques Parizeau’s select committee in charge of preparing the “days after” a winning referendum (interviews #3 and #56). These super-bureaucrats had the trust of the premier and were able to provide sophisticated answers to the finance ministry’s doubts with respect to child care (see below). They seemed to have played a decisive role in the decision to go forward with universal $5/day child care (interviews #52, #56, and #66)—rather than privileging a more means-tested program (e.g. as recommended by Camil Bouchard and Pierre Fortin). Interviewed just when the Couillard government had announced that child care user fees would become proportional to families’ incomes, Bouchard concedes that “we didn’t have that debate”, that he was personally in favour of the new government’s reform, and that he had no specific attachment to “universality” (interview #66).

In her carefully researched analysis of Quebec’s 1997 family policy, Marie Gendron (2013) heavily emphasizes the role of learning, of the “two Bouchard”, and of the priorities committee. However convincing, her study raises the question: why did Camil Bouchard’s arguments convince Lucien Bouchard when they have not convinced other provincial premiers? In Ontario, in particular, these arguments were arguably just as prevalent (Haddow, 2015). For his 1991 report, Un Québec fou de ses enfants, Camil Bouchard even readily admits to have been inspired by the work conducted at the Toronto-based Canadian Institute for Advanced Research (CIFAR) (interview #68). Then, someone like Dr. James Fraser Mustard (incidentally CIFAR’s founder) played a somewhat similar policy entrepreneurship role, promoting social investment arguments for early childhood education and care to Ontario governments (e.g. McCain and Mustard, 1999). But in the mid-to-late 1990s, the Ontario government’s response was not as enthusiastic as in Quebec. Why?
Perhaps cognitive biases might have led Bouchard to be particularly receptive to early childhood investment arguments in the mid-1990s. Himself trying to balance his work and his family obligations at the time, the issues a family policy would address were then particularly salient in his mind (Tversky and Kahneman, 1973). Four of my interviews confidentially emphasized the fact that he was then the father of two young children. When confronted with that hypothesis, Bouchard eagerly confirmed that his new father identity had probably made him more sensitive to issues of family-work conciliation (interview #66). The existing literature, however, is of limited help to assess this specific hypothesis. Some articles suggest that having daughters makes political actors more left-wing (Washington, 2008; Oswald and Powdthavee, 2010), but Bouchard had two boys and no daughters. More than the gender, the age of his children seems to have been consequential. It remains to be tested empirically whether having young children—whether male or female—makes political actors more likely to support family/work conciliation policies. Moreover, it seems implausible that this single idiosyncratic fact could have been absolutely decisive.

A more likely explanation lies in the fact that Lucien Bouchard found himself in a left-wing party and in a society with a relatively strong and mobilized Left. The Left is ideologically more receptive than the Right to social investment arguments. Hence, in my interview with her, Pauline Marois proudly endorsed the Fortin, Godbout, and St-Cerny (2013) study concluding that the 1997 child care reform has had positive effects for Quebec’s public finances (interview #53; see also Marois, 2011). On the other side of the political spectrum, Liberal treasury minister Martin Coiteux simply does not believe the conclusion of the study (Lecavalier, 2014).
Power resources

This section explores the “powering through” of parties and extra-parliamentary actors with respect to child care. Again, two dimensions of Quebec’s 1997 child care reform need to be distinguished: providing subsidized child care spaces to families and favouring social economy-based child care centres.

Parties and subsidizing child care

I argue that, in Quebec, a PQ government was a necessary condition for the establishment of a universal affordable child care network. By the 1990s, in comparison with English Canada (White 1998), the familialist ideology favouring stay-at-home mothers had few political supporters in Quebec aside from the ADQ (Cloutier, 2011). Liberals have nonetheless always been uncomfortable with the universalistic nature and scope of the PQ child care reform.

Since 2003, the Liberals have largely shared the PQ’s policy goal of providing affordable child care spaces to Quebec families, either directly or indirectly through tax credits. After the Liberals formed the government in 2003, child care spending continued to grow at a fast pace (Haddow, 2015). Subsidies to CPEs, to subsidized for-profit child care centres, to family-based child care settings, and to child care coordination bureaus increased from $288.6M to $1,165.4M between 1997/1998 and 2002/2003 under the PQ, and to $2,240.4M in 2011/2012 under the Liberals (Boisvert 2013, 2), while the costs of Quebec’s refundable tax credit for child care expenses increased from a stable $200M per year in 1996 to nearly $350M from 2009 onward (Fortin and St-Cerny, 2013, 6). Similarly, while available child care spaces roughly doubled from just over 80,000 to over 160,000 under the PQ, they continued growing to almost 250,000 in 2012 under the Liberals (Fortin, Godbout, and St-Cerny 2013, 5). The Liberals, however, did
not share the affordable child care goal in the mid-1990s and possibly only reluctantly accepted it around 1998 in the face of intense pressures from civil society actors.

In 1994, neither party had much to say about child care. The Liberals’ 1994 platform committed only to increasing tax credits for child care and to giving priority to single parents in the allocation of child care spaces (PLQ, 1994), while the PQ platform vaguely committed to increasing child care spaces (PQ, 1994). Eventually during the electoral campaign, the Liberals promised to create 6,000 child care spaces while the PQ promised 8,000 such spaces (Lalonde-Graton 2002, 225). The similarity of the two parties’ platform in 1994 was atypical, however: a study of the previous platforms reveals the existence of a greater cleavage between the two parties regarding child care. For the 1976, 1981, and 1985 general elections, the PQ platforms committed to the policy goal of a provincial (“national”) universal free child care system based on parent-controlled nonprofit centres (PQ 1976; 1980; 1984); and for the 1989 elections, the party platform reiterated its preference for a child care network where every Quebec family, independently of means, could have access to child care spaces (PQ 1989). Notwithstanding the 1994 platform, the idea of developing a robust child care network was firmly established within the PQ. That tradition was then absent in the PLQ. For the 1976 elections, the Liberal platform committed to creating a network of “parental help” involving auxiliaries, for-profit, and nonprofit child care centres (PLQ, 1976); for the 1981 elections, the party platform vaguely committed to help develop a network of child care centres (PLQ, 1981); and for the 1985 and 1989 elections, the Liberal platform made no mention of child care (PLQ 1985; 1988).

The Johnson Liberals (1994-1998), moreover, gave no sign of wanting to enact a bold child care reform. Their 1994 budget planned to increase yearly child care-related expenses by $61M through a new progressive refundable tax credit for child care expenses ($48M) and an
improvement of the child care fee waiver program for low-income families ($13M) (Quebec 1994, 12-13). For the Liberal finance minister who authored this budget, André Bourbeau, the main priority was to make child care affordable to low-income families (interview #49). As the Liberal finance critic from 1994 to 1998, he argues that it was “ridiculous” to provide $5/per day child care to parents earning high incomes (interview #49). A preference for a more means-tested child care model was not unique to Bourbeau within the PLQ. When the child care reform was debated at the National Assembly, in June 1997, Liberal child care critic Geoffrey Kelley similarly suggested that a residualist child care funding model prioritizing low-income families would be more efficient than a universalist model (Quebec, 1997e). While Daniel Johnson did not immediately oppose the PQ’s child care reform when it was first announced at the 1996 Summit (Haddow 2015), he eventually made it clear that he would not have chosen the same path. In his final speech at the National Assembly, on April 28th of 1998, Daniel Johnson criticized the PQ’s “socialist” and “one size-fits-all” child care reform with its $5-per-day child care spaces for everyone, “whatever the families’ income, as long as the spaces are in CSN-unionized child care centres” (Assemblée nationale du Québec, 1998).

A clear endorsement of the $5/day child care network from the Liberals only came a few days before the 1998 general elections in their electoral platform, published on November 23rd (PLQ, 1998). On October 19th, the new Liberal leader, Jean Charest floated a critique of the $5/per day program as having failed to meet expectations and, when pressed by journalists to clarify whether a Liberal government would maintain the network, he remained evasive (Lévesque, 1998a). The very next day, he stopped being evasive and clarified that the universal $5/per day child care network would be maintained under a Liberal government (Lévesque, 1998b). In interview, Jean Charest concedes that he was hesitant at the time to support $5 child
care (interview #74). His rapid change in tone has been attributed, by commentators, to the anger his first comment had spurred among unions and parents: given the popularity of the CPEs, opposing them had become politically perilous (Jenson 2002, 325; Lalonde-Graton 2002, 288). Charest faced the classic difficulty of retrenching a social program which had created constituencies benefitting from it (Pierson, 1994).

Further evidence that the Liberals only reluctantly endorsed the policy goal of establishing a universal and affordable child care network in 1998 can be found in actions committed since 2003, more specifically in the attempts made to undermine both the universality and the affordability of child care spaces. In 2003, a number of scenarios were explicitly considered to increase daily fees for subsidized child care, including raising a universal fee to $6-$10 (Breton and Bérubé, 2003), charging different fees to different families depending on their income, and indexing the fees to the rising real costs of child care delivery (Quebec, 2003c).

The decision to go forward with a fixed and universal $7 fee followed tremendous mobilization from civil society actors. With some success, a “vigilance network” gathering unions (with the exception of the FTQ) and community leaders multiplied protest actions to oppose the government’s “neoliberal” orientations, in particular in the area of child care (Boismenu, Dufour, and St-Martin, 2004). In an interview with me, Carole Théberge, then the Liberal minister responsible for child care, stressed how child care had become a strategic focus point in this broader anti-government mobilization: “Les syndicats ont pris les services de garde comme champ de bataille… j’avais des manifs partout… ils tapaient sur le clou parce que c’était symbolique, ça avait la sympathie des parents…mais en militant pour les CPE, c’est évident que les syndicats avaient les négociations collectives en tête…” (interview #27).
Daily fees for subsidized child care have considerably increased under the Couillard Liberal government. The short-lived PQ government planned in its 2014 budget to increase daily child care fees to $9 by 2015 and then to index them to the cost of living. Elected in 2014, Philippe Couillard’s Liberal government instead decided to set the daily fees between $7.30 and $20 in proportion to families’ income (Chouinard, 2014b).

A power-resource interpretation of Quebec’s 1997 child care reform, however, seems to be at odds with Lucien Bouchard’s personal conservative ideology. In the traditional power-resource approach, the political party is conceived as a singular actor (Esping-Andersen 1985; Korpi 2006). In Canadian majority governments, however, party leaders are so powerful (Savoie, 1999), that it may be useful to pay attention to the leader independently of the party. As indicated above, the decision to have a bold Quebec family policy in 1996 came from the premier rather than from “the party”. No allusions to such a policy were made in the PQ’s 1994 electoral platform (when Parizeau was the party leader), the policy was designed by bureaucrats under the direct authority of the premier, and the cabinet ministers themselves were “informed” of the family policy only in the fall of 1996, just before the October Summit (Gendron 2013, 35). Moreover, confidential interviews with actors reveal that important cabinet ministers—including finance minister Bernard Landry (a fact he denies, interview #46) and public officials from the ministries of finance and treasury—vociferously opposed the policy. In her memoirs, Marois (2008, 153) mentions that many people within the PQ thought it was unreasonable to increase funding for child care centres in such a difficult fiscal context, but that they were silenced by Bouchard.

If it is rather clear that the PQ is more social-democratic than the PLQ, whether Lucien Bouchard himself ideologically qualifies as a social-democrat is questionable. A Progressive
Conservative member of the Canadian Parliament from 1988 to 1990, a “zero deficit” champion, a signatory of the 2005 centre-right manifesto *For a clear-eyed vision of Quebec*, Lucien Bouchard is in fact widely classified as a small-c conservative by Quebec political observers (e.g. Mouterde, 2003; Bock-Côté, 2007). In fact, many PQ members thought Bouchard’s government had stretched the party beyond its right-wing bound and, in a classic Downsian (1957) scenario, decided to quit the party to create a more left-wing one, which eventually gave rise to Québec solidaire (Lavallée, 2011). Not unrevealingly, the most vocal community sector leaders opposing Bouchard’s 1996 “consensuses”, Françoise David (FFQ) and François Saillant (SPQ, FRAPRU), have been among QS’ key founders. Hence a paradox: one of the PQ’s most progressive reforms was led by one of its more conservative elements.

When confronted with that paradox, actors close to Lucien Bouchard overwhelming concur that Bouchard was seeking a balance; he felt he could not pursue a zero-deficit agenda without compensating citizens for the sacrifices he was asking them to make (interviews #3, #53, and #66). This answer in turn raises two rather obvious objections. First, without a costly family policy, pursuing a zero-deficit agenda would have required fewer cuts or sacrifices. Giuliano Bonoli’s credit-claiming theory, however, potentially addresses this objection. The credit claiming associated with injecting new money in highly visible and popular family support would possibly offset the blame associated with making drastic cuts in health care and education; in contrast creating no new active social program while making moderate cuts elsewhere offered no blame offsetting possibilities. No clear allusions to such sophisticated political calculations were made in my interviews, but the fact that a similar strategy of new active social policy expansion combined with old social policy retrenchments has been witnessed across Europe (Bonoli, 2013) makes this interpretation plausible.
The second objection is more difficult to address: Bouchard’s desire to “seek a balance” is not universal. More purely right-wing premiers, like Mike Harris in Ontario or Philippe Couillard in Quebec, have pursued zero-deficit agendas without feeling the need to “seek a balance”. Why was the Bouchard government different? Unlike Mike Harris or Philippe Couillard, Bouchard headed a social-democratic party. Perhaps he thought that without a “balance”, party members would have revolted—more than they already did. Had he found himself in a more conservative party, perhaps Bouchard would not have sought to introduce a bold child care policy. This hypothesis is plausible, but my evidence allows me neither to substantiate nor disconfirm it. Individual political attitudes are commonly characterized by internal tensions (Converse, 1964) and the quest to identify what Bouchard “truly believed in” seems ill-conceived. On the other hand, a policy decision is never a purely individual act and is never made at a purely singular point in time. Had Bouchard decided to push forward a generous child care policy in a conservative party, there is little question that the opposition from cabinet ministers would have been fiercer and that the implementation of the policy would not have been as enthusiastic. The minister in charge of implementing Bouchard’s child care policy inevitably participated in the “policy decision” (Lindblom, 1966).

In 1996, there was no family ministry in Quebec and so Bouchard initially asked three ministers to pilot his family policy: Pauline Marois (education), Louise Harel (employment and income security), and André Boisclair (citizens’ services), but, at Marois’ demand, eventually put her in charge (Marois 2008, 153) as she happened to have a passion for child care policy. The fact that, of all his caucus members, he let Marois implement his policy reform demonstrates Bouchard’s determination to move forward on family policy, but the fact that his caucus
included someone like Pauline Marois highlights the importance of the party’s Left/Right positioning.

Marois’ role in delivering the child care reform could hardly be understated. In the media, if the “blame” for the welfare state cuts of the late 1990s is unequivocally channelled toward Bouchard (e.g. Leblanc, 2014), the “credit” for the expansion of child care is usually primarily attributed to Pauline Marois (e.g. Radio-Canada, 2014).

A central aspect of her implementation strategy seems to have been to consistently underplay the high costs of the reform. In a debate with Vivian Labrie (CAPMO) and Lorraine Pagé (CEQ) during the October Summit, Pauline Marois emphasized that the new family policy was mostly a reorganization of existing programs; that the government would add an extra $250 million over the next five or seven years to its existing family spending (RDI, 1996d). Later on, when it became clear that the costs of child care alone had increased from $300 million in 1997/1998 to $1.2 billion in 2002/2003—involving an injection of $900 million in five years (Quebec 2003c, 17)—governmental actors inevitably explained that the government initially lacked the capacity to anticipate the real cost of its child care policy (interviews #29, #53, and #65), in particular the 35% rise in salaries paid to the CPE staff between 1999 and 2003 and the level of popularity child care would have among Quebec parents.

Evidence suggests that in 1996, the government knew better. For Lucien Bouchard, as early as 1996, it was clear that child care policy was “infinitely more than a reorganization of existing programs… it was a founding gesture” (interview #66). From the outset, interviewees confidentially reveal that the finance ministry’s initial opposition to Quebec’s family policy was precisely based on the belief that the policy would cost a lot more than what was officially
announced. In particular, by enacting a pay equity act in 1996 (Côté, 2008), that a child care workers’ wage increase was coming was highly predictable.

How could Marois have officially underestimated the costs of the forthcoming reform to such an extent? If the figures were completely groundless, they could have been successfully contested by the finance ministry. Marois’ figures, however, relied on sloppy but credible analyses from her own ministry. In March of 1996, Quebec’s Child Care Office (Office des services de garde à l’enfance) had published an estimate of the demand for child care spaces in Quebec, arguing that to satisfy that demand, 88,306 centre-based child care spaces (for children aged between 0 and 5) and 38,230 family-based child care spaces (for children aged between 0 and 11)—for a total of 126,536 spaces—were required (Fullum 1996, 6). The next year, the Office re-evaluated that number to 124,220 (Fullum 1997, 6). In comparison, a total of only 56,550 spaces were offered in Quebec in 1996—in nonprofit centres, for-profit centres, and family-based settings combined (Lalonde-Graton 2002, 235). That there was an important unsatisfied demand for child care in Quebec in 1996 was thus well documented; the government could not have been totally taken by surprise by the popularity of its program. That said, the numbers produced by Quebec’s Child care Office were, indeed, too low. By 2001, Quebec had already created 133,250 child care spaces (Lalonde-Graton 2002, 235) and the demand was clearly not satisfied, the number of available child care spaces rising to 194,837 in 2005 (Lalonde-Graton 2002, 236). During a period when the absolute population of 0- to 5-year olds was declining in Quebec—from 545,413 in 1997 to 443,300 in 2003 (Fullum 1997, 9; Child care research and child care resource 1998, 30; 2005, 53)—the number of available spaces in 2005 was 57% higher than the 1997 Child Care Office’s estimate of the total demand for child care spaces. The Office seems to have underestimated that demand by failing to take into account its

43 88,963 spaces were also required in school-based facilities for children aged between 5 and 11 (Fullum 1996, 12).
price elasticity. To assess child care demand, the Office considered four variables—the total number of children per age group, mothers’ economic activity rate, parents’ preferences regarding the type of child care facilities (centre-based or family-based), and the existing child care centres’ occupancy rate (Fullum 1996, 2)—but did not take into account the price of child care spaces. When the daily price for most child care spaces was capped at $5, the demand for child care spaces increased in ways that were “impossible to predict” (interview #53).

In sum, a centre-Left party was necessary for Quebec’s child care reform. Under the Liberals, Quebec would not have expanded its provision of subsidized child care spaces to such an extent.

Parties and type of child care providers

A PQ government was a fortiori necessary to specifically privilege social economy-based child care. As indicated above, a study of party platforms reveals that the PQ has been committed to nonprofit child care providers since 1976 and that, in comparison, the PLQ has always been closer to for-profit providers. In 1996, the decision to privilege CPEs can largely be attributed to Pauline Marois, who strongly preferred nonprofit centres over for-profit centres (interviews #3, #9, #10, and #53; Marois, 2010).

Marois’ opposition to public sector school-based child care was more pragmatic and less principled. Although she extended kindergarten to a full day for five-year-olds and was not opposed to school-based child care for 5-to-12 year old children, she allowed no expansion of kindergarten for 4-year-olds and was highly reluctant to support school-based child care for children under 5. According to my interviews, the government in fact never seriously considered a “public” child care system (interviews #3 and #53). The costs would be too high (“the staff
would demand the same salaries and working conditions as teachers”) and there was a concern that it would be more difficult to “preserve childhood” within school-based facilities (Lalonde-Graton 2002, 247). Moreover, a network of nonprofits already existed (Lévesque, 2011), whereas certain school boards had only started offering early childhood education and care services to pre-kindergarten children (Corbeil, 1996). Finally, given the CPEs’ focus on education (e.g. Gariépy, 1998), a turn toward school-based facilities was deemed unnecessary (interview #53).

These orientations have been maintained throughout the Bouchard-Landry PQ government. Between 1997 and 2002, the PQ imposed a moratorium on the creation of for-profit centres, and after 2002, such new centres were not eligible for subsidies.

Soon after the Liberals got into office, in the summer of 2003, in contrast, new for-profit centres were eligible for subsidies for the $7 per day spaces (Quebec 2003b). In 2008, a new refundable tax credit for child care expenses was directly responsible for an explosion of “non-subsidized” for-profit child care centres (Jenson, 2009). Indeed, these policies have had concrete consequences, as indicated in Table 4.3. When the PQ is in charge of developing child care centres, about 90% of them are in nonprofit facilities. In contrast, when the PLQ is in charge of developing child care centres, about half of them are in nonprofit facilities (centre-based or family-based)⁴⁴. In fact, Claudette Pitre-Robin is convinced the Liberals would have preferred to do away with the CPEs, but maintained the network only because of the mobilization from civil society (interview #9). This interpretation probably overstates the Liberals’ preference for for-profits, but there is little doubt that Liberals preferred for-profits.

⁴⁴ The Couillard government seems to favour for profits to a greater extent, however (Dutrisac, 2014).
To a large extent, this partisan divide is rooted in ideology. Many actors of the Left assume that decisions about the type of child care provider should be made collectively. Many thus argue that nonprofits offer better quality early childhood education and care than for-profit providers (Chantier de l’économie sociale, 2005; Dussault, 2010; Sénécal, 2013; Bouchard, 2014). Others stress nonprofit’s better values. Marois’ preference for nonprofits, for example, seems anchored in a moral aversion to the idea of “making profits on the backs of children”. This exact expression was systematically used in my interviews when actors sought to account for her preference (interviews #3, #9, and #53, and Marois, 2010).

In contrast, the Quebec Right typically answers that the state has to remain neutral, effectively rendering any substantive analysis of different types of child care providers almost superfluous. The discourse has traditionally been that the state should not influence family choices, by clearly privileging working mothers or stay-at-home mothers (Lessard, 2007; Heath, 2014). In Quebec, the Liberals and employers have now largely accepted the legitimacy of publicly funding child care (see below): the state “neutrality duty” now concerns the various types of child care providers. The “quality” of different child care providers is a matter to be assessed by individual families in a context of choice (Lalonde-Graton 2002, 232; David, 2010).

### Table 4.3 Type of new child care spaces

<table>
<thead>
<tr>
<th>Type of new child care spaces</th>
<th>% of new child care spaces in nonprofits</th>
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<tbody>
<tr>
<td>PQ government (1976-1985)</td>
<td>92</td>
</tr>
<tr>
<td>Liberal government (1985-1994)</td>
<td>58</td>
</tr>
<tr>
<td>PQ government (1994-2003)</td>
<td>90</td>
</tr>
<tr>
<td>Liberal government (2003-2012)</td>
<td>47</td>
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In sum, the PQ and the PLQ strongly differ in their appreciation of social economy and for-profit child care centres. In contrast, the two parties differ less in their appreciation of public-sector school-based child care. Neither party ever really advocated for school-based child care. Under both PQ and PLQ governments, however, CPEs increasingly evolved as public sector corporations through a subtle process of institutionalization (Offe, 1990) or “entry into the state” (Dryzek, 2000). The state, in its quest to maximize returns on its investments, has continuously increased its control over CPEs, undermining their autonomy and so their (social economy) “enterprise” nature. Without ever saying so, both political parties acted as if they preferred public sector child care over social economy-based child care. Consider the following state “intrusions” into CPEs’ management. First, the 1997 Bill 145 already specified the maximum number of children per age class for each facility, in addition to specifying the constitution of CPEs’ board of directors. Parental fees, children-to-educator ratios, and child care workers’ wages were then also determined by the government rather than by the board of directors (Aubry, 2001).

Second, in 1999/2000, Quebec’s Family Ministry standardized the CPEs’ annual reports and made them increasingly thicker, requiring new indexes and a detailed portrait of the staff’s salaries. The mandate of external auditors has similarly become more important over time, now involving an assessment of occupancy rates, effective salaries, and the quality of services (Bellemare 2007, 147-148; Bellemare, Briand, and Pitre-Robin 2004).

Third, to achieve economies of scale, the 2005 Bill 124 separated nonprofit family-based child care facilities from their CPEs and put them under the administrative control of regional coordinating offices (bureaux coordonnateurs). Following the pressures of the CPEs and the Social Economy Worksite, coordinating offices were only given to CPEs rather than to a mix of nonprofit and for-profit providers, as initially planned; however, instead of having the 884 CPEs
coordinate family-based facilities as in the existing arrangement, now only 163 would (Robitaille, 2006; Québec, 2005)\(^45\).

Fourth, in an attempt to control the assignment of child care spaces, Bill 27 (currently still under study at the National Assembly) stipulates that “The Minister may determine the amount a child care provider may require from a parent as a penalty for cancelling a subsidized educational child care services agreement” (Québec 2014a, art. 101.2.3). Finally, and crucially, the CPEs’ surpluses are being increasingly recuperated by the Quebec government to fund its own (non-childcare) expenses (Chouinard, 2014a; Renaud, 2014; see also Boisvert, 2013).

**Extra-parliamentary actors and child care reform**

The importance of partisanship should not be overemphasized. As discussed in chapter two, Manitoba and Saskatchewan have been ruled by social-democratic governments more often than Quebec and nonetheless find themselves with a more liberal welfare state. Compared with other provinces, however, as also discussed in chapter two, Quebec arguably has more powerful unions and community groups. Moreover, in comparison to pro-child care civil society groups in other provinces, Quebec’s unions and community groups seemed more focused on lobbying the provincial level (Mahon, 2013; Laforest, 2007; Tougas, 2001) Hence, CUPE unionizes child care workers across Canada and lobbies for child care at both the provincial and federal levels; the CSN, in contrast, unionizes child care workers only in Quebec and only lobbies at the provincial level. The Ontario Coalition for Better Childcare heavily campaigns for a federal “national” child

\(^{45}\) That CPEs could act as coordinating offices was once again questioned in the 2009 Bill 51. The first version of the bill stated that coordinating offices could not be CPEs (Québec 2009b, art.77.40); following similar pressures from the Social Economy Worksite (2009) and CPEs (AQCPE, 2009), the final version of the bill clarified that coordinated offices could be CPEs or other nonprofits (Québec 2009c, art. 78.40).
care program; the Quebec CPE Association (AQCPE) and the Social Economy Worksite in contrast resolutely focus on the provincial level.

What the evidence suggests is that Quebec’s extra-parliamentary Left preferred more to less subsidized child care, but not necessarily social economy child care over school-based child care. In comparison, Quebec employers preferred for-profit child care, but were not vehemently opposed to subsidized child care.

Indeed unions and pro-equality community groups exerted significant pressures at the Summit to favour a “balance” in the context of the zero-deficit agenda. Had the Left been weaker, Bouchard might have been less motivated to seek this “balance” by putting forward a bold child care policy. Even if child care was not at the heart of the Summit’s negotiations, Lucien Bouchard had every reason to expect to please the Left with a bold family policy. Indeed, between 1997 and 2000, the Quebec child care reform created more than six thousand jobs (Comeau et al. 2001, 21). Moreover, approximately 90% of them were held by women (Méthé 2008, 31) and about a third of CPE jobs were unionized, generally with the CSN (Vaillancourt and Thériault 2009, 343).

The comparative politics literature shows that women’s mobilization beyond the traditional pro-labour organizations of unions and social-democratic parties can be decisive for feminist policy (Htun and Weldon, 2012; Collier, 2006). Similarly in Quebec, the mobilization of women plausibly influenced Bouchard’s policy choice. Although none of the nine demands made during the FFQ-led 1995 Women’s March of Bread and Roses specifically targeted child care,

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46 With respect to unions and parties, Quebec feminists do not seem to be significantly more involved than feminists from other provinces. Since the 1970s, Quebec’s main union federations have established women’s committees which have always stressed the importance of child care (Rouillard 2004, 193), but a similar statement could be made about English Canadian unions (Boehm, 1991). Similarly, women were not more represented in the Quebec National Assembly than in other provincial legislatures. In 1996, for example, the percentage of cabinet positions occupied by women was 23 in Quebec, 21 in Ontario, 29 in British Columbia, and 18 in Alberta (Trimble, Arscott, and Tremblay, 2013).
care, a bold social economy-based child care policy could satisfy the demand to invest in “social infrastructures” (see chapter three). And satisfying these demands was consequential, given the credibility and influence of the FFQ in the wake of the Women’s March of Bread and Roses. Indeed, not only was the FFQ invited to the 1996 Conference and Summit, Françoise David was then widely perceived as the leader of the community sector (interviews #3 and #51). This was a truly novel situation: just a few years earlier, neither the FFQ nor any women’s organizations had been invited to participate in the Bélanger-Campeau Commission on the Political and Constitutional Future of Quebec (Côté, 1994). The strength of the FFQ was then similarly unparallelled in other provinces (e.g. Montpetit 2004, 169; Philipps 2013, 124). No feminist organization equivalent to the FFQ existed in Ontario (Haddow, 2015) and what had arguably been English Canada’s leading pro-childcare feminist organization in previous decades, the National Action Committee on the Status of Women, essentially stopped its operations in the mid-1990s after funding cuts from the federal government (Vickers, Rankin and Appelle, 1993).

Unions were similarly highly supportive of the reform, although only the CSN had a clear preference for social economy-based child care. The teachers’ union (Centrale des enseignants du Québec, CEQ), in contrast, had pushed for school-based child care. The two union organizations opposed each other on this issue during the Estates General on Education, held from 1995 to 1996 (Lalonde-Graton 2002, 335-6)47.

In comparison, employers were less enthusiastic, but did not clearly oppose the child care reform (2001, 101; Haddow, 2015). Their attitude seems to have been one of annoyance, summarized in this rhetorical question: “no one can be against virtue, but can we afford universal

47 Trying to strike a compromise between these two views, in Renewing our education system: ten priority actions (October 1996), the Estates General on Education Commission recommended universal full-day school-based kindergarten for five-year-olds and half-days in either school-based kindergarten or child care centres for four-year-olds.
child care?” (interviews #13, #14, and #61; Ménard 2008, 121). Their (unsuccessful) opposition to the 1996 Pay Equity Act, in comparison, was aggressive (Tremblay, 1996; Gagnon, 1996). In the years following the reform, employers joined force with for-profit child care providers and focused more on defending a for-profit child care network than on criticizing public child care spending (Haddow, 2015).

In conclusion, child care is the source of substantial Left-Right disagreements in Quebec and a distribution of power resources favourable to the Left has been instrumental in making possible Quebec’s child care reform, characterized by heavily subsidized social economy child care centres. The reform championed by the PQ particularly satisfied the demands of the CSN, the CIRGQ, and the FFQ, three groups without perfect equivalents in other provinces.

**Federalism**

The federal government gets involved in child care through transfers to provinces and territories and through transfers to individuals (e.g. through child care expense deductions or child care benefits). Neither type of transfers can explain Quebec’s distinctive trajectory in child care.

From the 1960s to the mid-1990s, the Canada Assistance Plan (CAP) was the main federal transfer program for social assistance and related services. It was a cost-shared agreement in which the federal government paid 50% of provincial and territorial expenses on social assistance and other means-tested welfare services, including child care. In 1996, CAP was merged into a single Canada Health and Social Transfer (CHST), which provided per capita block-funding for health and post-secondary education to provincial and territorial governments. Federal transfers for child care then stopped being earmarked for means-tested programs. For
some authors, this change helped Quebec move away from the residualist mould and pursue more universalist child care policies (Pitre-Robin 2005; Vaillancourt and Thériault 2009, 342). Interviews with actors, however, suggest that this program change did not strongly affect Quebec’s family policy. When confronted with this hypothesis, a conspicuously high number of interviewees seemed puzzled and confidentially admitted not to be entirely sure. The only actor who could provide an assertive answer was Gilles Demers, one of the public officials of the priorities committee who designed Quebec’s family policy between the 1996 Conference and Summit. His view is that maintaining CAP would not have prevented the implementation of Bouchard’s family policy (interview #56).

If anything, the program change made Quebec’s family policy less likely as it involved a diminution of the total amount of money transferred. Indeed, as discussed in chapter two, from 1996 to 1998, precisely as Quebec launched its family policy, federal transfers decreased by over 30% (Imbeau and Leclerc 2002, 72) representing 0.8 billion dollars in 1997 alone (Quebec 1997f, 32). Moreover, the “child welfare” section of CAP was small relative to the yearly costs of child care. In unadjusted dollars, between 1990 and 1996, Quebec received an average of $77 million per year through that program (Canada 2000, 135).

Then, during the mid-2000s, the federal government became more supportive of Quebec’s child care system. Following the 1999 intergovernmental Social Union Framework Agreement (SUFA), the federal government launched two programs to further the development of child care in the country—the Early Childhood Development Initiative (2000) and the Multilateral Framework Agreement on Early Learning and Child Care (2003). As with SUFA, which was signed by all provinces except Quebec (Fortin, Noël, and St-Hilaire 2003), Quebec took part in neither of these programs, but nonetheless received its share of federal funds, $247
million over five years (Vaillancourt and Thériault 2009, 344). Then, in its 2005 budget, the Martin government earmarked $5 billion over five years in child care support. Between April and November of that year, it negotiated interim bilateral agreements with all 10 provinces, although final agreements with only three provinces (Ontario, Manitoba and Quebec) were signed before the 2006 election was called. The Canada-Quebec agreement would have involved substantial federal transfers to Quebec: $152.9M in 2006-2007, $269.7M in 2007-2008, $269.1M in 2008-2009, and $268.4M in 2009-2010 (Vaillancourt and Thériault 2009, 345). The newly elected Conservative government, however, quickly announced that it would honour the funding agreements with the three provinces only until March 2007, effectively cancelling more than $800M in child care transfers to Quebec (Vaillancourt and Thériault 2009, 352).

After the mid-2000s, as in the late 1990s, the lack of involvement of the federal government in the area of child care made it more difficult for Quebec to fund its child care system. From 2006 to 2015, the Harper government put forward only one child care program, the Child Care Space Initiative, which offered direct federal tax incentives to employers to establish new spaces, and which remained in place for less than a year (Canada 2009, 71-73). The fact that, in anticipation of the 2015 election, NDP leader Thomas Mulcair promised to return to the idea of a “national” child care program (Press, 2014) suggests that there is “child care money” in Ottawa that could be used by the provinces. For this reason, in Canada outside Quebec, scholars overwhelmingly conclude that decentralized federalism has hindered the development of child care (Mahon and Collier, 2010; Turgeon, 2010, 19; Collier, 2010).

Similarly, federal fiscal policies never fully adapted to Quebec’s 1997 child care reform. Quebec families with children in subsidized child care spaces do not benefit as much from the federal tax deduction for child care expenses as do other Canadians, as they spend less on child
care than families in other provinces. Federal fiscal policies thus provide Quebec with an incentive to increase daily child care fees. Surprisingly, this issue seems to have been raised for the first time by the Quebec provincial Liberals in a governmental study published in August of 2003 (Quebec 2003c, 21; but see also Séguin et al. 2002, p.123, note 88). The Liberals insisted on this issue for about a year (e.g. Presse canadienne, 2004) but then largely stopped talking about it. According to Jean Charest “le fédéral faisait la sourde oreille…. Les services de garde sont pourtant une compétence provinciale, c’est au gouvernement fédéral de s’adapter aux provinces, pas l’inverse!” (interview #74). Since then, the actor championing this “battle” has been the Bloc Québécois (but see also the Conseil de la souveraineté 2012, 21 and Laferrière and Montreuil, 2010). In its 2004, 2006, 2008, and 2011 platforms (but not in its 2000 and 2015 platforms), the Bloc stresses this inequity (Bloc 2004; 2006; 2008; 2011)—unlike all the other federal parties. Its 2011 platform argues that Quebec’s low child care daily fees have allowed the federal government to save $184M per year in fiscal expenditures since 1998, for a total of 2.4 billion dollars (Bloc 2011, 56).

The federal government possibly contributed to a greater extent to Quebec child care’s reliance on nonprofits. Indeed, most provinces chiefly rely on nonprofits for child care provision (Prentice, 2006; Ferguson and Prentice, 2000; Friendly et al. 2007, 20648), a characteristic common to few other countries. Surprisingly, why child care is chiefly delivered by nonprofits in most provinces is not entirely clear. Collier and Mahon (2008, 116) suggest that this is due to the fact that, from the early 1970s to the mid-1990s, federal child care subsidies provided through its

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48 In 2006, nonprofits represented less than 50% of child care spaces in only three provinces: New Brunswick, Newfoundland and Labrador, and Prince Edward Island (Friendly et al. 2007, 206).
Canada Assistance Plan (see below) favoured nonprofit providers. Although plausible, this hypothesis remains to be submitted to rigorous cross-provincial historical analysis\(^{49}\).

In sum, no (asymmetric) federal policy can be invoked to explain cross-provincial differences in the areas of child care. On the one hand, at least as much as other provinces, Quebec’s child care provision has suffered from the federal government’s low child care investment and transfers to provinces. On the other hand, a number of federal programs (LIP, OFY, and CAP) visibly accelerated the development of non-for-profit child care in Quebec in the 1970s. In turn, the presence of a robust network of nonprofit child care centres by the mid-1990s seems to have influenced Quebec’s decision to continue to favour nonprofits as of 1997 (especially over school-based alternatives, of which there were fewer precedents). CAP, LIP and OFY, however, were the same programs across the country. If they produced different effects in different provinces, it is because of factors endogenous to the provinces.

**Perinatal help in Quebec**

In Quebec, the growth of the social economy has been considerably smaller in the area of perinatal help than in the area of child care. The “success” of Quebec child care has been studied by a wealth of authors, both inside and outside Quebec. In contrast, I am aware of no single paper studying the historical development of Quebec’s perinatal resource centres (the *centres de ressources périmatals*, CRPs). To avoid selecting on the dependent variable (Geddes, 1990), however, it is necessary to study sectors where the social economy has not been triumphant.

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\(^{49}\) The hypothesis is in fact challenged by process tracing analyses of individual provinces. In existing studies of the Quebec case, CAP’s bias toward nonprofits is never emphasized. Two job-creation federal programs are instead widely recognized as responsible for the proliferation of nonprofit child care centres in the early 1970s in Quebec: Local Initiatives Program (LIP) and Opportunities for Youth (OFY) (Lévesque 2011, 23; Lalonde-Graton 2002, 30-35). In accounts of other provinces’ child care history, neither CAP nor these two short-term job-creation programs are usually emphasized (Turgeon, 2010; Nykyforuk, 1992; Langford, 2011).
Since 1996, the GTES and then the Social Economy Worksite have expended considerable efforts to establish social economy-based CPE and CRP networks. Why have these attempts not been successful in the case of CRPs? What ingredient present in the case of child care has been lacking in the case of perinatal help? This chapter argues that the kinds of social investment arguments that were embraced by child care actors were too controversial among perinatal community groups to serve as the basis of a bold perinatal policy.

**Structural changes**

Perinatal help organizations establish prenatal and postnatal support groups, organize health, wellness, and fitness activities for pregnant women, accompany mothers during childbirth and help them navigate the health care system, give breast-feeding assistance and related information, and help mothers with newborns and infants get some rest (*relevailles*).

The structural variables underwriting the public funding of child care apply to perinatal help. Quebec’s history of huge families is well known. Between 1711 and 1850, “Quebec” fertility rates stayed above 50 per 1,000—a fertility level that remains unmatched in the history of European societies (Krull and Trovato 2003, 194). Until the late 1950s fertility rates had always been higher in Quebec than in other provinces; then, from 1960s to the mid-1990s, Quebec fertility rates fell well below that of Canada, the United States, France, the United Kingdom, and other OECD countries (Statistics Canada, 2011; Krull and Trovato 2003, 195). In the single decade from 1961 to 1971, the average size of Quebec families fell from four to two children, while in the mid-1980s the birthrate dropped to 1.4 (Dandurand 1987, 368). Perinatal help community groups, like child care centres, started to develop in Quebec in that context, in the late 1970s and early 1980s (Beaudoin et al. 2002, 6; Lévesque, 2004). As one actor formerly
actively involved in Quebec perinatal help community groups put it (interview #38): “The kinds of services provided by perinatal community groups were traditionally provided by family members… As families became smaller and as women entered the labour market, pregnant women and young mothers felt the need to outreach beyond the family”. The divergent policy evolution in the areas of child care and perinatal help thus cannot be explained by the presence of structural forces in one case and their absence in the other.

**Coalitions**

Women constitute 98% of workers in perinatal community groups (Méthé 2008, 31) and many of them actively participated to the 1995 Bread and Roses March. Perinatal community groups perfectly illustrated the concept of “social infrastructures” and their focus on services to persons, values of solidarity and humanity, and female employment (interviews #38 and #59).

Between the 1996 March Conference and October Summit, perinatal community groups saw participation in the GTES as an “opportunity” (or “life buoy”) to expand and secure stable funding (interviews #38, #59). Regroupement Naissance-Renaissance, a provincial association representing about half of the existing fifty perinatal community groups in Quebec at the time (Sauvé and Vallé 1996, 1; Lévesque 2004, 39) fully collaborated with the GTES and together proposed to experiment with fifteen perinatal resource centres (CRPs) across the province within the next three years (GTES 1996, 31; Vallé 1997). The project fitted well into Quebec’s broader family policy: CRPs constituted the “perinatal” counterpart to integrated early childhood centres (CPEs), offering in a single nonprofit corporation a broad range of non-medical perinatal services. After a successful experimental phase, the objective was to have one such CRP per local community health clinic (CLSC) territory (or per two CLSC territories) that would
coordinate the activities of the various existing perinatal community groups (Thibodeau, 2001a)—not unlike CPEs coordinating family-based providers.

At the October Summit, Lucien Bouchard reacted favourably to that demand (Vallé, 1997). According to my interviews, this project created no controversy. With union leaders and employers, in particular, I found it very difficult to have an in-depth conversation on CRPs. The issue was not covered in the main press media, except to state that the project had been accepted (e.g. Leduc, 1996). The project appeared modest. The goal was to create 100 jobs in the 3-year experimental phase and between 300 and 350 jobs if a province-wide CRP system were to be established (GTES 1996, 31). The GTES clarified that operating one CRP would, in total, cost just below $200,000 per year (Sauvé and Vallée 1996, 11), but remained evasive as to how much of that cost would fall on the government (Comeau 2001, 21). The project document presented by the GTES in 1996 also emphasized that CRPs were complementary to public-sector institutions (Sauvé and Vallée, 1996). In fact, most of the perinatal services offered by CRPs were then provided neither by the for-profit sector nor by the state and CRPs would rely on the kind of low-skilled workforce that could very well fail to find employment in the traditional competitive economy (see below). Unions initially did worry about employment substitution with respect to activities such as breastfeeding instructions and postnatal visits, but it quickly became clear that the services offered by perinatal community groups were not medical and technical and so would not overlap with the work of hospitals and CLSCs (interview #7).

To argue that there was a coalition of actors supporting CRPs at the time of the 1996 Summit would be a slight overstatement. Active support mostly came from Quebec’s health care ministry and the CLSCs (RNR-GTES 1998, 2). At the Summit itself, no actor opposed them, but few went out of their way to back them. Unions and employers distractedly consented to the
CRP project, and the government showed enough interest to further discuss implementation details at the Secretariat of the Summit on the Economy and Employment, where key Summit actors gathered for a three-year period (interview #52).

Perinatal resource centres were not the first item to be discussed at that Secretariat. Archives nonetheless reveal that on March 28 of 1998, the Secretariat agreed to go forward with the experimental phase of the project (Secrétariat du Sommet sur l’économie et l’emploi, 1998). Six CRPs were to be launched in 1998-1999 and the remaining nine would be established during the 1999-2001 period. In fact, only two CRPs opened in 1998 (a fact deplored by the Secrétariat du Sommet sur l’économie et l’emploi, 1999). Two others opened in 1999, three in 2000, and another three in 2001, for a total of only ten CRPs (Comité aviseur en périnatalité 2004)\(^{50}\). By the mid-2010s, the government only recognized and funded these ten CRPs (qua CRPs) (Roch et al. 2014). Why, contrary to the 1996 “consensus”, reiterated in 1998 and 1999, were fifteen CRPs never established? And why has the government never gone beyond the experimental phase?

**Learning**

At first sight, the CRP project seemed to be backed by social investment arguments. As it did with its other projects, the GTES emphasized such arguments in presenting the CRP network, stressing both social and financial returns. Hence, it first argued that the demand for perinatal services was unmet in Quebec; that about half of Quebec families could be interested in CRP services (Sauvé and Vallée 1996, 4). Rhetorically astute, the GTES argued that the government had in fact already reached that conclusion. Indeed, Quebec’s 1993 perinatal policy recognized

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\(^{50}\) Eight CRPs resulted from the transformation of existing community groups, and two resulted from the creation of new nonprofit corporations (Roch et al. 2014, 18).
community groups as important actors and promised to increase their funding in order for them to provide quality services in all of Quebec’s regions (Quebec 1993, 52; Couillard and Côté 2000, 177). Similarly, following the recognition of the community sector’s important role in the area of health care and social services by the Rochon Commission (1988), the 1990 Health and Well-Being Policy emphasized the role of “living environments” in the health and well-being of communities (Jetté, 2008; Thibodeau, 2001b). Funding a province-wide network of CRPs would thus simply allow the government to respect its own policies (Sauvé and Vallée 1996, 2; Laliberté 1998; Thibodeau 2001a). Then, the GTES argued that investing in perinatal services could yield savings. It specified that about 30% of the CRPs’ workforce would be women with significant labour market integration needs (Sauvé and Vallée 1996, 3). It, moreover, cited the 7-to-1 investment returns of investing in children from disadvantaged backgrounds from the Bouchard, Labrie, and Noël (1996) report (Sauvé and Vallée 1996, 13). As argued above (and by Gendron 2013), when Camil Bouchard met with Lucien Bouchard, these numbers were discussed in the context of child care and were crucial in convincing Lucien Bouchard of the cogency of investing in child care. Why have these same numbers, taken from the same source, failed to appear convincing in the case of perinatal care?

Soon after the 1996 Summit, a government-sponsored study confirmed that there was a real demand for the kind of perinatal services offered by CRPs. Out of 42 medical clinics surveyed, only 3 were already offering such services, although a majority reported being interested in providing them (Groupe Léger and Léger, 1997). Then, after the creation of the first ten CRPs, in 2001, Quebec’s health care ministry sponsored an assessment study to determine whether the nascent CRP network was worth maintaining. The study was very positive and concluded that the network should be maintained and reinforced, but without going as far as to
argue that a CRP was required in each CLSC territory (Beaudoin et al. 2002). A perinatal advisory committee, gathering representatives of Quebec’s health care ministry, CLSCs, the Social Economy Worksite and the CRP Network, then formally endorsed the conclusions of that study (Comité aviseur en périnatalité, 2004). The committee, moreover, emphasized that CRPs were able to create jobs with relatively little public investments. The 10 CRPs had created 35 new jobs and secured another 68 jobs (Comité aviseur en périnatalité 2004, 17), while costing Quebec’s health care ministry “a mere” $1.3M in 2002-2003 (Comité aviseur en périnatalité 2004, 15). As argued in the previous chapter, these kinds of numbers seem to have been decisive in the success of social economy policies. Yet, in this case, the government seemed unimpressed and did not move. In fact, in constant dollars, the government funding of CRPs has since steadily declined (Roch et al. 2014, 20). Why?

When confronted with these paradoxes, public officials and social investment intellectuals have little to say. Public officials confirm that governmental interest in CRPs is simply very low—a fact that could arguably be inferred simply from noting the low investment levels. Quebec’s health care system has many challenges, confidentially summarizes one public official, and the types of services provided by CRPs are non-essential ones. The health care minister responsible for CRPs under the Marois government and life-long health care scholar, Réjean Hébert, humbly confesses in interviews to not knowing what these “centres de ressources périnatales” are (interview #72). Similarly, Camil Bouchard, easily Quebec’s most influential intellectual when it comes to early childhood investments, admits he has never heard of these perinatal resource centres (interview #68).

Former perinatal community group workers provide a much more insightful and passionate account of what happened. Perinatal community groups hold a very humane,
“spiritual”, “awe-inspiring” conception of pregnancy, childbirth, and infants that contrasts with the prosaic, technical-medical approach dominating in hospital and health clinics. The promotion of these alternative values is a core motivation of these groups. Hence, the explicit mission of the Regroupement Naissance-Renaissance has always been the humanization of the perinatal period (Lévesque, 2004; RNR website)—rather than simply “perinatal services”.

The “social investment” orientations strategically made by the GTES quickly came to offend the sensibilities of perinatal community groups. In April 1999, the Regroupement Naissance-Renaissance decided to completely abandon the promotion of the CRP network, as it had become too uncomfortable with user fees and institutionalization (Lévesque 2004, 29; interview #38). These concerns cannot be properly understood without taking into account the values underpinning them. First, the objection to user fees did not only reflect a concern for accessibility. CRP user fees are proportional to family incomes and the maximum price for individual services in the early 2010s was capped at $11 per hour, while a large number of low-income parents can access these services for free (Picard 2014, 46). Fees, however, violate the spirit of gift and reciprocity that constitutes the essence of “humane” perinatal community work: women give birth and then want to give back to the next mother (interview #38).

Second, the social economy discourse on job creation was in tension with a valorization of volunteer work (interviews #59 and #11). Along the same line, the director of the CRP insists that in the “social economy enterprise” label, the “social” is what matters the most (interview #45). Third, central to perinatal community groups is the philosophy that pregnancy and love of one’s children confer wisdom and that that wisdom must be taken very seriously. “The experts are the parents, not the government” (interviews #38). Perinatal community groups felt the CRPs were lacking the autonomy and flexibility to fully honour that philosophy, as they were
vulnerable to governmental control and as they were invited to respond to “population needs” identified by the government (interview #38).

The resistance from perinatal community groups and the departure of the Regroupement Naissance-Renaissance strongly contributed to the failure of the CRP network. In September 1999, a new association, the Quebec CRP Network (RCRPQ), became the lead promoter of the project. Conscious of the policy importance of sophisticated arguments, the RCRPQ is now collaborating with Avenir d’enfants (see below) to provide rigorous evidence on some of the beneficial economic effects of CRPs (Hamelin-Brabant et al. 2013; Roch et al. 2014) (interview #45). Representing only the ten recognized CRPs as well as a limited number of perinatal community groups (currently eight) aspiring to become recognized as CRPs by the government (and receive “CRP” funding)\textsuperscript{51}, the RCRPQ, however, lacks the credibility to champion the original project of coordinating perinatal services across the province.

In sum, whereas the CIRGQ was primarily concerned with providing affordable child care on a large scale, the Regroupement Naissance-Renaissance was primarily concerned with specific values, with the “humanization” of perinatality\textsuperscript{52}. Social investment arguments were enthusiastically endorsed by the CIRGQ and efficiently used by experts. In contrast, the government never committed to the Regroupement Naissance-Renaissance’s particular values, while perinatal social investment arguments were too much at odds with perinatal community groups’ values to serve as the basis of the CRP project.

\textsuperscript{51} The RCRPQ is in fact itself a member of Regroupement Naissance-Renaissance.
\textsuperscript{52} Regroupement Naissance-Renaissance is also very involved in the promotion of midwifery. The midwives’ project of “humanizing” birth has similarly largely failed in Quebec. After being more or less tolerated for decades, the profession of midwives was formally recognized in Quebec in 1999, as a first midwifery baccalaureate program was launched at the Université du Québec à Trois-Rivières (Rivard, 2014). In 2014, however, there were still only 130 active midwives in Quebec (Grondin, 2014).
Power resource and federalism

Neither the Left nor the Right has mobilized significant resources in support of or in opposition to perinatal resource centres. No CRP worker is unionized (interview #45) and unions have not mobilized themselves for the CRP network. The issue is also hardly a partisan one. All ten CRPs were launched under the PQ but it was also under the PQ that the expansion of the network was put to an end. With their 2008 perinatal policy, the Liberals missed the opportunity to expand the network (Thibodeau, 2008) but did not dismantle it. From broader social movements, the CRPs have also drawn very little attention.

References to federal dynamics were also absent in my interviews—as in the secondary literature. The policy field of perinatal services is extremely complex. There is no clear division of labour between the provincial and the federal governments. Two federal programs—Canada Prenatal Nutrition Program and Community Action Program for Children—have provided significant funds to perinatal community groups across the country to support vulnerable pregnant women and young children. Quebec has its own provincial perinatal programs—e.g. Naître Égaux Grandir en Santé and Services intégrés en périnatlité et pour la petite enfance—similarly targeting the poor. Private foundations are also distinctively active in this policy field in Quebec. The Fondation OLO provides, through CLSCs, eggs, milk, and oranges to pregnant women of disadvantaged backgrounds. In 2009, Avenir d’enfants, from the Fondation Lucie et André Chagnon, committed, in a partnership with the Quebec government, to invest $400M over ten years on projects targeting pregnant women and young children living in poverty.53 For its projects, CRPs receive funding from all of these sources (Roch et al. 2014, 43-48), while the

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53 In January of 2015, it had already invested $130M (Charbonneau, 2015).
government funds specifically targeting CRPs now only accounting for about 37% of CRPs’ revenues (Roch et al. 2014, 45).54

The frustration, inefficiency, and uncertainty that come with such eclectic funding sources had motivated Regroupement Naissance-Renaissance to push for a bold CRP network in 1996 (interview #59). The presence of such numerous actors could very well constitute an obstacle to reform, but process analysis reveals that the CRP network project failed before potential federal-provincial coordination issues could arise, and before the Fondation Lucie et André Chagnon became a major player.

The point of comparative politics is to shine light on one case by studying another one. Comparisons reinforce single-case process tracing. In this chapter, the study of Quebec child care is reinforced by the study of child care in other provinces and by the study of Quebec perinatal help. Process tracing analysis suggests that social investment arguments and power resources were both necessary for the occurrence of Quebec’s child care reform. The study of perinatal help in Quebec provides further evidence that social investment reforms fail without arguments carefully crafted and defended by experts and stakeholders. The study of child care in other provinces confirms that social investment arguments are not sufficient and that strong Left mobilization is crucial.

54 Like traditional perinatal community groups, CRPs also receive funding from the Quebec health care ministry’s Program supporting community organizations (PSOC), which account for about 17% of CRPs, revenues (Roch et al. 2014, 45). Other revenue sources include user fees, sales, and fundraising activities.
Chapter Five: Home Assistance

Home care encompasses various types of services. A first distinction can be made between medical home care provided by various health care professionals and non-medical home care. Within non-medical home care, also referred to as home assistance or home support, a further distinction can be made between “instrumental activities in daily living” (activités à la vie domestique, AVD) and “activities of daily living” (activités à la vie quotidienne, AVQ). AVDs refer to home care services that do not involve touching the client: house cleaning, doing the laundry and ironing, cooking non-diet meals, grocery shopping, and performing outside maintenance, such as snow clearing and leaf-raking. AVQs involve greater proximity with the client, such as helping her to bath, to take medication, and to get dressed.

This chapter is strictly concerned with non-medical home care and chiefly focuses on AVDs. More specifically, it seeks to explain why the Quebec government has established and maintained a province-wide network of 102 home assistance social economy enterprises (entreprises d’économie sociale en aide domestique, EÉSADs). The main program supporting these EÉSADs is the Financial Exemption Program for Home Assistance Services (Programme d’exonération financière pour les services d’aide domestique, PEFSAD), launched in 1997. Although EÉSADs increasingly provide AVQ services, the PEFSAD only funds AVD services and originally, the EÉSADs were only meant to provide AVDs.

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55 As discussed further below, the EÉSADs additionally benefit from a $40,000 start-up grant from Quebec’s health care ministry as well as various other government funding sources.

56 I use the French acronyms (AVQ, AVD, PEFSAD, and EÉSAD) as these are the ones used in Quebec.
The remainder of this chapter has two main sections. In the first, I present the PEFSAD and the EÉSAD network and clarify how this focus on the social economy distinguishes Quebec from other provinces and many countries. In the subsequent section, I argue that the PEFSAD, like Quebec’s general social economy policies but unlike Quebec’s child care policy, is a product of the 1996 socio-economic Summit and of the Left-Right coalition engineered by the GTES.

The state of Quebec’s support to EÉSADs

Although a few de facto home assistance social economy enterprises existed prior to the mid-1990s (see section on coalition), it is the PEFSAD that accounts for Quebec’s EÉSAD network.

The PEFSAD offers two types of subsidies: compensation grants provided directly to EÉSADs and exemptions to EÉSAD clients. These PEFSAD subsidies represented about 47% of EÉSADs’ revenues (34% in exemptions, 13% in compensation grants) in 2008-2009 (MSSS 2010, 10). The exemption involves a fixed basic financial assistance of $4 per hour of AVD services accessible to anyone aged 15 and over regardless of family income, as well as a supplementary variable financial assistance (currently ranging from $0.60 to $9 per hour) based on the person’s income. The cost of the services sold (coût de revient) is now typically between $20 and $22, and government exemption subsidies to clients thus range between $4 and $13 (Fournier, 2013a).

57 The only ones ineligible to this exemption are the beneficiaries of the Quebec Automobile Insurance Corporation (SAAQ), the Quebec Workplace Health, Safety and Compensation Commission (CSST), or Canada Veterans (RAMQ, 2015a).

58 The government initially wanted to harmonize the EÉSADs’ user fees and to cap them at around $10 (Aubry, Jetté, and Fournier 2003, 138-139)—just like CPEs’ fees were capped at $5. The EÉSADs being much less subsidized than CPEs, this goal quickly became unattainable (interview #75). In 2015, judging from individual EÉSADs’ websites (and interview #75), the costs of the service sold (coût de revient) seem to hover around $20 and $22—meaning that user fees can get as high as $18 per hour.
The PEFSAD is a relatively modest program, representing only a small component of home care spending. Using the Canada Institute for Health Information (CIHI) and RAMQ data, one can calculate that in 2003-2004, the PEFSAD represented only 6% of total provincial public home care expenditures, the bulk of expenditures going to medical home care (Vaillancourt and Jetté 2009, 58-63). Table 5.1 shows the yearly evolution of PEFSAD spending since 1997.

Table 5.1 Provincial spending on the PEFSAD (in non-constant and constant 1998 dollars)

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<tr>
<th>PEFSAD (million current dollars)</th>
<th>PEFSAD (million constant 1998 dollars)</th>
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<td>1997-1998</td>
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<td>1999-2000</td>
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<tr>
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<td>2007-2008</td>
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<td>2011-2012</td>
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<tr>
<td>2013-2014</td>
<td>73,3</td>
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<td>2014-2015</td>
<td>76,8</td>
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EÉSADs are social economy enterprises. In 2015, 54 had a nonprofit status and 48 had a cooperative status (RAMQ 2015b, 7). Each EÉSAD covers its own territory; the EÉSADs are not meant to compete with one another. To give some sense of the magnitude of the network, EÉSADS employ over 6,000 individuals who annually serve some 80,000 clients (MSSS 2010, 10).

**Quebec in comparative perspective**

Home care is not an insured service under the Canada Health Act. In that context, Canada unsurprisingly spends considerably less than most OECD countries on home care: public spending on home care represents about 0.2% of GDP in Canada; about 0.5% of GDP in the UK, France, and Germany; and almost 1.5% of GDP in Sweden and the Netherlands (Gasior et al. 2009, 98). As experts have argued, Canada’s public health care insurance is “hospital-centrist”, with deep but narrow public coverage (e.g. Castonguay 2012; Verma et al. 2014).

Now even within Canada, Quebec spends comparatively little on home care. Provincial data on home care spending are scarce. The most recent data come from a 2007 CIHI study. The study distinguishes between medical home care and (non-medical) home support. With respect to medical home care, public expenditures in Quebec in 2003-2004 ($47.14 per capita) roughly corresponded to the Canadian average ($49.73). With respect to home support, however, Quebec spent substantially less, as indicated in Table 5.2.
Table 5.2: Provincial public home support spending per capita (in constant 1997 dollars)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Quebec</td>
<td>25.1</td>
<td>28.7</td>
<td>33.5</td>
<td>31.8</td>
</tr>
<tr>
<td>Ontario</td>
<td>31.6</td>
<td>56.2</td>
<td>53.2</td>
<td>55.0</td>
</tr>
<tr>
<td>Canadian average(^{59})</td>
<td>31.6</td>
<td>48.4</td>
<td>52.2</td>
<td>52.5</td>
</tr>
</tbody>
</table>

Source: CIHI (2007, 32)

Within home support, the CIHI does not distinguish between AVQ and AVD services; to my knowledge there are no data comparing provinces or countries with respect to public funding of AVD services. Table 5.2 nonetheless reveals that in spite of the PEFSAD, Quebec has continued to spend considerably less than other provinces on home support. Between 1997, when the PEFSAD was launched, and 2004, public funding of home support has increased in Quebec, but the expenditure gap between Quebec and other provinces has remained constant, with Quebec investing about 60% as much as the Canadian average—while in 2003/2004, Quebec’s GDP per capita was 87% of Canada’s (Canada, 2010).

More qualitatively, what makes Quebec distinct in terms of home assistance is its reliance on social economy enterprises. The social economy component of Quebec’s home assistance services since the 1997 home assistance policy has been unparalleled in other provinces; home care programs in other provinces do not specifically target social economy enterprises.

\(^{59}\) This average in fact only includes a limited number of provinces and territories: New Brunswick, Nova Scotia, Prince Edward Island (as of 1996/1997), Quebec, Ontario, Manitoba (until 1996/1997), Saskatchewan, British Columbia (until 1998/1999) and the Yukon.
(Vaillancourt et al. 2000; Tremblay and Vaillancourt, 2002; Bergeron-Gaudin and Jetté 2011). Whereas the PEFSAD only applies to EÉSADs and whereas EÉSADs do not compete with one another, Ontario, for example, has a system of “managed competition” where Community Care Access Centres are free to contract with for-profits and nonprofits. Jenson and Philips (2000, 30-31) thus conclude that with the PEFSAD, “Quebec reinforced an existing… model in which the public sector maintains a significant role… Ontario marked a change toward a ‘contractual model’, forcing even voluntary sector care into a system that is competitive and market-mimicking if not completely market-based”.

Similarly, social economy enterprises occupy the centre stage in the provision of home assistance services in few countries. Home care services are generally provided by private for-profits in the United Kingdom, by the public sector in Finland, and by private nonprofits in Austria (Gasior et al. 2009, 95). A system where nonprofits and for-profits compete is also present in the United Kingdom, France, and Belgium (Jetté and Vaillancourt 2010, 65). The comparative literature has so far focused on explaining cross national differences in home care spending (e.g. Gasior et al. 2009; Hieda, 2012), but has not attempted to describe and explain differences with respect to how home care is delivered. As a result, we do not have a clear portrait of the role of cooperatives, nonprofits and other social economy enterprises in the delivery of home support services in different countries.

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60 A systematic comparison of home support policies in the thirteen provinces and territories has yet to be realized. What comes closest to such analysis is Tremblay and Vaillancourt’s 2002 study of home support in four provinces (New Brunswick, Quebec, Ontario, and Saskatchewan).
Explaining Quebec’s support to ÉÉSADs

Why is Quebec’s home support policy more biased toward the social economy than other provinces (and, presumably, most countries)? To account for this specificity of the Quebec social model, I explore the five hypotheses identified in chapter two: structural changes, coalitions, power resources, learning, and federalism. The chapter provides evidence in support of two of these hypotheses, namely coalitions and power resources, and evidence against the other three.

Structural changes

Quebec is the society that is ageing the fastest in the world after Japan. The share of Quebec’s population over 65 years old is expected to double within the next 30 years; in contrast, the same phenomenon is expected to take 51 years in Canada, 59 years in France, and 67 years in Sweden (Quebec 2013b, 12). If the goal of this chapter were to explain a distinctively sharp “home care turn” in Quebec, this structural specificity would appear like a plausible cause. Yet, the opposite is true. As seen above, Quebec is one of the societies that spend the least on home care.

No obvious structural factor can explain why Quebec favoured social economy enterprises to a greater extent than other provinces in the area of home care. As argued in the section below, far from being structurally determined, the PEFSAD was chiefly the result of a contingent coalition formed during the 1996 socio-economic Summit.

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61 The cause would be “plausible” but not obviously crucial. According to a leading employer in the home support sector, the growth of the demand for housekeeping services comes from generation change rather than population ageing (interview #76).
Coalition

Quebec’s 1996 EÉSAD coalition rested on the premise that social economy home support enterprises would substitute themselves for neither the private nor the public sector.

Public sector substitution

Unions prefer the public sector to the social economy sector. In contrast to the services provided by CLSC auxiliary nurses, the AVD services provided by the private sector, community groups or the social economy are not free of charge for users. Moreover, the wages and working conditions enjoyed by CSN-unionized CLSC auxiliary nurses are vastly superior to those of these alternative providers (Vaillancourt and Jetté 2003, 58-68). CLSC auxiliary nurses were usually paid around $13 or $14 per hour in the late 1990s (Vaillancourt and Jetté 2003, 58-68) and around $20 per hour by 2010 (Lyan, 2012), whereas the average EÉSAD front-line worker was paid $8.70 per hour in 1999 (Comeau and Aubry 2003, 214) and $10.60 per hour in 2009 (MAMROT 2012, 22). Unions’ consent to the home support social economy turn has thus always been conditional on EÉSADs not infringing on the public sector.

Prior to 1979, Quebec did not have a home assistance policy for the elderly and disabled. Various community groups, such as the Sociétés Saint-Vincent-de-Paul, did offer such services but their work did not fit into a global provincial home support policy (Vaillancourt and Jetté, 2003). In the 1979 policy, the public-sector community health care clinics (CLSCs, then CSSSs as of 2004) were put in charge of both AVD and AVQ services. Clients were to receive these services free of charge from CLSC auxiliary nurses. Officially, this policy remained in place until the 1990s. In practice, however, CLSCs have never been able to respond to the demand for home assistance services (Vaillancourt et al. 1987; Vaillancourt and Jetté, 2003, 57; Boivin
Increasingly throughout the 1980s, CLSCs would contract out to the for-profit and community sectors. For the elderly, CLSCs would typically contract out directly to private agencies. For people with a disability they would provide their clientele with an allowance so that they could purchase home care services by themselves (Aubry, Jetté and Fournier 2003, 140). In particular, by the early 1990s, CLSCs would only provide about 20% of caretaking services (gardiennage) (Vaillancourt and Jetté 2003, 59).

By the early-to-mid 1990s, this discrepancy from the official policy began to be explicitly acknowledged and even encouraged by the government (e.g. Boivin, 1994; Vaillancourt and Jetté 2003, 66-69): three employability programs launched between the late 1980s and early 1990s—PAIE, EXTRA, and CIT—provided funds to community groups hiring social assistance recipients to get contracts from CLSCs for AVD (and even AVQ) services. The “wages” in these programs were abominable. EXTRA beneficiaries could earn as little as $100 for 80 hours of work on top of their social assistance allowances (Vaillancourt and Jetté 2003, 58-68).

It was in this ambiguous context that, in the 1996 Summit, unions had to decide whether supporting a network of EÉSADs could constitute a step back. The EÉSADs represented the most contentious project proposed by the GTES. Some actors have always seen EÉSADs as infringing on the public sector (e.g. Boivin and Fortier, 1998; Piotte, 1998; Raymond, 2013). According to Jenson and Philips (2000, 36), by privileging social economy enterprises in the area of AVDs, the government went so far as seeking “to weaken the power of other interests, especially unionized workers and health care professionals”. Yet, the PEFSAD was a new program coming with new funds and the GTES finally convinced unions that it was better than the status quo, especially given the unwillingness of the government to respect its 1979 policy and the increasing presence of unappealing employability programs (see Vaillancourt and Jetté
2009, ch.2 for a detailed discussion). Unions thus gave their approval to the EÉSAD project, but at a *sine qua non* condition: the social economy could not be allowed to (further) infringe on the public sector (GTES 1996, 10-11). This “non-substitution” principle was at the core of what came to be remembered as “the 1996 consensus” (Vaillancourt and Jetté 2009, ch. 2).

The 1996 consensus was short-lived. Very quickly, some EÉSADs, especially outside of Montreal, started to provide AVQ services. In 2004, the Liberals clarified that EÉSADs were allowed to provide some AVQ services (MSSS, 2004, 25), thus effectively breaking the 1996 consensus. By 2007, between 10% and 20% of EÉSADs provided such services (Fournier, 2007)—even if the PEFSAD did not cover AVQ services (Vaillancourt and Jetté 2009, 97). Since 2008, however, the PEFSAD has come to cover “respite and caretaking services” (e.g. taking care of disabled children, providing rest to family caregivers) in addition to standard AVD services (Vaillancourt and Jetté 2009, 114). By 2009, 32% of EÉSADs offered AVQ services and 47% offered “respite and caretaking services” (MAMROT 2012, ii). By 2013, between 47% (Chantier de l’économie sociale 2013b, 11) and 56% (FCSADQ, 2013) of EÉSADs were already providing AVQ services. In 2012, when the PQ came to power, one of their most prominent policies, Autonomy Insurance (see below), involved transferring the responsibility for AVQs to EÉSADs. Even if the PQ’s autonomy insurance never became a reality, the Liberals have maintained that orientation and have since sought to convince EÉSADs to take on AVQs (even if the PEFSAD has not yet been modified in that regard) (interview #75).

*Private-sector substitution*

Whether EÉSADs actually substituted themselves for the public sector has been perceived as highly ambiguous and so unions have struggled to accept them and have expended
considerable energy debating about them. In contrast, employers have never seen EÉSADs as a threat to for-profits and so never cared to pay attention to them. Governments have similarly not viewed EÉSADs as competing with for-profits (e.g. interview #74).

This may seem surprising. Since the employability measures of PAIE, EXTRA, and CIT in the early 1990s, home support social economy enterprises have been thought of as *alternatives* to the for-profit private sector (Vaillancourt and Jetté 2003, 68). Similarly, the CLSCs’ direct allowances, such as the Chèque emploi-service, allow the EÉSADs and for-profits to openly compete with one another (Thouin and Chagnon, 2002, 48). In that context, that the private sector has never interpreted the PEFSAD as favouring “unfair competition” seems puzzling.

Figure 5.1: Working households and clients aged 65 and below

![Graph showing number of clients age 65 and below and clients receiving only minimum subsidies from 1999 to 2015.]


As mentioned above, the PEFSAD subsidizes EÉSADs to provide AVD services to any household, regardless of needs or income. One might think that, with non-poor “working households” (*ménages actifs*), the PEFSAD would induce “unfair” competition between subsidized EÉSADs and non-subsidized housekeeping firms. These working households,
receiving only the minimum fixed financial assistance of $4 per hour, have typically represented between 30% and 40% of the EÉSADs’ clients, as shown in Figure 5.1. In some areas, such as in Coaticook in the Eastern Townships, nearly half of users only receive this minimum subsidy (Duchesne and Malavoy 2002, 23).

Yet, the only actors who complained about this universal $4 per hour subsidy were community groups representing persons with disability and family caregivers and the Coalition Solidarité Santé, a broad coalition of unions and community groups opposed to the privatization of health care in Quebec. These groups deplored the fact that the PEFSAD subsidized rich households ($4 per hour) without allowing poor households to access home assistance services for free (Noël, 2001a; Noël, 2001b).

Quebec’s main employers’ associations never saw any problems with the PEFSAD and with this universal financial assistance. As mentioned in chapter three, the spokesperson for the Conseil du patronat du Québec at the time of the 1996 Summit, Ghislain Dufour, confesses that he does not remember much about home assistance social economy enterprises: “Look, we really had other fish to fry during that summit… Whether domestic work for the elderly was taken care of by the state or the social economy did not really concern business” (interview #13). Similarly, in its brief for the parliamentary commission on bill 27 (Social Economy Act), the Quebec Federation of Chambers of Commerce (2013, 2-3) explicitly endorsed the government’s funding of EÉSADs.

The main for-profits which would be competing with PEFSAD-subsidized EÉSADs in their provision of AVD services would be housekeeping companies. The housekeeping sector

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62 In 2015, the threshold yearly income above which one could only receive the minimum subsidy was $30,938 for single-person households and $46,856 for a two-parent family with two dependent persons (RAMQ, 2015a).
63 In fact, the services provided by EÉSADs are usually provided by various providers in the private sector, including housekeeping companies, landscape maintenance companies, and health agencies. In 2009, the permanent
is not exactly a leading sector of the economy, however, and perhaps Quebec’s main employers’ associations fail to properly represent the interests of housekeeping companies. To investigate that possibility, I interviewed Gaétan Migneault, the president and founder of Adèle Inc. the largest for-profit residential housekeeping firm in Quebec. He confirms without hesitation that EÉSADs and for-profit providers hardly compete with one another, at least as far as clients go. “Our problem is one of labour shortage… this is really what keeps us from growing further. I can’t run advertisements, my franchises tell me to stop; they are already overwhelmed with demands from clients” (interview #76). If anything, there is a competition for workers. He adds: “If the EÉSADs were to close down tomorrow morning, I can guarantee that the front-line workers willing to remain in the sector wouldn’t be unemployed”. Recent data nonetheless suggest that competition for workers is not pervasive in the industry. Hence, of EÉSAD workers who leave their employment, only 9% go to work for private-sector home support enterprises (MAMROT 2012, 24).

The director general of Novaide, an EÉSAD in Montreal, Jacques Monette shares this reading (and see Légaré 2002, 31; Demers 2002, 44 for a similar conclusion in other EÉSADs), but adds that things are about to change. As EÉSADs increasingly take on AVQ services, EÉSADs will enter into competition with private home health care agencies, such as Code violet in Montreal—but not with housekeeping companies, such as Adèle (interview #75).

In this context of non-substitution with the private sector, employers have, since the 1996 Summit, been willing to consent to the PEFSAD. The impulse behind the EÉSAD network, however, clearly came neither from the unions, nor from employers. It came from the GTES.

social economy workforce committee (CSMO-ÉSAC) established the skills set of EÉSAD front-line workers; the profession was officially recognized by Emploi-Québec, which has since certified workers who have acquired the skills through a program of workplace learning from peers (Programme d’apprentissage en milieu de travail) (and see Corbeil, Descarries and Malavoy, 2003).
No substitution

Of all the GTES projects, the EÉSAD network not only had the characteristic of being the most controversial, it also had the characteristic of being the only project to have had the GTES itself as the sole promoter. In other words, the EÉSAD project did not come from existing civil society associations the way that social economy child care (chapter four), social economy housing (chapter six), and social economy training businesses (chapter seven) did.\(^{64}\) In the area of home support, the GTES exerted particularly crucial leadership.

The GTES cast the EÉSADs as a pure complement to existing public- and private-sector arrangements: (i) they would largely employ a workforce struggling to find employment in the competitive economy; (ii) they would offer services neglected by both the private and public sectors; and (iii) they would be more participatory and democratic than the traditional economy.

I argue that these considerations were influential in the mid-1990s, but that they fail to convincingly explain why EÉSADs continue to be actively supported by government to this day.

Consider the EÉSAD workforce. Initially, social insertion was a key goal of EÉSADs. The pilot projects that most strongly inspired the EÉSADs—e.g. Le rêve de Diane et les besoins d’Albertine (Bédard and De Koninck, 1997) and Défi-Autonomie (Duval, 1996)—sought to strike two birds with one stone, simultaneously providing autonomy to two types of people: financial autonomy through employment for welfare recipients (“Diane”) and autonomy at home through home support for the elderly (“Albertine”) (see also Vaillancourt and Jetté 2003, 69-73). These pilot projects were subsidized through employability programs, such as PAIE, EXTRA, and CIT. As of 1997, EÉSADs inherited that function and were expected to hire former welfare

\(^{64}\) In the GTES report, *Osons la solidarité!*, the promoter of each project is identified.
recipients. Unlike employability programs, however, the EÉSADs would provide “real jobs”, with above poverty wages and prospects of stable long-term employment. Funding from the anti-poverty fund (see chapter three) and Emploi-Québec helped them pursue that goal. In an interview with a journalist from Le Devoir in the mid-2000s, Nancy Neamtan reported that 50% of EÉSAD front-line workers had formerly been on social assistance (Letarte, 2006).

According to Jacques Monette, however, EÉSADs largely stopped pursuing that goal around the mid-2000s, as social insertion funding stopped. This claim is difficult to verify as data on the early revenue sources of EÉSADs have not been aggregated in any formal study. Existing data, however, suggest that he is right. A 2010 government study aggregating EÉSADs’ revenue sources found that in 2008-2009, non-PEFSAD government subsidies represented only 3.7% of EÉSADs’ revenues (MSSS 2010, 10). For the early revenue sources, I rely on monographs on individual EÉSADs produced by the LAREPPS, a UQÀM-based research group. They reveal that social insertion subsidies used to be quite significant. Hence, in 1999-2000, 31.5% of the revenues of Plumeau, Chiffon and Cie came from Emploi-Québec or the Société québécoise de la main-d’oeuvre (Reuzé, Tremblay and Jetté 2000, 41); in 2000-2001, 34% of the revenues of La Grande vadrouille came from Emploi-Québec and PAIE (Vinit, Jetté and Fontaine 2002, 43); in 2002-2003, 35% of the revenues of Répit-Ressource came from Emploi-Québec and the Quebec anti-poverty fund (Galerand 2004, 56). Now that Emploi-Québec has largely withdrawn from subsidizing EÉSADs, they have stopped being required to hire this “difficult workforce” (interview # 75).

The EÉSAD network can claim a vast workforce. By August of 1998, 68 EÉSADs were already active and employing over 1,000 workers (Lévesque, 1998c). As indicated in Table 5.3 below, by 2002, the network could claim over 6,000 workers. Yet, if they are not going through a
process of “social insertion”, it is unclear whether these workers could not find employment in the private sector otherwise. Also, these employment figures pale in comparison to the aspirations of the GTES in 1996. According to the GTES report, the EÉSAD network was supposed to create 9,000 jobs within the following three to five years and some 40,000 jobs within ten years (GTES 1996, 31). No other GTES project promised to create as many jobs (including the one on CPEs); in fact, in the short term, the GTES thought the EÉSADs would account for nearly half of the new social economy jobs (Comeau et al. 2001, 21).

Moreover, the EÉSADs have largely failed to create well-paid jobs (Fournier, 2013a). During the 1996 Summit, community groups aggressively pursued a zero-impoverishment clause and the EÉSADs were initially thought to allow their workers to live substantially above the poverty line (interview #19). During the 1995 Women’s March, the employability programs were strongly criticized for only providing unstable, badly paid jobs (David 1995, 6). In their reports, both the COCES (1996) and the GTES (1996, 11-12) insisted on the importance of social economy enterprises providing “real jobs”.

In practice, EÉSADs have arguably produced a “ghetto of underpaid female workers” (Boivin, 2013). Illustrating the kind of “social infrastructure” discussed during the Women’s March, women represent between 90% and 95% of the EÉSADs’ workforce (Méthé 2007, 31; Mamrot 2012, iii; Lévesque 2015, 2) and nearly three quarters of EÉSADs’ users (RAMQ, 2013). Yet, EÉSAD workers providing AVD services have never earned much more than the minimum wage. As mentioned above, the average hourly wage for a full-time front-line EÉSAD worker was $8.70 (or 126% of the minimum wage) in 1999 and $10.60 (or 117% of the minimum wage) in 2009. And as indicated in Table 5.3, about half of front-line jobs are part-

\[\text{Footnote:} \text{For yearly minimum wages, see the Commission des normes du travail (2015); for average hourly wages in 1999, see Comeau and Aubry 2003, 214); for average hourly wages in 2009, see MAMROT (2012, 22).}\]
time, making it nearly impossible to live from them. The turnover rate among workers is also conspicuously high. In Montreal and Lanaudière, the annual turnover rate for front-line workers was just over 50% in 2009 (MAMROT 20012, 23).

Table 5.3. ÉÉSAD workforce

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of (non-adm.) part-time jobs</th>
<th>Number of (non-adm.) full-time jobs</th>
<th>Total number of jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002-2003</td>
<td>2,688</td>
<td>2,877</td>
<td>6,024</td>
</tr>
<tr>
<td>2008-2009</td>
<td>2,675</td>
<td>2,894</td>
<td>6,062</td>
</tr>
</tbody>
</table>

Source: MSSS (2010)

Now consider the service on offer. As seen above, ÉÉSADs arguably do not substitute themselves for the public sector, because CLSCs had largely stopped providing AVDs, and they do not seem to compete with the private sector. Yet, one must not be led into thinking that, absent the ÉÉSADs, households would not be able to get AVD services at a discount. In fact, ÉÉSADs actively compete with unreported, under-the-table, cash-in-hand private providers of home support services (Chantier de l’économie sociale 2000, 10-11; Vaillancourt and Jetté 2009, 148-151). This state of affairs is so well-known that the chief justification for a universal fixed financial assistance to AVD services was precisely to combat tax evasion though access to this unreported home assistance (e.g. Bousquet, 2000; Fournier, 2003; Robitaille, 2001)66.

Yet, whether the PEFSA has been at all successful in opposing unreported work remains uncertain at best. In my literature review, I have never encountered any study seeking to

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66 A secondary goal seems to have been to provide ÉÉSADs with flexibility in their operations (Jetté and Lévesque 2003, 154-155).
assess the effect of the PEFSAD on reducing unreported work. A 2013 study commissioned by the three EÉSAD associations (see below) in fact concluded that this effect was unquantifiable (Paradis 2013, 14).

Even absent these numbers, cash-in-hand providers are overwhelming viewed as dominating the home support industry (e.g. interviews #19, #75, and #76; Vaillancourt and Jetté 2009, 149), thus strongly suggesting that the EÉSAD network has only been able to satisfy a small fraction of the demand for affordable housekeeping services. Even some CSSS auxiliary nurses seem to engage in unreported home support work outside of their official working hours (Chouinard, 2015).

According to Vaillancourt and Jetté (2009, 148-151), the goal of combating unreported employment has been progressively neglected by authorities since 1997. The non-indexation of the fixed subsidy provides strong evidence of this waning interest. In 1997, the $4 universal financial assistance represented nearly a third of the costs of the service sold ($14); in 2015, it represented a fifth of these costs ($20). According to Jacques Monette, this universal financial assistance is in fact in jeopardy and survives only because the PEFSAD is not a ministerial program; while it is administered by the RAMQ, the PEFSAD must be approved by the Treasury Board and the council of ministers on a yearly basis (e.g. Chantier de l’économie sociale 2009, 1). “If it became a ministerial health care program, the fixed basic financial assistance would likely not be maintained” (see interview #75). Indeed, combating unreported work is not part of the health ministry’s mission (Vaillancourt and Jetté 2009, 150).

Gaétan Migneault similarly perceives the Quebec government as not being highly sensitive to the issue of unreported work and as holding widely inaccurate ideas about the magnitude of the phenomenon. “France, in contrast, aggressively combats unreported work in
the area of home support work, reducing income tax rates by 50% on the money spent on home support services. If it is to combat unreported work, Quebec should similarly subsidize—although not necessarily as much as in France—home support services universally, and not just EÉSADs. But neither the PQ nor the PLQ seems interested” (interview #76). In a report for Quebec’s health ministry, Anctil and Bélanger (2001, 31) similarly argue that the non-indexation of this fixed subsidy prevents the PEFSAD from efficiently combating unreported work.

Finally, consider the participatory-democratic component of the EÉSADs. *Prima facie*, this component seems to have drawn sympathy from the Left since the 1996 Summit (Jetté and Lévesque 2003, 167; GTES, 1996, 6-10). As discussed in chapter three, segments of the PQ have traditionally been ideologically sensitive to the goal of democratizing the economy. Workers, users, and community members can seek election to their EÉSAD’s board of directors or participate in various EÉSAD working committees. The reality on the ground is complex, however, with democratic participation being rather weak in many EÉSADs (Jetté and Lévesque, 2003). Moreover, the democratic nature of EÉSADs is rarely emphasized as an argument to defend them. Intellectuals discoursing on the democratization of the economy through EÉSADs or social economy enterprises in general, are often perceived as idealists by actors on the ground (interviews #7 and #19). For unions, in particular, the greater prospects for participatory democracy in EÉSADs may be lauded in the abstract (e.g. by the CSN in REÉSADQ 2005, 33), but these participatory opportunities are much less prized than the public sector’s higher wages and better working conditions.

In sum, unions and employers have consented to the EÉSADs because they have accepted the notion that EÉSADs are not competing with the public or private sectors. A social economy model was not their first choice: unions would have preferred a public model of home
support delivery and employers would have preferred a competitive market model. Unions and employers nonetheless formally approved the GTES project at the 1996 October Summit. This Left-Right coalition behind the EÉSADs, woven by the GTES during the 1996 Summit, was arguably a necessary condition for the launching of the EÉSAD network and has since constituted a powerful source of stability for the network. In the mid-1990s, the government hoped that the EÉSADs could do better than the traditional economy—at social insertion, in combating unreported work, and in democratizing the economy. By the mid-2000s, however, governments seemed to have stopped believing this. This downward re-evaluation has certainly weakened their support of the EÉSAD network.

**Power resources**

A coalition-based explanation emphasizes Left-Right compromises. In contrast, a power-resource explanation emphasizes Left-Right conflicts and power struggles. The two dynamics—compromising and conflicting—continuously interact: in particular, had unions been more powerful, they would not have consented to the EÉSAD network, preferring to have the public sector deliver home support services. In this section, I look more deeply at these power dynamics that made the creation of the EÉSAD network possible. I focus on two levels: political parties and civil society.

**Parties**

The EÉSADs are not subject to a strong partisan disagreement. EÉSADs have nonetheless proven to be a higher priority for the PQ than the PLQ. I argue that a PQ government was a necessary condition for the creation of an EÉSAD network.
EÉSADs have never featured prominently in electoral platforms, but they are more likely to be mentioned in PQ platforms than in other party platforms, as indicated in Table 5.4. The Table also reveals the ambiguous Left-Right identity of EÉSADs—being mentioned three times by a centre-left party (PQ), not once by a left party (QS), once by a centre-right party (PLQ), and once by a right party (ADQ).

The PQ also did more than any other party to develop the EÉSAD network. First, it was a PQ government that launched the network. A few months after the 1996 Summit, in March of 1997, the PQ government confirmed that it was ready to invest $79 million for the three-year experimental stage of the GTES’ social economy home assistance project through the PEFSAD: $14.3M (1997-1998); $26.6M (1998-1999); and $49.9M (1999-2000) (Tremblay, 1997). The actual sums invested were lower (see Table 5.1), but they proved sufficient to establish a province-wide network. Indeed, by 2001, the PEFSAD became a permanent program (Vaillancourt and Jetté 2003, 139). In addition to the PEFSAD, the start-up funds (see footnote 54 above), and social insertion funds, the PQ government also established in 2002 a 3-year $7 million consolidation fund for EÉSADs (Aubry, Jetté and Fournier 2003, 140). When the PQ left government in 2003, the EÉSAD network had reached its maturity, in terms of workforce (see Table 5.3) and hours of service (see Figure 5.3 below). While modest, these new investments strongly contrasted with the major cuts in public health care made by the Bouchard government at the time, symbolized by the early retirement of 17,000 socio-sanitary workers (Vaillancourt and Jetté 2003, 80).
Moreover, the Bouchard and Landry governments officially respected the 1996 consensus with regard to the division of labour between the EÉSADs and the CLSCs. Hence, just before the end of its mandate in 2003, the PQ launched a home care policy, Home Support: Always the Option of Choice (*Chez soi: le premier choix*) which reiterated the notion that “only individuals with AVD needs shall be referred to EÉSADs” (MSSS 2003, 18, my translation). This helped consolidate unions’ support of EÉSADs.

The commitment of the Bouchard and Landry governments to the EÉSADs must nonetheless not be overstated. Almost immediately after having launched the PEFSAD, the Bouchard government announced a number of policies that contradicted the main orientations of the PEFSAD and destabilized the EÉSAD network. First, the PQ standardized the allowances given by CLSCs to individuals—usually persons with a disability\(^\text{67}\)—to purchase (AVD or AVQ) home support services in the market through the Chèque emploi-service (job-service

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\(^{67}\) In 2009-2010 beneficiaries had a physical handicap (65%), an intellectual deficiency (13%), or had limited autonomy due to old age (18%) (Fournier, 2013a).
This demand-side subsidy is contrary to the logic of the PEFSAD because it institutionalizes competition between providers and does not privilege EÉSADs in particular—although EÉSADs do get contracts from the individuals benefitting from this allowance. These contradictions are significant, as the Chèque emploi-service is nearly as important as the PEFSAD in terms of government funding. In 2013-2014, the program cost 67.4 million dollars (MSSS 2015, 34-35)—compared with 73.3 million dollars for the PEFSAD.

Even more significantly, a new refundable tax credit for the home support of an elderly person, introduced in January of 2000, allowed individuals aged 70 years or over to deduct a certain percentage (initially 23%) of eligible expenses incurred in recognized home support services, including AVQ and AVD services. Initially, the amount of expenses eligible for this tax credit was subject to an annual limit of $12,000, enabling the individual to receive a maximum tax credit return of $2,760. Like the Chèque emploi-service, the tax credit effectively institutionalizes competition between home support providers and is not favourably biased toward EÉSADs. And although this tax credit has drawn much less attention than the highly visible EÉSAD network, it has grown to become substantially more costly than the PEFSAD, now representing yearly costs of over 300 million dollars, as illustrated in Figure 5.2.

Figure 5.2: Yearly tax expenditures (million $) of the Quebec Refundable tax credit for the home support of an elderly person (2000-)

68 Given the limitations of the elderly and persons with a disability, the job-service cheque paid by the state to the person requiring some forms of home care is administered by the CLSC (then, CSSS) (Bernstein, 2006).
Under the Bouchard and Landry governments, the PQ’s attitude toward EÉSADs thus seems mixed. In comparison, the orientation of the Charest’s Liberals was clearer: maintain the network without expanding or reinforcing it.

Hence, in the mid-1990s, had the Liberals remained in power, they would almost certainly not have initiated a network of EÉSADs. First, as mentioned above, the idea of this network came from the GTES rather than government officials, and Liberals would not have organized an equivalent to the 1996 Summit where the GTES could have developed this idea (see chapters two and three). Second, the Liberal party then had no complaint with the employability programs PAIE and EXTRA which the EÉSADs aimed to replace (PLQ 1998, 90-95; see chapter three). In all likelihood, these employability programs would have simply been maintained under a Daniel Johnson government.

Yet, the Liberals have never sought to dismantle the EÉSAD network. They have continuously funded the PEFSAD (see Table 5.1) and have made a number of modest extra-PEFSAD investments to help sustain the network. In 2005, for instance, the Liberals echoed the PQ’s consolidation fund and made available an emergency plan of 2.5 million dollars to help

Source: Quebec Tax Expenditures (2002-2014)
some 37 EÉSADs “in great need” (Vaillancourt and Jetté 2009, 96). The 2015 budget further planned investments of $6.5 million for training EÉSAD workers (Lévesque, 2015).

But neither have Liberal governments privileged the “EÉSAD model”. Almost immediately after being elected, the Liberals amended the PQ’s policy document, Home Support: Always the Option of Choice and clarified that community health care clinics were now formally allowed to contract EÉSADs for the provision of AVQ services (MSSS, 2004, 25) (even if AVQs remained excluded from the PEFSAD), thus effectively ending the 1996 consensus (Vaillancourt and Jetté 2009, 97). Although this clarification may seem like a favour to EÉSADs (widening their range of options), it further reinforces the contractual model of competition between various types of providers wherein EÉSADs occupy no privileged position. In addition, the policy undermines the EÉSADs’ support from the Left.

In 2006, Quebec replaced the small Refundable tax credit for lodging a parent aged 70 and above (or 60 and above with severe health problems) introduced in 1992 and never exceeding $17 million per year with a new Refundable tax credit for natural caregivers of adults. In subsidizing caregivers, the Liberals further distanced themselves from the PEFSAD model. Originally representing 40 million dollars a year, the Quebec tax credit now represents over 50 million dollars per year (in non-adjusted dollars), or approximately two-thirds of public investments in the PEFSAD (Quebec Tax Expenditures, 2002-2014). Then, in 2007, Quebec passed the Act to Establish a Caregiver Support Fund in which the government then committed to invest $150 million (and the Lucie and André Chagnon foundation $50 million) over the next

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69 In 2012, Quebec’s Ombudsman published a report concluding that local bodies were, for a lack of resources, unable to provide the AVD and AVQ services required of them by the policy Home Support: Always the Option of Choice (Protecteur du citoyen, 2012).

70 A similar reform was found in the PQ platform under Landry’s leadership in 2003 (PQ 2003, 60). When Marois became leader, however, the PQ changed strategy: rather than promoting family caregivers for adults, the government would emphasize social economy-based home support services (e.g. Dubé, 2011).
ten years to create a $200 million fund to support services to family caregivers (see L’Appui pour les proches aidants d’aînés). The Liberals further initiated two other small tax credits to support family caregivers of adults: the tax credit for volunteer respite services (2007) and the tax credit for respite of caregivers (2008).

Again in 2007, the Liberals reinforced the tax credit for the home support of an elderly person, by increasing the share of deductible home support expenses to 25% and then by committing to increasing that share by one extra percentage point per year until 2017. The maximum tax credit was also increased from $2,760 to $3,750. This change was consequential: the costs of the tax credit nearly doubled between 2006 and 2008 (see Figure 5.2). So although the tax credit was put in place under a PQ government, most of its growth occurred under PLQ governments. Moreover, the Marois government would have likely used this tax credit to fund its autonomy insurance policy (Quebec 2013b, 29; Fournier 2013c).

Then, the PLQ (and the PQ) only partially indexed the PEFSAD. As mentioned above, the minimum fixed financial assistance of $4 per hour has never been increased. Between 1997 and 2007, the PEFSAD had not been indexed at all. Since 2008, as respite and caregiving services have been included in the PEFSAD, subsidies have started to increase, but in a somewhat inchoate way and with no plan for the long term. Hence the maximum subsidy71 increased from $10 to $11 in 2010, to $12.25 in 2012, and to $13 in 2014 (FCSDSQ 2014, 17). The income thresholds to receive this maximum subsidy similarly increased. For persons living alone, that threshold increased from $8,450 to $14,034 in 2008 and to $15,777 in 2014 (FCSDSQ 2014, 12).

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71 The PEFSAD distinguishes between six income groups. To simplify, I only discuss the richest and poorest groups, respectively giving access to minimum and maximum subsidies.
In 2012, the Liberal minister responsible for the elderly, Marguerite Blais, launched a home care policy, Ageing and Living Together (*Vieillir et vivre ensemble*), which would have involved a more robust indexation of the PEFSAD. The plan was to increase the PEFSAD funding by 70 million dollars over the course of five years. In reality, an analysis of government budgets over the five-year period of concern, between 2012-2013 and 2016-2017, reveals that the government has been planning to add only 45 million dollars to the PEFSAD (FCSDSQ 2014, 8), while an analysis of the money actually spent suggests that between 2012-2013 and 2014-2015, the government has added just under 30 million dollars to the PEFSAD (Table 5.1).

This partial indexation and the increasing amount of non-PEFSAD AVQ services offered by ÉSADs have severely contained the growth of the program. Figure 5.3 in fact clearly shows that the program reached its high point in 2003, when the PQ left government, and that the number of PEFSAD hours delivered by ÉSADs has since largely stagnated, starting to increase once again only slowly with the reforms of 2008. Table 5.3 similarly shows that the program essentially stagnated between 2002 and 2009 in terms of size of the ÉSAD workforce.\(^72\)

Figure 5.3: Number of PEFSAD hours (in thousands) per year, 1998/1999-2014/2015

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\(^{72}\) Yearly data for the ÉSAD workforce are not available. In 2015, the network seem to rely on some 7,800 frontline workers, according to the Fédération des coopératives de services à domicile et de santé du Québec (Lévesque, 2015).
The return of the PQ in 2012 promised to invigorate the EÉSAD network—albeit not through the PEFSAD. The 2012 PQ platform stated an intention to establish an Autonomy Insurance program involving a major home care turn in Quebec’s health care system (PQ 2012, 23). Some details became known in May of 2013, when the PQ’s health care minister, Réjean Hébert, published his White Paper on the creation of an autonomy insurance, “Autonomy for All”. Funded by a special “autonomy fund” (*caisse autonomie*), the insurance would allow the elderly with loss of autonomy and the disabled to have access to an independent living allowance (*allocation de soutien à l’autonomie*, ASA) whose amount would be determined according to an individual medical assessment.

Such a project would have constituted a “home care turn” because it would have simultaneously involved greater public spending on home care and lower public spending on institutional long-term care (e.g. in public-sector institutional homes, CHSLDs). Indeed, the main goal of the policy was to shift resources away from institutional care toward home care (Fournier, 2013b). The White Paper estimated that its autonomy insurance would yield savings in the order of 1.5 billion dollars over the course of fifteen years (Quebec 2013b, 28).
particular, the Quebec government would spend 3.9 billion dollars on services in public-sector institutional retirement homes (CHSLD) in 2027-2028 in the White Paper’s status quo scenario, but only 2.6 billion dollars in the autonomy insurance (ASA) scenario (pp. 45-46). In contrast, during that same year, Quebec would spend over 1.1 billion more in non-CHLD related spending in the ASA scenario than in the status quo scenario. By 2027-2028, Figure 5.4 illustrates that the share of non-CHLD public spending in long-term care was almost ten percentage points higher in the ASA scenario than in the status quo scenario. With respect to the elderly in particular, the share of long-term care going to home care was expected to increase from 17% in 2011-2012 to 31% in 2027-2028 under an autonomy insurance scenario (Fournier, 2013b).

Figure 5.4: Percentage of non-CHSLD long-term care public spending (2014-2028)

Source: White Paper on the Creation of an Autonomy Insurance (Quebec 2013b)

To determine public non-CHLSD spending, I took the total spending of each scenario provided in Annex IV of the White Paper and subtracted users’ contributions (the same in each scenario) as well as the three CHLD-related spending categories mentioned: CHLD services, support, and fixed assets (Quebec 2013b, 45-46). I considered the independent living allowance as non-CHLSD spending even if beneficiaries are allowed to use their allowance to pay for CHSLD services.
For EÉSADs, Hébert’s autonomy insurance policy had two main implications. First, EÉSADs would have financially benefitted from this home care turn and the extra funding channelled through the independent living allowance. For that reason, EÉSAD associations (AREÉSADQ-CEÉSADQ-FCSDSQ, 2013), the Social Economy Worksite (2013b), and the Quebec Council of Cooperation and Mutuality (2013) enthusiastically supported the autonomy insurance. Second, the White Paper definitely broke with the 1996 consensus by clarifying that AVQ services would be “mainly provided by EÉSADs” and only exceptionally by public providers (Quebec 2013b, 24-25)—while AVD services paid for by the ASA would be provided by EÉSADs and community groups.

In the end, Bill 67 on the Autonomy Insurance Act, introduced in December of 2013, died on the order paper as elections were called in March of 2014. “We would have needed just a few more months to get the bill through”, summarizes a disappointed Réjean Hébert (interview #72). The new Couillard government immediately clarified that it had no interest in autonomy insurance (Daoust-Boisvert, 2014). The idea of transferring AVQs to EÉSADs has remained (see above), but the idea of a home care turn seems to have waned (interview #75).

In sum, a careful study of the past twenty years reveals that the development of the EÉSAD network has been a greater priority for the PQ than the PLQ. In fact, a PQ government has arguably been a necessary condition to launch and sustain an innovative province-wide network of home assistance social economy enterprises. The network was established and reached its mature size under the PQ Bouchard and Landry governments. Under a longer PQ Marois government, the network was likely set to undergo another major growth. In contrast, under the Charest Liberals, the EÉSAD network was maintained but hardly experienced much growth.
Civil society

From the beginning, civil society groups have been strongly divided regarding the ÉÉSADs. I argue that these divisions have made it politically costly for governments of any party to either clearly favour or disfavour the development of ÉÉSADs. In other words, these divisions have contributed to the relative stagnation of the ÉÉSAD network. I discuss disagreements regarding two fundamental aspects of the network: the set of services offered and the role of non-PEFSAD revenue sources.

As discussed above, according to the 1996 consensus, ÉÉSADs were supposed to only deliver AVD services, while CLSCs would remain responsible for AVQ services. This consensus, however, was almost immediately contested.

Respite and caretaking were identified from the outset as a grey zone between AVD and AVQ services and the Social Economy Worksite advocated for their inclusion within the PEFSAD (Chantier de l’économie sociale 2000, 13-16). This position was controversial and was notably opposed by the Conseil du statut de la femme (2000, 40) and a study commissioned by the Quebec health ministry (Anctil and Bélanger 2001, 26-27) on the grounds that respite and caretaking should remain a public-sector responsibility.

Yet, the debate over respite and caretaking was nothing compared to the debate regarding AVQ services. As discussed above, almost from the very beginning, some ÉÉSADs provided non-PEFSAD AVQ services. Initially the ÉÉSADs themselves were divided on this issue. For the first ten years of the network, the leading ÉÉSAD association, the Regroupement des ÉÉSAD du Québec (REÉSADQ) supported the 1996 consensus while the Quebec Federation of Home Support Cooperatives (now called the Quebec Federation of Home Support and Health
Cooperatives, FCSDSQ), initially representing only a small portion of EÉSAD cooperatives, has always been in favour of EÉSADs taking on AVQs (Fournier, 1999a; 2003). Similarly, the Social Economy Worksite, closer to the REÉSADQ, has traditionally been supportive of the 1996 consensus while the Quebec Council of Cooperation and Mutuality (CQCM), representing the FCSDSQ, has never felt bound to this “consensus” (Vaillancourt and Jetté 2009, 77-78).

As described above, however, EÉSADs increasingly did provide AVQs and, eventually, the various EÉSAD associations came to disassociate themselves with the 1996 consensus. During the 2013 parliamentary commission on the autonomy insurance, the three EÉSAD associations—the CEÉSADQ, the FCSDSQ and the AREÉSADQ—wrote a concerted brief arguing that AVQ services should be included in the PEFSAD and that CSSS auxiliary nurses should only remain responsible for “heavy-duty” clients (AREÉSADQ-CEÉSADQ-FCSDSQ, 2013). The CQCM (2013) and the Social Economy Worskite (2013b) made similar recommendations.

This unity within the EÉSAD movement, however, came at a cost. During the same parliamentary commission on the autonomy insurance, unions and most pro-equality civil society groups showed they remained deeply attached to the 1996 consensus, arguing that AVQ services should remain under the responsibility of auxiliary nurses or other CSSS staff rather than become the responsibility of EÉSADs, and that AVQ services should be free of charge for users (e.g.

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74 The EÉSAD Group (REÉSADQ) used to be the main EÉSAD association. Between 2000 and 2006, the REÉSADQ had between 70 and 73 members, whereas the FCSDQ had between 20 and 30 members (Vaillancourt and Jetté 2009, 79).

75 The Coalition des EÉSAD du Québec (CEÉSADQ) basically replaced the REÉSADQ in 2008 (Vaillancourt and Jetté 2009, 82-83).

76 The FCSDSQ is now the strongest EÉSAD association. Representing some 65 EÉSADs—cooperatives as well as nonprofits—the FCSDSQ is the only EÉSAD association to have permanent staff and an office; it is also the only association to have its own website.

77 The Aile rurale des entreprises d’économie sociale et aide à domicile du Québec (AREÉSADQ) was born in 2006 when the PEFSAD let go of the $2 per hour rurality premium given to EÉSADs from rural areas (Vaillancourt and Jetté 2009, 80).
Interestingly, employers have remained remarkably uninvolved in this debate. When reviewing the 84 briefs sent to the parliamentary commission on the autonomy insurance legislation, what is striking is that none came from the private sector (with the exception of retirement homes). For-profit residential housekeeping enterprises did not participate in the debate. There is some evidence that this nonparticipation partly reflects institutional arrangements. In contrast to EÉSADs, for-profit residential housekeeping enterprises have no associations defending their interests. When confronted with this observation, Gaétan Migneault sighs, “I know! I’ve tried to put in place an association of residential housekeeping companies, but it can’t work as long as the sector is dominated by under-the-table transactions… and as a single company, I don’t really have the resources to write briefs and lobby” (interview #76) (see also Firbank 2011, 37). The neighbouring sector of janitorial services, in contrast, does not suffer as much from unreported work and is quite well organized, claiming two peak associations: the Corporation des entrepreneurs en entretien ménager du Québec and the Association des entrepreneurs de services d’édifices du Québec.

Consider now non-PEFSAD revenue sources. While the EÉSADs have always remained critical of the Chèque emploi-service (Chantier de l’économie sociale 2000, 22; 2013; AREÉSADQ-CEÉSADQ-FCSDSQ, 2013; CQCM, 2013), the refundable tax credit for the home support of an elderly person has been the object of divisions.

When the tax credit was launched in 2000, it was opposed by unions and various community groups who saw it as inequitable and as providing a greater role to the private sector (Coalition Solidarité Santé, 2000; Conseil du statut de la femme 2000, 18; and see Fournier
1999b, 178). The Social Economy Worksite (2000, 22) initially shared that perspective, adding that the tax credit was inconsistent with the non-competitive logic of the PEFSAD.

The unions’ perspective has not changed; they remain opposed to the tax credit (CSN 2013, 10; CSQ 2013, 29). On this issue as well, however, ÉÉSADs and unions have come to disagree. During the 2013 parliamentary commission on the autonomy insurance (and then during the 2014 tax commission), the Social Economy Worksite (2013b), the CQCM (2013) and the three ÉÉSAD associations (AREÉSADQ-CEÉSADQ-FCSDSQ, 2013) expressed their support for the tax credit.

The clash between the FTQ and ÉÉSAD associations is all the more significant because according to a 2009 CSMO-ÉSAC study, workers from 15 ÉÉSADs are unionized with the FTQ (see also Paquet, 2008).

Traditional divisions among ÉÉSAD associations, regarding such matters as the legitimacy of providing AVQ services or the generosity of the rurality bonus, have been seen to hamper their lobbying capacity (Vaillancourt, Aubry and Jetté 2003, 311-313; Vaillancourt and Jetté 2009, 83; REÉSADQ 2005, 40). These internal conflicts reached a climax in 2005, as the REÉSADQ’s project of General Estates on home support—meant to identify the ÉEÉSADs’ priorities and demands—failed to even take place (Vaillancourt and Jetté 2009, 79-84).

78 The CQCM (2014, 13) explicitly advocated for the maintenance of the tax credit, while the Social Economy Worksite (Chantier de l’économie sociale 2014, 17) did not clearly address that specific tax credit, although it recommended : “Maintenir un crédit d’impôt ou un programme similaire au PEFSAD pour les personnes âgées de plus de 65 ans et pour toutes personnes ayant des besoins liés à une perte légère ou temporaire d’autonomie pour des services d’aide à domicile”.

79 Existing ÉÉSADs, however, oppose the accreditation of additional ÉÉSADs and demand to be given the exclusivity over AVD services (AREÉSADQ-CEÉSADQ-FCSADQ 2013, 16-20).

80 Based on sample study, the CSMO-ESAC concluded that 21 ÉÉSADs were unionized—15 with the FTQ, 3 with the CSN, and 3 with the CSD (2009, 8).

81 ÉÉSADs established in rural areas receive an extra $2 of funding per PEFSAD hour (Vaillancourt and Jetté 2009, 44).
The greater unity among ÉÉSADs in the last few years, however, has been matched by renewed tensions with unions and Left-leaning civil society groups. These tensions make it politically costly for a centre-Left party like the PQ to clearly stand behind ÉÉSADs. To minimize conflicts and polarization, PQ governments have always been reluctant to increase the PEFSAD beyond AVDs. More generally, the lack of enthusiasm for ÉÉSADs within the Left makes a bold commitment to develop the ÉÉSAD network politically unbeneificial.

Yet, given the employers’ indifference regarding the ÉÉSAD’s network—chiefly expressed by their nonparticipation in the debate—the Liberals have had little reason to clearly oppose the ÉÉSADs. The project of dismantling the ÉÉSAD network would thus have powerful enemies in the constituencies created by the PEFSAD—the Social Economy Worksite, the CQCM, ÉÉSAD associations traditionally representing over 6,000 workers and 80,000 users, as well as the unions representing unionized ÉÉSAD workers—but no obvious ally. This context provides incentives to both PQ and Liberal governments to support the ÉÉSAD network, but without really being committed to a bold vision of the role of these social economy enterprises.

Learning

A powerful social investment argument underlies the motivation behind the public funding of the ÉÉSAD network: ÉÉSADs allow the elderly to remain in their home longer. In 2013, a study commissioned by the three ÉÉSAD associations concluded that each dollar invested in the PEFSAD generated returns of $5.27 for the Quebec economy and that in 2011-2012 alone the ÉÉSADs had allowed the government to save 333 million dollars (Paradis, 2013). The ÉÉSADs essentially yield these savings by freeing up spaces in institutional homes (258.8 million dollars) (p.21)—absent the PEFSAD, 7.9% of ÉÉSAD users would have to leave their
home and move into an institutional home (p.20)—and by reducing hospitalization time (55 million dollars) (p. 23).

Virtually all experts concur that some sort of “home care turn” needs to be taken in Canada if the current level of public coverage of health care services is to be maintained. At the Canadian level, this claim has been a key conclusion of both the Standing Senate Committee on Social Affairs, Science and Technology (Kirby Report, 2002) and the Royal Commission on the Future of Health Care in Canada (Romanow Report, 2002). In Quebec, the same conclusion was reached by the Commission of study on health and social services (Clair, 2000), the Advisory committee on the sustainability of Quebec’s health and social services’ system (Ménard 2005), and the Task Force on Health Funding (Castonguay et al., 2008). The Clair (2000, 183-185) and Ménard (2005, 29-30) reports even explicitly recommended versions of an autonomy insurance plan. Before entering politics, Réjean Hébert had defended his autonomy insurance project on precisely these “social investment” grounds as a geriatric scholar (Hébert, 2012). He then reiterated these arguments when he became health minister in his White Paper.

Such arguments might constitute important justifications for the PEFSAD and other subsidies to the EÉSAD network, but they do nothing to explain how Quebec differs from other societies. As seen above, Quebec spends less on home support than most Canadian provinces and countries. In comparative perspective, the investments in the EÉSADS have a “too little too late” flavour, especially given Quebec’s rapidly ageing population. What warrants an explanation is the originality of the PEFSAD: its bias in favour of the social economy, its supply-side nature, and its universality. While the shift away from the public sector might have been justified on public finance grounds—if AVD services could be provided by an unskilled workforce at low wages, it was perceived as inefficient to have overqualified auxiliary nurses do the job
(Vaillancourt and Jetté 2003, 58)—I argue that “social investment” arguments have not been important in accounting for any of the distinctive features of the PEFSAD.

The main official justification behind the universality of the PEFSAD was to combat unreported work. As seen above, however, this goal has become largely neglected by government. From a purely fiscal perspective, the government’s lack of interest in combating unreported work through subsidization is not too surprising. *A priori*, for reported home care to become cheaper than unreported home care (and so to combat it effectively), the subsidy to reported home care needs to be greater than the additional tax costs coming with reported work. Subsidizing reported home care in order to increase tax revenues may thus be laudable from a moral perspective and might have positive diffused effects, but makes little sense from a narrow fiscal point of view.

In the area of child care, it is strongly argued that nonprofits (e.g. CPE) deliver higher-quality services than for-profits (see chapter four). Similarly, in the area of housing, it is strongly argued that community housing is better at social insertion than for-profit housing (chapter six). With regard to home support, it was originally argued that EÉSADs distinguished themselves from the private sector by doing more social insertion, but this goal has largely been abandoned (see above). Vaillancourt and Jetté (2009, 160) assume that EÉSADs provide higher-quality service than for-profits, but provide no evidence to support their claim—except to cite a paper from the Canadian Centre of Policy Alternatives studying home support in Ontario (Leduc-Browne, 2000). In the briefs from the EÉSAD associations or the Social Economy Worksite, the argument that EÉSADs provide better quality services than for-profits is actually never made.

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82 In fact, the high employee turnover rate mentioned above certainly has adverse effects on the quality of EÉSAD services (Blais, Goldbloom and Hébert 2008, 43).
Neither has the supply-side nature of the PEFSAD—favouring ÉSADs, which are not themselves in competition with one another\textsuperscript{83}—received significant praise from “experts”.

Both the Arpin (1999) report on the place of the private sector in Quebec’s health care system and the Ménard report (2005)\textsuperscript{84} concluded that a more demand-side home support policy was in order—where individuals with loss of autonomy would be granted a tax credit (Arpin 1999, 88) or a direct grant (Ménard 2005, 75) allowing them to purchase home support services in the market. The Castonguay report (2008, 117) goes further by arguing that AVD services should not be subsidized at all for the majority of the population. Reading the briefs sent to the Quebec Taxation Review Committee, it is in fact puzzling to find the ÉSADs defending the “demand-side” refundable tax credit for the home support of an elderly person rather than a more strictly social economy-focused home support model when there is actually so little hard evidence behind this tax credit. In a powerful brief, health consultant Hervé Anctil (2014) argued that this tax credit was in fact both extremely inefficient and costly, given that it does not discriminate between autonomous and non-autonomous elderly, that most people above 70 years of age in fact do not need long-term care, and that no evaluation of the efficiency of the tax credit had ever been conducted. The Godbout (2015, 50-51) report in fact recommended a curtailment of the tax credit, by increasing the minimum age of beneficiaries to 75 years (instead of 70) and by limiting at 32\% the maximum amount of deductible expenses (instead of 35\%)—involving for the government annual savings of 50 million dollars. The government has so far ignored this recommendation (Lévesque, 2015).

\textsuperscript{83} In practice, some ÉSADs have reported that their CSSS communicated that if they failed to offer AVQ services, they would deal with a neighbouring EESAD that did (REÉSADQ 2005, 9).

\textsuperscript{84} Nancy Neamtan was a member of the Ménard task force. Although she signs the report, in an annex of the report, she co-signs a letter in which she distances herself from a number of its recommendations. In particular, she reiterates her preference for a supply-side home support policy rather than a demand-side policy providing home care “vouchers”.

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In sum, the expert consensus that investing in home care would eventually yield savings for the Quebec government might explain Quebec’s decision to create a home support program in the mid-1990s, but it cannot explain the original features of the program that it did launch, the PEFSAD. In particular, experts have never argued in favour of a social economy-based model of home support.

Federalism

There are three ways in which the federal government intervenes in home support: through the Canada Health Act (CHA), through financial transfers to provinces and through direct federal home support policies. This section reviews these three types of federal policies and argues that they cannot explain the ambivalent social economy turn taken by Quebec in the area of home support in the mid-1990s.

Canada Health Act and home care

As mentioned above, the fact that home care is not covered under the Canada Health Act contributes to Canada’s comparatively low investments in home care. It reduces the incentives of both federal and provincial Canadian governments to shift investments away from the hospital (fully covered under the CHA) toward home care. Yet, there does not seem to be any relationship between the narrowness of the CHA and Quebec’s slightly distinct home support policy.

In particular, there is no reason to believe that the narrowness of the CHA particularly disfavours home care funding in Quebec\textsuperscript{85}. The fact that Quebec has traditionally opposed an expansion of the CHA is coherent with this assumption. For the idea of extending the CHA to home care regularly resurfaces. Thus, both the 2002 Kirby and Romanow reports favoured a

\textsuperscript{85}The 2004 Health Accord nonetheless introduced an element of asymmetry, exempting Quebec from accountability measures, \textit{inter alia} in the area of home care, imposed on other provinces (Clark and Séguin, 2004). Perhaps this asymmetry may contribute to explaining why Quebec spends less on home care, but not why it privileges the social economy.
national home care program, where post-acute home care costs would be publicly funded under Medicare. More recently, in October 2013, NDP MP Libby Davies introduced Bill C-545, An Act respecting the provision of continuing care to Canadians, proposing pan-Canadian home care standards. Traditionally, Quebec opposed pan-Canadian standards in what it considers to be provincial jurisdictions. Rather than reinforcing the CHA, Quebec has wanted greater federal transfers, ideally in the form of tax points. Hence, both the PQ and the BQ criticized the Kirby and Romanow reports, arguing that home care was a strictly provincial jurisdiction and that the fiscal imbalance accounted for Quebec’s financial difficulty in funding home care (Buzzetti, 2002; Venne, 2002).

Federal health transfers

The federal government has made health transfers to the provinces since the 1950s. Tracking the evolution of these transfers is challenging for two reasons. First, “health” transfers have sometimes been merged into larger transfers, such as the Canada Health and Social Transfers. Second, non-health transfers such as equalization payments can also be used to fund provincial health programs. In fact, health and equalization represent the two largest federal transfer payments to Quebec. In 2014-2015, for example, of a total of 19.4 billion dollars in federal transfers, Quebec received 5.6 billion dollars in health transfers and 9.5 billion dollars in equalization payments. For these reasons, I look at the evolution of federal transfers in Quebec as

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86 Given that health falls under provincial jurisdiction in the constitution, the very presence of “health” transfers to provinces, for example, is viewed in Quebec as an encroachment on the jurisdiction of provinces and a manifestation of fiscal imbalance (Séguin et al. 2002, 69).

87 This Quebec reluctance to strengthening the CHA seems to be mollifying, however. The PQ’s White Paper mentions neither the CHA nor federal health transfers. In an interview with me, Réjean Hébert in fact clarifies that he is very much in favour of extending the Canada Health Act to home care (interview #72). In its brief for the parliamentary commission on the autonomy insurance, the CSN clearly stressed that the Canada Health Act should cover long-term care (CSN 2013, recommendation 1).
a percentage of total provincial revenues. Figures 2.7 to 2.10 in chapter two confirm that the creation of the PEFSAD coincides with the nadir of federal transfers to Quebec. For the 1997-1998 fiscal exercise, when the PEFSAD was launched, federal transfers constituted only 14.4% of Quebec’s revenues; half of what they represented two decades earlier. This evolution is not proper to Quebec and cannot be explained by federal tax cuts (as in more recent years) or provincial tax increases. Between 1995 and 1998 the share of federal spending going in transfers to other levels of government decreased from 22.5% to 18.8% (Canada 1996; 2000).

The PEFSAD might not be a large program, but it was nonetheless a new social program and it was created in spite of federal cuts. The federal disengagement from funding health—uncompensated by transfers of tax points—put considerable strain on provincial health care systems in the mid-1990s. In a recent study, the Canadian Institute for Health Information (2014, 162) provides data on provincial public expenditures on health care from 1975 to 2014 and confirms the existence of a provincial fiscal crisis in the mid-1990s. It shows that over these forty years, only once did absolute expenditures (but constant dollars) decreased from one year to the next in Quebec: between 1995 and 1996. In Ontario, expenditures declined only twice: from 1992 to 1993; and then from 1994 to 1995. In British Columbia, health expenditures never declined. In Alberta, they declined on four occasions: from 1986 to 1987, and then from 1992 to 1993, from 1993 to 1994 and from 1994 to 1995.

Federal home care programs

Beyond the Canada Health Act and transfers to provinces, the federal government has also had a number of programs directly focused on home support. This subsection reviews these

88 And in the summer of 1997 alone, nearly 4,000 nurses left for early retirement (Paré, 1999).
programs and argues that none of them have favoured the development of the EÉSAD network. In particular, since 1997, EÉSADs have never received significant funding from any federal program.

In the early 1970s, Lawson and Thériault (1999) report the short-lived Local Initiatives Program (LIP) and Opportunities for Youth (OFY)—the federal job-creation programs from the 1970s that spurred the nonprofit child care movement in Quebec (see chapter four)—funded a number of nonprofit home support initiatives in Saskatchewan. In contrast, a review of the literature (e.g. Vaillancourt and Jetté 2003; Boivin 2013, ch.5) suggests that these programs have not played a key role in Quebec, especially compared to provincial programs such as PAIE and EXTRA mentioned above.

In 1992, the federal government launched a permanent Live-in Caregiver Program, which allows foreign workers (generally from the Philippines) to work for a two-year period in Canada as live-in caregivers and then apply for permanent residency89. Their work consists of homemaking and taking care of children, the elderly, and the disabled.

The program is a small one and Quebec receives only about 15% of the program’s live-in caregivers (IRIS 2014, 6). During the peak of the program, between 2008 and 2010, just over 1,000 individuals would immigrate through it each year in Quebec (Quebec 2014b, 11; Quebec 2010a, 11; Quebec 2009a, 22). In my literature review on EÉSADs, this program is never mentioned. The PEFSAD and the live-in caregiver program seem to cater to opposite clienteles (interview #75). Little is known about the resident live-in caregivers’ employers, but current data suggest that the program is essentially used by upper-class Canadians. Employers must have the means to provide the caregivers with food and shelter in addition to paying them between $330 and $400 per week (Galerand, Gallié and Gobeil 2015, 21). From a sample of 33 Quebec

89 Since December of 2014, the caregivers no longer need to be “live-in” to apply for residency (Black, 2014).
employers, a recent study found that 21 were business owners, 5 were medical doctors, and 2 were McGill professors (Galerand, Gallié and Gobeil 2015, 9).

The federal government’s regressive “caregiver model” of home support also chiefly includes a tax credit. As seen above, a caregiver credit provides incentives for families to designate a parent as caregiver rather than to pay for an external provider, hence constituting an alternative to a supply-side model of home support. Introduced in 1998, the Federal caregiver credit is a relatively small measure, however. In non-constant dollars, the costs of the tax credit progressively evolved from 24 million dollars in 1998 to some 115 million dollars in 2014 (Canada, 2014). Evidence, moreover, suggests that there is a weaker demand for caregiver support in Quebec than in other provinces. Among Canadian provinces, it is in Quebec that we find the highest ratio of individuals over 15 years old providing less than 5 hours of care to an elderly per week (68.2%) and in Quebec that we find the lowest ratio of individuals over 15 years old providing more than 20 hours of care per week to an elderly (6.4%) (Rheault 2011, 9).

Another federal program arguably had a greater impact on ÉSADs, but only for a while. By the fall of 2008, about 30 ÉSADs had a charity status recognized by Canada Revenue Agency. This status is consequential: registered charities do not pay income tax on their earnings and can issue tax receipts to donors. Then, the Canada Revenue Agency (CRA) suddenly and unexpectedly denied them that status, arguing that ÉSADs could not qualify as charitable organizations if they provided services to active households and if they failed to prove that their clients aged 65 years and above had special medical needs (Canadian Press, 2008a; Hérivault, 2008; CRA, 2015). This denial of status by the CRA is difficult to fathom. Since the term “charitable” is not defined in the Income Tax Act, CRA bureaucrats enjoy significant

90 Also, introduced in the federal Budget 2011, the family caregiver tax credit represents an enhanced amount of $2,000 (indexed for years subsequent to 2012) that can be claimed for an infirm dependent under one of the existing dependency-related credits, such as the Caregiver Credit.
discretion. Hence, literally hundreds of social economy early childhood centres (CPEs) enjoy a CRA charity status even if their services do not specifically target the poor. Registered charities such as the neoliberal Institut économe de Montréal or the centre-left Institut de recherche en économie contemporaine similarly qualify as charitable organizations, even though their services are obviously not means-tested.

The new CRA orientations oppose the universal character of the PEFSAD, favouring more means-tested organizations, such as Fondation Cap Diamant. In 2005, former EÉSAD workers established that foundation, duly recognized as a charitable organization, precisely to address the home support needs of the elderly who cannot afford the minimum user fees required by the PEFSAD (Fondation Cap Diamant 2013, 2-3).

In sum, no federal policies—whether the CHA, transfers to provinces, or specific home support programs—seem to have predisposed Quebec to privilege social economy providers of home support services.

In conclusion, Quebec has a highly mixed system of home support. It draws from elements of the caregiver model (e.g. caregiver credits and the live-in caregiver program), the public model (local health community clinics continuing to deliver AVQs), the competitive model (e.g. home support tax credit and Chèque employ-service) and the social economy model (with the PEFSAD). Its social economy elements distinguish it from other provinces and many countries.

Quebec’s original network of home support social economy enterprises is not the result of deep structural forces, expert social investment arguments, or federal policies. Rather, it is chiefly the result of a contingent coalition between employers and unions weaved by the GTES
during the 1996 Summit. The coalition holds because neither the public nor the private sector views EÉSADs as a threat and because the EÉSAD network has come to develop a powerful set of civil society stakeholders willing to defend it. Partisanship also matters. Absent a PQ government, such an opportunity for coalition-building would not have presented itself and the ideological sympathy toward the social economy as well as the ideological commitment to move away from short-term employability programs would not have arisen.
Chapter Six: Social Housing

Social housing is provided differently in different countries. In “dualist” systems, most characteristically present in affluent English-speaking democracies, the social housing sector targets low-income households and does not compete with private rental housing. Housing policies in these countries further encourage middle class households to become homeowners. In “integrated rental systems”—e.g. Sweden, Denmark, and the Netherlands—in contrast, social housing is, at least in theory, for everyone (Kemeny, 1995; 2006; Hoekstra, 2009; Lévy-Vroelant and Tutin, 2010). The stock of social housing is larger in some countries than in others. Social housing dominates the rental sector in the Netherlands, but represents only about 5% of the housing stock in the United States, Canada, Australia, and New Zealand, while it constituted 33% of the total stock in the United Kingdom until the end of the 1970s (Kemeny, 2006; CECODHAS, 2012; Hulchanski, 2004). Social housing also comes in different types in different countries, mostly involving nonprofit housing in the Netherlands, cooperative housing in Sweden, and subsidized for-profit housing in the United States.

Social housing is surprisingly under-studied in comparative politics and so these vast cross-national differences remain poorly understood (Bengtsson, 2009). In Canadian politics, social housing has similarly drawn very little attention. Cross-provincial differences, in particular, still remain to be clarified and explained. This chapter begins to fill this gap by focusing on one province: Quebec.

From the Second World War to the early 1990s, social housing was de facto a federal responsibility and inter-provincial differences were small. Then, from 1986 to 1993, the federal government progressively ceded that responsibility to provinces. Between 1994 and 2001, the
federal government stopped constructing new social housing units outside Aboriginal reserves. Administrative responsibility for the existing social housing stocks, moreover, was ceded to most provinces and all territories through agreements during that period. By the time the federal government had timidly returned to “affordable housing” in 2002 (Hulchanski, 2004; see below) significant cross-provincial differences had arisen. In particular, one province, Ontario, further devolved responsibility for social housing to the municipal level, and two provinces, Quebec and British Columbia, developed significant social housing construction programs (Hulchanski, 2004). The latter having abandoned its program, Homes BC, with the return of the federal government in social housing (Irwin, 2004), Quebec has been the only province in the last decade to have had a major program sustaining the creation of new social housing units, AccèsLogis (Ducharme and Vaillancourt, 2012). Why has Quebec launched and then maintained such a program? In a broad comparative perspective, AccèsLogis also has the non-trivial trait of exclusively funding community or “social economy” (i.e. nonprofit and cooperative) housing: why is this so? This chapter seeks to address both of these questions.

In line with the Canadian residualist tradition, Quebec social housing programs, including AccèsLogis, have always been means-tested. The social housing stock is small, constituting about 5% of the total stock. Quebec has roughly 131,000 social housing units (excluding subsidized private housing): about 63,000 public housing units, 38,000 nonprofit housing units, and 30,000 cooperative housing units (Ducharme, 2014). In Quebec, public housing buildings are managed by 554 municipal housing offices (OMHs) spread across the province (Aubin et al. 2014)—which also contribute to about 10% of public housing’s operation costs (Morin, Richard, and Cuierrier 2008, 59). About two-thirds of these public housing units are owned by the Société
d’habitation du Québec (SHQ) while about a third are owned by the OMHs (Morin, Richard, and Cuierrer 2008, 58). The roughly 37,000 community housing units built through federal programs prior to the 1986 Canada-Quebec Global Agreement on Social Housing are administered by the Canadian Mortgage and Housing Corporation (CMHC), while the community housing stock resulting from later programs are generally administered by the SHQ. The focus of this chapter is on the roughly 25,000 community housing units built through AccèsLogis (and its ancestor, PARCO) since the retreat of the federal government in the mid-1990s.

Explaining Quebec’s community housing policy

This chapter traces the process that resulted in the decision to create a social economy-based social housing program in Quebec in the mid-1990s. It explores the five hypotheses in chapter two: structural-institutional causes, federalism, learning, power resources, and coalition politics. It argues that Quebec social housing policy is chiefly the result of Left mobilization and Left-Right coalition.

Structural and institutional constraints

In dualist systems, housing policies seek to help the poor to rent and the non-poor to buy. Both structural and institutional factors make it more difficult for the poor to house themselves in the rental market in some places than in others. Perhaps Quebec developed a distinct social housing policy because renting was less accessible in Quebec because of such factors? This section refutes this hypothesis.
Homeownership rates have always been significantly lower in Quebec than in other provinces—although the gap has been shrinking in the last few decades, as shown in Table 6.1. The defense of the rental stock is a continuous battle for low-income households who cannot afford to buy. In the last few decades, in particular, the Left has actively mobilized itself to slow down the growth of condominiums in Quebec cities. To take a recent example, the fact that the legal protections regarding the transformation of rental housing into divided co-ownership (i.e. condominiums) are overcome by first turning rental housing into undivided co-ownership, and then into condominiums has been strongly criticized by the FRAPRU (2013), Projet Montréal (2012) and Québec Solidaire (David, 2014).

Comparative scholarship similarly suggests that high homeownership rates (typical of affluent English-speaking democracies) must be understood as a response to weak welfare states, homeownership acting as a form of social insurance over the life course (Conley and Gifford, 1996; Castles, 1998; Kemeny, 1981). The traditional explanation of Quebec’s lower homeownership rates/larger rental sector, however, is institutional and emphasizes the province’s stricter rent control, which makes renting artificially cheap (Cardinal et al. 2013 and see Thibodeau, 2001c for cross-provincial comparison of rent-control). Two-bedroom apartments, for example, are cheaper in Quebec ($694/month) than in any other province and substantially cheaper than in Ontario ($1,059/month) (CMHC, 2014).

Why does Quebec have a stricter rent control? The secondary literature is unfortunately silent on this question. Rent control could itself result from Left mobilization. Certainly, the day-to-day implementation of rent control is a battlefield where tenants’ associations and right-to-

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91 There is also evidence of a reverse relationship: as house prices increase, homeowners become less supportive of redistribution and social insurance policies, and attentive right-wing political parties tend to substantially cut social spending during housing booms (Ansell, 2014).
92 Some provinces (i.e. AB, SK, NB, NS, and NL) in fact have no rent control at all.
housing defense groups actively seek to inform tenants of their rights and help them contest abusive rent increases (Canadian Press, 2015; and see Saillant 2006). The origins of Quebec’s rent control fall beyond the scope of this research, however, because I argue that stricter rent control cannot explain Quebec’s different social housing policies.

Table 6.1 Homeownership rates in Canada, 1971-2011

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<tbody>
<tr>
<td>Canada</td>
<td>60.3</td>
<td>61.8</td>
<td>62.1</td>
<td>62.1</td>
<td>62.6</td>
<td>63.6</td>
<td>65.8</td>
<td>68.4</td>
<td>69.0</td>
</tr>
<tr>
<td>QC</td>
<td>47.4</td>
<td>50.4</td>
<td>53.3</td>
<td>54.7</td>
<td>55.5</td>
<td>56.5</td>
<td>57.9</td>
<td>60.1</td>
<td>61.2</td>
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<tr>
<td>ON</td>
<td>62.9</td>
<td>63.6</td>
<td>63.3</td>
<td>63.6</td>
<td>64.3</td>
<td>64.7</td>
<td>67.8</td>
<td>71.0</td>
<td>71.4</td>
</tr>
<tr>
<td>AB</td>
<td>63.9</td>
<td>64.8</td>
<td>63.1</td>
<td>61.7</td>
<td>63.9</td>
<td>67.8</td>
<td>70.4</td>
<td>73.1</td>
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<tr>
<td>BC</td>
<td>63.3</td>
<td>65.3</td>
<td>64.4</td>
<td>62.2</td>
<td>63.8</td>
<td>65.2</td>
<td>66.3</td>
<td>69.7</td>
<td>70.0</td>
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Source: CMHC, 2011b

Economists overwhelmingly oppose rent control. According to Paul Krugman (2000), “[T]he analysis of rent control is among the best-understood issues in all of economics, and—among economists, anyway—one of the least controversial. In 1992 a poll of the American Economic Association found 93 percent of its members agreeing that ‘a ceiling on rents reduces the quality and quantity of housing’” (see also Jenkins 2009 for a restatement of economists’ consensus on the issue). Economists have argued that rent control has a depressing effect on the quality and supply of housing because of the housing supply’s low price elasticity. Moreover, they argue, rent control exacerbates competition between tenants and the poor lose in that competition (e.g. Elgrably-Lévy 2006; Heath 2009, 163-164). Pierre Desrochers, from the Montreal Economic Institute (an employers’ think tank), argued that the “real” cause of the severe housing shortage that occurred in Montreal in 2001—when nearly 500 households...
suddenly found themselves without housing on July 1st (Saillant 2012, 25-26)—was rent control (Desrochers 2002, 27). In his research note, Desrochers (2002) implores the government to resist the temptation of constructing new social housing in order to resolve that housing shortage. Could Quebec’s social housing policy be interpreted as a “policy feedback effect” of its tighter rent control? This hypothesis is credible. Strict rent control, for example, is non-controversially assumed to explain the growth of social housing in the United Kingdom (Pierson 1994, 75).

For Quebec, however, this hypothesis is unconvincing. The idea that rent control hurts the poor is strongly contested by the Quebec Left, who views it as a necessary tool to secure individuals’ right to housing (e.g. Saillant 2006; Carmichael 2015; IRIS 2011). More fundamentally, a number of exogenous factors independent from rent control can create a housing shortage. A situation of housing shortage is said to occur when vacancy rates fall below 3%. Table 6.2 shows that near-permanent housing shortages and soaring real estate inflation are in fact a pan-Canadian phenomenon, especially since 2000. Between 2000 and 2010 alone, in a context of near real income stagnation, nominal market value property prices more than doubled in Canada (CCPA 2010, 5) and in Quebec (IRIS 2013, 1-2)—and doubled in real terms in Vancouver (CCPA 2010, 6). The table also shows that vacancy rates have not traditionally been lower in Quebec than in other provinces (except in 2004). In fact, in 1996, when the decision to launch AccèsLogis was taken (see below), vacancy rates were actually higher in Quebec than in most provinces. Perhaps rent control does aggravate the housing shortage in Quebec (although I am aware of no empirical study actually showing that), but since housing shortages are not greater in Quebec than in other provinces, rent control cannot explain Quebec’s greater provision of social housing as of the mid-1990s.

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93 In Quebec, July 1st is the national moving day.
Table 6.2 Vacancy rates in Canada, 1992-2012\(^{94}\)

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<td>2.6</td>
<td>3.0</td>
<td>1.6</td>
<td>4.1</td>
<td>2.7</td>
<td>2.5</td>
</tr>
<tr>
<td>AB</td>
<td>4.9</td>
<td>4.8</td>
<td>1.3</td>
<td>4.6</td>
<td>2.5</td>
<td>2.0</td>
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<tr>
<td>BC</td>
<td>1.8</td>
<td>2.8</td>
<td>3.6</td>
<td>2.4</td>
<td>1.0</td>
<td>2.7</td>
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Source: CMHC, 2014b

Table 6.3 Incidence of core housing needs\(^{95}\) (%) in Canada, 1991-2011

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<tbody>
<tr>
<td>Canada</td>
<td>13.6</td>
<td>15.6</td>
<td>13.7</td>
<td>12.7</td>
<td>12.5</td>
</tr>
<tr>
<td>QC</td>
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<td>16.3</td>
<td>12.5</td>
<td>10.6</td>
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<tr>
<td>ON</td>
<td>11.9</td>
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<tr>
<td>AB</td>
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<tr>
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<td>17.4</td>
<td>15.8</td>
<td>16.3</td>
<td>14.6</td>
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Source: CMHC, 2011a

That said, housing needs were arguably more pressing in Quebec than in most other provinces in the early-to-mid-1990s, as suggested in Table 6.3 (see also FRAPRU, 1995). The other province to have developed a social housing construction program after the withdrawal of the federal government in 1994, British Columbia, had even more acute housing needs during

\(^{94}\) We do not have vacancy rate data that specifically target low-rent apartments.

\(^{95}\) According to the Canada Mortgage and Housing Corporation, a household has “core housing needs” if it pays 30% or more of its total before-tax income for housing or if it would need to do so in order for its housing to be adequate (i.e. not requiring major repairs) and suitable (i.e. enough bedrooms).
that period (and to this day). Certainly, then, objective housing needs cannot explain why AccèsLogis was maintained and Homes BC (the BC equivalent of AccèsLogis) abandoned. Moreover, the difference between Quebec and other provinces in terms of objective housing needs in the early-to-mid 1990s is too small to persuasively explain substantial policy differences. While such needs increased in Ontario between 1991 and 1996, they were arguably more salient politically during the NDP 1990-1995 government than during the Progressive-Conservative 1995-2002 government (see below). Similarly in Quebec, as described below, a number of factors in fact explain the creation of Accès-Logis—although absent unmet housing needs, it is hard to believe how a case for social housing could have been made in Quebec, given the unchallenged assumption that social housing is for those who fail to house themselves in the market.

**Federalism**

In 2001, following near-complete inaction in most provinces, the federal government returned to funding new social housing projects. It never took back, however, the leading role it played in social housing in the sixties and seventies. The federal government invested $1.2 billion between 2001 and 2011 in its main social housing program, Affordable Housing Initiative; the following program launched in 2013, Investment in Affordable Housing, committed to $1.25 billion over the next five years (CMHC, 2014c). While it took almost ten years to build 8,557 affordable housing units in Quebec through the cost-shared Canada-Quebec Affordable Housing program in the 2000s, the federal government had built over 12,000 public housing units in Quebec between 1979 and 1981 (see Appendix 4).
The decreasing role of the federal government in social housing, combined with the near total lack of compensation to provinces (Hulchanski, 2004), is widely viewed as the main cause of Canada’s comparatively small social housing stock (e.g. Leone and Carroll, 2010; Hulchanski and Shapcott, 2004). Less attention has been paid to the differentiated effect of that withdrawal on the provinces. This section addresses this gap by arguing that (i) federal dynamics explain the emergence of robust cross-provincial differences in social housing policy in the mid-1990s, but (ii) cannot explain why Quebec, in particular, took over social housing policy to a greater degree than other provinces. This section also argues that (iii) federal legacies largely contributed to Quebec’s social economy orientation in social housing. In other words, the section argues that changes in federal policies in the 1990s constitute necessary but insufficient causes of Quebec’s distinct social housing trajectory.

**Federalism and the growing of cross-provincial differences**

Although constitutionalists tend to view social housing as a provincial responsibility, social housing was a *de facto* federal responsibility for most of the second half of the 20th century (Klodawsky and Spector, 1997). Until the 1990s, the bulk of social housing units in the country had been built through federal programs (e.g. Hulchanski, 2004). Then, as of the mid-1980s, the federal government progressively attempted to shift the responsibility for social housing to the provinces (Wolfe, 1998). It first did so by cutting expenses. Londerville and Steele (2014, 53) calculated that in constant 2013 dollars, the federal government’s subsidies for affordable housing decreased from approximately $3 billion in 1993 to $2 billion in 2013. Its 1993 budget in fact announced that the federal government would stop funding new social housing projects (Canada 1993, 56), and, indeed, between 1993 and 2001, no new social housing projects were
announced (Hulchanski, 2004). After the United States, Canada had come to have the lowest social housing stock of western nations (Scanlon and Whitehead, 2004).

Second, the federal government explicitly sought to sign complete devolution agreements with every province and territory. In 1986, the Société d’habitation du Québec (SHQ) signed an agreement with the CMHC that made Quebec the sole provider of (off-reserve) social housing throughout the province, meaning, *inter alia*, that Quebec would be responsible for administering all new social housing units. Then, the federal government announced in its 1996 Budget that it would offer provinces and territories the opportunity to administer the *existing* off-reserve federally-funded social housing stock—by offering a one-shot lump sum to cover existing operating agreements. Such social housing agreements have been signed in all territories and all but three provinces—Quebec, Alberta, and Prince Edward Island. CMHC continues to directly administer a portion of the existing social housing portfolio in these three provinces—in addition to cooperative housing programs in British Columbia and Ontario and the on-reserve housing stock in all provinces and territories.

By partially shifting responsibility for social housing to the provinces, the federal government facilitated cross-provincial differences. Cross-provincial differences already existed. In particular, federal cost-shared social housing programs seem to have been used to a greater extent by some provinces than others (see below). In Quebec, the evidence nonetheless suggests that the federal retreat was a necessary condition for the development of relatively bold social housing policies. In other words: absent effective devolution of social housing to provinces, it is unlikely that Quebec would have developed its own social housing programs, especially given the precarious fiscal context it found itself in in the mid-1990s, as discussed in chapter two.
On the one hand, Quebec never had continuous non-cost-shared social housing programs prior to the withdrawal of the federal government (e.g. AGTRQ 2002; Bouchard and Hudon, 2008). Quebec’s first social housing program, Logipop, was a cost-shared program and lasted from 1977 to 1984. The main program that succeeded it, the Programme sans but lucratif privé (PSBL-P), was also a cost-shared program and lasted from 1986 until the withdrawal of the federal government in 1994. Only between 1984 and 1986, by merging what was left of Logipop with two other expiring programs into the Programme intégré québécois, was Quebec briefly able to build just under 1,000 community housing units independently of federal subsidies (Bouchard and Hudon 2008, 36; Mercier 2005, 23).

On the other hand, Quebec started continuously having non-cost-shared social housing programs almost immediately after the 1993 federal budget announced the end of new federally-funded social housing projects. In April of 1994, explicitly in reaction to that announced withdrawal, the Montreal Major Jean Doré called for a municipal social housing program, Résolution Montréal (La Presse, 1994). Just a few months later, in the wake of the 1994 provincial elections, Parizeau stated he had heard his call and announced a provincial version of Montreal’s program (Groupe d’études et actions urbaines 2008, 20-22). The result was the Programme achat-rénovation pour coopératives et OSBL (PARCO), which lasted three years. At the 1996 Summit on the Economy and Employment, a decision was made to continue funding social housing after PARCO’s expiry (see section on coalition below). The resulting program was AccèsLogis, which has so far produced nearly 25,000 community housing units, and which is still active to this day.

Other provinces reacted differently to the federal government’s withdrawal from social housing. In particular, as mentioned above, Ontario downloaded responsibility for social housing
to municipalities in 2000. In 1997, Quebec thought of doing the same (see below). It did not, but Quebec municipalities have also come to play an increasing role in social housing. In particular, as with PARCO, AccèsLogis requires the “community”, usually the municipality, to provide between roughly 5% and 15% of the costs of every community housing project it supports (SHQ, 1997a). A number of legislative reforms also reinforced municipal responsibility in social housing in the 2000s. In particular, the 2000 Act to reform the municipal territorial organization of the metropolitan regions of Montréal, Québec and the Outaouais (bill 170) requires the municipalities of Montréal, Longueuil, Québec City, Lévis and Gatineau to raise their own social housing development funds—to “an amount at least equal to the basic contribution required to build the housing allocated to its territory by the Société d’habitation du Québec” (Quebec, 2000).

**Federalism and Quebec’s distinctive path**

The temporary federal government withdrawal from social housing, however, cannot explain why British Columbia and Quebec, in particular, took over social housing policy to a greater extent than other provinces. Nothing about federal social housing policies predisposed Quebec to take over the policy field in the mid-1990s. In fact, I argue that, if anything, federal policies have made it difficult for Quebec to have expansive social housing policies.

First, prior to the mid-1990s, federal social housing policies arguably disfavoured Quebec. Data from the CMHC indicate that in 2000, when Quebec and British Columbia were the only provinces to have taken over social housing policy, social housing represented 5% of the total stock in Quebec and British Columbia, but 6% in Ontario, and 9% in Manitoba and
Saskatchewan (cited in Divay, Séguin and Sénécal 2005, 29). The origins of these “initial” differences remain to be explained, but the most likely explanation is that some provinces, such as Quebec, participated in federal cost-shared social housing programs to a lesser extent than others (e.g. Klodawsky and Spector, 1997). In 1967, when the first public housing projects were launched in Quebec and most provinces, Ontario, in particular, already had a stock of 12,000 public housing units—funded through federal programs (Hulchanski 2004, 224-228). In the wake of the 1995 referendum, the SHQ (1995) also strongly argued that Quebec had never received its share of federal investments in social housing. In particular, after the 1986 Canada-Quebec agreement on social housing, Quebec systematically received less than what it should have received based on demographics or needs—receiving always less than 20% of federal social housing investments (SHQ 1995, 9; FRAPRU, 1995). Also, compared to Saskatchewan and Manitoba, in particular, Quebec has a small Aboriginal population and so enjoys only a small stock of CMHC-administered on-reserve social housing (e.g. CMHC 2011b, 57).

Second, the absence of a satisfactory Canada-Quebec agreement on the administration of the social housing stock built prior to 1986 jeopardizes the sustainability of AccèsLogis. As it did with other jurisdictions, Ottawa hoped to compensate Quebec for the administration of the existing stock by transferring lump sums, but Quebec insisted on having tax point transfers instead (FRAPRU, 1998). The deadlock has remained since December of 1997, when Lucien Bouchard left the negotiation table. As a result, about 37,000 community housing units in Quebec continue to be directly administered by the CMHC (SHQ 1997b, 3). Legally, the CMHC is responsible for the pre-1986 stock of housing units until the end of their 25-50-year mortgages. Since the federal government has not committed to extending funding after the end of these mortgages, no one really knows what will happen to this stock as mortgages progressively

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96 The CMHC does not have more recent statistics comparing the social housing stocks of provinces.
expire, as of the mid-2010s. This uncertainty constitutes a substantial source of worry for Quebec social housing actors (Bourque and Charest, 2012) as well as social housing actors from other provinces who continue to rely on the CMHC for the administration of a portion of their social housing stock (e.g. Pomeroy and Falvo, 2013). In 2013, the SHQ argued that if such federal funding is withdrawn, Quebec will fill the gap to ensure no existing low-income households are displaced, but would likely cut other housing programs (SHQ, 2013).

Third, since Quebec has lower homeownership rates than other provinces (Table 6.1), Quebec might be comparatively disadvantaged from federal policies that favour owners over renters. To get its share of federal homeownership investments, Quebec (and its municipalities97) might be tempted to steer its resources toward promoting homeownership, possibly at the expense of renters and social housing98. This third hypothesis is worth taking seriously as in the few last decades the federal government has increasingly focused on owners. Since the creation of the Canada Mortgage and Housing Corporation in 1946, the priority of Canadian housing policy has been to stimulate homeownership—rather than to assist renters through social housing or rent supplements (Hulchanski, 2004; Divay, Séguin, Sénécal 2005; Steele and Des Rosiers, 2009). Since the mid-1980s, while seeking to withdraw itself from social housing, the federal government has increased its support to homeowners. Londerville and Steele (2014, 53) calculate that, in constant 2013 dollars, tax expenditure for non-poor homeowners (e.g. tax exemptions on capital gains realized on the sale of principal residence; First Time Home Buyer’s Tax Credit;...
Home Renovation Tax Credit; RRSP Home Buyers Plan) increased from $7 billion in 1993 to $9 billion in 2013. The CMHC has also played an increasing role in insuring homeowners’ mortgages. The National Housing Act (NHA) prohibits federally regulated banks from providing residential mortgages without mortgage loan insurance if the loan is greater than 80 per cent of the purchase price or value of the home. In nominal terms, the value of CMHC’s “NHA-guaranteed loans” increased from $113.3 billion to $540 billion between 1995 and 2011 (IRIS 2012, 6). During the past recession, in 2009-2010, the CMHC additionally bought $69 billion (CMHC-insured) mortgage loans from Canada’s top banks in order to address their liquidity problem (CMHC, 2012; CBC, 2012; Tencer, 2012).99

Federalism and the social economy

AccèsLogis’ “social economy” orientation, however, has certainly been influenced by federal social housing policy. From World War II to the early 1970s, federal social housing policies chiefly privileged public housing. In the 1970s, 1980s, and early 1990s, the federal government continued building public housing but also increasingly supported cooperative and nonprofit housing. At the pan-Canadian level, community housing construction projects started to outnumber public housing projects by the end of the 1970s (Banting 1990, 132). Since the mid-1990s, social housing programs in Canada have only supported private and community housing projects.

By the time Quebec introduced its first social housing programs, the country had already taken a social economy turn in the field of social housing. Quebec’s two main (cost-shared)

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99 This massive assistance of Canadian banks (which, in total, involved “investments” of $114 billion by different federal agencies) was only revealed in the media in the spring of 2012 by the Canadian Centre for Policy Alternatives (Macdonald, 2012). The issue was then only very briefly discussed in the media.
social housing programs prior to the mid-1990s, Logipop (1977-1986) and PSBL-P (1986-1994), both exclusively supported community housing. PARCO (1996-1998) and AccèsLogis (1998-) have maintained that orientation. Timing matters. Had Quebec gotten involved in social housing in the 1950s, it would more likely have privileged public housing; by the 1970s, however, public housing had such a bad reputation (see section on learning below) that it was not even considered as an option. The other province to have launched a social housing program in the mid-1990s, British Columbia, similarly did not challenge the ambient Canadian consensus regarding the superiority of community housing over public housing; Homes BC exclusively subsidizes cooperatives and nonprofits (Divay, Séguin, Sénécal 2005, 23).

**Learning**

Win-win arguments sometimes allow actors enjoying different structural positions and interests to agree on a specific issue. With respect to housing in Quebec in the mid-1990s, two broad cross-class consensuses emerged: social housing should be for the poor and social economy enterprises are better than the public sector at providing social housing. These are not trivial consensuses. In integrated rental systems, the idea that social housing should target the poor is strongly resisted; in many countries (and, indeed, in Canada in the 1950s and 1960s), the public sector was thought to provide adequate social housing. I argue that these two consensuses were decisive in accounting for the low-key, means-tested, and social economy-based nature of Quebec’s social housing policy, but cannot explain why Quebec took over social housing policy to a greater extent than other provinces. As with changes in federal policies, then, these social investment arguments constitute necessary but insufficient causes of Quebec’s social housing policy.
**Social housing**

Since the mid-1990s, Quebec social housing actors have increasingly made the case that investing in social housing is economically sound, given the number of jobs it directly and indirectly creates. During the October 1996 Economy and Employment Summit, the Quebec Nonprofit Housing Network (Réseau québécois des OBNL d’habitation, RQOH) argued that its housing project for the elderly would directly allow for the creation of 1,100 to 1,250 jobs while the cooperative housing association argued that its project would lead to close to 1,000 jobs in the construction industry (GTES 1996, 28-29). In Quebec, community housing jobs have come to represent about 10% of social economy jobs (Cuierrier, Frohn and Hudon 2008, 172). The FRAPRU occasionally also uses this kind of argument, suggesting during the 2008-2009 recession that social housing be included in a stimulus plan (Canadian Press, 2008b). The SHQ now similarly heavily emphasizes the positive effects of social housing on the construction industry. For the 2010-2011 fiscal year, the SHQ claimed that every dollar it invested generated 2.3 dollars in Quebec’s economy, mainly by stimulating the construction industry (AECOM 2011, 18; cited by the Coalition pour l’habitation communautaire 2012, 7). These SHQ data are recent, however, and may contribute to the longevity of AccèsLogis, but hardly to its creation. The GTES’ arguments may have been more influential, but they are also unlikely to really explain Quebec’s distinctive social housing policy path as these arguments could have been used just as well in any other province.
Residualism

In line with the liberal pattern (Esping-Andersen 1990), Canadian federal social housing policy has always targeted the poor (Hulchanski, 2004). Federally-funded public housing places are distributed based on needs and rent is geared to income, representing between 25% and 30% of households’ income, depending on the province (SHQ 2007, 9). In the 2000s, the federal government’s affordable housing strategies similarly explicitly targeted low-income tenants and municipalities with vacancy rates below 3% (CMHC, 2015). The most illustrative symbol of the means-tested nature of Canadian social housing projects is arguably the “modesty assurance criteria” they have had to comply with, particularly in the 1970s and 1980s (e.g. ROHQ 2014, 2; Aubin et al. 2014, 28): “public housing buildings have to be ugly so that no one would be led into thinking the government is spoiling the poor” (interview #30).

Quebec’s main social housing program launched after the retreat of the federal government, AccèsLogis, kept the means-tested orientation. While it encourages diversity between “low” and “modest” income households (SHQ, 2008), it targets three types of disadvantaged households: low-to-modest income families and individuals living alone, the elderly, and people in special situations (e.g. battered women) (SHQ, 1997a). Different groups and actors are more sensitive to the needs of different vulnerable populations, but my interviews and documentary research clearly reveal that in Quebec, in the mid-1990s, the basic assumption that social housing should target the poor was not challenged. In an interview, the public official heading the SHQ between 1992 and 1997—when the key decisions regarding PARCO and AccèsLogis were made—stated that he disapproved of “middle class individuals” occupying subsidized community housing units (interview #33). The 2013 SHQ director feels the same way and would like to “do something” about the fact that some housing cooperatives are occupied by wealthy households (Porter, 2013).
Quebec’s main social housing defense group, the FRAPRU, has always primarily viewed social housing as a means to address the housing needs of low-income households. The FRAPRU traditionally demanded an absolute number of social housing units based on a prior assessment of housing needs. Since 2006, it hopes to increase social housing’s share of the rental market from 10% to 20% (Saillant 2012, 61)\(^\text{100}\), but the residual orientation has remained. The FRAPRU is not content with simply demanding more social housing: it also specifically demands public-sector social housing units precisely because they are for the very low-income only and because “in practice, we know that some marginalized individuals are discriminated against in the selection process in cooperatives and nonprofits” (interview #51; FRAPRU, 2004; Boileau, 2001).

In the wake of the 2001 Montreal housing crisis, the former president of Quebec’s tenants association, Denis Cusson, expressed even more clearly the residualist logic: “if the private rental market fails to construct new [affordable] housing units, it is up to the government to construct them” (Dufour, 2001, my translation).

The Coalition for community housing, which encompasses the Social Economy Worksite, the Quebec Association of Technical Resource Groups (AQGRT), the Quebec Council of Cooperation and Mutuality (CQCM), the Quebec Nonprofit Housing Network (RQOH), and the Quebec Confederation of Cooperative Housing (CQCH), similarly defend community housing primarily on the basis that it responds to the needs of low-income households and that it efficiently combats poverty and social exclusion (Coalition pour le logement communautaire 2012, 4). Three key Quebec-based statistics are invoked to argue in favour of the expansion of AccèsLogis: 203,080 tenant households pay more than 50% of their income for rent; 38,380

\(^{100}\) In 2005, the city of Montreal similarly stated the policy goal of allocating 15% of new developments to social housing (and an extra 15% to subsidized for-profit affordable housing) (FRAPRU 2013, 34).
households are registered on a waiting list to access a place in public housing; vacancy rates in urban centres often remain below 3%.

The residual orientation of social housing is favoured not only by governments, SHQ officials, and social housing actors. In an interview, the authors of a right-wing think tank (CIRANO) study concluding that Quebec had “enough social housing units” (Laberge and Montmarquette 2010, 76-79) concede that, during the 2001 housing crisis, they could not have made that argument (Doucet, 2010). The most vociferous opponent of social housing in the province, the Quebec Landlord Association, similarly heavily emphasizes high vacancy rates to justify a stop in the construction of new social housing units (APQ 2011; APQ 2014).

Another potential opponent of social housing, the Quebec Federation of Real Estate Boards (Fédération des chambres immobilières du Québec, FCIQ), expresses a more original point of view. Generously quoting François Saillant (FRAPRU), the FCIQ lamented, in a recent report, the federal government’s lack of leadership in social housing and the long waiting lists for a place in social housing (FCIQ 2010, 4). The FCIQ (2010) in fact identified two mechanisms where social housing for households with low-to-modest income could have positive effects on homeownership. First, social/affordable housing allows households with modest income to achieve the necessary savings to make a first down payment (e.g. for a condominium). Second, increasing the supply of social housing could make low-end private housing generally more affordable.

Canadian scholars have shared in this consensus, by arguing that, from a policy perspective, homelessness is “irrational” since it would be cheaper, in Canada, to house the homeless than to manage their homelessness (see Gaetz, 2012 for a review; and Mental Health Commission in Canada, 2014). In Montreal, for instance, 25% of municipal fines are given to the
homeless (usually for alcohol consumption and loitering), who are then typically unable to pay
them and may, as a result, be sent to prison (Meunier, 2012). When social housing is construed
as addressing the needs of not only the poor, but the homelessness, it is strongly argued to be
win-win or Pareto-efficient.

Since the late 1990s, the federal government’s decreasing interest in social housing has
been matched by an increasing interest in such “efficient” short-term measures targeting the
homeless. In 1999, the Jean Chrétien administration established a Homelessness Secretariat
within HRDC and announced a new National Homelessness Initiative (NHI). This provided $753
million over 3 years to fund emergency shelters and transitional housing. This program was
renewed for 2003-2007 at $135M/year and expanded to include long-term transitional and
supportive housing for formerly homeless persons. In 2007, Stephen Harper’s government
maintained the focus on the homeless and launched a Homelessness Partnering Strategy, HPS
(2007-2009) at $134.8 million annually. HPS was renewed for a first five-year period (2009-
2014) with a $750 million budget, and then renewed for another five-year period (2014-2019),
but this time with less than a $600M budget and more clearly identifying Housing First as a
priority. Reflecting the federal government’s confidence in the Pareto-efficiency of its measures,
this new strategy is significantly more coercive. In the first iterations of NHI/HPS, Quebec was
allowed to use the federal funds according to its own priorities: now the priority to “housing”
(e.g. in contrast to the various other types of social support provided to the homeless) is imposed
on provinces (Saint-Arnaud, 2015).

This consensus regarding means-testing has almost certainly constrained the growth of
social housing in Quebec. Unsurprisingly, as suggested above, integrated rental systems tend to
have larger social housing stocks. Framing social housing as addressing the housing needs of the
poor allows for a narrow focus on homelessness. Outside of severe housing shortages, the Right also tends to challenge the reality of housing needs and the significance of the demand for social housing. As the CIRANO study emphasizes, demand for a commodity below the market price is always above the supply: except if eligibility is strictly restricted, there will always be a shortage of social housing (Laberge and Montmarquette, 2010).

Surprisingly, the Quebec Left has largely failed to widen its argumentative repertoire beyond a focus on “needs”. In fact, Quebec never seems to have really had a debate concerning the residual orientation of its social housing policy; this orientation seems to have always been taken for granted since Quebec inherited it from the federal government.

Consider the two win-win arguments most typically made in integrated rental market systems (Kemeny, 1995; and see Lafleur and Merrien 2012 for the use of these very two arguments for Quebec cooperatives in general). First, nonprofit housing limits inflation and deflation spirals. In orthodox economics, holding the supply constant, an increase (decrease) in prices leads to a decrease (increase) in the demand. Yet, in the case of the for-profit real estate market, such price increases (decreases) are often interpreted as part of a monotonic upward (downward) trend and stimulate an increase (decrease) in demand, which then further drives up (down) prices (e.g. Shiller 2005). This argument in favour of social housing is virtually never made by Quebec’s leading social housing actors. In the 1970s, the non-subsidized Coop des Canton in the Eastern Townships explicitly sought to combat real estate speculation and welcomed tenants from a range of incomes. Governmental subsidies, however, came to require that it focused on low-income tenants (Bilodeau, 2001). In their 1976 and 1981 programs, the PQ associated housing cooperatives with the fight against real estate speculation (PQ 1976, 1981), but never really acted to realize that vision.
Second, whereas housing policies stimulating the demand for housing (e.g. rent supplement, tax credits for homeowners) have an upward effect on prices because of housing supply’s low short-term elasticity, housing policies stimulating the supply of housing (e.g. social housing, homeownership construction programs) have a downward effect on prices. Again, this argument for social housing is virtually never made in Quebec. In fact, no study I am aware of has ever studied the effect of Canadian homeownership assistance programs on property prices—although the upward effects of homeownership assistance on property value has been documented in other countries, including Australia (e.g. Burns, 2010) and the United States (Sommers and Sullivan, 2014); and no study seems to have documented the downward effect of social housing on property prices in Canada—although such effects have actually failed to be conclusively observed empirically in the United States (see Freeman and Botein, 2002 and Nguyen, 2005 for reviews of the evidence). In Quebec, the fact that social housing often results from the renovation of abandoned buildings admittedly further complicates the relationship between social housing and property values (Cuijerrier, Frohn, and Hudon 2008, 177).

Social economy

Over the last few decades, Canadian social housing’s commitment to residualism has coexisted with a concern for social diversity in terms of income level. By the 1970s, a number of studies led Canadian decision-makers to conclude that the lack of social diversity (mixité sociale) in public housing projects had bad effects on crime and social mobility and made tenants feel

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101 In funeral services, this type of argument is central: consumer cooperatives only represent 15% of the market but are said to lower prices by 50% throughout the province (Béchard, 2006; Lafleur and Merrien 2012, 13).
102 One of the most extreme cases of this is the “Sebag affair”. Robert Sebag had the reputation of being the worst landlord in Montreal (being the object of no fewer than 760 violation notices). His eleven rental buildings, bought in the 1990s, had effectively become slums by the early 2000s. Between 2008 and 2010, community groups bought these buildings to make social housing (e.g. Gentile, 2010; Gagnon, 2014).
stigmatized and disempowered (Canada, 1969; Lithwick, 1970; Dennis and Fish, 1972; Vaillancourt and Ducharme, 2001). Similar conclusions were reached across Europe (Lévy-Vroelant and Tutin, 2010) at the time. In Quebec, as mentioned above, the FRAPRU still advocates for new public housing units, but it is quite isolated in doing so.

In Canada, this new concern for social diversity led decision makers to embrace community housing, perceived, for at least three reasons, to achieve social diversity at a lower cost than public housing. First, in public housing, rent is rigidly fixed at 25% of a households’ income. In AccèsLogis community housing, in contrast, an income-fixed rate is the case for about 50% of tenants; the others pay a rent equivalent to 75%-95% of the market (SHQ 2008, 13-14). Second, public housing buildings are bought and owned by the government. In contrast, cooperative housings belong to the cooperative’s member-controlled corporation, while nonprofit housings typically belong to community groups (Ducharme, 2014). Third, public housing is tightly administered by unionized municipal officials; tenants and community members have at most a consultative role. In contrast, community housing is to a large extent administered by volunteers.

“Social” diversity is especially high in cooperatives. In public housing, 89% of households have an annual income below $20,000 (SHQ 2008, 148), compared with 83% in nonprofit housing (Morin, Richard, and Cuierrer 2008, 85). In cooperative housing the equivalent figure is 46% (Morin, Richard, and Cuierrer 2008, 97). About 10% of households in cooperatives have incomes of $50,000 or more. According to the former president of the Montreal Federation of Housing Cooperatives, housing cooperatives primarily cater to households that are too rich for standard social housing, but too poor to become homeowners (Bilodeau, 2001; Klodawksy and Spector 1997, 263). In fact, as suggested above, “social
diversity” is higher than expected in cooperatives: “Here is a archetypical case: poor, but dynamic students join a housing coop; once they finish their studies, they start working, they start getting higher incomes, and start selecting neighbouring tenants with similarly high income… within a few years, the cooperative has gentrified” (interview #30). Also, the members of non-subsidized housing cooperatives (e.g. Jardins Memphrémagog) presumably have higher incomes.

Nonprofit housing projects largely achieve social diversity by their small sizes (interview #30): 75% of nonprofit housing projects have 30 units or less (Morin, Richard, and Cuierrer 2008, 81), compared with 61% for cooperatives (Morin, Richard, and Cuierrer 2008, 93). In contrast, the first public housing project built in Montreal (in the late 1960s), the Corporation d’habitation Jeann-Mance, had 788 housing units distributed in 28 neighbouring buildings (CHJM, 2015).

If most countries have shifted away from public housing, however, only some countries shifted toward community housing. In 1973, the Canadian federal government launched a first nonprofit and cooperative housing program (article 56.1 of the National Housing Act); after the mid-1970s, as mentioned above, it progressively shifted its funding priorities to housing cooperatives and NPOs, and since 1994, no single new public housing has been developed in Canada. In the 1970s, the United States similarly rejected public housing, but favoured subsidized for profit housing instead (Wexler, 1996). In the United Kingdom, Margaret Thatcher included a “Right to Buy” clause in the 1980 Housing Act, which allowed sitting tenants to purchase their council houses at sizeable discounts from market rates: the result was the sale of 1.5 million public dwellings, effectively privatising a fifth of the British public housing stock over the course of a decade (Pierson 1994, 78-79). To US and UK authorities, subsidized private
housing seemed to be just as capable as community housing to deliver cheap housing to the poor while maintaining some “social diversity”. Yet, if the turn away from public housing largely seems to be the result of “puzzling through” and “win-win arguments”, the choice of community housing in Canada seems to have had little to do with such efficiency arguments.

In Canada, the NDP seems to have played a crucial role in reorienting social housing toward nonprofits and cooperatives rather than toward for-profits during the Liberal minority government of 1972-1974 (Wexler 1996; Dreier and Hulchanski, 1993). That preference for community housing, however, would not last. When the (Liberal majority) federal government returned to social housing, in 2001, it privileged “affordable housing”, involving a mix of private and community housing. The introduction of subsidized private housing was contested by Quebec’s social housing groups and their mobilization seems to have played a role in steering the bulk of investments toward community housing; in comparison to other provincial implementations of the federal affordable housing initiative, Quebec put greater emphasis on community housing, while other provinces put greater emphasis on subsidized private housing (Saillant, 2004).

Quebec’s community housing actors have produced a number of arguments for the superiority of community housing over private housing, but these arguments are unlikely to explain cross-provincial differences as they are also widely made outside Quebec. Subsidized private housing is different from rent assistance to tenants living in the private rental market: owners sign a contract with the municipal housing office, the office selects the tenants, who pay a below-market rent, and then the office pays the owner the remaining rent. In turn, Quebec’s community housing is distinct from subsidized private housing in its focus on social insertion and social support (accompagnement social): rather than simply acting as a safety net, de-
commodifying housing, community (and increasingly public) housing acts as a springboard and seeks to promote employment among renters (see Bouchard and Hudon 2008, ch. 4 for community housing; Aubin et al. 2014 for public housing). In particular, community housing is argued to empower tenants by actively involving them in decision-making. Community housing is also argued to be more credibly committed than for-profit housing to targeting low-income households. François Saillant (2004), for instance, criticized the fact that, in practice, “affordable housing” grants were used by apartments with rents that were prohibitive for the poor (and see Shapcott, 2004).

The debate between community and private housing is, moreover, complicated by the fact that the line demarcating the two can become extremely blurred. The Quebec housing cooperative movement, for example, is currently debating whether to support a new type of housing cooperative (critically dubbed “condo-coops”) where tenants could individually become “owners” of their housing unit, while being allowed to sell it only to the cooperative, and while the land would remain under the full ownership of the coop. The disagreement between the Montreal Housing Cooperative Federation, which opposes “condo-coops”, and the Quebec Confederation of Housing Cooperatives, which favours them, is such that the Montreal federation recently left the Confederation (Blais, 2015; Laferrière, 2013).

Power resources

This section argues that the relative strength of the Left in Quebec was crucial in explaining why Quebec took over social housing policy to a greater extent than other provinces in the 1990s. Two segments of the Left were instrumental in moving forward the social housing
agenda in Quebec: the PQ and pro-equality civil society groups, in particular the FRAPRU and the GRTs.

Partisanship

Social housing is not a strongly partisan issue. Social housing actors do not feel that great differences exist between the PQ and PLQ when it comes to housing (interviews #30, #40, and #62). Since the mid-1990s, PQ and PLQ governments have seemed about equally committed to AccèsLogis, in particular (see Appendix 4). Quebec’s 2015 budget is argued by economist Pierre Fortin to be among the most austere in the world (Trudel, 2015); it nonetheless reasserts the Liberals’ commitment to building 1,500 housing units per year through Accès-Logis (Quebec 2015d, 13).

Political manifestos, however, suggest significant partisan differences. As shown in Table 6.4, in their electoral platforms, the PQ almost always asserts its commitment to social housing, whereas the PLQ almost never does so.

Table 6.4 Mention of social/affordable housing in parties’ platforms

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<tr>
<td>1994</td>
<td>Y</td>
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<tr>
<td>1989</td>
<td>Y</td>
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<td>N</td>
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<tr>
<td>1985</td>
<td>Y</td>
<td>-</td>
<td>N</td>
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<tr>
<td>1981</td>
<td>Y</td>
<td>-</td>
<td>N</td>
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<tr>
<td>1976</td>
<td>Y</td>
<td>-</td>
<td>N</td>
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</table>

Source: Société du patrimoine politique du Québec

In the mid-1990s, partisan differences seemed real. Daniel Johnson, in stark contrast with Ontario Premier Bob Rae, did not criticize the federal government for its retreat from social housing (GEAU 2008, 36). Neither he nor his minister in charge of social housing, Claude Ryan, showed interest in taking over social housing policy (Saillant 2012, 43-44). In their 1994 electoral platforms, the Liberals had nothing on social housing, while the PQ committed to launching a community housing program, and clarified during the campaign that it was committed to building 1,500 housing units per year (Saillant 2012, 44).

The PQ’s commitment to expand the provision of social housing, however, was highly fragile. Consider these three observations. First, the program immediately launched after the PQ had been voted into power, PARCO, turned out to be a temporary one that helped build only 1,100 units during the course of its three-year existence—rather than continuously building 1,500 units per year as promised during the campaign.

Second, on September 10th of 1996, an article published by the Canadian Press revealed that the PQ government was indeed going to continue supporting social housing beyond PARCO, but would do so by making major cuts in other types of housing support for the poor (Delisle, 1996) (see below).
Third, in September of 1997, the Joseph Facal-led working group in charge of reviewing the relevance of Quebec’s government agencies recommended to simply abolish the SHQ and to further devolve the responsibility for social housing to municipalities (Groupe de travail sur l’examen des organismes gouvernementaux 1997, 78-79). Given the withdrawal of the federal government from social housing and the lack of initiative in most other provinces, this recommendation hardly seemed radical. The SHQ was founded in 1968, in direct reaction to the first massive federal public housing projects in Montreal (SHQ 1992, 17). In the mid-1990s, the withdrawal of the federal government put the survival of the SHQ in jeopardy. For the government to be able to justify the existence of the SHQ, it needed a program of its own, and PARCO had just expired (Ducharme and Vaillancourt 2006, 117).

In spite of these hesitations, the PQ finally delivered. In contrast, had the Liberals won the election in 1994, it is unlikely that Quebec would have taken over social housing policy to the same extent. The Johnson Liberals seemed particularly critical of social housing. While in the opposition, in June of 1997, Daniel Johnson asked Claude Ryan, the former Liberal minister in charge of social housing, to preside over an internal task force addressing the “very worrying situation of poverty in Quebec”. The report, The Quebec State and Poverty (1998) contains 176 recommendations on various areas of the welfare state, including social housing (pp. 122-129). The report clearly endorses a residualist view of social housing as addressing the housing needs of households who fail to house themselves in the private market. It strongly opposes public housing as too costly, instead privileging rent supplements for the poor. It envisions a limited role for the state in the expansion of the community housing stock. On the one hand, the report insists that the recently announced community housing program succeeding PARCO should quickly rely on the Quebec Community Housing Fund (see below) to become financially
autonomous from permanent government subsidies. On the other hand, it recognizes that the physically disabled, the frail elderly, and mentally ill need more than rent supplements and that government-funded community housing is appropriate to address their needs. In less precise terms, the report also invites the government to combat homelessness with more vigour and to invest in the revitalization of poor neighbourhoods in order to avoid poverty traps.

The Charest Liberals were arguably more sympathetic to social housing. When asked whether he feels closest to one particular sector of the social economy, Jean Charest spontaneously answered “housing”. While he was a federal MP, he discovered the work performed by housing cooperatives in his constituency and thought they did a great job at combating poverty and social exclusion (interview #74). When the Liberals were voted back into power, in 2003, AccèsLogis was an established program, and they decided to keep it, although renewing it on a yearly basis rather than on a five-year basis (Coalitron pour l’habitation communautaire 2012, 1). The Liberal 2007 Quebec infrastructure plan, moreover, involved massive investments in the renovation of the public housing stock. Between 2005 and 2007, Quebec invested an average of $95 million per year in these renovations; between 2008 and 2010, that figure rose to $267 million per year (Aubin et al. 2014, 6).

With respect to social housing, differences between the PQ and PLQ are not profound, but the PQ had closer ties with a number of pro-social housing civil society organizations in the mid-1990s and was arguably more sensitive to their demands than the PLQ. The real leadership in social housing, however, unambiguously came from civil society organizations.
Civil society

A number of civil society groups exerted pressure on the Quebec government to take over social housing policy. In the spring of 1995, for example, the FFQ-led Women’s March Against Poverty advocated for 1,500 social housing units per year (MFCP, 1995), as promised by the PQ during the electoral campaign. Municipalities, housing cooperative associations, nonprofit housing networks, and scholars have also advocated for greater investments in social housing. In the battle for social housing, however, two groups stand out in Quebec, in the sense that they are highly active and that they have no equivalent in other provinces: the FRAPRU and the GRTs.

The FRAPRU, founded in the late 1970s, is the leading right-to-housing defense group in Quebec. A number of features distinguish it from somewhat similar organizations in other provinces. First, it solely focuses on rights defense activities, meaning lobbying government, intervening in the media, organizing protests, and gathering data on housing issues in Quebec. In contrast, social housing groups in other provinces directly provide shelters, legal advice, and other such services to the homeless and to the ill-housed. The FRAPRU’s leader explains (interview #51): “They often criticize us for not offering such direct services, and we often criticize them for not focusing enough on government! Our view is that ‘real’ housing is a right, and that, ultimately, the government is responsible for that right.”

Second, the FRAPRU receives yearly subsidies from the Quebec government to carry out its mission. In 2013-2014, for example, it received $114,090 in government grant (SACAIS, 2015). Somewhat similar rights defense groups in other provinces do not tend to be as focused on social housing and do not receive government funding. The Ontario Coalition Against

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103 The FRAPRU is a provincial organization and so must be compared with similarly provincial ones, rather than with pan-Canadian organizations, such as the National Housing and Homelessness Network and the Canadian Housing and Renewal Association.
Poverty, for example, is a rights defense group that focuses on a number of poverty issues and does not receive funding from the government (Young and Everitt 2004, 75).

Third, the FRAPRU enjoys a credibility that is rarely matched by similarly Leftist community groups. Much of this credibility is due to François Saillant, who has led the organization since its founding. Reflecting his leadership, Saillant participated in the 1996 October Summit, representing, Solidarité populaire Québec, a broad coalition of unions and community groups. Saillant’s pragmatism and expertise have been referred to with deference in several of my interviews, including by Lucien Bouchard’s chief of staff (interview #29), the official who headed the SHQ during the mid-1990s (interview #33) and even a former leader of the Conseil du patronat du Québec (interview #13).

Assessing the effect of the FRAPRU on Quebec social housing policy is plagued with difficulties. We cannot replay Quebec’s recent history by taking the FRAPRU out and see how things would have unfolded. The following story, however, suggests that the FRAPRU did influence the government on social housing in the mid-1990s. On September 10th of 1996, just a few days before the PQ’s national congress, a Canadian Press article revealed that the PQ government was going to continue supporting social housing but to the detriment of other types of housing support for the poor (Delisle, 1996). The article more specifically referred to a policy memorandum signed by Rémi Trudel, the minister in charge of housing (Trudel, 1996). In the memo, the government indeed committed to creating 1,420 new social housing units per year (and to invest $45 million per year to that effect). The memo, however, also pointed to a number of savings envisioned by the government. First, by abolishing the tenants’ property tax refund (RIF), deemed inefficient as a rent supplement for low-to-medium-income tenants, the government could annually save $133 million. Second, the government could save another $50
million per year by increasing rent in public housing (as done in other provinces), allegedly to address the “inequity” between welfare recipients who lived in social housing and those who did not—tenants living alone in public housing paid on average $196 per month, while welfare recipients living alone in the private market paid $336 per month (SHQ 1997b, 5). Third, the memo further suggested that government investments in social housing would progressively be replaced by a non-governmental community housing fund.

In his memoirs, François Saillant (2012, 45) does not mention how he got the memo but states that he was the one who leaked it to Normand Delisle. This event seems to have put considerable pressure on the government to reconsider its social housing policy (interviews #33 and #51). The Delisle article was published on the front page of La Presse and Le Soleil and on the second page of Le Devoir. Community groups as well as Liberal and ADQ MNAs strongly denounced these possible cutbacks, while Lucien Brouchard defended his government by insisting that no final decision had been made (Canadian Press, 1996). In the end, all three cutbacks were cancelled (Saillant 2012, 45-46). In August of 1997, the government officially committed to 1,820 new social housing units per year for the next five years (albeit with planned annual government investments of $43 million instead of $45 million), to maintaining the property tax fund, and to maintaining rent geared to 25% of tenants’ income in public housing. Furthermore, the new Quebec community housing fund would not “substitute” itself for the government’s subsidies to community housing (SHQ, 1997b).

The other key social housing group that distinguishes Quebec from other provinces is the groupe de ressources techniques, GRT. GRTs are social economy enterprises providing technical assistance to community housing promoters (as well as other social economy buildings, such as CPEs). In the 1970s, with the first housing cooperative programs, technical support
groups, GRTs (better known in English Canada as CROP groups, or community resource organization groups) emerged across the country (AGRTQ 2002, 6-7). In Quebec, Logipop (1977-1986) is what really launched the GRT movement. CROPs/GRTs, however, have only received continuous and substantial provincial government funding in Quebec (Divay, Séguin and Sénécal 2005, 37-38). The Co-operative Housing Federation of Canada (2015) confirms that a GRT network has only survived in Quebec—although some GRTs have also persisted in BC (e.g. the Columbia Housing Advisory Association).

In 2014, there were 37 GRTs in Quebec (SHQ, 2015), a majority of which are represented by the Quebec GRT Association (AGRTQ). AGRTQ’s annual reports do not mention how much they receive in government subsidies, but we know that in 1997 the AGRTQ was given a government grant of 600,000 dollars to distribute among individual GRTs (AGRTQ 2002, 17). With the federal government cutbacks in social housing in the late 1980s and early 1990s, a number of GRTs have disappeared in Quebec as in other provinces. Some GRTs have also decided to merge. Bâtir son quartier, Montreal’s leading GRT, resulted from the merging of four Montreal GRTs104 in 1994. In 2012-2013, it received $53,109 in government subsidies (Bâtir son quartier 2013, 29).

Assessing the exact effects of GRTs on social housing development in Quebec is also a challenge. Certainly, they play a crucial role in the implementation of community housing policies. Bâtir son quartier, for instance, has helped build 10,000 community housing units since its founding in 1976 (Bâtir son quartier, 2013), in addition to managing non-governmental community housing development projects (see below).

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104 Service d’aménagement populaire; Services à l’habitation d’Hochelaga-Maisonneuve; Service d’aide à la rénovation de Pointe Saint-Charles; Société populaire d’habitation de Rosemont
The AGRTQ was also instrumental in the design stage of Quebec’s social housing policy in the mid-1990s. Reacting to the retreat of the federal government, in February of 1993, the AGRTQ and the CQCH drafted a social housing policy program and demanded that the Quebec government adopt it (CQCH-AGRTQ, 1993). This proposed program would target low-to-moderate income tenants, privilege the acquisition and renovation \((achat-rénovation)\) of private housing into cooperative housing, and require each new cooperative to contribute to a fund to be used for the creation of new cooperative housing units. At first, the Quebec government was reluctant. During the Forum de concertation sur le logement social, held on April 22 of 1994, Montreal decided to go forward with Résolution Montréal sur le logement social et abordable, an acquisition-renovation program for cooperatives and nonprofits directly inspired by the CQCH-AGRTQ proposal (Laberge 1994; AGRTQ 2002, 25). Then, during the 1994 electoral platform, the PQ committed to launch a similar means-tested acquisition-renovation community housing program (PQ 1994, 54). In 1995, the PQ did launch such a program, the Programme achat rénovation pour coopératives et OSBL (PARCO), and the minister in charge of housing in the Parizeau government, Guy Chevrette, moreover, carefully studied the possibility of structuring a private investment fund to develop community housing (Saillant 1998, 29). After the 1996 Summit, PARCO was replaced by AccèsLogis, as discussed above, and a non-governmental community housing fund was launched. The striking continuity between the 1993 CQCH-AGRTQ policy document, Résolution Montréal, PARCO, and AccèsLogis has been emphasized in my interviews (#41, #48, and #51) and is stressed in several program histories (AGRTQ 2002, 24-26; GEAU 2008, 20-21; Comité achat-rénovation, 1997).
A traditional power resource approach emphasizes parties, unions, and employers. I have mostly discussed parties and civil society groups. As explained in the section below, employers and unions played a relatively passive role with respect to social housing in the mid-1990s (although unions have clearly started to play a more active role since the mid-2000s, as further discussed below). Both consented to Quebec’s decision to take over social housing policy and neither really made housing a priority during the mid-1990s. Unsurprisingly, unions have expressed considerably more support for social housing than employers, but the “leadership” for social housing development in Quebec in the mid-1990s came from the aforementioned civil society groups rather than from the unions or governments.

Coalitions

This section underscores the consent to Quebec’s social housing investments expressed by parties, unions and employers in the mid-to-late 1990s. I show that Quebec’s main social housing policies were the object of a fragile Left-Right coalition, woven together by the GTES during the 1996 Summit.

The social housing consensus in Quebec

Absent the GTES and the 1996 Summit, it seems unlikely that Quebec’s pro-social housing civil society groups would have been able to convince the authorities to commit themselves to support social housing (Bouchard and Hudon 2008, 44).

When Bouchard became premier, in January of 1996, Quebec’s community housing program, PARCO, was a temporary one and it was far from clear whether another program would eventually replace it (e.g. Saillant 2012, 44-45). During the October 1996 Economy and
Employment Summit, however, Summit actors approved the GTES’ recommendations en bloc (see chapter three). With respect to housing, the GTES had two recommendations: the creation of 500 community housing units per year for the elderly for a three-year period and the creation of a community housing fund relying on governmental and non-government contributions that would lead to 1,200 community housing units per year (GTES 1996, 20-21). The GTES heavily prioritized community housing: these two projects represented almost 60% of the $250 million investments demanded by the task force (Comeau 2001, 21).

At the Summit, these two projects failed to receive much attention and were not really debated. Employers and the Liberal opposition never publicly commented on them. Acting on this “consensus”, in January of 1997, Lucien Bouchard mandated the SHQ to design a housing action plan that respected these orientations (interview #33). The resulting Housing Action Plan, released in August of that year, followed the GTES’ orientations very closely, recommending such a Quebec community housing fund (Fonds québécois d’habitation communautaire, FQHC). The FQHC would have two goals: (i) raising non-governmental revenues from employers and from the existing community housing stock in order to fund new community housing projects and (ii) co-managing with the SHQ community housing grants allowing for the creation of 1,820 community housing units per year (SHQ, 1997b). The FQHC was officially launched on September 10th of 1997. With a board of directors consisting of a majority of community and social economy members from the social housing sector (housing cooperative association, nonprofit housing network, the GRT association, the Social Economy Worksite, public housing tenants’ association, and the FRAPRU), the FQHC was immediately mandated to help manage the SHQ’s new social housing program, Accès-Logis (Ducharme and Vaillancourt, 2006).
An ambiguous consensus

I argue that the apparent Left-Right consensus regarding social housing in the mid-1990s heavily relied on the ambiguous role of non-governmental money in funding the FQHC and the means-tested nature of AccèsLogis. On the one hand, the Right could legitimately interpret the FQHC as allowing the social economy to completely substitute itself for the public sector in the area of social housing. On the other hand, the means-tested nature of AccèsLogis meant that the housing projects it funded substituted themselves not for the housing provided by the market, but for public sector residences for the elderly and disabled (CHSLD) or for the streets (in the case of would-be homeless).

Since at least the 1970s, housing cooperatives had the idea of launching, once their mortgages were paid, a fund that would be used to expand the stock of housing cooperatives (Bilodeau, 2001). The FQHC has been the biggest attempt to launch such a fund. Immediately after its creation, municipal housing offices (OMHs), housing cooperatives, and nonprofits which had benefitted from PARCO were asked to contribute to it, by providing $10 per housing unit per month. As of 2008 and 2013 community housing funded through AccèsLogis and LogementAbordable Quebec, respectively, would also start contributing, by transferring to the FQHC the equivalent of the reimbursed capital on their mortgages paid in the precedent ten years.

A study of the FQHC’s biannual reports indicates that only PARCO housing projects have been assiduously contributing to the fund. Even the latest 2010-2012 report indicates that 99.2% of revenues were drawn from PARCO housing, without, however, specifying how much that represented in dollars (FQHC 2012, 13). Interviewed in the fall of 2014, the FQHC director, Gervais Darisse, revealed that the FQHC has so far collected $48 million but would have collected $68 million if all potential contributors had contributed (interview #60). In fact, if all
AccèsLogis and LogementAbordable Quebec contributors were contributing as planned, the FQHC would have been able to raise the following amounts (Morin, Richard, and Cuijrier 2008, 73):

Table 6.5 Potential community housing contributions to the FQHC from the AccèsLogis and LogementAbordable Québec housing stock

<table>
<thead>
<tr>
<th>Year</th>
<th>Annual contribution (million dollars)</th>
<th>Cumulative total (million dollars)</th>
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<tbody>
<tr>
<td>2008</td>
<td>0.03</td>
<td>0.03</td>
</tr>
<tr>
<td>2009</td>
<td>3.56</td>
<td>3.59</td>
</tr>
<tr>
<td>2010</td>
<td>5.85</td>
<td>9.44</td>
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<tr>
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<td>18.30</td>
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<tr>
<td>2012</td>
<td>6.24</td>
<td>24.54</td>
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<tr>
<td>2013</td>
<td>11.27</td>
<td>35.81</td>
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<tr>
<td>2014</td>
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<td>51.88</td>
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<tr>
<td>2015</td>
<td>23.75</td>
<td>75.63</td>
</tr>
<tr>
<td>2016</td>
<td>11.58</td>
<td>87.22</td>
</tr>
<tr>
<td>2017</td>
<td>29.90</td>
<td>117.11</td>
</tr>
</tbody>
</table>

From the beginning of AccèsLogis, decision makers had thus worked under the assumption that the FQHC would have raised substantial revenues by the mid-2010s. As the required contributions indeed became significant around 2010, however, community housing actors backed away. In fact, the FQHC has become so controversial that the sums that have been raised have been frozen until the controversy stops; the FQHC has not yet spent a single dollar of these funds (Vaillancourt et al. 2016, 34). These contributions have come to be interpreted by
some community actors as “taxes on the poor” and have raised a concern that they may serve as an excuse for further governmental withdrawal (confidential interview).

This fear is not totally unfounded. As mentioned above, the Trudel memo released in September of 1996 precisely suggested that autonomous community housing funds would substitute themselves for government investments. As also seen above, this “eventual substitution” was crucial for Claude Ryan’s support for the FQHC in 1998. The only study exploring the origins of Accès-Logis and the FQHC similarly concludes that this promised reliance on non-governmental “social funds” was instrumental in getting the support of those who worried about Quebec’s public finances (Ducharme and Vaillancourt 2006, 116).

The FQHC also hoped to get money from employers to fund community housing projects, but has largely failed to achieve that goal (Saillant 2000; interview #30; and as attested in the FQHC’s biannual reports). Employers have in fact modestly contributed to the development of social housing. A large part of these contributions is attributable to the efforts of Phyllis Lambert. Phyllis Lambert is an internationally reputed architect, the founder of Montreal Heritage, and a member of the illustrious and extremely wealthy Bronfman family. Bouchard invited her to personally attend the 1996 Conference and Summit (representing no constituency but herself). At the Summit, she advocated for a Montreal Investment Fund (FIM), a strictly non-governmental investment fund that committed to buy and renovate 50,000 housing units in low- to-medium income neighbourhoods over the next ten years (Laberge, 1996). In June of 1997, the Fund was officially launched, with more modest proportions, this time committing to renovate 800 housing unit in the forthcoming year, and relying on funds provided by Desjardins, the RBC, the NBC, Claridge Investments, as well as the FTQ (La Presse, 1997). Between 1997 and 2013, the FIM in fact revitalized 632 housing units and spent $33.2M, and came to rely on the Caisse
The Fund has disappointed and has been confidentially described as a failure by two of my interviewees.

The “modesty” of non-governmental contribution to community housing seems to be changing, however, although with unions rather than employers playing the lead role. In the fall of 2014, the FIM announced it had raised $11M to allow a social economy enterprise, the Mainbourg Corporation, to acquire six apartment buildings and to create 114 community housing units (FIM, 2014). In 2009, the AGRTQ and the FTQ joined forces and launched a $5M fund to develop community housing, the Fonds d’acquisition québécois (FAQ), and which was renewed in December of 2014 by raising an extra $15M (FTQ, 2014). The FTQ has also launched in 2004 the Fonds d’acquisition de Montréal (also managed by Bâtir son quartier), which had invested over $20M by 2013 (Bâtir son quartier 2013, 28). More significantly, the Caisse d’économie solidaire Desjardins is playing an increasing role as the CMHC is withdrawing its financial support for the old stock of community housing. In 2014, nearly 60% of the Caisse’s loans to enterprises (or $292M) were to community housing projects; a third of Quebec’s housing cooperatives are now members of this Caisse (CESD 2015, 5). This evolution suggests that new non-governmental initiatives are actually playing the role that the FQHC was meant to play, effectively compensating for declining public investments in social housing.

From an employer’s perspective, the other attractive feature of Quebec’s social housing policy concerns its means-testedness and its assumption that it targets households who cannot house themselves in the market. Community housing then does not compete with for profit housing; the two are complementary. The Conseil du patronat’s president at the time, Ghislain Dufour, explains that employers had no principled objections to social housing, given the fact
“some of the poor can’t afford to house themselves in the market” (interview #13). As seen above, this also closely fits Claude Ryan’s perspective on social housing. The federal Conservatives’ enthusiasm regarding “Housing First” is an attempt to further target the homeless—who visibly and explicitly fail to house themselves in the market. Whereas employers have only modestly contributed to community housing projects, it is worth stating that they are actively involved in homeless shelters. The Old Mission Brewery in Montreal is a case in point. Its pavilions are named after successful business people and wealthy heirs: Jean and Marcelle Coutu, Lise Watier, Andrée and Roger Beaulieu, etc. Last year alone, Old Brewery Mission raised close to 3 million dollars from individuals and private enterprises; Jean Coutu, Power Corporation and Lise Watier each donating between $100,000 and $500,000 (Old Mission Brewery, 2014). In contrast with the FQHC or the Caisse d’économie solidaire Desjardins, the Old Mission Brewery’s board of directors is essentially composed of leading cabinet lawyers and business people instead of social economy/community groups.

In fact, according to a FTQ research analyst, the challenge for community housing was to avoid being reduced to a cheap substitute for public sector residences for the elderly and disabled (CHSLD) (interview #7). In 2005, 43% of AccèsLogis households were elderly (SHQ 2008, 23). When community housing can be interpreted as infringing on neither the public sector nor the private sector, a Left-Right coalition can hold. This consensus is highly fragile, however. Should Quebec’s social housing policy increasingly target the frail elderly who would have otherwise been admitted in CHSLDs, the Left would withdraw its support to it; should vacancy rates increase or community housing households come out of poverty, the Right would likely cease to support social housing.
In conclusion, structural, federal, and ideational factors have played a role in Quebec’s social housing policy. In particular, federal and ideational legacies largely explain the residualism of Quebec’s social policy and the marginalization of its subsidized private housing stock. Yet, these factors were similarly present in other provinces and so fail to explain Quebec’s specificity. In contrast, Quebec’s stronger Left and pro-equality civil society groups combined with the exceptional consensus-facilitating context of the 1996 Summit can explain Quebec’s specificity. Absent in other provinces, the FRAPRU and the GRTs actively pushed for an expansion of social housing policy at the 1996 Summit, “imposing” social housing on the government agenda. The GTES was then able to weave a Left-Right coalition in support for community housing, as the role to be played by non-governmental funds remained ambiguous and as social housing would assiduously target the poor not already taken care of by the public health care system and excluded from the private housing market.

Appendix 4: Public housing units built in Quebec since 1969 and community and affordable housing units built in Quebec since 1995

<table>
<thead>
<tr>
<th>Year</th>
<th>1.HLM (public)</th>
<th>2.PARCO (community)</th>
<th>3.Accès-Logis Québec (community)</th>
<th>4. Logement abordable Québec (community and private)</th>
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<tbody>
<tr>
<td>1969</td>
<td>747</td>
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<td>-</td>
<td>-</td>
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<td>1985</td>
<td>2,378</td>
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<td>50</td>
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<td>1999-2000</td>
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<td></td>
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<td>1,187</td>
<td>1,039</td>
<td>1,312</td>
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Sources: Vaillancourt and Ducharme 2001, 14 (col. 1); SHQ 2012 (col. 2); SHQ 2014, 29 (col. 3 and 4)
Chapter Seven: Social Insertion

Because they have dropped out of high school, have a history of drug addiction, have a mental or physical handicap, have a criminal record, or have recently arrived from a very different country, some individuals are excluded from the labour market. They have work capacities, but do not get hired by employers. In Quebec more than elsewhere in the country and in the mid-1990s more than ever before, social economy enterprises have been a privilege means to help these individuals (re)integrate into the labour market. This chapter seeks to explain why.

The remainder of this chapter is divided into three parts. In the first two, I introduce the concepts of training businesses and disability-friendly enterprises, clarifying their similarities and differences, and briefly discuss how Quebec differs from other societies with respect to social insertion. In the third and main section, I argue that the causes of Quebec’s support to disability-friendly enterprises and to training businesses in the 1990s are different. Whereas the decision to increase funding to disability-friendly enterprises is essentially attributable to the GTES coalition work, the decision to launch a network of training businesses originates from Quebec’s close ties with France and sudden changes in federal transfers.

Training businesses and disability-friendly enterprises: a brief overview

As discussed in previous chapters, several types of social economy enterprises, including home assistance social economy enterprises and perinatal resource centres, may have a social insertion function. This chapter, however, focuses on two work integration social economy enterprises that mainly serve a social insertion function: disability-friendly enterprises (entreprises adaptées, EAs) and training businesses (entreprises d’insertion, EIs). Some of these
enterprises incidentally serve other social or environmental goods. In particular, both types of enterprises tend to be highly present in the area of recycling (Comeau 2011b, 36; Drouin-Racine, 2007)\textsuperscript{105}; this chapter nonetheless focuses on the only mission they have in common, namely social insertion. Also, in contrast to social economy enterprises that mostly assist the unemployed in their job search, such as youth employment centres (Assogba, 2000) or community economic development centres (Fontan, 1991), disability-friendly enterprises and training businesses provide various types of goods and services in the market and promote social insertion by actually providing employment to those excluded from the labour market.

In spite of these important similarities, disability-friendly enterprises and training businesses are different concepts. Disability-friendly enterprises mostly employ workers with disabilities—usually mental disabilities (Proulx et al. 2006, 74)\textsuperscript{106}. More precisely, since 1998/1999, workers with disabilities must perform at least 60% of the hours billed by the EA (PSEA, 2015; interview #31). In comparison, training businesses’ participants are economically marginalized but have various profiles, and some individual EIs specialize in particular profiles, such as youth aged 16 to 25 (e.g. Buffets Insère-Jeunes; Surbois), high school dropouts (e.g. Service d’entretien pro-prêt; Fringues and Cie), or individuals who have had troubles with the law (e.g. STAGEM). In 2010, about 78% of EIs’ participants were 35 years old or younger and had no high school diploma (Fontan and Noiseux 2012, 232-234).

\textsuperscript{105} Four types of social economy enterprises are in fact quite active in both social insertion and recycling: training businesses, disability-friendly enterprises, waste treatment centres, and a network of school-enterprises allowing youths to complete their high school while learning a recycling-related trade (Audet and Julien, 2006).

\textsuperscript{106} In the mid-2000s, persons with mental disabilities represented 43% of EA workers, whereas persons with physical disabilities represented 31% of EA workers (Proulx et al. 2006, 74).
In theory, EAs are supposed to act as springboards, helping workers with disabilities to find employment in standard enterprises by providing them with work experience. In practice, however, persons with disabilities can and do find permanent employment in EAs (Perreault, 1995; Caillouette and Molina, 2002). According to an Emploi-Québec official, only about 2% of persons with disabilities move from an EA to an ordinary enterprise (interview #31). In contrast, participants may work in EI s only for the time of their training session—which lasts 26 weeks in most EI s, but can be as short as 20 weeks in some training businesses (e.g. La Relance) and as long as 36 weeks in others (e.g. Cuisine Atout).

EAs have been subsidized by the Quebec provincial government since 1978, through the Quebec Office of Persons with Disabilities (Office des personnes handicapées du Québec, OPHQ) until 2006 and through Emploi-Québec since. Quebec’s disability-friendly subsidy program (Programme de subvention aux entreprises adaptées, PSEA) almost exclusively involves wage subsidies to EA workers with disabilities. In the mid-1990s, as demonstrated below, the Quebec government further consolidated its support to its network of disability-friendly enterprises. Since 1998, Emploi-Québec similarly supports training businesses through its Job Readiness Measure (Projets de préparation à l’emploi), providing wage subsidies to training businesses’ participants, in addition to purchasing a number of social services (e.g. assistance from social workers) for them. Emploi-Québec subsidies thus represent a larger

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107 The other main provincial program for the labour market integration of persons with disabilities is the Contrat d’intégration au travail (CIT), which involves subsidizing ordinary enterprises hiring a limited number of persons with disabilities.

108 When the entreprises adaptées were called centres de travail adapté, the PSEA had a different name; for convenience’s sake, the PSEA here refers to the program targeting EAs/CTAs from 1978 to today.

109 The PSEA also provides start-up grants (up to $100,000) and exceptional last resort assistance.

110 In the mid-1990s, it was believed that training businesses would eventually only require wage subsidies (interview #39). To this day, however, the purchasing of services continues to represent about half of Emploi-Québec’s subsidies to EI s (Comeau, 2011a).
share of EI’s revenues, about 45% (Comeau 2011a, 13), than of EAs’ revenues, about 35% (Tremblay 2012, 56).

EAs are bigger than EIs. EAs have annual collective revenues of about 132 million dollars (Fortin et al. 2013, 6), almost twice as much as EIs’ annual collective revenues (Comeau 2011a, 1). As demonstrated in Figure 7.1, EAs employ over 4,000 persons with disabilities, whereas EIs receive about 2,400 participants per year (Comeau 2011a, 6).

Finally, of 50 EAs, 48 are nonprofits, and 2 are cooperatives (Coopérative de solidarité les ateliers Boirec, in the Outaouais, and Horisol, a worker cooperative in Chaudière-Appalaches); training businesses similarly have a nonprofit status (Girard 2008, 34). Moreover, representatives from associations of both training businesses (Collectif des entreprises d’insertion du Quebec, CEIQ) and disability-friendly enterprises (Conseil québécois des entreprises adaptées, CQEA) sit on the board of directors of the Quebec Social Economy Worksite, thus clearly identifying with the social economy. Table 7.1 summarizes these similarities and differences between disability-friendly enterprises and training businesses.

Table 7.1 Comparing training businesses and disability-friendly enterprises

<table>
<thead>
<tr>
<th></th>
<th>Training businesses</th>
<th>Disability-friendly enterprises</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participants</td>
<td>High school drop-outs, etc.</td>
<td>Persons with disabilities</td>
</tr>
<tr>
<td>Time of stay</td>
<td>About 26 weeks</td>
<td>Permanent</td>
</tr>
<tr>
<td>Status</td>
<td>Nonprofit</td>
<td>Nonprofit</td>
</tr>
<tr>
<td>Number of participants</td>
<td>2,400 (2009)</td>
<td>3,000 (2006)</td>
</tr>
<tr>
<td>Emploi-Québec funding</td>
<td>Wage subsidies and purchasing of services</td>
<td>Wage subsidies</td>
</tr>
<tr>
<td>First specific program</td>
<td>1998</td>
<td>1978</td>
</tr>
</tbody>
</table>
**Quebec in comparative perspective**

The lack of social science scholarship on disability-friendly enterprises and training businesses makes it difficult to situate the Quebec case in a broad comparative perspective. A survey of the existing literature nonetheless allows for four key observations. First, in European Union countries, the privileged concept is that of work integration social enterprises (WISEs). WISEs are social enterprises that provide training and employment for persons with disadvantages and disabilities; they are supported by governments across Europe (Borzaga and Defourny, 2001; Gardin, Laville, and Nyssens, 2012). Both Quebec-style EIs and EAs would thus qualify as WISEs.

Second, as further discussed below, Quebec’s concepts of *entreprises d’insertion* and *entreprises adaptées* were both inspired from French practices. Government programs very similar to those existing in Quebec specifically supporting training businesses and disability-friendly enterprises are found in France and Wallonia (Gardin, Laville, and Nyssens, 2012).

Third, WISEs are poorly institutionalized in English-speaking countries and in English Canada, in particular. Quebec’s support of disability-friendly enterprises has no equivalent in other provinces (Fortin, 2006; Tison, 2010; Tremblay, 2012). In English-speaking countries, what comes the closest to EAs are sheltered workshops, segregated centres where persons with disabilities perform work contracts for private businesses or government agencies, usually below the minimum wage. Across Canada, including in Quebec, sheltered workshops (*ateliers protégés*) were subsidized during the 1970s and 1980s, but then became increasingly viewed as “sweat shops” (Prince, 2009). In Quebec, as further discussed below, these sheltered workshops were encouraged to transform themselves into regulated, government-funded, certified disability-
friendly enterprises as early as 1978; the EA network was then further consolidated in the mid-1990s. Elsewhere in the country, governments decidedly turned away from sheltered workshops, strictly privileging the integration of persons with disabilities into standard enterprises (Dale, 2010; Galer, 2014). Unregulated sheltered workshops nonetheless continue to operate in Canada—to the great displeasure of many in the disability community (Prince 2014, 9-10; Welsh, 2015). Library and Archives Canada, for instance, pays the Ottawa-Carleton Association for Persons with Developmental Disabilities to operate a sheltered workshop, where workers with disabilities get paid an “honorarium” equivalent to $1.15 an hour, or about 10% of the minimum wage (Picard, 2015)\(^\text{111}\). A number of private *de facto* disability-friendly initiatives, such as Common Ground Cooperative, in Toronto, or some Goodwill stores, may exist in North America, but they do not enjoy support from a government program specifically addressed to disability-friendly enterprises (Broad and Saunders, 2008). In the wider Anglosphere, the only country where something analogous to Quebec’s PSEA can be found is Australia, which funds a network of over 400 Australian Disability Enterprises (NDS 2010, 3).

Quebec’s support of EIs is similarly unparallelled in other provinces (Ninacs and Toye 2002, 77). Again, *de facto* training businesses exist in English Canada, such as the Eva Phoenix Print Shop, in Toronto, but there are no policies that specifically target them. In Quebec, as further discussed below, *de facto* training businesses have existed since the early 1980s, but have only been recognized and funded as such since 1998.

\(^{111}\) In practice, (non-EA) sheltered workshops in Quebec, such as Fil d’Ariane or L’Atelier occupationnel Rive-Sud, where workers with disabilities earn a symbolic honorarium of $5 per diem, deal with persons with disabilities who would not be sufficiently productive to get a job at a certified disability-friendly enterprise. Such workshops seem to enjoy a more positive reputation in Quebec (Landry-Larue, 2003; Pelchat, 2013) than in English Canada (Picard, 2015; Wolbert, 2013).
That said, and this is the fourth observation, Quebec’s programs supporting EIs and EAs are modest and are not necessarily representative of how Quebec compares with other societies with respect to social insertion. Hence, for reasons that remain to be identified, Quebec is the province with the largest unemployment gap between people with and without limitations: the unemployment rate for people with limitations (14.7%) is nearly double that of people without limitations (7.9%) in Quebec, and the labour force participation rate for people with limitations in Quebec (52.0%) is also below the national average (59.6%) (Statistics Canada 2008, 9). Vaillancourt and Dumais (2002, 373-376) conclude that labour market integration is the Achilles’ heel of Quebec’s social policies for persons with disabilities—and so in spite of disability-friendly enterprises. To put things into perspective, in the mid-2010s, whereas EAs employed nearly 4,000 persons with disabilities, there were 128,300 beneficiaries of social assistance for persons with severe work incapacities in Quebec (MESS, 2015a). Similarly, whereas EIs train about 2,400 individuals per year, there were over 450,000 beneficiaries of social assistance for persons without severe work incapacities in the province in March of 2014 (MESS 2014, 27). Moreover, as discussed below, EI and EA participants do not need to have been social assistance beneficiaries.

In sum, in the mid-to-late 1990s, Quebec launched a new program for training businesses and enhanced an existing program for disability-friendly enterprises, hence further distancing itself from other provincial welfare states by relying more heavily on the social economy in the area of social insertion. What explains Quebec’s different trajectory?

**Explaining Quebec’s support to EAs and EIs**

This chapter addresses the five hypotheses identified in chapter two that can account for Quebec’s social economy turn in the area of social insertion since the mid-1990s: structural
changes, coalitions, power resources, learning, and federalism. The chapter mainly emphasizes the role of coalitions for disability-friendly enterprises and the importance of learning as well as the combined roles of federalism and partisanship for training businesses.

**Structural changes**

Unemployment levels in Quebec peaked in the early 1980s and mid-1990s—rising from 9% to 14% between 1976 and 1982, and then again from 10% to 13% between 1988 and 1994 (Kabore 2014, 9). The total number of social assistance beneficiaries for people without severe work incapacities increased from about 400,000 to about 700,000 between 1975 and 1985, and then from 550,00 to over 800,000 between 1990 and 1996 (MESS 2014, 27; Haddow 2015, 102). Understandably, then, in the early 1980s and mid-1990s, increasing employment levels was an urgent priority for both Quebec civil society and government. I nonetheless argue that structural changes in the economy cannot explain why Quebec’s social insertion policies have come to differ from those of other provinces.

The primary function of both training businesses and disability-friendly enterprises is to integrate marginalized individuals into the labour market; the former focuses on individuals without severe work incapacities while the latter focuses precisely on those with such severe work incapacities. Training businesses are thus particularly relevant in times of high unemployment. Unsurprisingly, histories of Quebec’s training businesses unanimously concur that their emergence in the early 1980s was directly related to the economic recession of 1982 (Mottet, 2003; Dolbel, 2009; Fontan and Noiseux, 2012). The problem solved by training businesses, however, is not general unemployment. Cyclical unemployment, which results from a decline in the demand for labour, cannot be solved by training businesses, as they provide only temporary employment (of about 26 weeks). Training businesses mostly address *structural*
unemployment, which results from a mismatch between the skills employers want and the skills workers have. Training businesses impart skills to workers to help them succeed in the labour market. More precisely then, training businesses emerged in a context of high structural unemployment created by the deindustrialization of the economy. Structural changes in the economy thus arguably help explain why training businesses emerged in Quebec in the early 1980s and in Europe in the 1970s rather than during the Trente Glorieuses. These structural changes in the economy occurred across industrialized countries, however, and so are unlikely to explain cross-national differences. And indeed, in the 1980s, it is unclear whether important differences prevailed at all between Quebec and other provinces, as there were no policies and only isolated experiments in training businesses. Also, because other provinces never implemented policies specifically targeting training businesses, little is known about the historical development of de facto training businesses in Canada outside Quebec (Ninacs and Toye, 2002).

Structural changes in the economy were arguably less consequential for the development of disability-friendly enterprises. Individuals with severe work incapacities are not “expected” to work; when they do not have a job, they are not considered unemployed by official statistics as they are then not considered part of the labour force. In other words, their employment status may have little to do with the health of the competitive economy. Persons with disabilities plausibly faced greater pressures to find a job in the 1980s, as social assistance programs were pushed to their limits, but this pressure is unlikely to explain Quebec’s distinct trajectory as the PSEA was launched before the 1982 recession, at a time of relatively low unemployment levels. Quebec’s lower employment levels for persons with disabilities are also unlikely to have caused Quebec’s qualitatively distinct policy. In the 1970s, sheltered workshops were present in Quebec
as in other provinces. Cross-provincial differences in structural economic variables cannot explain why subsidies to sheltered workshops were essentially reoriented toward disability-friendly enterprises in Quebec but not in other provinces.

In sum, structural changes in the economy may underwrite the emergence of work integration social economy enterprises, but cannot explain cross-provincial differences, or Quebec’s distinctive social economy turn in the mid-1990s.

Power resources

Neither training businesses nor disability-friendly enterprises are the source of strong Left-Right disagreements. As of the mid-1990s, I argue that there have been no partisan differences regarding disability-friendly enterprises, and only small partisan differences regarding training businesses, the PQ being slightly more sympathetic to them than the PLQ. Unions have been more supportive of training businesses, but have not strongly opposed disability-friendly enterprises. Employers have manifested relatively little interest in either initiative.

Parties

Four observations suggest that partisanship is not central in the politics of social integration social economy enterprises. First, according to actors on the ground, there is no substantial difference between the PQ and the PLQ with regard to training businesses (interviews #21, #50, and #67). Similarly, actors perceive that both main parties appreciate disability-friendly enterprises about equally (interview #25); “both parties support us… if anything, it goes faster with the PLQ, surprisingly” (interview #5). Second, a study of party manifestos does not
contradict this perception: training businesses and disability-friendly enterprises have never been mentioned in any party platform in Quebec. Third, in the mid-1990s, a centre-Left government was arguably not a necessary condition for the launching of an EI program or for the additional government investments made in EAs. And fourth, government spending on either of these social economy enterprises has not been systematically higher under PQ governments than under PLQ governments. The current section elaborates on these last two points, discussing first disability-friendly enterprises and then training businesses.

In a self-published book, La Saga des entreprises adaptées (2012, 17), Gabriel Tremblay, who acted as the director general of the CQEA from 1992 to 2013, suggests that the PLQ missed an opportunity to launch the PSEA in the mid-1970s (see failed bill 55 in 1976). Disability-friendly enterprises were formally recognized through Bill 9 in 1978 by the Lévesque government. By 1985, Quebec had recognized 39 disability-friendly enterprises employing nearly 1,500 individuals with disabilities (see figures 7.1 and 7.2 below). Partisanship may have mattered in the 1970s, but this debate lies beyond the scope of my thesis, which focuses on the mid-1990s and 2000s.

In the mid-1990s, the PQ implemented a number of policies that favoured the growth of disability-friendly enterprises. Following the 1996 Economy and Employment Summit and the social economy task force report, an extra 4.2 million dollars were directly given to EAs, which led to the creation of over 400 jobs. An extra 1.5 million dollars from the Summit’s Anti-Poverty Fund were also used to subsidize EAs in the summer of 2001 (Lacombe, 2001). Additionally, disability-friendly enterprises—as well as training businesses—benefitted from an increase in the demand for social economy enterprises created by other sectoral social economy policies of the mid-1990s. In particular, the Quebec Action Plan on Waste Management (1998-2008) promised
$30 million over five years for social economy enterprises working in waste treatment. In 2004, there were 61 social economy enterprises working in this area, including forty ressourceries, six disability-friendly enterprises and fifteen training businesses (Guindon et al. 2006, 12). The data suggest that from 1996 to 2003, these PQ policies had a significant impact on the growth of the provinces’ disability-friendly enterprises. Figure 7.3 shows that public funding of EAs increased from 24 to nearly 40 million (current) dollars over that period. While the number of EAs increased slowly over these years, from 40 to 45, as illustrated in Figure 7.2, the number EA jobs for persons with disabilities increased substantively, from 1,729 in 1996 to 2,377 in 2000—after having basically stagnated for a decade, as shown in Figure 7.1.

As further detailed below, however, these social economy policies favourable to the development of disability-friendly enterprises result more from coalitions woven together during the 1996 Summit than from a power struggle between parties. Recent history, moreover, suggests that a PQ government is not a necessary condition for the implementation of policies aimed at supporting disability-friendly enterprises. In fact, the kind of policy-induced growth experienced by EAs in the mid-1990s under a PQ government was paralleled in the late 2000s, under a PLQ government. As shown in figures 7.1 to 7.3, EAs have grown continuously since the late 1970s, with punctual periods of high growth occurring under both PQ and PLQ governments. Tremblay (2012) highlights three such junctures: the late 1970s, when EAs were first recognized, the mid-1990s, when EAs benefitted from Quebec’s general social economy turn in the wake of the Summit, and the 2008 National Strategy for Labour Market Integration and Maintenance of Handicapped Persons, part of the Charest Liberals’ Employment Pact employment creation strategy.
Albeit substantially helped by the 2009 Canada-Quebec Labour Market Agreement (see section on federalism below), the Employment Pact involved an additional $33.5 million for disability-friendly enterprises over a period of five years in the hope of creating 825 EA jobs for persons with disabilities (MESS 2008a, 23; MESS 2008b, 23). From 2008 to 2013, provincial funding of EAs increased almost exactly as planned—from 50.7 to 73.8 million (current) dollars (Figure 7.3). As hoped, between 2006 and 2013, a total of 935 jobs for persons with disabilities were added to the EA network (Figure 7.1), while the number of EAs continued to increase, from 46 to 50 (Figure 7.2).

Figure 7.1: Number of jobs for persons with disabilities in disability-friendly enterprises$^{112}$ per year

![Graph showing number of jobs for persons with disabilities in disability-friendly enterprises from 1984 to 2014.]

Sources: for 1984 to 2005, see OPHQ annual reports; for 2006, see Guindon et al. (2006, 14); for 2009 to 2014, see MESS (2015c); data are missing for years 2007 and 2008.

Figure 7.2: Number of disability-friendly enterprises on any given year, 1979-2012

$^{112}$ These numbers include only persons with disabilities who are funded through the PSEA; a small number of workers with disabilities working in EAs are subsidized through various other employability programs.
Figure 7.3 Quebec investments in disability-friendly enterprises and training businesses (million current dollars) per year

Sources for EAs: for 1984 to 2005, see OPHQ annual reports; for 2006 to 2014, personal communication with Emploi-Québec staff (e-mail, 27 August 2015).\textsuperscript{113}

Sources for EIs: for 1999 to 2003, see Quebec (2003, 20); for 2003-2014, personal communication with Emploi-Québec staff (e-mail, 4 November 2014).\textsuperscript{114}

\textsuperscript{113} Emploi-Québec’s annual reports do not provide information on the PSEA—a fact decried by Quebec’s Auditor General (2009, 2-20).

\textsuperscript{114} Emploi-Québec’s annual reports provide no information on training businesses.
Partisanship has arguably played a greater, if still relatively minor, role in the politics of training businesses. After clarifying the significance of Quebec’s 1998 training businesses’ policy, I argue that such a policy was more likely to be designed by a PQ government, but that it could also have been designed by a PLQ government.

Prior to 1998, Quebec’s de facto training businesses received various forms of government subsidies but there was no program specifically targeting training businesses. A 1995 CEIQ self-study identified 30 funding sources used by Quebec’s training businesses (Valadou et al. 1995). In 1997, for instance, 35 training businesses received a total of 5,014,759 million dollars from Quebec’s Anti-Poverty Fund and 5,506,647 million dollars from PAIE, an employability program launched in the early 1990s (Direction du Fonds de lutte contre la pauvreté par la réinsertion au travail, 1998). In that context, one might wonder: was the 1998 training businesses policy merely a reconfiguration of existing subsidy programs benefitting EIs or did it actually represent substantial new investments? To actors on the ground, the answer is obvious: the 1998 policy brought substantial new investments (interviews #50, #70, #71, and #77). In a way, the proof is in the pudding: if training businesses did not think the new Emploi-Québec program was beneficial, they would not seek Emploi-Québec’s recognition as a training business and operate as before—and indeed, some organizations, such as the community cafeteria Chic Resto Pop, founded in the early 1980s, did not immediately seek recognition as an EI (Chic Resto Pop 2013, 4).

Empirically assessing the financial significance of Emploi-Québec’s 1998 training businesses policy is difficult, however, given that we do not have access to the annual reports of all the training businesses from the late 1990s. Available data suggest that the policy increased
the output of training businesses by both increasing subsidies and creating a context where training businesses could use these subsidies more efficiently.

A study of the Chic Resto Pop’s financial statements suggests that the 2004 recognition of the organization as a training business by Emploi-Québec made a difference. From 2002-2004 to 2005-2007, while sales revenues roughly stagnated, increasingly only from $660,676 to $675,499, average annual subsidy revenues increased from $880,108 to $1,478,667 (Chic Resto Pop, 2011). The case of Boulot vers…, a woodworking shop in Hochelaga-Maisonneuve, in comparison, suggests that recognition as a training business, in 1998, brought more modest funding increases. Between 1995 and 1998, inclusively, Boulot vers… received an average of $570,000 per year in government grants; between 1999 and 2002, inclusively, these yearly average grant revenues had increased to $790,000 (Mottet 2003, 203). The new policy perhaps mostly provided the organization with an invaluable funding stability (interview #71), which helped it plan its operations. Between 1998 and 1999, the sales of Boulot vers… more than doubled, increasing from $142,478 to $310,891; and more generally from an average of $118,000 between 1995 and 1998 to an average of $353,000 between 1999 and 2002 (Mottet 2003, 203); the number of participants welcomed by Boulot vers… similarly increased from 45 to 76 between 1998 and 1999; or from an average of 43 from 1995 to 1998 to an average of 77 between 1999 and 2002 (Mottet 2003, 201).

Aggregate data suggest that other training businesses similarly benefitted from Emploi-Québec’s policy. In 1996, training businesses accounted for 1,250 jobs; in 2006, they accounted for 3,200 jobs (Guindon et al. 2006, 14-15). As illustrated in Figure 7.3, Emploi-Québec funding to EIs also increased quickly from 23.2 million dollars in 2000 to 31.8 million dollars in 2003.
From the beginning, the PQ seems to have been closer to training businesses than the PLQ. The first de facto training business arose in the early 1980s, in particular with Boulot vers…\textsuperscript{115}. The Quebec MNA in Maisonneuve, Louise Harel was, from the outset, very sympathetic to Boulot vers... While in the opposition, she assisted Boulot vers… in various ways, such as by helping it get funding and by directly paying for its phone line at some point (Mottet 2003, 23; interviews #57 and #71). Such sympathies were not exclusive to PQ members. Louise Harel herself, for instance, reminds us that PLQ leader Daniel Johnson was highly supportive of EIs (interview #57; and see Mottet 2003, 55); a Liberal minister under Charest’s government, Michelle Courchesne, is similarly remembered to have been particularly sensitive to the needs of EIs (interview #71; Cauchy, 2005).

That being said, the Liberal Bourassa-Johnson governments did not go much beyond expressing “sympathies” toward training businesses. They made no concrete attempt to develop a training businesses program. A second Johnson government would not likely have pushed for the creation of a program for training businesses. As previously discussed in chapter three, the Johnson Liberals were favourable to the employability programs that were largely replaced by social economy enterprises. Some EIs, such as the Grenier populaire des Basses-Laurentides, in particular, qualified as corporations intermédiaires de travail in the 1990s, providing social welfare recipients with work experiences for a few months\textsuperscript{116} (e.g. Boivin, 1994).

In contrast, when the PQ formed a government in 1994, Harel immediately pushed for the creation of a Quebec-wide network of Boulot vers…-like enterprises. In 1995, she mandated the Concertation Secretariat to find an inter-ministry formula to fund training businesses qua training

\textsuperscript{115} La Relance, initially exploiting a gas station in the Outaouais, emerged roughly at the same time as Boulot vers… (Valadou, 1995).

\textsuperscript{116} Many characteristics distinguish C.I.T.s from EIs. In C.I.T.s, for instance, participants keep their social assistance allowances and are being paid very much below the minimum wage; in EIs, participants are wage workers, and so stop receiving social assistance allowances.
businesses (Valadou et al. 1995, 5). Patrice Rodriguez, Boulot vers…’s founder and general director, was hired as a councillor by the Secretariat to find such a formula (October 1995 – June 1997)\(^{117}\). In spite of several months of work, however, cabinet ministers could not agree on a funding formula (Mottet, 2003). As further discussed in the federalism section below, a training businesses program was finally launched in the wake of the 1997 Canada-Quebec Labour Market Development Agreement, which allowed Quebec to manage its portion of the federal Employment Insurance account devoted to active labour market policies, and which led to the creation of Emploi-Québec.

The evidence does not allow us to safely conclude that a PQ government was a necessary condition for the creation of a training businesses program; following the 1997 Canada-Quebec Agreement, a PLQ government could plausibly have launched such a program—eventually if not as soon as 1998. The historical record does nonetheless show that, in the 1990s, the PQ manifested a greater interest in training businesses than the PLQ.

In the 2000s, the Charest government maintained the training businesses network, but without really enhancing it. From 2003 to 2012, the number of recognized EIs stagnated at 51 (Dolbel, 2009, 28; Beaulieu 2015, 3). Between 2004 and 2013, public support to EIs increased very slowly, from 31.2 to 43.5 million current dollars\(^{118}\). Figure 7.3 further shows that almost all of that increase occurred between 2008 and 2010, as the Quebec Employment Pact was being implemented. The Employment Pact (2008, 20-21), helped by the Canada-Quebec Labour Market Agreement (see section on federalism below), promised to add 12,800 participants to the various Job Readiness Measure programs, including the one on training businesses.

\(^{117}\) This information is confirmed on Patrice Rodriguez’s Linkedin profile (as consulted on August 15, 2015).

\(^{118}\) In constant 2004 dollars, Emploi-Québec subsidies only increased from $31.2 million to $37.1 million. Considering that minimum wages have increased net of inflation during the 2000s, the stagnation of Emploi-Québec subsidies is even clearer. In 1999, the minimum wage was $6.90 per hour, the equivalent of $9.45 per hour in 2015 dollars; in 2015, the minimum hourly wage was in fact set at $10.55 (Commission des normes du travail, 2015).
To some extent, however, the stagnation of Emploi-Québec subsidies to training businesses arguably started before the Liberals arrived in power. In fact, as soon as 2000, it became common to argue that the government had imposed a moratorium on the creation of new training businesses, as the local sections of Emploi-Québec lacked the resources to financially support new ones, especially in Montreal (e.g. Potvin 2007; interviews #1 and #21). Emploi-Québec denies that there has ever been a formal moratorium, but concedes that the budgets limit the possibility of funding additional training businesses; in Montreal, funding is denied to about ten aspiring training businesses per year (interview #39).

Moreover, the Liberals’ reluctance to increase funding to training businesses is arguably not ideological. Figure 7.3 shows that public investments to EAs have progressed to a greater extent than EIs throughout the 2000s. With less than a six-million-dollar difference in public support between EIs and EAs in 2001, the gap increased to more than 30 million dollars in 2013. Rather than reflecting partisan differences, this growing funding gap between EIs and EAs must be understood as a consequence of social assistance and unemployment insurance reforms (see section on federalism) undertaken during that period. Between the early 1970s and the mid-1990s, the percentage of Quebec’s social assistance recipients considered to have severe work incapacities decreased from 64% to 20% (Bouchard, Labrie and Noël 1996, 104). Partly as a response to this trend, social assistance allowances for persons with severe work incapacities increased at a faster pace than social assistance allowances for persons without such severe work incapacities during the 1990s and 2000s, during both PLQ and PQ governments (MESS, 2013a; 2013b). As a result, EAs have become relatively better “social investments” than EIs for governments over time. In 1989, one had access to the same social assistance support whether or not one had severe work incapacities (Noël, 2015); in 2015, an adult living alone received a
monthly social assistance allowance of $616 if she had no severe work incapacities, but $937 with such severe work incapacities (MESS, 2015a). In 1989, integrating someone with severe work incapacities into the labour force involved the same social assistance savings as integrating someone without severe work incapacities; in 2015, the social assistance savings for governments had become 52% greater in the former than in the latter situation.

In parallel, as described above, unemployment dropped from a peak of 14% in the early 1980s to a nadir of about 7% in 2008, while massive cuts to the Canadian (Un)Employment Insurance made it more difficult to qualify for Employment Insurance (see below). As a result of these combined phenomena, the percentage of training businesses participants previously without any source of public income support (sans chèques) increased dramatically, from 14% in the early 1990s (Valadou et al., 1995) to 51% in 2008 (Comeau 2011a, 9), thus severely undermining the passive social assistance savings for governments generated by investing in training businesses.

In sum, Figures 7.1 and 7.3 show that public support to the EA network has grown more or less continuously since the mid-1990s, under PQ and PLQ governments alike, thus suggesting at most weak partisan differences. The historical record does suggest that the PQ is slightly closer to EI(s than the PLQ, but Figure 7.3 nonetheless suggests that the PLQ is not opposed to EI(s. Moreover, the weaker investments in EI(s relative to EAs in the 2000s may largely be interpreted as a feedback effect of social assistance and unemployment insurance reforms that spanned the 1990s and 2000s; and social assistance was then not a highly partisan issue in Quebec (Haddow 2015, ch.4). The following section similarly argues that unions and employer representatives have played a relatively small role in the politics of work integration social economy enterprises.
Unions and employers

Unions’ and employers’ associations support disability-friendly enterprises and training businesses, but they have been relatively minor actors in their development. Unions are nonetheless relatively closer to EIs and employers to EAs.

There is no evidence that employers’ associations ever expressed strong opposition to disability-friendly enterprises. In fact, in the 1970s, big employers such as telecommunication magnate André Chagnon played a leadership role in developing the sheltered workshops that would later become formal disability-friendly enterprises. Initially, these workshops operated without government subsidies (Tremblay 2012, 15-18). When EAs started receiving subsidies in the late 1970s, there were some complaints about “unfair competition” from the private sector, but only for a short while (interviews #5 and #25). Alternative ways of integrating persons with disabilities into the labour market seemed worse for employers. In particular, when cabinet minister Denis Lazure became responsible for the OPHQ in 1978, he hoped to impose a quota system for people with disabilities that would require large enterprises of 50 employees plus to hire people with disabilities, possibly as much as 6% of their payroll (Leduc 1997; Lazure 2002, 330). In 1978, the Lévesque government finally agreed to require only Quebec enterprises of 50 employees plus to submit a “hiring plan”. The threat of imposing a quota system nonetheless resurfaced in 1998. The 1978 policy was then still in place, but governments had stopped investing resources to implement it and 65% of large enterprises had no employees with disabilities (Leduc, 1998). Denis Lazure, this time acting as director general of the OPHQ, reiterated his conviction that hiring plans were not enough and expressed a preference for a more
coercive measure (Fleury, 1996), something employers once again vehemently opposed (Gilbert, 1998). In this context, employers came to appreciate EAs.

Employers’ associations have expressed their support to disability-friendly enterprises in concrete terms. In the early 1990s, when the government was proposing to cut 3.9 million dollars in EA wage subsidies (a proposal eventually largely cancelled), the Quebec Conseil du Patronat publicly defended disability-friendly enterprises (Tremblay 2012, 38). In 1996, Ghislain Dufour, from the Quebec Conseil du Patronat, had no opposition to increasing subsidies to EAs (interview #13). In its brief for bill 27 (Social Economy Act), the Quebec Federation of Commerce Chambers (2013, 7) explicitly endorsed the government’s funding of both training businesses and disability-friendly enterprises. Such support should not be surprising: the EA’s association, the CQEA, views itself as an employer association, being a member of the Quebec Conseil du Patronat—in addition to being a member of the Social Economy Worksite.\footnote{The CQEA is the only organization in Quebec claiming these two memberships.}

In comparison, the CQEA’s relationship with unions seems tenser. Unions have always been reluctant to fully endorse the EA model. In the early 1990s, the FTQ strongly criticized the working conditions of EA workers with disabilities, going so far as to argue that they were being “exploited”—and deplored the fact that EAs had no incentives to encourage their most productive workers to integrate into the ordinary labour market (Brunet, 1992). In 1996, the GTES did include an EA project, but supported it only lukewarmly, expressing the concern that the priority should be given to the integration of persons with disabilities into ordinary enterprises and that EAs should not become cheap labour ghettos (GTES 1996, 22). Union representatives in the GTES were hesitant to support EAs as they felt that doing so came close to legitimizing a form of “workfare” (interviews #5, #7, and #15). In contrast, the CQEA is less explicitly critical of unions. Yet, in his book, introduced above, former CQEA president Gabriel
Tremblay (2012) conspicuously does not once mention unions. Unions are similarly not included in the CQEA’s list of “collaborators” posted on its website; in contrast, the CEIQ’s list of partners includes the FTQ, the Fonds de solidarité FTQ, the Fondaction CSN, and Filaction (CSN).

This “tense” relationship is partly related to the fact that the workers of about eight Quebec disability-friendly enterprises are unionized (Cauchy, 2004) and that the CQEA represents EA employers. The relationship between unions and employers in disability-friendly enterprises is peculiar for two reasons. First, the wages of EA workers with disabilities are mostly paid by the government—not the “employer”, the latter typically providing only a small additional payment. Second, most EA workers with disabilities are bound to receive money transfers from the government, either in the form of EA wages or in the form of social assistance for persons with severe employment limitations. In this context, whereas unions, as in traditional enterprises, mainly push for higher minimum wages, governments and employers have somewhat contradictory preferences. EA employers want high minimum wages but low social assistance allowances: this is how they get persons with disabilities to want to work in EAs and to be content with the minimum wages paid by the government. For government, in contrast, it is when the minimum wages are low and social assistance allowances are high that investing in EAs promises to yield the greatest amounts of savings. At the same time representing employers and lobbying for greater government investments in EAs, the CQEA is constantly pulled in two opposite directions and so tends to be regarded suspiciously by unions.

Figure 7.4 shows that, over the last quarter century, the minimum wage has increased much faster than social assistance in Quebec. In 2004, workers with disabilities had to work over 105 hours per month at the minimum wage in EAs to get the same revenue as non-workers with
disabilities. In other words, working 30 hours a week (Fortin et al. 2013, 2) hardly allowed them to have a higher income than the one they would get by simply staying at home, especially when taking into account work expenses and foregone social benefits (e.g. free dental care). This issue is arguably what motivated the FTQ-unionized workers with disabilities from the Atelier de la flèche de fer, near Quebec City, to strike for better wages from April 16th to December 10th of 2004 (Cauchy, 2004; SEPB-Quebec, 2005). By 2010, the number of work hours required to match social assistance allowances for persons with severe employment limitations had dropped to about 90, making work in an EA significantly more appealing. At the same, investing in EAs has become less advantageous for governments.

In comparison, the relationship between training businesses and both employers and unions seems more superficial. Spending only a few months in training businesses, participants are not unionized. In the early days of Quebec’s training businesses program, unions had some concerns that Emploi-Québec was unduly privileging labour market outsiders over insiders by subsidizing training businesses so heavily. In 2000, the FTQ criticized Emploi-Québec for having abandoned short-duration training programs in enterprises for long-duration training programs for individuals on social assistance, *inter alia* in training businesses (Normand, 2000). Such analyses were, however, immediately contested as committing a false-dilemma fallacy by community groups (Neamtan and Bertrand, 2000), and unions have quickly stopped making them, as suggested above.
Employers’ perspective on training businesses seems generally favourable, as also suggested above. The relationship between EIs and the private sector can nonetheless be ambiguous. On the one hand, EIs allow the private sector to save on training, by investing substantial resources in training a workforce which becomes quickly available. On the other hand, there is real competition between EIs and for-profits in some sectors. Thrift stores in Montreal are a case in point, as only two main players are present: Value Village, a multinational for-profit with about 20 stores in the area, and Renaissance Montréal, a certified training business affiliated with Goodwill Industries International\footnote{Renaissance Montréal acts as a branch of Goodwill for the entire territory of Quebec (Ninacs 2003, 10; interview 77).} and representing eleven Fripe-Prix thrift stores and five used bookstores in Quebec’s metropolis. While some people trained at

Figure 7.4: Number of hours paid at the minimum wage per month needed to match social welfare allowances for persons with severe employment limitations in Quebec, 1990-2013

Sources: For data on the minimum wages, see Commission des normes du travail (2015); for data on social welfare allowances, see MESS (2013a; 2013b).
Renaissance Montréal do find a job at Value Village (Joanny-Furtin, 2013), most do not. Because the skills acquired at Renaissance Montréal can travel across the retail sector and even beyond, most of the positive externalities it creates through its training activities cannot be captured by Value Village. Hence, for Pierre Legault, the director general and founder of Renaissance Montréal, the relationship with Value Village is mostly one of competition—for both clients and donations\(^\text{121}\) (interview #77). Even in this sector, however, employers do not invoke “unfair competition” (interviews #50, #71, and #77).

**Coalitions**

Disability-friendly enterprises and training businesses are *sui generis* organizations, with equivalents existing in neither the for-profit sector nor the traditional public sector. Employers’ associations quickly stopped viewing public subsidies to these organizations as creating unfair competition and unions never believed that they encroached on the public sector. For unions, the fact that trainee participants and workers with disabilities do not really seem to democratically participate in the organizations’ decision-making process (e.g. Ladeuix 2001, 32) never seemed to be an issue either. As a result, a context of Left-Right coalition in favour of work integration social economy enterprises is possible. I argue that the 1996 socio-economic Summit helped consolidate that coalition.

By the time of the 1996 Summit, Quebec’s EA network had already existed for two decades. The historical record nonetheless clearly suggests that the Summit played a key role in increasing funding to EAs. For actors of the EA network, the GTES was viewed as a “golden opportunity” (Tremblay 2012, 42). The CQEA (then called AQEA) sponsored the GTES’ project

\(^{121}\) The fact that community groups sell their donations to Value Village makes Renaissance Montréal particularly bitter (e.g. Maher, 2015; interview #77).
related to EAs. The project aimed at creating 1,050 jobs for persons with disabilities within three years by increasing the PSEA subsidies to 30 million dollars a year (GTES 1996, 30)—from about 25 million dollars in 1995 (Figure 7.3)\textsuperscript{122}. As mentioned above, unions had some reservations about the project but nonetheless gave their approval, while employers seemed to have no reservations. In this consensual context, Bouchard felt free to approve the project. As stated above, the GTES is directly responsible for the investment of an extra 4.2 million dollars to the PSEA, which, in turn, led to the creation of between 406 (Tremblay 2012, 43) and 476 new EA jobs for persons with disabilities (Comeau 2001, 21) (and see Figure 7.1). The GTES also led to the creation of the Quebec Anti-Poverty Fund (see chapter three), of which 1.5 million dollars were channelled toward EAs, as stated above.

With training businesses, in contrast, the goals set by GTES were exceeded. Yet, the GTES does not seem to have been responsible for the achievement of these goals. As with childcare (see chapter four), the GTES here arguably acted as an epiphenomenon: reflecting a civil society interest in training businesses rather than really moving that interest forward.

The GTES proposed a Framework of Recognition and Financing for Montreal Training Businesses (GTES 1996, 21). The CEIQ then only had Montreal members and the project was promoted by both the CEIQ and the Regional Development Council for the Island of Montreal\textsuperscript{123}. The project was also substantively modest. The GTES did not specify how much its project was expected to cost, but it was anticipated to create only 50 new jobs over the following three years (GTES 1996, 30). In fact, by 2000, it had cost 62 million dollars and had led to the

\textsuperscript{122} Gabriel Tremblay (2012, 42) explains that the AQEA could then reasonably expect to create only 500 jobs, but that Denis Lazure (OPHQ) insisted for strategic reasons to put forward a more ambitious, if unrealistic, figure.

\textsuperscript{123} For the CEIQ, promoting EIs outside of Montreal was a challenge (interview #67). To this day, the network remains somewhat Montreal-centred; in 2008, Montreal EIs were responsible for 57.5\% of total EI spending (Comeau 2011a, 6). There are no recognized, official training businesses in the Gaspésie and Mauricie areas. Such clustering may be inevitable, however. Disability-friendly enterprises are similarly more active in some regions than others, being an especially significant source of employment in Chaudière-Appalaches, where nearly a fifth of all EA jobs are found (Fortin et al. 2013, 4)—but only 5\% of Quebec’s population.
creation of 1,514 new jobs (Comeau 2001, 21). Yet, whether the GTES has been crucial for the establishment of the 1998 Framework of Recognition and Financing for Training Businesses (see below) is questionable. Louise Harel’s inter-ministry committee on training businesses, set before the 1996 Summit and independently of it, had clearly manifested an interest in designing a program for training businesses. The only thing missing was an inter-ministerial funding formula, which ceased to be required after the creation of Emploi-Québec and the transfer of federal funds, following the 1997 Canada-Quebec agreement on training (as discussed below). According to the most likely scenario, then, a training business program would have been launched shortly after the 1997 Canada-Quebec Agreement, independently of the 1996 Summit. Although it is also possible that the GTES increased the profile of EIs and contributed to making them a priority in the late 1990s, the GTES could hardly be argued to have been a necessary condition for the development of a training business program.

Learning

As mentioned above, both training businesses and disability-friendly enterprises have been solidly institutionalized in France since the early 1980s. These organizations were then recognized and actively supported in Canada’s only French-speaking province. In the first part of this section, I argue that this is not a coincidence. Especially in the case of training businesses, some form of learning seems to have occurred. In the second section, I explore social investment arguments and argue that, although they might have played a role in convincing decision-makers to invest in social integration social economy enterprises in Quebec, they cannot explain cross-provincial differences.
In Quebec, the first training businesses emerged in the early 1980s but remained disorganized and unrecognized by the government until the mid-1990s (Fontan and Noiseux, 2012). Over that period, Quebec actors carefully studied French experiences. Patrice Rodriguez learned that his organization, Boulot vers…, was an entreprise d’insertion at an international colloquium in Montreal in 1988, Le Local en action, where he met with a French social insertion activist who was working in exactly the same kind of organization in Angoulême (Mottet 2003, 86). The following year, Rodriguez visited French and Spanish training businesses which were recognized and funded as such by the state: “he came back to Quebec with the goal of establishing similar programs” (Mottet 2003, 86). Pierre Marcotte, a federal bureaucrat actively involved since the early 1980s with La Relance, a community gas station focused on reintegrating former convicts, also believes that Quebec’s concept of entreprise d’insertion came from France, citing the 1981 Bertrand Schwartz report on socio-professional insertion of youth in France; he himself went to France to visit EIs in the early 1980s and is familiar with the work of the French social economy scholar, Louis Laville (interview #70). The CEIQ’s website features a history section, which similarly specifies that “exchanges” were occurring between French and Quebec promoters between 1980 and 1994. Then, as soon as 1995, the CEIQ sent representatives to France to establish a partnership with the French Comité national des entreprises d’insertion, which already had hundreds of training businesses as members (Valadou et al. 1995, 2).

The link with France was at times even more direct. The first coordinator of the CEIQ, in office from 1995 to 1996, was Christian Valadou, who was himself from France and then benefitted from a long and rich experience with French social insertion enterprises (Mottet 2003, 145; interviews #50, #67, and #70). Patrice Rodriguez adds that Christian Valadou in fact played a key role in the creation of the CEIQ (interview #21) in September of 1994, when a few de facto
training businesses from Montreal, including Resto Plateau, Service d’entretien pro-prêt, Formétal, Boulot vers…, and Buffet insère-jeunes, got together (Mottet 2003, 145; Dolbel 2009, 18). Similarly, according to Charles Fillion, the director general of the CEIQ from 1997 to 2003, the very expression enterprise d’insertion was imported from France, as it was used by two French immigrants who played an active role in the launching of training businesses in Montreal, Christian Valadou and Chantal Aznavourian, the founder and director general of Resto Plateau (interview #67). Before the mid-1990s, an alternative term, écôle-entreprise, was then also used (e.g. écôle-entreprise Formétal); and the distinction between ÉÉSADs and training businesses was not entirely clear, with organizations like Défi-Autonomie d’Antoine-Labelle being sometime characterized as an ÉÉSAD (e.g. Duval, 1996) and sometimes as a training business (Valadou et al., 1995).

In contrast, de facto training businesses in English Canada lack a common identity and have not organized to form an association lobbying for government recognition and funding. In Quebec, ties with France seemed to have played a decisive role in providing early experiments in training businesses with such a common identity and with the ideational and even staff resources to develop an association. In turn, the CEIQ’s existence and expertise made it easier for the Quebec government to recognize EIs as providing a distinct social insertion model. In 1998, for instance, Emploi-Québec agreed to take the Framework of Recognition and Financing for Training Businesses (Cadre de reconnaissance et de financement des entreprises d’insertion) prepared by the CEIQ as the basis of its training businesses’ program. In doing so, Emploi-Québec approved the CEIQ’s seven criteria-based definition124 of training businesses (Mottet 2003, 144) and accepted the subsidy structure proposed by the CEIQ.

124 Training businesses must: (i) have a social insertion mission; (ii) have labour market outsiders experiencing severe difficulties as participants; (iii) be nonprofit enterprises selling goods and/or services in the market; (iv) pay
Quebec disability-friendly enterprises similarly draw inspiration from Francophone Europe (interviews #5 and #31; Tremblay 2012, 72). The CQEA’s collaborators, for instance, include the French and Walloon equivalents of the CQEA, the Union Nationale des Entreprises Adaptées and the Entente Wallonne des Entreprises de Travail Adapté. Whether ties with France were crucial for the development of a network of sheltered workshops in the 1970s, their transformation into disability-friendly enterprises, or for the creation of a funding program in 1978 is beyond the scope of this thesis. Studying Canada outside Quebec, however, what is striking is the lack of knowledge of the EA model. Michael J. Prince’s Absent Citizens (2009) or Mary Ann McColl and Lyn Jongbloed’s Disability and Social Policy in Canada (2006), two of the very few books focusing on the labour market integration of persons with disabilities in Canada, do not mention once Quebec’s disability-friendly enterprises. Prince (2009, 9-10), in particular, shares in the broad English Canadian consensus that sheltered workshops marginalize persons with disabilities and that the solution to integrate them into the labour market decidedly lies outside sheltered workplaces. In Quebec, in contrast, plausibly because of closer ties with Francophone Europe, the option of regulating sheltered workshops in a way that would allow persons with disabilities to earn a decent wage seemed salient from the outset.

Also possibly instrumental in governments’ decision to fund work integration social economy enterprises is the belief that they allow social assistance savings. Although EI actors deplore that for governments, “social insertion” seems limited to “getting a job”—rather than being also about creating ties within a community, civic participation, or getting to know one’s

normal wages and working conditions to their participants (v) provide various types of support to participants; (vi) envision a global training, not narrowly limited to employability; (vii) entertain deep ties with the community. These criteria were listed in the 1995 Training Business Charter, signed by sixteen training businesses on June 27th of 1995 (Valadou et al. 1995, 5; Dolbel 2009, 18).

125 In a recent article focusing entirely on Canadian social economy enterprises and the labour market integration of persons with disabilities, Prince (2014) once again manages to completely ignore Quebec’s disability-friendly enterprises.
society (interview #21)—training businesses have always portrayed themselves as being efficient at reintegrating the non-employed into the labour market (Rodriguez 1990; Valadou et al., 1995; Interface 2004; Comeau 2011). In 1995, for instance, a CEIQ self-study reported that 70% of training businesses’ participants would integrate into the labour market (60%) or go back to school (10%) within a six-month period after they had completed their training; and do so in spite of disadvantageous demographics. The average participant was 28 years old, had left school after grade 9, had been absent from the labour market for 25 months, had no or very little real work experience, and was either receiving social assistance allowances (72% of participants) or unemployment benefits (14% of participants) (Valadou et al., 1995). By 2010, the clientele remained highly marginalized: 89% of participants had no work revenues prior to working in a training business and 82% of participants had either no work experience or had never maintained a single job for more than six months; yet, after one year, 51% of those who had completed the training had found a job and 14% had gone back to school (Comeau 2011a, 9).

Martin Comeau (2011), from the consulting firm Libera Mutatio, offers the most sophisticated cost-benefit analysis of governments’ investments in Quebec’s training businesses. As summarized in Table 7.2, training businesses seem to be clearly profitable for the federal government. For the Quebec government, Comeau argues that they are also profitable in the middle-to-long term. This is because some returns are recurrent. In particular, ELs allow individuals to move from social welfare to the labour market for more than one year, which, in turn, allows governments to save on social assistance or other programs over a period of several years. Although this is never made explicit in his study, the data provided by Comeau (2011, 39) allow us to calculate that it should have taken about 6.6 years for the Quebec government to get a positive net return on its 2008 investments in ELs. In 2008, Quebec invested 35.7 million dollars
and returns are estimated at 17.1 million dollars for the first year and at 2.8 million dollars for the subsequent years.

In the late 1980s, Boulot vers… commissioned a study to assess its financial impacts which concluded that Quebec’s investments in Boulot vers… would yield a positive return after only 15.8 months in 1988 and as little as 11.3 months in 1989 (Rodriguez, 1990). Two decades later, Comeau (2011) argued that the time required for Quebec to get a positive return on its investments is actually closer to 80 months. What explains this discrepancy? Boulot vers... may be more efficient than other training businesses. The most likely explanation, however, is that investing in EIs has become less profitable for governments over time because of retrenchments (in real dollars) in social assistance and unemployment insurance and because of a decline in unemployment rates. Emploi-Québec nonetheless accepts the argument that, in the mid-to-long term, its investments in EIs generate positive financial returns (interview #39)\textsuperscript{126}. These numbers legitimate public investments in training businesses. Exactly how efficient EIs need to be at labour market integration to gain and maintain a funding program, however, is unclear.

A similar situation prevails with disability-friendly enterprises. From the very beginning, EAs were considered “investments, rather than expenditures”, creating direct and indirect employment, increasing tax revenues, and decreasing social assistance spending (OPHQ 1984, 9). More than anyone else, UQÀM economist Pierre Fortin has actively promoted EAs since the mid-1990s through conferences, articles, studies, and interviews (see Tremblay 2012, 86-87 for a review), constantly stressing the notion that disability-friendly enterprises are not only very humane, but that public investments in them are financially sound.

\textsuperscript{126} In two seminal studies, Emploi-Québec (SOM 2003; 2006) assessed the effects of its different programs. Because its measure on training businesses is subsumed under the more general Job Readiness Measure, the studies do not explicitly address training businesses. The studies are similarly silent on the PSEA, as they were produced before the PSEA was transferred to Emploi-Québec, in 2006.
Table 7.2 Government investments and savings in Quebec’s training businesses, 2008 (million dollars)

<table>
<thead>
<tr>
<th></th>
<th>Quebec government</th>
<th>Canadian government</th>
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<tbody>
<tr>
<td><strong>Investments</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Emploi-Québec (service agreements)</td>
<td>30.8</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>4.9</td>
<td>0.6</td>
</tr>
<tr>
<td>Total</td>
<td>35.7</td>
<td>0.6</td>
</tr>
<tr>
<td><strong>Savings</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxes and parafiscal charges taken from EIs’ wage workers</td>
<td>11.1</td>
<td>4.9</td>
</tr>
<tr>
<td>Avoided health care costs</td>
<td>1.0</td>
<td>0.1</td>
</tr>
<tr>
<td>Taxes and parafiscal charges due to increased productivity of participants</td>
<td>1.2</td>
<td>1.0</td>
</tr>
<tr>
<td>Taxes and parafiscal charges due to a decline in poverty of the participants’ children</td>
<td>1.3</td>
<td>1.1</td>
</tr>
<tr>
<td>Avoided judicial and prison costs</td>
<td>0.6</td>
<td>0.6</td>
</tr>
<tr>
<td>Avoided social assistance, employment insurance and other government program costs</td>
<td>1.6</td>
<td>0.4</td>
</tr>
<tr>
<td>Total</td>
<td>16.8</td>
<td>8.1</td>
</tr>
<tr>
<td><strong>Net return</strong></td>
<td>-18.9</td>
<td>7.5</td>
</tr>
</tbody>
</table>

Source: Comeau, 2011a

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Comeau (2011) does not consider the possibility that training businesses can also increase the number of beneficiaries of the federal Employment Insurance. Individuals who have successfully completed their training have access to Employment Insurance; in some unfortunate instances, training businesses thus effectively transfer individuals from social assistance to employment insurance.
In their latest study, Fortin, Van Audenrode, and Paradis (2013) calculate that in 2012 the PSEA generated net returns for the Quebec government of 28.5 million dollars, as indicated in Table 7.3. During that year, the PSEA cost Quebec 43.2 million dollars, but allowed the Quebec government to save 46 million dollars on social assistance and about 25.6 million dollars on otherwise foregone fiscal charges (e.g. RRQ, CSST, EI) and tax revenues. If one considers federal transfers as ordinary Quebec revenues, then the PSEA in fact cost Quebec 72.2 million dollars in 2012 and created a small net deficit of about 400 thousand dollars\(^{128}\).

The Fortin et al. (2013) study also exaggerates the social assistance savings generated by disability-friendly enterprises, as it seems to make the unlikely assumption that 100% of EA workers with disabilities would otherwise be receiving social assistance allowances for individuals with severe work incapacities.

Table 7.3 Government investments and savings in disability-friendly enterprises, 2012 (million dollars)

<table>
<thead>
<tr>
<th>Investments</th>
<th>Total ($)</th>
<th>Quebec government ($)</th>
<th>Canadian government ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PSEA</td>
<td>72,153,406</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Canada-Quebec Agreement</td>
<td>-28,861,362</td>
<td>28,861,362</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>72,153,406</td>
<td>43,292,044</td>
<td>28,861,362</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Savings</th>
<th>Total ($)</th>
<th>Quebec government ($)</th>
<th>Canadian government ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social assistance</td>
<td>46,124,980</td>
<td>46,124,980</td>
<td>0</td>
</tr>
</tbody>
</table>

\(^{128}\) Figure 7.4 suggested that government investments in disability-friendly enterprises should have yielded greater returns in the mid-2000s, as the income gap between workers and non-workers with disabilities was lower. Fortin (2006) indeed reports that the Quebec and Canadian governments’ collective investments in EAs then yielded a net positive return of about $5 million (rather than a $0.4 million deficit).
### Taxes and Parafiscal Charges

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Amount</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>78,554,740</td>
<td>71,753,811</td>
<td>6,800,929</td>
</tr>
</tbody>
</table>

**Net Return**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Amount</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>6,401,334</td>
<td>28,461,768</td>
<td>-22,060,434</td>
</tr>
</tbody>
</table>

Source: Fortin et al. (2013, 3)

Although the Comeau (2011) and Fortin et al. (2013) studies are constantly invoked as unambiguously proving the financial rationality of investing in work integration social economy enterprises (e.g. Chantier de l’économie sociale 2014, 9), the actual numbers are more sobering, and public officials read them critically. Sheer social investment arguments, moreover, travel easily and so are unlikely to prevail only in some places and not others. In contrast, Quebec’s privileged ties (especially at the civil society level) with France may arguably contribute to explaining Quebec’s greater emphasis on training businesses, and possibly disability-friendly enterprises.

### Federalism

The federal government subsidizes disability-friendly enterprises and training businesses in two main ways: directly, through a number of social or economic policies, and indirectly, through financial transfers to provinces. This section argues that changes in transfer programs have been crucial for the development of Quebec’s training businesses, but that changes in federal policies have otherwise had relatively little impact on Quebec’s support of work integration social economy enterprises.
Direct federal investments

The federal government’s direct programs mostly target federal clienteles. CORCAN, for instance, is a major rehabilitation program for convicts of federal prisons. Otherwise, the federal government mostly acts indirectly, through its transfers to provinces. Because both training businesses and disability-friendly enterprises mostly seek to reintegrate into the labour market individuals who were hitherto on social assistance, a provincial clientele, the federal government does not heavily subsidize them directly.

According to Comeau (2011), the federal government’s annual spending in training businesses represents a mere 0.6 million dollars. Table 7.3 suggests that the federal government plays a much more active role with disability-friendly enterprises. According to Fortin et al. (2013), the federal government annually invests 28.9 million dollars in disability-friendly enterprises. In fact, these contrasting figures reflect different methodologies. Comeau (2011) only takes into account the federal government’s direct investments in EIs, while Fortin et al. (2013) only take into account federal transfers to provinces. With respect to both disability-friendly enterprises and training businesses, the federal government’s direct financial contribution is marginal—so marginal, in fact, that Fortin et al. (2013) do not bother to measure it.

Over the past decades, however, the federal government has directly funded disability-friendly enterprises. In the 1970s and 1980s, in particular, EAs benefitted from the exemption of the 13.5% Manufacturers’ Sales Tax for nonprofits hiring persons with disabilities; in 1990, this
subsidy represented 3 million dollars per year for Quebec EAs (Tremblay 2012, 33). The introduction of the GST in 1991, however, meant the end of that subsidy.\textsuperscript{129}

Tremblay (2012, 73) explains that because EAs are only present in Quebec, the federal government has been reluctant to design a program to subsidize them directly. Paul Martin, in particular, was very fond of the model, and wished it were present across the country (Tremblay 2012, 73; interview #17). In 1999, as finance minister, he went as far as providing the CQEA with a discretionary 5 million dollar grant, to be distributed among individual disability-friendly enterprises (Tremblay 2012, 48-49). Martin’s enthusiasm for EAs, however, does not seem to have been shared by any other leading federal politician (before or since).

Although aggregate data on individual EAs’ reliance on federal subsidies is unavailable, the existing data suggest that EAs benefit little from programs that do not target them. In 2007, for instance, the Harper government launched the Enabling Accessibility Fund, which provides $15 million per year for construction and renovation projects meant to improve physical accessibility and safety for people with disabilities: from the list of the hundreds of approved projects between 2009 and 2013, provided by Employment and Social Development Canada, EAs seem to have benefitted from this fund only once (Cartonek Inc. in 2013) (ESDC, 2015).

Training businesses similarly benefit only to a small extent from a myriad of federal programs (e.g. from Correctional Service Canada or Canada Economic Development for Quebec Regions). Studying individual EIs’ financial statements, Comeau (2011, 14 note 13) concluded that, in 2008, Quebec training businesses collectively received only about 0.5 million dollars from such federal programs (excluding interest costs).

\textsuperscript{129} A transition plan was eventually negotiated: EAs evolving in the manufacturing sector kept 100% of the GST in 1991, 75% in 1992, 50% in 1993, and 24% in 1994. Two EAs nonetheless closed down in 1995 as a result (Tremblay 2012, 33-36).
With training businesses, however, the situation was substantially different prior to the late 1990s. Here again, precise aggregate data on individual training businesses are lacking, but various documents reveal that as training businesses dealt heavily with beneficiaries from both (provincial) social welfare and (federal) Employment Insurance, they received subsidies from the Quebec Ministère de la sécurité du revenue and the Société québécoise de développement de la main-d’œuvre (SQDM) as well as from Human Resources Development Canada (Dolbel 2009, 12). Anne-Marie Mottet’s book on Boulot vers… reports that in the late 1980s, nearly half of Boulot vers…’s government funding came from the federal government (Mottet 2003, 35), but that by the end of the 1990s, the federal government’s direct contributions had become negligible (Mottet 2003, 203). A study of the Chic Resto Pop’s financial statements similarly reveals that it received about a third of its subsidies from the federal government in 1991 and 1992 (Chic Resto Pop, 1999). According to the organization’s latest financial statements, the Chic Resto Pop has stopped receiving subsidies from federal programs (Chic Resto Pop, 2011).

These direct federal contributions to training businesses largely came from the unemployment insurance account. Initially, Canadian Unemployment Insurance exclusively provided income support to its beneficiaries. The 1989 Unemployment Insurance reform, however, marked a significant shift toward active measures. From 1988 to 1993, the share of the Unemployment Insurance budget channelled to training increased from 2% to 10.1% (Campeau 2005, 130, 139). Training businesses benefitted from that aspect of the reform. At the same time, however, the federal government abruptly and completely stopped contributing to Unemployment Insurance as of 1991. The measure was drastic, as from 1941 to 1990, federal contributions had represented between 17% and 51% of the Unemployment Insurance account, and $2.4 billion in 1990 alone (Campeau 2005, 132-133). After that, the federal government
started using the surpluses from the unemployment insurance account to cover its own deficits. From 1994 to 2008, these “hijacked” cumulative surpluses represented $57.2 billion (Dionne-Marsolais and Duceppe 2013, 56). These cuts and “hijacking” made it more difficult to qualify for Unemployment Insurance. In 1989, 85% of unemployed Canadians qualified for benefits, while only 41% did in 1997 (Campeau 2005, 165). In Quebec, between 1992-1993 and 2000-2001, the percentage of unemployed who received unemployment benefits dropped from 70% to 47% (Charland 2006, 80). In the early 1990s, then, training businesses could claim more funds from the (Un)Employment Insurance account devoted to active labour market policies, but could claim them for a smaller share of its unemployed participants.

**Federal transfers**

Disability-friendly enterprises and training businesses collectively benefit from three Canada-Quebec federal transfer agreements: the Labour Market Development Agreement (LMDA, representing close to $600 million per year of federal transfers to Quebec), the Labour Market Agreement (LMA, representing $116 million for Quebec), and the Labour Market Agreement for Persons with Disabilities (LMAPD, representing $45.9 million for Quebec). I argue that changes in these transfer programs have had a decisive impact on training businesses but not on disability-friendly enterprises.

The division of labour between provinces and the federal government regarding services to persons with disabilities is blurry, but provinces manage the most important programs related to work integration. Over the past fifty years, the federal government has transferred funds to provinces for employment services for persons with disability through three successive transfer programs: Vocational Rehabilitation of Disabled Persons (VRDP) (1961-1997), Employability
Assistance for Persons with Disabilities (EAPD) (1998-2003), and the ongoing Labour Market Agreements for Persons with Disabilities (2004- ). Substantively, these three programs are quite similar and are applied the same way in different provinces and territories. In particular, all three programs involve the federal government sharing 50 percent of the costs of a range of provincial or territorial programs. Whereas the VRDP (until 1994) was open-ended, the subsequent programs are not. At a pan-Canadian level, the upper limit of the federal share was established at $168 million annually for EAPD (Prince 2002, 45) and $222 million per year for the LMAPD (Canada, 2015). The Canada-Quebec EAPD, active as of 1999, involved federal transfers capped at $39 million per year (La Presse, 1999). The successive Canada-Quebec LMAPD, renewed in the summer of 2015 (Leduc, 2015), is similarly capped at 45.9 million dollars per year (Quebec, 2015b).

Because they have not changed much over time and because they involve few inter-provincial asymmetries, federal transfer programs are unlikely to explain either the distinctive support that Quebec provides to disability-friendly enterprises or Quebec’s renewed enthusiasm for them as of the mid-1990s. Indeed, all three of these federal transfer programs have allowed Quebec to support disability-friendly enterprises. Changes in these federal transfer programs have, moreover, never been mentioned in my interviews with EA actors (interviews #5, #25, and #31) and they are not mentioned in Gabriel Tremblay’s book (2012).

In 2009, Quebec’s disability-friendly enterprises started benefitting from a second federal transfer program: the Canada-Quebec Labour Market Agreement. Bilateral LMAs provided new funds for active labour market measures to people on social assistance or without income support. In virtue of the 2008-2014 Canada-Quebec Agreement, the federal government annually transfers about $116 million to the province. The basically same accord was recently renewed for
the 2014-2020 period (Vastel, 2014). As Quebec’s Employment and Solidarity Minister Sam Hamad willingly recognizes, the LMA made possible the Liberal Employment Pact (Quebec, 2010b), which, in turn, involved greater funding for disability-friendly enterprises. Quebec’s 2008-2010 Employment Pact involved additional 548 million dollars in government investments. Over that period, LMA money represented \((3 \times \$116 =) \$348\) million, or nearly two-thirds of those investments. Arguably, then, the LMA contributed to the increase in government funding to the PSEA since the late 2000s; the fact that Quebec seems to have used LMA funds to support EAs but not to EIs beyond the Employment Pact, however, cannot be explained by federal policies. Moreover, the LMA obviously cannot explain why only Quebec uses LMA funds to subsidize a network of certified disability-friendly enterprises.

Taking into account both the LMAPD and the LMA, Fortin et al. (2013) concluded that the combined contributions of the federal government to the PSEA represented about 28.9 million dollars in 2012. From that amount, about \$15.9\) million come from the LMAPD (CQEA, 2015; corroborated by interview #31), while the rest is presumably attributed to the LMA\(^{130}\). \(^{131}\)

Training businesses were more strongly influenced by changes in federal transfer payments. As indicated above, training businesses initially relied heavily on federal direct subsidies and the Quebec Ministry of Income Security allegedly could not afford to launch its own training businesses program. To develop such a program, Louise Harel had attempted to convince other Quebec ministries to set up an inter-ministerial funding formula, but failed, as discussed above. The April 1997 Canada-Quebec LMAD cut that Gordian knot by transferring to

\(^{130}\) Since July 10, 2013, the PSEA additionally benefits from the Canada-Quebec Labour Market Development Agreement, as it was found that a limited number of EA employees were beneficiaries of Employment Insurance prior to working in EAs (interview #31).

\(^{131}\) It is in fact quite unclear how Fortin et al. (2013) conclude that the federal government pays for 40% of the PSEA. I have emailed Pierre Fortin, who has referred me to his co-author, Pierre-Emmanuel Paradis. M. Paradis confesses that this figure was given to them by the CQEA (e-mail 11 September 2015). The CQEA was incapable of telling me how the Fortin et al. (2013) study had arrived at that figure (e-mails 3 and 11 September 2015).
Quebec its portion of the federal Employment Insurance account devoted to active labour market policies.

The Agreement involved a transfer of over 1,000 public service positions from Human Resources Development Canada and close to $600 million per year. The amounts transferred vary from year to year but have remained in the same ballpark for the last fifteen years: $588.6 million in 2000-2001 (Emploi-Québec 2000, 25); $579.1 million in 2014-2015 (Emploi-Québec 2014, 39).

With these additional resources, Quebec sought to integrate all active labour market programs for the unemployed—whether they were beneficiaries of Employment Insurance, social assistance, or had no public income support—into one stop shop (guichet unique): Emploi-Québec, which brought together all the personnel and services involved in active labour market programs from Human Resources Development Canada, the Quebec Income Security Ministry, and the SQDM. Although Quebec’s programs for the unemployed make no distinction between Employment Insurance beneficiaries and the others, the federal LMDA money coming from the Employment Insurance account is earmarked for beneficiaries of Employment Insurance. Quebec programs thus claim funding from the LMDA insofar as they deal with Employment Insurance beneficiaries. Hence because Employment Insurance beneficiaries represented about a fifth of participants in Quebec’s training businesses, Emploi-Québec claimed $10.1 million from the LMDA for its training businesses program in 2013-2014.\textsuperscript{132}

The 1997 Canada-Quebec Agreement was perhaps not an absolutely necessary condition for the establishment of a training businesses program. With more time and political will, a Quebec inter-ministerial funding formula might have been found. Training businesses actors nonetheless concur that the 1997 Agreement and the creation of Emploi-Québec in 1998 greatly

\textsuperscript{132} E-mail correspondence with Emploi-Québec staff (August 28, 2015)
facilitated the funding of training businesses (Mottet 2003, 142-143; interviews #39, #50, #70, and #71). Indeed, a training businesses program was launched immediately after the creation of Emploi-Québec.

In contrast, the LMDAs cannot explain cross-provincial differences. Between December 1996 and July 2009, LMDAs have been negotiated in every province and territory. While only some provinces, including Quebec and Alberta, immediately received full transfer of funds and responsibility, all jurisdictions were given that option (Haddow 2003, 254). Similarly, whereas Quebec was initially the only province to use LMDA money to fund programs that were not specifically targeting Employment Insurance beneficiaries (Noël 2012, 433), nothing prevented other provinces from doing the same. And in fact, the 2008-2009 LMAs provided every jurisdiction with the means specifically to implement programs for unemployed individuals who are not eligible for Employment Insurance benefits. In sum, cross-provincial differences arise at the implementation stage of relatively symmetrical federal-provincial agreements.

To some extent, Quebec’s differentiated implementation of the LMDA reflects the Quebec origins of these agreements. By 1997, all Quebec labour market partners, including employers, unions, the PLQ, and the PQ, shared the desire to have Quebec manage all professional training programs (Haddow 2003, 253). Yet, according to a widely held view, the LMDA was part of Canada’s “Plan A” following the 1995 Quebec referendum (e.g. Noël 2012, 425; Haddow and Klassen 2006, 137-138; Bakvis and Aucoin 2000, 11-12)\textsuperscript{133}. Plan A constituted a “carrot” to incite Quebec to stay in the federation, and involved federal initiatives designed to address Quebec’s demands; Plan B, as illustrated by the Clarity Act, constituted a “stick” that sought to increase the costs or the difficulties of secession. By reaching a devolution

\textsuperscript{133} See also “Plan A and Plan B”, Centre for Constitutional Studies, University of Alberta, and “Plan B (Canada)” entry on Wikipedia (30 July 2015).
agreement with the PQ, the federal government thus sought to demonstrate its good faith and that Canadian federalism could work for Quebeckers.

If this is the correct interpretation\textsuperscript{134}, the presence of a PQ government was arguably a necessary condition for the realization of the 1997 Canada-Quebec Agreement, as a PLQ government would not have induced the need for a “carrot” strategy. Indirectly, then, a PQ government was crucial for the launching of a training businesses program.

In comparison with the LMDA, the LMA was of less importance for training businesses. It arguably consolidated the funding of training businesses during the implementation of the Employment Pact (see above), but after 2010, the LMA seems to have had no effect whatsoever on the funding of training businesses (see Figure 7.3 and discussion above).

In conclusion, Quebec is the only province to have developed policies specifically supporting work integration social economy enterprises. In the 1990s, Quebec launched a training businesses program and consolidated an existing disability-friendly enterprises program. Why? Structural causes cannot explain Quebec’s social economy turn in the area of social insertion. The rise of post-industrial structural unemployment that underpinned the emergence of training businesses was not exclusive to Quebec; the long-term unemployment of persons with disabilities even less so. Power resource theory is of limited help, given that these two work integration social economy enterprises are appreciated by both the Left and the Right. The historical record reveals that the centre-Left PQ has been closer to training businesses than the centre-Right PLQ; but it is the fact that the PQ is sovereigntist and the PLQ federalist that might

\textsuperscript{134} As a federal public servant confidentially explained to me, devolution was also a way for the federal government to make the provinces now in full control of employability programs bear the burden of the federal cuts in Employment Insurance.
have mattered the most, as the main proximate cause of Quebec’s training businesses policy was the 1997 Canada-Quebec Labour Market Development Agreement, which was itself largely an offshoot of the PQ’s 1995 referendum on Quebec’s sovereignty. In contrast, over the last few decades, federal policies have not led to major changes in Quebec’s policy toward disability-friendly enterprises. Left-Right coalitions engineered by the Social Economy Task Force during the 1996 Economy and Employment Summit directly led to greater investments in disability-friendly enterprises, but did not have clear effects on training businesses. Finally, distinctive ties with France helped Quebec civil society groups learn about training businesses, form an association, and press the Quebec government to recognize and fund French-inspired training businesses. Close ties with Francophone Europe might have similarly prompted the development of Quebec’s network of disability-friendly enterprises prior to the 1990s, but such ties cannot explain why Quebec consolidated that network in the last quarter of century.
In the mid-to-late 1990s, Quebec significantly increased its support to social economy enterprises delivering social services, including in the areas of child care, perinatal services, community housing, home assistance, and social insertion. In so doing, the Quebec welfare state further distinguished itself from that of other provinces. Quebec’s support for the social economy has since been maintained, while other provinces have never taken a similar social economy turn. Why has the Quebec welfare state come to rely more heavily on the social economy than other provincial welfare states?

This concluding chapter reiterates the dissertation’s main argument, identifies some of its limitations, clarifies the scientific contribution of the thesis, and points to avenues for future research on the social economy.

The argument: a recapitulation

The dissertation explores five hypotheses, labelled “coalitions”, “power resource theory”, “federalism”, “learning”, and “structures”. As summarized in Table 8.1, also presented in chapter two (see Table 2.5), Quebec’s distinct social economy turn can mostly be explained in terms of power resources and coalitions. More specifically, the social economy enjoys greater government support in Quebec than in other provinces because of Quebec’s stronger Left and concerted action tradition. In this section, I recapitulate the dissertation’s argument by discussing how each of these hypotheses fares in the analysis.
Table 8.1\textsuperscript{135}: The Causes of Quebec’s Social Economy Turn in the mid-1990s

<table>
<thead>
<tr>
<th></th>
<th>1996 Coalition</th>
<th>Power</th>
<th>Federalism</th>
<th>Learning</th>
</tr>
</thead>
<tbody>
<tr>
<td>General social economy</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Child care</td>
<td>X</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Perinatal services</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Home help</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community housing</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Training businesses</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Disability-friendly enterprises</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Coalitions**

Left-Right coalitions are possible when a given policy is perceived as satisfying the preferences of both the Left and the Right. One of this dissertation’s main arguments is that such a Left-Right coalition of support for the social economy was woven during the 1996 Economy and Employment Summit. More specifically, the dissertation argues that this coalition played a crucial role in Quebec’s general social economy policies and sectoral social economy policies in the areas of home assistance, perinatal services, and disability-friendly enterprises, as well as a minor role in the area of community housing—but no role in the areas of child care and training businesses.

To explain the forging of this coalition, the dissertation stresses Quebec’s distinct concerted action tradition, the ambiguity of the social economy, and the entrepreneurship of the Summit’s Social Economy Task Force.

\textsuperscript{135} As with Table 2.5, I put an “X” when I found evidence of the cause and an X in bold when I thought it was the main cause of Quebec’s social economy turn in the 1990s.
As discussed more fully in chapter two, Quebec is the only province with a concerted action tradition and the only province where an event like the 1996 Economy and Employment Summit could have taken place. Concerted action setting is instrumental for coalition engineering as it provides a setting where representatives of the Left and the Right meet and discuss policy issues. Absent the 1996 Summit—and the exceptional fact that, unlike traditional European concerted action settings, community groups were invited to play an active role—in particular, Nancy Neamtan would not have had the opportunity to exercise as much leadership to design social economy policy proposals, and to convince employers and unions of the virtues of the social economy. By “producing” so many social original economy policies, the 1996 Summit illustrates the innovation potential of concerted action in Quebec (Venne, 2015).

The ambiguity or “indeterminacy” of the social economy concept in the mid-1990s was also significant. Virtually unheard of before the 1996 Summit, the concept was understood differently by different actors. To support the social economy, the Right (e.g. employers, conservative politicians) needed to be convinced that social economy enterprises would not compete with private sector enterprises and that they would, perhaps, limit the growth of the public sector in social services. In contrast, to support the social economy, the Left (e.g. unions, pro-equality civil society groups, progressive politicians) needed to be convinced that social economy enterprises would not replace the public sector, and that they would, perhaps, take the place of private sector enterprises and thus contribute to building “another economy”. In other words, in 1996, the social economy project was hoped by the Right to translate into welfare state retrenching reforms and by the Left to translate into welfare state expansion ones.

This ambiguity was stronger in some areas than others. In the areas of perinatal services and disability-friendly enterprises, that the social economy would infringe upon neither the
public nor the private sector seemed clear from the outset and so a “coalition” could easily be forged. In the area of home support, in contrast, that the social economy could infringe upon the public sector seemed like a real possibility. In this context, the social economy coalition was severely challenged.

To a large extent, the ambiguity of the social economy has not disappeared. The fate of the social economy remains uncertain. The Right generally continues to support the social economy with a sentiment of *noblesse oblige* and with the belief that it provides a more efficient alternative to the public-sector welfare state, while a segment of the Right is annoyed by subsidized social economy enterprises competing with non-subsidized private sector enterprises. Similarly, the Left generally continues to view the social economy as containing the germ of a more humane and inclusive economy, while a segment of the Left views the social economy suspiciously, as a Trojan horse, as neoliberalism cloaked in progressive rhetoric. In this context, the “social economy consensus”, albeit strained at times, endures.

In bringing together the Left and the Right behind such an ambiguous proposal, the political aptitude of the GTES, and in particular of its leader, Nancy Neamtan, is emphasized in the dissertation. The 1996 October Summit was characterized by substantial uncertainty and contingency, giving the opportunity for the GTES, itself constituted *à l’improviste* during the 1996 March Conference on the Social and Economic Future of Quebec, to wield an unexpected level of influence. Whether Neamtan’s successor at the Social Economy Worksite, former PQ MNA and Option nationale leader, Jean-Martin Aussant, will have the political aptitude to sustain that coalition, is now an open question.
**Power resources**

The Left and the Right have different preferences and some policies clearly satisfy the preferences of one more than the other. Policies may thus result from a power struggle between the Left and the Right. Another key argument of this dissertation is that Quebec’s social economy policies are underpinned by a distribution of power resources tilted to the Left. Similarly, Quebec’s stronger Left contributes to explaining why a social economy turn took place in Quebec but not in other provinces. Indeed, relative to most other provinces, Quebec has had, over the past decades, social democratic (PQ) governments more often, conservative governments less often, stronger union density, and better-organized pro-equality civil society groups. Significantly, in 1996, the PQ had a majority government and, in the wake of the 1995 referendum on Quebec’s sovereignty, the bonds between the PQ, the unions, and the pro-equality civil society groups were strong.

A pro-Left distribution of power resources was especially instrumental in the cases of community housing and child care. With regard to child care, the partisan disagreement is strong. Both the PLQ and the PQ appreciate the importance of affordable child care, but the Liberals and employers have a clear preference for for-profit providers, whereas the PQ and unions have a clear preference for social economy providers, the early childhood centres (CPEs). This disagreement largely stems from conflicting visions of the social economy. If the social economy is to occupy a residual place, it should not be favoured over for-profit enterprises. But if a more “humane” and democratic economy is deemed desirable in some areas, such as child care, then favouring social economy providers is sensible. Absent a PQ government, Quebec would not have taken a bold social economy turn in the area of child care.

With regard to social housing, partisan disagreements are real, but weak. Yet, the mobilization of the pro-equality civil society groups around social housing was arguably stronger
in Quebec than elsewhere in Canada. Two key social actors were present in Quebec but absent in other provinces: the FRAPRU and the GRTs. The FRAPRU provides no direct services to the population: its sole mission is to demand more social housing from governments. Since 1977, it has received government funding from Quebec for this mission. Its leader, François Saillant, was invited to the 1996 Summit and leaked a confidential ministerial brief revealing the government’s intention in social housing; Bouchard’s government considerably expanded its social housing policy in response. As for the GRTs, they provide technical help to housing cooperatives and nonprofits. They existed everywhere in Canada in the late 1970s, but have received uninterrupted government funding and have continued to exert an important role only in Quebec. In the mid-1990s, they were instrumental in pushing for a new social housing policy. Absent these distinctive pro-equality civil society groups, Quebec would arguably not have taken a social economy turn in the area of community housing.

These findings are consistent with Culpepper’s (2011) conclusion that it is when an issue develops political salience that it is likely to become the object of partisan disagreement. Of the GTES’ projects, the one on child care was by far the one involving both the greatest investments and the greatest partisan divisions. In contrast, social economy projects requiring more modest investments did not capture as much attention of political parties, union leaders, and peak employers’ associations and could more easily be the object of GTES-engineered Left-Right coalitions. In the cases of general social economy policies, perinatal services, home assistance, and training businesses, the pro-Left distribution of power resources was of minor importance, albeit nonetheless significant. In these cases, a strong Left made the social economy turn more likely, but other factors were more important. Only in the case of disability-friendly enterprises
was the distribution of power resources between political parties, leading union federations, and employers’ associations inconsequential.

Federalism

Federal policies may make some provincial social economy policies more or less likely. Federal policies may also affect provinces differently, and make social economy policies particularly likely in Quebec. This dissertation makes four claims regarding the effect of federal policies on Quebec’s social economy turn. First, significant cuts in federal social policies and federal transfers to provinces between the mid-1990s and the mid-2000s made the expansion of the provincial welfare state more difficult. Quebec’s social economy turn occurred in spite of these federal cuts.

Second, with respect to Quebec’s general social economy policies and sectoral social economy policies in the areas of child care, perinatal resources, home assistance, and disability-friendly enterprises, federal policies played no decisive positive role. The federal government arguably played a minor supportive role in Quebec’s general social economy policies (e.g. by helping launch the Fiducie du Chantier de l’économie sociale) and Quebec’s support to disability-friendly enterprises (e.g. through greater labour market transfers to provinces). In contrast, it arguably played a minor negative role in the area of child care, as the federal tax deduction for child care expenses disfavours Quebec’s families, who have greater access to subsidized child care.

Third, the federal government’s effective withdrawal from social housing between 1994 and 2002 provided an opportunity for provinces, including Quebec, to occupy the social housing policy field—even if provinces were not given by the federal government the financial means to
take on this new responsibility. In fact, this federal retreat constituted a necessary condition for Quebec’s social economy turn in the area of social housing. Federal policies alone cannot explain the content of provincial differences, but can contribute to explaining their existence. Indeed, prior to 1993, social housing policies were federal policies and cross-provincial differences were small. Now, social housing policies are mostly provincial and cross-provincial differences are considerable.

Fourth, the 1997 Canada-Quebec Labour Market Development Agreement, which allowed Quebec to manage its portion of the federal Employment Insurance account devoted to active labour market policies, had a decisive role in Quebec’s capacity to launch an innovative program for training businesses. Similar federal-provincial labour market development agreements were eventually signed with every province. Again, then, this change in federal policy can explain the rise of cross-provincial policy differences, but not why devolution led to a training businesses’ program in Quebec but not in other provinces.

Learning

The analysis focuses on two types of learning: from experts and from other societies. The former provides decision-makers with intellectually sophisticated arguments; the latter with inspiration and exemplars of real-life best-practices.

Active social policies are widely viewed as win-win Pareto-efficient policies, addressing valence issues acknowledged as much by the Right as by the Left. Expert allusions to such social investment arguments are omnipresent in the debates on the social economy. The dissertation nonetheless argues that they explain cross-provincial differences poorly. Expert social investment arguments were made in Quebec as in other provinces. Early childhood expert Camil
Bouchard, for instance, played an important role in convincing the government to invest in childcare; in Ontario, Dr. James Fraser Mustard played a similar advocacy role, invoking the same kinds of arguments with the same level of credibility, but with less success. In the other studied social economy policy areas, expert learning has played a less important role and similarly fails to explain the specificity of Quebec’s social economy turn.

Given bounded rationality, political actors have very uneven access to policy ideas from other countries; availability heuristics lead them to base decisions on the few cases close to them. Hence, because of closer cultural ties with France, Quebec government officials and civil society actors are more likely than their analogues from other provinces to draw policy inspiration from France or Francophone Europe. The dissertation finds evidence of such transnational learning in the areas of general social economy policies and training businesses. The *économie sociale* has French origins and the dissertation shows that it is not entirely fortuitous if, in Canada, social economy policies have only “caught on” in the country’s only French-speaking province. Quebec academics, unions, community groups, and public officials knew of and were impressed by France and Wallonia’s social economy policies.

In the case of training businesses, the evidence of transnational learning is particularly clear. Christian Valadou, a French immigrant and expert in French *entreprises d’insertion*, was instrumental in the formation of the Collectif québécois des entreprises d’insertion—which, in turn, greatly facilitated their recognition by the Quebec government. Elsewhere in Canada, such training businesses exist (e.g. Phoenix Print Shop in Toronto) but they do not recognize themselves as such and have not gathered around a collective.
**Structural changes**

Across OECD countries, the social investment turn in social policy is underpinned by a number of structural changes, chiefly including the feminization of the workforce, population ageing, slow economic growth, deindustrialization, and the weakening capacity of the market to integrate unskilled workers. These changes were clearly present in Quebec. The dissertation acknowledges the causal importance of these structural changes in accounting for the timing of Quebec’s social economy turn. In particular, the feminization of the workforce underlies Quebec’s support for child care and perinatal services, while enduringly low employment levels for unskilled workers underlie Quebec’s support to the general social economy, home assistance, disability-friendly enterprises, and training businesses. In the mid-1990s, however, the pressures exerted by these changes were only marginally stronger in Quebec than in most other provinces. Moreover, Quebec had an especially limited budgetary margin of manoeuvre in the mid-1990s, thus severely hampering its capacity to expand its welfare state. The dissertation thus argues that these structural changes cannot explain why the Quebec welfare state took the distinct trajectory that it did in the mid-1990s.

**Limitations of the inquiry**

This dissertation has three main limitations. First, like any study focusing on the causes of effects, it does not address the causes of the causes of interest. Consider, in particular, Quebec’s relatively strong Left. This factor is viewed, in the dissertation, as a direct major cause of Quebec’s social economy turn. It is also an important indirect cause, as strong unions and social democratic parties underpin the concerted action tradition which allowed for the Left-Right social economy coalition, itself another major cause of Quebec’s social economy turn. The
dissertation leaves completely open the question of the origins of Quebec’s stronger Left in the mid-1990s.

In fact, as discussed in chapter two, Quebec has had a relatively strong Left (according to Canadian standards) since the late 1970s. Why is that so? Different authors have proposed at least two types of answers. One is the fragment theory, articulated by Louis Hartz in the 1950s, but first applied to the Canadian case by Glad Horowitz (1966). According to this theory, socialism combines toryism and liberalism, and so socialism is more likely to be found in societies hitherto containing both tory and liberal segments. Because North America was chiefly colonized by liberal Britain, it contains a strong “liberal segment” but only a weak conservative one, thus making the continent relatively inhospitable to socialism. Because the colonization of New France predated the liberal revolution in France, however, a more significant tory fragment is found in Quebec than in the United States, thus creating greater prospects for socialism in Quebec and Canada than in the United States. Nelson Wiseman (2007, 174) more explicitly links Quebec’s greater “socialism” with its traditional toryism, arguing that “[T]he PQ synthetized conservatism’s la survivance with liberalism’s rattrapage and came up with socialism’s dépassage and épanouissement. It wanted to retrieve the pre-liberal notion of organic community in the face of growing liberalism”.

The other main school of thought links Quebec’s greater progressivism with its status as a national, cultural, or linguistic minority. For Gérard Bouchard (2013), Quebec’s Left successfully draws on the master myth of Quebec as a fragile cultural minority in North America, compelled to act collectively for its survival. Daniel Béland and André Lecours (2011) stress the unique nation-building dimension of Quebec’s provincial welfare state expansion. For Alain Noël (2013), the Quiet Revolution left Quebeckers with a positive attitude toward the
This dissertation does not adjudicate between these two narratives, viewing Quebec’s stronger Left as a cause rather than as an effect. Similarly, the dissertation does not explore the origins of Quebec’s strong community sector, which was instrumental in setting the social economy on the political agenda in the mid-1990s. Given feasibility constraints, the analysis focuses on a twenty-year-period, spanning from the mid-1990s to the mid-2010s.

Relatedly, attention to deeper causes might be more difficult when reading history forward. The dissertation starts with the 1996 critical juncture, investigates concretely how the actors of the time decided to support the social economy in a context of uncertainty, and how social economy policies have then survived and adapted to challenges in the following two decades. The result is a focus on causes with a relatively short time horizon (two decades), that is attentive to agency and contingencies, but that possibly underplays the deeper forces unfolding behind the backs of the subjects that make it. An alternative research design would read history backward, starting from a present event and then going as far back in time as judged necessary to explain that event. The challenge in such a design is to avoid producing a teleological or overly deterministic account of Quebec’s social economy, but the advantage is that it might be better at identifying the causes with a longer time horizon, possibly completely unknown to contemporary

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136 Other authors stress the importance of left-wing Catholicism in the advent of the Quiet Revolution (Gauvreau 2005; Baum, 2014), but do not go so far as linking Catholicism with a more generous welfare state. In a recent documentary, Poliquin and Dubuc (2015) directly link Quebec’s more egalitarian welfare state to New France’s more egalitarian European-Aboriginal relations. Although this is not acknowledged in the documentary, John Ralston Saul (2008) similarly points to a distinctive Aboriginal heritage to explain Canada’s greater egalitarianism relative to the United States.
actors. Indeed, if the fragment theory is to be believed, the roots of Quebec’s distinct welfare state may be traced back to pre-modern times.

The second key limitation of this study is again common to most studies focusing on the causes of effects rather than on the effects of cause. Because the dissertation is entirely focused on explaining the causes of Quebec’s social economy turn, it overlooks the effects that this turn has had on Quebec citizens. Indeed, the dissertation does not explore the effects social economy policies have had on matters such as income inequalities, gender equity, or social capital; it does not explore whether these policies have “worked”. As a result, the social relevance of studying the causes of Quebec’s social economy policies is not fully demonstrated. In the introduction, I suggested that a social movement attempting to democratize and humanize the economy was intrinsically interesting, irrespective of its success, but some readers may first need to be convinced of the high social significance of Quebec’s social economy policies before they get interested in reading about their origins.

The third and main limitation of the dissertation concerns the narrowsness and the singleness of the case studied: the study ignores significant segments of Quebec’s social economy and only focuses on Quebec. Again, this limitation stems from feasibility concerns. Yet, it is worth underlining this limitation in the conclusion and to recall, in particular, that Quebec had *de facto* social economy policies prior to the mid-1990s and prior to the introduction of the “social economy” concept into the public sphere, and that “social economy” policies are present in a wealth of other societies. As further discussed below, the dissertation’s biggest challenge is to better situate the Quebec case within a broader comparative perspective. To quote the comparative politics adage attributed to Seymour Lipset, “Those who only know one country, know no country”. In other words, even if one’s goal were only to produce the best
possible explanation of the Quebec case, broad knowledge of other cases would remain necessary. The dissertation pays some attention to other Canadian provinces and makes clear that Quebec is the only province recognizing and really promoting the social economy. The investigation, however, provides very little information on the social economy in other countries. Hence, it is not entirely clear how Quebec’s social economy politics and size of investments in the social economy, for example, compared with OECD countries. Non-Canadianists, in particular, may feel that a better discussion of the international social economy landscape is required to justify a study on the Quebec case.

**Future research and scientific relevance**

The scientific relevance of this dissertation is twofold. First, it contributes to existing debates on the Quebec social model and the transformation of advanced welfare states. Second, it opens up promising avenues for future research.

In Canadian political science, the social economy is an overlooked dimension of Quebec’s social model. This dissertation nonetheless shows that social economy policies have been at the heart of the renewal of Quebec’s welfare state over the past two decades. No other province has taken a similar social economy turn. Why? By exploring five hypotheses taken from the literature, this research concludes that Left power and Left-Right coalitions enabled by distinct concerted action institutions are what chiefly explain Quebec’s social economy turn. In comparison, structural factors, ideas, and, federalism played a smaller role.

The qualitative composition of Quebec’s Left, in addition to its strength, has been consequential. In the traditional power resource approach, the Left mostly refers to social democratic parties and labour unions. In Quebec, in contrast, pro-equality civil society groups,
such as the Quebec Women’s Federation, Solidarité Populaire Québec, the FRAPRU, and the RÉSO, have also played a crucial role in advancing social economy policies. In fact, the main leadership for the social economy came from segments of the community sector and one union federation, the CSN. Similarly, coalition-based explanations typically (correctly) assume tripartite concertation structures from which community groups are excluded. In Quebec’s post-referendum context, in contrast, community groups, which had overwhelmingly supported Quebec sovereignty, were given the opportunity to wield unprecedented influence by being invited to the 1996 Economy and Employment Summit.

From a broad comparative politics perspective, however, the main contribution of this thesis resides in conceptualizing social economy policies as social investment policies. The Canadian and comparative politics literature on the social investment state so far almost entirely overlooked social economy policies. This dissertation is the first attempt I am aware of to bridge the comparative politics literature on active social investment policies and the various literatures on the social economy. The social economy has been essentially ignored by comparative politics: by casting social economy policies as active social policies, I show one way political scientists can start engaging in the study of the social economy.

In so doing, the dissertation is “fruitful” (Kuhn, 1977), pointing toward a new research agenda focusing on social economy policies in contemporary social investment states. The main task of this research agenda is to determine how and why national social economy models differ. The secondary literature suggests that in some countries, the social economy is recognized and promoted by policies, whereas in other countries, there is little support for the social economy. In Canada, as is made clear in this dissertation, it is in Quebec that the social economy is most strongly institutionalized and actively promoted by public policies (Vaillancourt, 2010; Downing...
and Charron 2010). In Europe, as suggested by the secondary literature, the social economy seems especially institutionalized in Latin welfare states (e.g. Thomas, 2004; Azurmendi et al., 2013), where it is common, for example, to have social economy ministries. In the developing world, the policy recognition of the social economy is gaining momentum in Latin America (Vaillancourt, 2013a). More work is required to better document and possibly quantify these cross-national differences. Given that different national traditions assign different meanings to different concepts (e.g. “social economy”, “solidarity economy”, “third sector”, or “social enterprises”), it is important to go beyond national case studies and systematically compare countries using the same definitions.

To further advance the comparative study of social economy politics beyond individual case studies, a typology situating different minimally institutionalized national social economy models is in order. In this exploratory section, I suggest one such typology, heavily inspired by the Quebec case (see Table 3.4), illustrated in Table 8.2.

Table 8.2: Causal typology of social economy models

<table>
<thead>
<tr>
<th>Main Alternative to Social Economy</th>
<th>Social Economy Model</th>
</tr>
</thead>
<tbody>
<tr>
<td>Left dominance</td>
<td>Private sector</td>
</tr>
<tr>
<td>Right dominance</td>
<td>Public sector</td>
</tr>
<tr>
<td>Left-Right balance</td>
<td>Neither public nor private sector</td>
</tr>
</tbody>
</table>

The most central question of Quebec’s social economy politics is arguably this: what are new social economy enterprises “replacing”? Table 8.2 distinguishes among three collectively exhaustive answers to this question: the public sector, the private sector, or neither the public nor the private sector (e.g. family provision or absence of provision). These three possibilities allow
for three ideal-typical social economy models, depending on the place assigned to the social economy: a progressive model (where SEEs replace for-profits), a neoliberal model (where SEEs replace the public sector), and a “niche” model (where SEEs replace neither the private nor the public sector). Quebec’s social economy model does not fit perfectly with any of these ideal-typical models. Its child care and community housing initiatives approximate the progressive model, while most of its other social economy policies arguably more closely approximate the niche model. Its policy supporting home assistance social economy enterprises is closer to the neoliberal model.

Graefe (2006b) inductively arrived at a similar conclusion by distinguishing between three understandings of the social economy in Quebec: the first one is associated with the “social infrastructures” of the 1995 Women’s March Against Poverty and is viewed as seeking to break with neoliberalization; a second one, popular within the PQ, seeks to “flank” neoliberalism at its margins; and a third one, more closely associated with employers, seeks to deepen neoliberalism. These understandings roughly correspond to the progressive, niche, and neoliberal social economy models of Table 8.2.

Table 8.2 further provides some insights on the causes leading to different social economy models. When the Left is strong, social economy policies likely contribute to building a more democratic and humane economy; when the Right is strong, social economy policies are likely to favour the dismantlement of the welfare state; in Left-Right coalitions underpinned by no particular distribution of power resources, social economy policies are likely to develop niche markets neglected by both the traditional welfare state and for-profits. As emphasized throughout the dissertation, this framework adequately explains the Quebec experience. In particular, when social economy policies clearly undermine for-profits’ market share, such as in the area of child
care in Quebec, Left leadership is crucial; in contrast, when social economy policies possibly undermine the public sector, such as in the area of home assistance in Quebec, union opposition is manifest. The framework is also likely to shine light on other cases. The Big Society reform, championed by the Conservative Party in the United Kingdom, was largely viewed as such a neoliberal reform supporting social enterprises while retrenching the welfare state (Ishkanian and Szreter, 2012). In France, in contrast, the social and solidarity economy is more closely associated with the Socialist Party and with an expansion of subsidized social services (Laville, 2010).

More research is required to determine the analytical usefulness of the framework summarized in Table 8.2. Outside Quebec, other factors might underwrite the politics of the social economy. In particular, the fact that the social economy concept seems especially popular in the Latin world (on both sides of the Atlantic Ocean), suggests forces going beyond Left power or concertation structures.
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