

## **Social economy and local development in Montréal**

### **A contribution for a more inclusive and sustainable city**

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## Social economy and local development in Montréal A contribution for a more inclusive and sustainable city

Communication by Pierre Morrissette

### 1. Introduction

To begin, I would like to thank the organisers of this conference to give me the opportunity of speaking to you today. I am very happy to be here today to talk about the contribution of the social economy and of community economic development to the development of Montreal. Of course, our experience in the city of Montreal and in the province of Quebec has had some impact on the development of a more inclusive and sustainable society, even though the impact of our work is still modest compared to the global impacts of our local and national economic and social system.

But, even if taken separately the impact of each of the experiences that we share here this week is modest compared to the impacts of our respective local and national economic and social system, we can learn a lot from each other. For example, a particularly innovative experience that started here in Porto Alegre, the participatory budget, has inspired a similar process in one of Montreal's borough and seems to be very popular. So, if we put all these modest but innovative experiences together, we may have the power to change the world a little bit for the better. And maybe one day, our economic and social system will do what it is supposed to do: help us manage our home, planet earth, in a socially fair and environmentally responsible way.

Now, let me tell you a few words about the organizations I represent here. First of all, I am executive director of a Community economic development corporation in Montreal called RESO, standing for *Regroupement économique et social du Sud-Ouest*, which means Southwest's economic and social Coalition. The *Regroupement économique et social du Sud-Ouest (RESO)* is a community economic development corporation working for the economic and social revitalization of five neighborhoods in Montreal's Southwest borough, with a population of around 70 000 people. RESO was born in the middle of the 1980's out of the common commitment of the Southwest's main socioeconomic stakeholders. While today the Southwest is abuzz with renewal, 25 years ago, all talk was of the economic and social recovery of a district in decline.

Firstly, RESO is a movement – one based on the participation of an entire community in its own development. At the basis of its existence is the challenge of democracy itself, and the community's real participation in policies, actions and development projects in the Southwest. RESO's structure is such that it enables this participation to happen, and is representative of the Southwest community. To elect representatives to the **Board of Directors** and make recommendations to the Board, the Southwest's main socioeconomic partners and RESO members meet twice yearly in **nine electoral sector-based assemblies**: Manufacturing Enterprises; Services and New Economy businesses; Retailers and Self-Employed Persons; Financial institutions; Unions; Social economy enterprises; Community organizations; Health and education institutions; Cultural organizations; and Participants in RESO's activities. All RESO

members and Southwest residents are invited to attend the **annual general assembly**. Concerns voiced at the meeting are relayed to the Board of Directors. RESO also holds a second meeting each year for Southwest citizens to discuss relevant matters related to the social and economic development of the borough. Some 300 people participate every year in one or another democratic body of RESO.

RESO has a staff of 50 employees divided up into three departments : Services to businesses and organizations (including Social Economy enterprises), Employability services (job seeking and training assistance for unemployed adults), and a Youth job centre.

I have also been involved for almost ten years in the Committee for social economy of Montreal, a regional committee regrouping network heads of social economy enterprises and support organizations. I was elected representative of this committee at the *Chantier de l'économie sociale* board of directors last fall.

*Le Chantier de l'économie sociale* is an independent non profit organization whose goal is to promote and support the development of the Social Economy in Québec. The Chantier regroups three types of organizations :

- Sector-based networks of social economy enterprises (non-profit and coops) in a variety of activity sectors : community housing, child care and education, local services, environment, arts and culture, communications, work integration, etc.;
- Rural and urban technical and financial support networks for local and regional development;
- Social movements : Women, Green, Community, Unions, etc.;

So, we can say that the *Chantier* is a network of networks.

Now, a few words about Montreal. Montreal is the second largest metropolitan area in Canada after Toronto, with a population of 3,6 million people. It is the metropolis of the province of Québec, whose population of 7,5 million is 80% French speaking, a peculiarity on a continent of almost 300 million English speakers. This has not stop Montréal from becoming a vibrant, modern cosmopolitan city with a strong European bicultural heritage (French and English), and a genuine North American economy and lifestyle, ready to leap forward into the 21<sup>st</sup> century as one of the leader of the new economy an one of the creative, inclusive and sustainable cities of the world. But Montreal also has one of the highest poverty rate among the larger metropolitan areas in Canada and its share of social problems that I would certainly not want to minimize even though I am here to talk about a success story in the development of Montreal as a democratic and socially innovative city.

As many other industrial North American cities, Montreal has gone through major economic kickbacks and restructuring over the past 20 to 35 years, resulting in massive job losses and all the disastrous social consequences that come with them. But unlike many other North American cities, Montreal with the help of the superior governments of Québec and Canada has supported various citizen's and popular initiatives that have

been greatly useful in maintaining the social cohesion and some room for the expression of collective needs in the most impoverished neighborhoods of the city. But beyond all these social remediation effects, these citizen's initiatives have created a new perspective on local development and have put the basic components of a new model of development that makes room for democratic involvement and innovation in the planning and support of local economic development and the governance and management of businesses.

## **2. The beginning of CED and SE in Montréal**

In a global economic system that, despite some qualities, creates a lot of poverty and exclusion, and is unable to respond to numerous social and collective needs, CED and SE spring from the most profound aspirations of human beings to build a more democratic and a more inclusive economy, and from the need of communities left behind by the « real » and « mainstream » economy to regain control over the development of their neighbourhood and of their city.

This is how in the impoverished Southwest of Montreal, in the middle of the 1980's, in neighbourhoods devastated by one of the sharpest economic decline seen in Canada, community activists have created, with the support of governments, businesses, unions and the population, a new model of development based on mobilisation, participation, community partnerships and democratic governance of the civil society. This model was operationalised in a new structure of community partnership called a Community economic development corporation regrouping all these partners and stakeholders around one common objective: the social and economic revival of the Southwest.

In the context of an industrial de-location phenomenon at the international level, other local communities in old industrial districts of Montreal followed the same path so that in 1989, the city of Montreal (with the provincial and federal governments) officially recognised the Community economic development corporations in a local development policy and gave them a planning and support role in the revitalisation efforts of their respective district.

At the same time, in a similar effort to regain control over the local economy and to respond to collective and social needs, a new social economy started to develop in the old central districts of the city. Its first areas of development were to fulfill basic needs not covered by the public or the private sectors in the most impoverished neighbourhoods : housing, food, daycare services, legal aid, popular education, literacy training and socio-professional integration. Later on the social economy was seen as a genuine business development model and began to grow in a number of new "emerging" fields of activity: culture, tourism and leisure, environment, fair trade, services to the elderly, domestic maintenance, health services, alternate medias and new TIC, etc.

Over the past few years, new technical and financial tools were put up by the *Chantier* with the help of governments and multiple public, institutional and private partners. This has permitted the multiplication of all kind of initiatives, small and big, in the city's

neighbourhoods in a process of social and economic fabric reconstruction. The social economy became an essential tool of the revitalisation permitting hundreds of men and women to take part in the reconstruction process.

### **Social economy : a definition**

As I mentioned earlier, the social economy is about purpose. The social economy brings together two concepts that we usually put in opposition: economic activities and social purpose. The economy as we see it in the developed world has lost its sense of purpose. More and more, the economy is driven by the only purpose of financial gain rather than by the needs of human beings. The social economy aims at reintroducing purpose in the economy.

- Essential characteristics of a social economy enterprise:
  - Production of goods or services socially or collectively useful;
  - Not controlled by government;
  - Democratic governance involving users and workers;
  - Pre-eminence of people and labour over capital;
  - Community roots, empowerment and accountability.

### **Community economic development: a definition**

**Community Economic Development (CED)** is an approach that recognizes that economic, environmental and social challenges are interdependent, complex and ever-changing. To be effective, solutions must be rooted in local knowledge and led by community members. CED promotes global approaches, addressing individual, community and regional levels, recognizing that these levels are interconnected.

CED has emerged as an alternative to conventional approaches to economic development. It is founded on the belief that problems facing communities - unemployment, poverty, job loss, environmental degradation and loss of community control - need to be addressed in a global and participatory way.

- Essential characteristics of CED Corporations:
  - Strong knowledge of the community;
  - Integrated and global approach;
  - Democratic and participatory governance involving a variety of stakeholders, partners and the population;
  - Activities and services adapted to the needs and the capacity of people and organizations;
  - Social innovation;
  - Community partnerships, mobilization, empowerment and accountability;
  - Local management of public funds.

### **3. CED and SE in Montréal today**

Today in Montréal, there are 10 Community economic development corporations, and most of them are recognized by the three levels of government as the local development

agency that have the mandate to prepare an economic and labour development plan every three years for their respective borough, give technical and financial assistance to local businesses, private and collective, support young and not so young promoters that want to start up a new business and contribute to the development of small, medium and large scale projects in their community in a variety of fields of activity like community housing, culture, tourism, spin-offs from public and private mega projects, etc. These corporations also give or coordinate training and job seeking assistance to the unemployed persons so that the development of their local economy can benefit to the excluded people of their territory. Altogether, the CEDC cover most of the central, older boroughs of Montreal which are the ones with the highest proportion of unemployed and the most economically and socially impaired.

On the Social economy side, Montreal is growing rapidly. Today, there are some 550 enterprises generating annual gross sales of more than 425 million dollars and giving jobs to 6 000 people (That's roughly 6% of the 1 million jobs in Montreal) in more than 20 fields of activity ranging from daycare centers, housing, services to the family, the unemployed, the illiterate and the elderly to fair trade and proximity stores, metal, printing and woodworking shops, technical support for events and conferences, cultural, leisure and tourist services, etc. In the field of community and coop housing only, the social economy sector holds more than 1 billion dollars in real estate assets. But the number of SE enterprises could be more, as suggested by a recent survey which results are not public yet. This exhaustive survey indicates that the number could be as high as 800, which would probably mean that the SE sector could represent as much as 10% of all jobs in Montreal.

In fact, in Montréal, one can find a Social economy business to fulfill its needs at any moment of the day, the year or the life and in almost any situation requiring the purchase of a product or a service. To illustrate the scope of products and services now offered by the Social Economy in Montreal, let me describe you the circuit of an imaginary Montreal couple going through their week of work, leisure and family life<sup>1</sup>.

Let's take a typical week. Our Montrealers are at home, preparing themselves to go to work. Maybe they live in one of the 12 000 units of community or cooperative housing developed with the support of a technical resources group, two types of social economy enterprises in the field of housing.

He or she takes the children to the daycare center. The daycare center is operated by a non profit organization whose board of directors is composed in majority of parents. (It is now the law in Quebec). Another social economy organization. When she comes out of the daycare center (let's assume it was her!), she crosses a group of infants well secured in a "babybus", a multi-baby stroller designed and produced by a Montreal work integration enterprise called BOULOT VERS, also part of the social economy.

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<sup>1</sup> Adapted from a presentation given by Mrs Edith Cyr, president of the Committee for Social Economy in Montreal at the launching of the five year economic development plan for the Island of Montreal prepared by the Conférence régionale des élus de Montréal in June 2005.

While madam is taking care of the children, maybe he is going to make a short visit to his elderly parents before work, just to make sure that everything is OK. He is grateful to the social economy enterprise that provides domestic maintenance to his parents, contributing to keep them in their home for the longest possible time. Even though he hopes its going to happen as far away in time as possible, he has convinced his parents to make prearrangements with the new funeral coop DE L'EST, where they got affordable services respectful of their religious beliefs and of their last wills. After the visit, he jumps on his bike, one that has been salvaged and restored by SOS VÉLO, another work integration enterprise that teaches technical skills and a trade to young school dropouts.

At the office, she or he uses social economy businesses for all kinds of products or services: furniture, computers, metal displays, printing services, recycled paper, even a food caterer for a business meeting or a community restaurant for lunch.

In the evening, it's time to relax. Our couple likes to read books edited by les ÉDITIONS DU REMUE-MÉNAGE in their living room decorated with paintings borrowed at l'ARTOTHÈQUE. Sometimes, they prefer reading a newspaper or magazine published by the alternate press, or listen to a program broadcasted by a community radio or television. They often surf on the Internet where they can come across web sites designed by CAPELLA, a workers coop put up by TIC workers that were tired of being exploited by the corporate greed typical of this fast growing and highly lucrative industry.

Finally, the week end is around the corner, and our couple is planning its leisure time. The choice is difficult: a movie at CINEMA BEAUBIEN, an art show or a theatre show, a traditional dance time at the VEILLÉES DU PLATEAU, or a musical show at the IN VIVO BISTRO? Certainly, the children would like to go see a circus show at the TOHU. Maybe a visit of a typical neighbourhood with L'AUTRE MONTRÉAL or a historical cruise on the Lachine canal.

The week end is also a good moment to do some shopping at LA GAILLARDE, which proposes fashion clothing made up by ecodesigners with recycled clothes or fabrics, or at DIX MILLES VILLAGES where they can find fair trade products from all over the world. If they need some fresh air with the kids, they can take the bus and go to the Cap St-Jacques ecological farm, managed by the enterprise D-TROIS-PIERRES, without getting out of Montreal. During the summer, the family likes to attend a free outside show at the FESTIBLUES or at the NUITS D'AFRIQUE festival.

These are just a few examples that show how much the social economy enterprises can be present in the day to day life of Montrealers, and as a whole, they certainly create wealth and social cohesion essential for an inclusive and sustainable city.

Beyond all that, CED and SE have had as significant contribution in the re-qualification of three specific areas of Montréal that are seen as bench markers nationally and internationally. Three areas that not so long ago were literally seen as dumps by the governments: the Lachine canal in the Southwest borough, a 14 km long infrastructure

beginning at the foot of downtown and once the industrial cradle of Canada, the Canadian Pacific railroad yards, ten million square feet abandoned industrial land 10 km away from the city core in the Rosemont borough and the St-Michel quarry, an open quarry that was the second biggest dump in an urban setting in North America.

Today they are among the most dynamic multifunctional, innovative and socially inclusive urban development projects in the city. A tourist and new economy hub along a re-opened canal at the heart of the city, a new techno pole rapidly expanding on an ancient de-contaminated railroad yard and a circus art city initiated with the support of le Cirque du soleil next to an old dump; three fairly different projects sharing similar characteristics.

First, those three projects were initiated following a local mobilization and the cooperation of multiple partners. They were not planned by governments or experts in urbanism. Secondly, they all integrate at various levels economic, social, environmental and cultural dimensions. Through local hiring agreements, active support to social economy initiatives, public participation and so on, they contribute to a balanced and sustainable development of the city. Thirdly, some or most of their components are managed by civil society organizations in partnership with governments and the private sector.

And finally, I think that they answer very concretely the questions: are there such things as “good practices” in local development and can they be replicated in different settings? How much is it necessary to connect networks of people to implement a local development project? Could there be an intrinsic relationship or implicit connection between democracy practiced at the base of society and sustainable, human and social development?

Of course, I am not saying that there is a foolproof recipe for sustainable, inclusive and innovative development. Each setting is different and calls for specific actions and interventions adapted to its own reality. Beyond the similarities in the processes and in the goals, the potentials and the obstacles are different, the timings are different, and sometimes so much is a matter of timing and trends.

But all these successes were not born from mere chance. They are the result of empowerment processes initiated 20 years ago by citizens, community organizations, small and large enterprise leaders, union leaders and cultural actors in favor of the development of their community. They are the result also of government support to these community economic development processes and initiatives.

#### **4. CED and SE: at the hearth of democratic innovation and social transformation for the development of an inclusive and sustainable city**

Social Economy and Community Economic Development are two complementary approaches that pursue the same goals at different levels of action. They are both at the heart of democratic innovation and social transformation and they contribute concretely to the development of an inclusive and sustainable city. They are both collective

empowerment and development tools driven by community members and stakeholders that allow for quick, innovative and socially inclusive responses to social needs.

**On one hand**, CED results in a collective understanding of the stakes and issues and collective definition of priorities for a given territory. It is a multifaceted, multisectorial approach that reintroduces a sense of collective purpose in local development. It makes room for citizens and collective participation. It results into a culture and practices of community partnerships. It is an answer to the multiple stakes of a community. It allows for the development of activities and services adapted to the specific needs of a community. And finally, it is a platform for mediation between the communities interests and public or private promoters of large scale projects.

I would like to give two examples of this last statement. Right now, in the Southwest, there are two enormous mega projects. One led by the public sector, a new 1,3 billion dollar university hospital on an old railroad yard (another one!) regrouping 4 existing obsolete buildings dispersed in the city, and one proposed by a private promoter, a 1,3 billion multifunctional project including 4 000 units of housing, 1 million square feet of retail outlets, 2 hotels, a cinema complex and a 2 500 seat theatre, on a de-structured industrial sector at the foot of downtown.

In the first case, with 8 other community organisations in three different boroughs touching the new hospital site, we made a partnership agreement with the hospital administration to minimise the eventual negative impacts of the project (on housing, on the environment, etc.) and maximise the possible positive impacts on our respective communities in terms of employment opportunities, economic and urban development, etc. For example, at RESO, for the past two years, we have been offering professional training to unemployed persons of our borough for jobs already in demand in the hospital like pharmacist assistant and patient attendant, and all of them are now employed in the hospital. We are also working with an old industrial building owner close to the future hospital who wants to transform his building and expand it for medical laboratories and spin offs coming from medical research linked with the hospital.

In the second case, we just signed an agreement with the private promoter to work on re-locating businesses and shops that will need to be displaced if the project goes ahead, and to prepare an train unemployed persons for jobs that will be created in the various components of the project, with very concrete objectives and a significant financial contribution from the promoter. Along with a community housing technical resources group and the local community roundtable we are also involved to make sure that a good proportion of community and coop housing will be included in the 4 000 housing units. And these are just a couple of examples of the influence that we can exert on a project like that.

**On the other hand**, the Social Economy allows for a collective appropriation of economic fields of activity that are essential (like housing or feeding) or of great symbolic value for a community (like culture or tourism) at the level of an enterprise. It is a response to collective and social needs not fulfilled by the governments or the private sector like daycare centers, fair trade, cultural mediation, etc. It makes room for citizens

and collective participation in the management of enterprises. It is a way of doing business in respect of human beings and the environment, giving priority to people and labour over capital. It is a contribution to the revitalisation of impoverished neighbourhoods. And it contributes to the fight against moonlighting (underground work): ex.: domestic maintenance (housekeeping).

## **5. Challenges, stakes and issues for CED and SE.**

Are CED and SE a temporary buzz that will burst like the technological bubble? Will their innovation capacity continue?

People mobilise much easier when faced with a crisis of any sort. Twenty years ago or so, the capacity of making community consensus through mobilisation and a partnership and participation structure like RESO to face a social and economic crisis never seen before is what has enabled us to get the resources from the governments and the trust from all the stakeholders to move ahead and implement our ambitious plan of action. Twenty years later, now that things are getting better, that some of the most impoverished neighbourhoods are experiencing a recovery, that the feeling of urgency is much less present, we have to be more and more innovative and creative to maintain this participation and mobilisation towards a more equitable development.

Because, even though things are getting better, poverty still exists in our communities. The signs of growth are definitely visible. Our challenge is to remind everyone, especially the governments and the real estate promoters that a lot of excluded people hope they will at last be part of the renewal. I think that we can be reasonably optimistic because the tools that we have put in place are strongly rooted in the fabric of our community, and they give us the power to be at the table, to interact with promoters and the governments to do a kind of social and economic mediation.

With the financial and technical tools that we have, we can still support an endogenous development. It is very important to continue doing that for all the reasons I exposed earlier. But our credibility in the community makes it possible for us to make sure that large scale projects proposed by governments or the private sector take into account the needs of our community in terms of local hiring, social housing, general quality of life, and that their integration in the social and economic fabric is the most harmonious possible.

Another issue that CED and SE have to face is to resist the tendency of the State to institutionalise and control initiatives that work and widely spread them as a recipe without taking into accounts the necessary adaptation to local and specific contexts. That's exactly what happened in Quebec when the government decided to create Local development centres based on the experience of the CEDC, but in many instances without the popular movement to support them, with the result that, despite the good intentions, many of those CLD were just a private club for local elites. An experience that illustrates all the difference between the Top-down and the Bottom-up approach.

To keep developing themselves and growing, CED and SE organisations will have to count on public policies adapted to their specific needs and characteristics, and the complicity of the private sector that will need to understand that public support is not necessarily unfair competition as long as it is properly channelled. So far, public policies for CED and particularly the SE have been designed with the provincial and the federal government. The city of Montreal is now willing to design its own Social economy policy, and after more than a year of interaction with social economy stakeholders and activists in Montreal, we are hoping that this policy will become a reality in 2008.

Especially for the social economy, the issue is to resist the market logics that puts a lot of pressure on some social economy enterprises managers to put aside their social goals in favour of the short term financial return, or to totally ignore the rules of business management. The capacity of the SE to innovate is linked to their rooting in the wider social transformation movements at the local and national levels. It is important to understand that the SE is an extension of the social and community values in the field of economics and not the contrary. But it is a challenge for people and organisations with ideals to adopt some of the management and technical tools of the business world. Not to simply replicate them, but to adapt theme and make theme work for a social mission. You may have the most beautiful and meaningful social mission, but to have the means to fulfill it, your economic activities must be efficient and produce some financial return. This is definitely at the heart of a social economy business to find and maintain this delicate balance between its social goals and its profitability. Socially minded people must learn to deal with terms like feasibility study, business plan, marketing plan, cost effectiveness, earning power, beneficiary margin, price mark up, etc. Not a comfortable stand for purists.

So the question is faced with all these pressures towards institutionalisation and the market logics, can CED and SE maintain their capacity to innovate and move toward a more equitable and sustainable economy?

## **6. Conclusion**

Faced with various social and collective needs in our communities, we have proposed solutions that were totally or partially different from the traditional strategies. Because CED and SE combine market resources, voluntary involvement, individual and collective participation in the creation of wealth, different models of business organization (non profit, coops, mutuals)

In a world dominated by individual and corporate interests, because it appeals to the higher motives and ideals of humans, CED and SE have the capacity to mobilize and focus on common goals to do things differently. Because they are fuelled by the desire of social and economic transformation for justice and the respect of the environment that is spreading rapidly around the world: fair trade, ecology, responsible shopping, etc.

Nevertheless, if we want to keep moving forward towards equity and sustainability, we have no other choice than to keep being creative and innovative.