

Welfare Regimes and the Third Sector: Rendering Path Dependency Contingent?

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INTRODUCTION

Mainstream studies underline that although the post-war welfare regimes are being restructured and renewed, these changes are bounded ones. Indeed, the nature of the post-war welfare regime is often argued to strongly constrain the available range of post-industrial trajectories. A central argument is that of path dependency, whereby countries can undergo even non-incremental changes, but are unlikely to deviate from their existing paths as institutions and economic forces prevent countries from radically shifting the bases of their political economy. Liberal welfare regimes will become post-industrial liberal welfare regimes, social democratic welfare regimes will become post-industrial social democratic welfare regimes and so on.

There is much to agree with concerning the role of institutions in shaping reform possibilities, since they serve to embed particular understandings of social and economic citizenship, provide administrative capacities more supportive of some possibilities than others, and enable certain coalitions and forms of political action over others. This strong version of path dependency nevertheless ignores the ability of agents to contest and transform existing institutions over time, opening the way to a different set of reform options. Even where this contestation does not deflect a path from one welfare regime type to another, it can lead to significant departures from the ideal type in a manner that has important effects on welfare.

This paper argues that the mainstream welfare regime studies have erred in ignoring the third sector and its actors in shaping regime trajectories. Even as public policies concerning the production and provision of personal services increasingly look to the third sector or social economy to play a leading role (Ranci 2002, 30; Ascoli and

Ranci 2002a, 229), the mainstream literature sticks to a tripolar understanding of “states, markets and families.” If personal services are as essential a node in the success of post-industrial welfare regimes as Esping-Andersen and others argue, it is surely worth investigating how actors situated at this node attempt to shape reforms.

It is on the basis of this observation that the paper then considers the efforts of the women’s and community movements in Québec, Canada to deploy the social economy (*l’économie sociale*) as an element of a broader strategy of welfare state change. Québec has a liberal welfare state, yet the women’s and community movements have attempted to push reform in a social democratic direction. Central to their project was a social economy that combined both an enhanced commitment to accessible and high quality social services in the fields of personal care, and the partial re-regulation of social service labour markets, particularly through enhanced pay and job stability in the third sector. This stands in contrast to the typical liberal reform strategy of service provision through the market and labour market deregulation (Wren 2001; Esping-Andersen 1999). While public policy gains on this front remain fragile and limited, they have widened reform possibilities beyond those posited in mainstream analyses of liberal welfare states.

A NOTE ON TERMINOLOGY

This paper pays particular attention to the social economy in Québec, and places it within the broader debates about the third sector and welfare state reform. I recognize that debates persist on the extent to which terms such as social economy, third sector, non-profit sector and voluntary sector are synonymous. This paper does not intend to cut through the knot of definitions, particularly since the differences drawn between the

terms often apply to border cases that are not of central concern here. I therefore take up Ash Amin's view of the social economy as "centred around the provision of social and welfare services by the not-for-profit sector." It follows that "social economy organizations are understood to represent a break from the 'binary choices' of conventional socioeconomic strategies that present market and state as mutually exclusive spheres of economic growth and regeneration"(Amin *et al.* 1999, 2033). This description underlines that recent use of the term refers to community organizations that have taken on greater responsibilities in providing social services in a context of state decentralization. The idea of breaking with the state/market duality also suggests a similarity with the term "third sector." Indeed, most authors use "third sector" and "social economy" as virtually interchangeable (Vaillancourt 1999, 25; Shragge and Fontan 2000, 229).

PATH DEPENDENCY AND WELFARE REGIMES

The idea of path dependency has proven attractive in explaining recent transformations of welfare regimes and production systems. In the face of overblown claims about globalization driving policy convergence and homogenization, path dependency provides a coherent and sensible explanation for the reproduction of diversity. Path-dependency emphasizes the temporal nature of politics, particularly as institutions and policies adopted at one point serve to limit the variety of plausible alternatives at later points. As individuals and organizations adapt to previous arrangements, the cost of reversing these arrangements increases to the point of making anything more than bounded change unlikely (Pierson 2001, 415). Path-dependency can

be considered common in politics, since this field of action is often characterized by “increasing returns” processes that quickly increase the cost of changing paths or reversing past decisions. These processes include: the collective nature of politics, requiring close coordination between actors to overcome collective action problems; the institutional density of politics, with a multitude of binding laws constraining and shaping behaviour; power asymmetries that often let the victors set the rules; the difficulty of learning in politics, necessitating the adoption of mental maps to filter political information; and the development of “selective affinities” between policies, such that changing one policy may require compensating changes in a large number of related policies (Pierson 2000, 258-60; Ebbinghaus and Manow 2001, 12).

Applied to welfare regimes, this work argues that despite numerous observed changes, differences between regime types are bound to persist. Debates about reform will vary across the regime types, as inherited institutions affect possible policy responses through their impact on administrative capabilities, potential reform coalitions, and societal ideologies. The mainstream work has therefore paid particular attention to how the different post-war welfare régimes have attempted to adopt to “post-industrial” trends, including tertiarization, population ageing, women’s increased labour force participation, and declining fertility. This work has selectively integrated insights from feminist work that criticized early welfare régimes studies for considering states and markets at the expense of families (e.g. O’Connor *et al.* 1999; Williams 1995). It now portrays women as the “lynchpin” of welfare state reform, since their labour-market participation creates demand for personal service jobs, increases household protection against risks of unemployment and poverty, and eases demographic pressures related to

low fertility and population ageing (see Esping-Andersen 2002a). A central piece of this analysis involves the question of balancing equality and full employment in light of the productivity constraints of the service economy. Esping-Andersen, for instance, argues that low service productivity involves trade-offs between full employment, wage equality, and budgetary balance, whereby societies can at best attain two out of three goals. The different welfare state régimes nevertheless choose to sacrifice different goals. The continental welfare states, with their strong familialist cast and strong labour market regulation sacrifice job growth in the personal services (the key source of job growth), and thus maintain balanced budgets and wage equality at the price of unemployment. Liberal welfare states, with their emphasis on regulation by markets, have encouraged the proliferation of low-wage service sector jobs. The result is high employment rates, but also high rates of inequality. The social democratic welfare states seem to have it all, by increasing personal services employment in the public sector, providing better service wages and working conditions. However, Esping-Andersen argues that this is unsustainable in the long-run, as the tax burden required to fund these jobs must continue to increase as long as productivity does not (Esping-Andersen 1999, 55-56, 96-97, 111-13, 153-54, 165, 179-82). As a result, the social democratic welfare states are forced to re-define equality as being across the life-cycle, since it cannot realistically be maintained in the here-and-now.¹

The main outlines of this reading are shared by a variety of analysts, even if they differ on particulars (see Pierson 2001a, 432-55, 2001b, 85-87; Borzaga and Santuari

¹ The Scandinavian model also reproduces job segregation, as it is generally public sector jobs that reduce incompatibilities between paid employment and caring for young children (Esping-Andersen 2002a, 87).

2003, 49). Torben Iversen and Anne Wren, for instance, criticize Esping-Andersen for an overly functionalist account, as compared to their more dynamic analysis of ideologies and party politics. Yet their three-fold typology of neoliberal, Christian Democratic and social democratic ideological responses to the trilemma map quite closely onto Esping-Andersen's regime types. They also confirm the relatively somber conclusions about poor quality work and increased inequality in the liberal welfare states, and the fiscal unsustainability of the social democratic model (Wren 2001; Iversen and Wren 1998). If these path dependency arguments hold, welfare régime reform involves choosing between the lesser of evils, or at least of finding measures of mitigating the negative features of particular choices. For instance, Esping-Andersen emphasizes the necessity of developing policies that serve as "ladders" out of low-end service employment so that inequality does not extend over the life-cycle (let alone between generations) (Esping-Andersen 2002b, 6, 21).

PROBLEMATIZING PATH DEPENDENCY

The mainstream arguments about path dependency are problematic on at least two grounds. First, they have been criticized for largely shutting out any consideration of agency, or at least of agency pushing against institutionalized trajectories. The general point being made is that path dependency arguments are good at capturing the reality of constraint and inertia, but not very good at anticipating and explaining change (Crouch 2001, 110). There is a need to provide a better analytical balance between institutional incrementalism and change-oriented actors (Mahon 2001, 26). There is also a need to consider how institutions are not just constraints, but also strategic resources that actors

can use in response to new opportunities and challenges (Thelen 2003, 213). Giving more space to agency might mean taking up Torfing's interest in studying "path shaping strategies in a path-dependent context." In this view, attention would consider how social forces intervene to re-articulate institutions in order to make new trajectories possible, and how they work to deepen the coherence of new paths, to prevent the old ones from kicking back in (Torfing 1999, 389). This is likewise consistent with Crouch's call to consider countries as having a "diversified inheritance of action possibilities." The path analogy must therefore be seen to refer to the handful of plausible routes in a society's action repertoire, and not a narrow, well-signed track "made by a path maker with a strong central power" (Crouch 2001, 110-112).

Second, when it comes to agency, the mainstream arguments tend to fall back on the spaces and actors that were important in the past. Reflecting their rooting in variations of Power Resources Theory, they downplay the agency of actors with weak positions within unions or political parties in the remaking of the welfare state (Hobson 1999, 150), and indeed ignore important dimensions of welfare related to gender relations (Mahon 2001, 27; Brush 2002). As is discussed below, other actors such as the women's movement or third sector organizations appear to have growing roles in negotiating the pattern of welfare régime reform (Dobrowolsky and Saint Martin, 2002). While these actors have not been foregrounded in analyses to date, it does not mean that their agency has not had effect (Nagar et al 2002, 268-69). Thelen underlines that institutions can provide marginal groups with "unintended opportunities... to exercise leverage well beyond their apparently meager power resources" (Thelen 2003, 216). Research into the mobilization of such actors also reveals how their advocacy has left a "sedimentation" at

the level of identities, political vocabularies and practices (Nelson 2003, 561, 564). This could be cast as a contribution to “path shaping” that is overlooked by a focus on traditional economic actors.

These critiques lead to a couple of possibilities. In a strong form, it can lead to claims that countries are switching paths as they renew their welfare states. As they reach deep into their action repertoire, they discover latent and potential institutional resources that lead them away from the trajectories one might have expected based on earlier policies (Palier and Sykes 2001, 10; Hering 2003). In a weaker form, they remind us that small intra-regime differences can lead to very different outcomes (Ebbinghaus and Manow 2001, 15). In other words, while ideological debates within countries may remain within broad traditions, these traditions are subject to different interpretations that can give rise to outcomes that depart in significant ways from the hypothesized ones. For instance, O’Connor *et al.*’s (1999) analysis of the liberal welfare regimes underlined how liberalism was translated in different ways through time and space, with real effects in terms of gender relations and welfare outcomes.

THE THIRD SECTOR AND WELFARE RÉGIMES

Adding non-profits to our consideration of welfare regimes challenges the path dependent arguments, and opens the possibility that the reform of welfare régimes does not necessarily involve the choice between lesser evils. First, it highlights an important actor in welfare regime reform. Mainstream arguments about post-industrialism broaden the scope of analysis beyond the market-state dyad to consider the “triangle” of markets, states and families. This approach nevertheless underplays the welfare contribution of

other spaces, including interpersonal networks, communities and the casual and informal spheres (Brush 2002, 169-70; Nagar *et al.* 2002, 260). Indeed, as Ranci (2002, 30) underlines, despite the scarce attention given to the third sector in policy debates over social care, “it constitutes the main official channel for the distribution of social care services in Europe.” This owes something to a partial convergence of aims between public authorities and third sector organizations, which allows the state to privatize services without the risk of being out-negotiated inherent in contracting to the private for-profit sector. It also owes something to the ability of these organizations to identify and meet local needs efficiently, even while creating new jobs (Borzaga and Santuari 2003, 48-51). An important vector of postindustrial reform thus becomes building institutions to manage and define state-third sector relations as care services are moved out of the state and entrusted to the third sector. In the process, the organization and characteristics of the third sector itself face significant pressures for change (Ascoli and Ranci 2002b, 17; 2002a, 241-42).

In this light, it makes sense to move from the consideration of welfare triangles to the analysis of a welfare diamond (Jenson and Saint-Martin 2003, 80; Evers 1996) that includes communities as a fourth space of welfare. This addition problematizes the existing narrative by considering new spaces (e.g. the third sector) and the actors moving within them (e.g. women’s movements, third sector organizations). The omission of these spaces is not purely a descriptive lacuna, but an analytical one as well. After all, if post-industrial pathways depend heavily on working out how care work is removed (or not) from the family, and how personal services labour markets are regulated (or not), then a third sector charged with providing many of these care services *and* with

employing care workers stands at a central node of transition. While the organizations and actors within this space face constraints imposed by markets, states and families, they too have capacities to shape reform trajectories. If we allow more space for possible path shaping, either in the grand sense of moving from one family of welfare regime to another or in the more restrained sense of leading to significantly different outcomes from the posited regime ideal type, then it seems logical to interrogate how these previously neglected actors in largely overlooked (yet crucial) spaces have attempted to shape reform trajectories. How have these actors attempted or failed to challenge the sombre conclusions of the mainstream welfare state scholarship?

The remainder of this paper considers the case of Québec, Canada, and attempts by the women's and community movements to develop policies around *l'économie sociale* (the social economy) as a means of affecting the trajectory of post-industrial reform. Québec is regularly categorized as a liberal welfare state, although the strength of Catholic ideologies in the first half of the twentieth century and nationalist ones in the last half have arguably provided greater capacities for concerted action between social partners than one finds in a prototypical liberal welfare state. Despite this potential, Québec's welfare state programs and institutions, and its debates about social and economic governance, fit more closely with the liberal pattern observed in the other Canadian provinces than with continental or social democratic regime types. Following path-dependency, this should result in an emphasis on social services provided on a for-profit basis and employing a low-wage workforce. High quality services in this model are by-and-large reserved for the well-off, while residual ones apply to the poor and lower middle-classes. These are not outcomes that would be readily embraced by most

third sector organizations in Québec, but are these organizations able to shift the province's post-industrial trajectory?

THE SOCIAL ECONOMY AS SITE FOR INFLECTING WELFARE RÉGIME REFORM

Background

While the third sector is located at a central node of post-industrial transformations, it would be wrong to shoehorn the policy advocacy of third sector organizations solely into these contemporary debates. These organizations have a longer history of relations with the state that shapes current interactions. At the risk of simplifying to the point of caricature, women's and community organizations spent the late 1960s and 1970s organizing and mobilizing people, making demands on the state and carrying alternative ideologies to capitalism and patriarchy. These organizations provided services, but these often took the form of autonomous services defined and delivered independently of state oversight (Shragge 1999, 54). Come the late 1970s and early 1980s, the interest in using political education and community action to make demands against the state and provide services independent of the state dissipated in the face of rising unemployment and welfare state cuts. The federal and provincial governments showed an interest in creating partnerships with third sector organizations, in order to integrate them into a slimmed-down service delivery system. This change in state-third sector relations made third sector organizations more dependent on state resources in order to maintain their services, pushed them to professionalize in order to improve service provision, and in the process downgraded the importance of advocacy (Shragge 1999, 55; Shragge and Fontan 2000, 230; White 1997, 69-72, 81-82).

The 1980s were marked by attempts by women's and community organizations to define and negotiate their relation with the state. This involved weighing the danger of co-optation against gains of recognition, resources, and discursive space for alternative projects (Relais-femmes 1985; ICEA 1986; Fournier and Guberman 1988; Masson 1999). For example, much effort was expended in reconfiguring the relationship between the state and the alternative health and social services created by women's groups. The expertise developed within women's health centres and the services offered were being increasingly used by the state. Yet this was a one-sided use that failed to support the survival of these centres and to adopt their holistic outlook on health and welfare. In their joint reflections anticipating the hearings of an important government Commission on health and social services (the Rochon Commission, women's groups developed a demand for recognition – recognition in the form of increased funding and of the respect for the groups' autonomy (Lacelle 1986, 5-6; Michaud 2000).

The Rochon Commission's report had a real and nuanced sensibility for the contribution and autonomy of the community sector, no doubt reflecting the fact that 300 of the 800 briefs it received came from this source. However, its recommendations continued to place the sector in the role of dependent contractor, filling a well-defined niche in the technocratic management of social problems (Lamoureux 1988, 163, 165-68; Vallée 1988, 20-23). Despite this limitation, the women's movement seized the report's open-ness to community and alternative services to push for their recognition by the state (cf. Godard 1988). The subsequent reforms to the health system reflected the tension in the Rochon report by formally recognizing the contribution and autonomy of community-based resources, even while setting up instrumental relationships with them.

Having won a partial recognition by the state as key intervenors and service providers, movements and organization working in the third sector had a stronger foundation for intervening to shape the direction of welfare state reform. Not only did they have the legitimacy as important actors in social development, but they could also point to the third sector as a recognized space of welfare creation in its own right.

The Social economy and social infrastructures: The women's movement's program

It is against this backdrop that the Québec women's movement developed its social infrastructures programme. The event that set this reflection in motion was the 1987-89 reform of the social assistance system. The women's and community movements in Québec criticized the reform for being "workfare," yet at the same time the programme aimed to use the community sector as a basin of work placements for social assistance recipients. This left women's (and community) organizations in a tough spot. On the one hand, they criticized the reform as punitive, counter-productive and demoralizing for participants (Bohémier 1992). Yet these organizations used these placements and subsidies as a means of increasing staff levels in a period where public spending was restrained and social needs were growing (White 1997). Escaping this catch-22 meant finding a way of transforming the employability measures into stable and lasting jobs.

This interest in consolidating community-sector services was buttressed by the recognition of the economic function of community services. For instance, a provincial-level women's organization released a booklet in 1993 that highlighted how women's centres were economic workshops, given the impact of interventions such as community kitchens, training programs, and micro business development (D'Amours 1993).

Women's centres could be seen, among other things (such as sites for developing women's citizenship), as centres of economic activity and developers of community resources (Belleau 1996, 22). Given the proper funding, women's organizations, and the community sector more broadly, could through their activities offer a solution to both high unemployment and the growth of unmet needs. Cognizant of the role of personal services in providing new streams of employment, this approach suggested a middle-way between the United States' low-wage, for-profit services and Sweden's combination of publicly-provided services and high taxes (CSF 1996, 7-8, 11-12).

These reflections came to the fore in the 1995 Bread and Roses March against poverty, coordinated by the peak-level Fédération des Femmes du Québec. The March, which attracted significant public attention and support, articulated nine demands for fighting poverty. The first demand was for the creation of a "social infrastructures" program to recognize and consolidate women's unpaid or poorly paid and precarious work in caring services, be they public or third-sector delivered. This would entail investment in what could be called a "social economy" of quality human relations, in order to properly recognize the value, pertinence and innovation that collective services represent both in facing social problems and in creating employment (David and Marcoux 1995, 4-6). This strategy was forthright in insisting that this investment had to lead to quality and lasting jobs, and not short-term work placements that kept the unemployed occupied until "real" jobs were created. In fact, the strategy involved transforming spending on employability programmes into support for lasting, quality, secure jobs. Indeed, all work in the social infrastructure field needed to be upgraded through the broader application of labour standards legislation and the transformation of

temporary jobs into permanent ones. The platform's use of the term "social infrastructures" underlined that the proposed programme touched both a third-sector social economy and the public sector. It attempted to combine new funding commitments with existing monies to increase both the non-market supply of these services (such as in child-care), and the quality of work in this growing sector.

The broad claim of social infrastructures was whittled down to a narrower social economy program focusing on third sector organizations as this demand was taken up by several consultative bodies on the periphery of the state. The women's movement's main line of analysis nonetheless did not deviate greatly. In reaction to the women's march, the government struck the Comité d'orientation et de concertation sur l'économie sociale, a consultative committee composed of state officials and women's movement representatives to develop the social economy concept. Its 1996 report took the view that developing the social economy would contribute to fighting both unemployment and social exclusion. Yet it warned that this development required significant state support if it was not going to lead to marginalized and devalorized jobs and increased inequality. It therefore insisted that the social economy not replace existing public sector jobs, and that new employment take the form of quality, lasting, well-paid jobs. The advisory Conseil du Statut de la femme likewise produced a report that specifically noted the importance of caring services in the attainment of full employment and in meeting new and unmet social needs. It in fact underlined the value of the social economy as a vehicle for meeting these needs, since conventional state provision would involve too high a tax burden while market provision prevented universal access to services and created low-paid stigmatizing work (CSF 2000, 10-12). The superiority over the public sector lay in

the productivity potential of a social economy in the sense of being more flexible, innovative and responsive (not to mention less bureaucratic) than the state (CSF 1996, 5). The CSF was nevertheless adamant that the social economy must not degrade the service labour market. In its view, the social economy should not substitute for public sector employment, and had to offer quality, lasting, well-paid jobs.

The Community Sector's Social Economy

At the same time, community development actors made use of the opening provided by the success of the Women's March's demands to develop their own vision of the social economy. This was revealed most clearly in the report of a working group on the social economy prepared for the 1996 Social and Economic Summit. The report took up much of the women's movement's analysis and vision, but in its recommendations it decentred the idea of social infrastructures and gave more weight to developing community entrepreneurship through appropriate funding and training mechanisms (Groupe de travail 1996, 32-40). Still, the working group insisted that the social economy must not substitute for existing public sector responsibilities, but must provide lasting and quality jobs (Groupe de travail 1996, 10-12). Key actors from the working group subsequently formed the Chantier de l'économie sociale to encourage the implementation of the working group's projects and to further the implantation of social economy measures. The Chantier's own strategic positioning document, released in 2001, is in keeping with the working group's report. It emphasizes the role the social economy can play as part of a more solidaristic alternative to the neoliberal model of development. Its main emphasis is capacity-building in the sector, particularly training and financing tools for entrepreneurial non-profits (Chantier 2001, 11, 20-23).

This approach contained a subtle slippage from the women's movement's view, since it adopted a more entrepreneurial understanding of the social economy. It placed more emphasis on business development mechanisms such as access to capital and business expertise. Whereas the women's movement's idea of a social economy organization looked to collective services that had an economic impact (in terms of employment, training, personal development etc.) regardless of their dependence on state funding, the model social economy organization in the community development vision looked like a non-profit enterprise with dependence on state funding only for the take-off stage, perhaps combined with longer-term demand subsidization (e.g. via vouchers or tax breaks to service users). This viewpoint was not shared by third-sector actors, particularly those in autonomous community action that did not see why they had to take a business orientation to justify their demands for state recognition and funding. These groups remained closer to the social infrastructures vision, but phrased their demands on the state in terms of receiving stable, long-term funding to sustain their advocacy and service provision roles.

FROM PRINCIPLES TO PRACTICE

At the same time as these reports were being crafted, the government was proceeding with concrete policies. As a first move, it created regional social economy committees (CRES) to vet proposals for social economy projects. The CRES were composed of women's organizations and regional state officials. This proved to be a frustrating process for women's representatives as they had to fight hard to maintain their vision. While state officials favoured projects modeled on small business development

and with a chance of becoming self-financing within a few years, the women's organizations stuck to the social infrastructures view of projects deserving ongoing state support in light of their significant social and economic impacts. They also had to fight hard on a CRES by CRES basis for raising job tenure and pay in the projects, with state officials more prone to adopt the guidelines for employability programmes (minimum wage and six-month contracts) since much of the funding was being transferred from these sources (Côté forthcoming; Toupin 2001, 34-35).

Subsequent regional development policies have both marginalized social economy policies within regional development, and reduced the influence of the social infrastructures view within social economy policies themselves. Nevertheless, while social economy policies have taken an entrepreneurial bent (D'Amours 2001), the women's movement has increased its credibility as a stakeholder in social *and* economic development. In this context, women's organizations continue to bring forward regional development strategies that challenge other actors to recognize the role of "quality of life" initiatives (care services, public transportation, public housing, parks) in economic development, and to ensure that such projects offer quality, lasting and well-paid jobs (Masson 2002). In short, the path of these social economy policies has been profoundly dispiriting for many observers in the women's movement, yet not without a sedimentation of gains. At the same time, the possibilities of developing the social economy according to a feminist blueprint has meant that women's organizations have remained active participants in institutions related to the social economy, even as the multiplication of these institutions makes participation onerous in terms of time and resources (Descarries and Corbeil 2002; Sabourin and Duval 2001, 21).

While the trail of explicit social economy policies has proven disappointing, despite gains in terms of access to policy communities and decision makers (Neamtan 1998, 161), advances have been registered elsewhere. The Québec government has implemented several policies with a direct impact on care services that push beyond the liberal welfare régime ideal type. These reforms respond to long-standing demands from the women's and community movements, and rely on the social economy as an important space for welfare creation. The clearest example here is the government's 1997 child policy, and particularly its universal, low-cost child care programme, centred around community non-profits daycare centres. This program served both to develop high quality services and higher quality jobs. On the job quality side, the programme provides opportunities for the work force, since workers can attempt to negotiate better wages with the government as part of the process of negotiating government subsidies for the centres. The agreement reached between child care workers and the government in 1999 raised average wages by 35% over four years and opened discussions on creating a pension plan. Even though wages remain low, spaces exist for improving the pay and credentials of child-care workers. This is likely to lead to higher retention, and thus to a more skilled and experienced workforce. This in turn should increase service quality, above and beyond the educational emphasis evident in the policy (Jenson 2002; Vaillancourt *et al.* 2002, 41-42).

The Québec government also responded to the long-term demands of community groups for recognition and recurrent funding with a policy in support of autonomous community action. The government moved to recognize the contribution of community action to the development of citizenship, and promised to contribute to the base funding

of community organizations (Vaillancourt 2002, 20-22). The real meaning of this policy remains to be seen, crucially hinging on the amounts of money to be made available and the division of this money between groups. There is some fear that it could lead to the instrumentalization of third sector organizations by privileging service provision over advocacy. Nevertheless, in making strides to shore up the funding part of the picture in a manner not seen elsewhere in Canada, the policy provides organizations a more predictable and stable environment that allows for better planning and staffing processes. This policy may in time shift the liberal reform path by enabling third sector organizations to provide higher quality services and stable employment.

In addition to child-care and autonomous community action, homecare represents a third field of intervention. As part of its ambulatory reform to the health care system, the government supported the creation of a network of social enterprises to provide non-medical home care services. To date, 103 non-profit providers have sprung-up province-wide, creating 3,800 jobs (Chantier 2001, 14). Some progressive analysts have lauded this initiative for its employment outcomes and for crowding out the for-profit provision of these services (Vaillancourt *et al.* 2002). However, government funding structures have served to keep wages low and to encourage quantity over service quality. While the programme ultimately has the potential of improving service and job quality, it does not yet signal much of a break from the liberal diagnosis beyond the question of property structure (i.e. non-profit rather than for-profit). The policy requires significant changes in order to adequately respect the needs of the predominantly female homecare workforce and its predominantly female clientele (Toupin 2001, 6; CSF 2000, 39-43).

Changing Paths?

The Québec case discussed here clearly does not reveal a switching of paths in the strong sense of abandoning the liberal welfare state trajectory. However, if we adopt a weaker understanding of path shaping, in the sense of breaking with the bleak predictions of mainstream theories and of interjecting more social democratic elements in its reform, it would appear that the social economy may be a space for loosening the constraints of path dependency. The women's movement's and the community movement's projects for the social economy led to the adoption of policy reforms that push against the low-end private-sector labour market predictions of mainstream labour studies. While their impact is uneven, the policies described here place a number of growing service sectors in the third sector rather than the for-profit sector, and in the process provide openings for developing better quality jobs and services than predicted by mainstream, path dependency approaches.

These innovations also appear relatively resilient, although it may be too soon to make firm conclusions. The election of the Québec Liberal party on a neoliberal programme in April 2003 risks putting a number of these policies in question. For instance, soon after being elected, the government produced an options paper for the childcare programme that attacked its universal character (MESSF 2003). However, significant political mobilization beat back these proposals, limiting change to a \$2 increase in the daily fee (from \$5/day to \$7/day). Similarly, autonomous community action and social economy initiatives have not been cut so much as left well down the list of development priorities. The Chantier de l'économie sociale (2003) for instance deplored the new government's decision to not proceed with the social economy

development initiatives announced in the previous government's last days, and for being slow in bringing forward regional development and anti-poverty initiatives. This is not a case of the old path kicking back in, at least not yet. It is more a case of social actors building path-shifting capacities, but having these lie largely unused under the current government. They remain as latent resources for further departures from the liberal path once political conditions change.

CONCLUSION

In sum, then, this paper supports the idea that mainstream welfare regime studies overstate the importance of path dependence, and in the process ignore the importance of the third sector and of actors intervening in that sector in shaping post-industrial trajectories. Given that personal services are a key node of post-industrial welfare regimes, and given the significant role of third sector organizations in providing these services, it follows that the agency of the latter needs to be probed in greater depth. This paper has pursued this path in the case of Québec by considering how the women's movement and the community movement have mobilized around the idea of the social economy. While their activism has often not been framed in the terms set out in the academic debates, it has nonetheless given much attention to shaping post-industrial labour markets in the sense of favouring the non-profit provision of services (as opposed to private for-profit), and the development of a secure, well-paid workforce.

It is of course one thing to describe activism and quite another to demonstrate that this activism succeeds in shaping paths other than those predicted by path dependency theories. While it is certainly too soon to speak of a departure from the liberal path in

Québec, the example of childcare, and to a lesser extent those of autonomous community action, homecare and regional development, provide important exceptions to the liberal narrative. The activism of women's and community groups has led to public policies assigning important pieces of the post-industrial service economy to the third sector, thereby opening the possibility for improvements in wages and working conditions. The ability of third sector strategies to render claims of path dependency contingent, at least in a weak sense, should encourage a more complex and encompassing appreciation of post-industrial trajectories. For actors trapped in liberal welfare states, it also suggests that attempts to have care work recognized and to improve service labour markets are not necessarily self-defeating. These strategies can have real effects in defining post-industrial citizenship in terms of widening rights in the workplace and rights to care services.

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