

Chapter 2.

The Social Economy in the New Political Economic Context

by
Peter Lloyd

The importance of the social economy is evidenced by its position on local, regional, national and even international agendas at a time when old political and economic certainties have given way to “New Times” – with uncertainties and instabilities rooted in the economic changes taking place and the political events which have marked the twenty-first century. The changes that have taken, and are taking place must also be put into the wider context of not only the European Union, but also the international context of a world post 11 September 2001, the polarisation which accompanied it, and the dominance of neo-liberal economic discourse. It is the task of this brief chapter to review the social economy under these circumstances and to explore the potential roles which the social economy may play, and the pitfalls which accompany such roles. Recognising the importance of culture on the development of the social economy, this chapter briefly considers the different paths which the social economy may pursue within the current political and economic contexts.

Introduction: The “new political economic context”

In the words of the ancient Chinese curse we may be said to be “living in interesting times”. This is not least because we continue to witness the same *fin de siècle*-type events that led earlier writers to describe similar periods in history as characterised by the old certainties breaking down whilst a process of intensive change was also being ushered in. Joseph Schumpeter (1939), for example, characterised such an historical stage as a “wave of creative destruction”; and long wave, long-cycle theorists have rolled forward Kondratieff’s (1926) model to see present times as the end of a more than fifty year phase of relative stability turning into a phase of experimentation and structural readjustment. More recently, political economists and philosophers have been debating as a time when one long established regime (Fordism) is being transformed into another (Post Fordism or Flexible Specialisation) or when Simple Modernism is giving way to Post-Modernism or Other Modernisms (Aitken, n.d.; Beck, 1992; Beck, Giddens and Lash, 1994). We are then in a new political economic context, or, “New Times”, whichever way you look at it. Add into the macro-mix of grand theories, the cataclysmic effects of 11 September 2001, the re-emergence of politics that polarise secularists and fundamentalists, and a private economy that seems unable to detach itself from the future consequences of growing debt, and the sheer instability of our “interesting times” is starkly revealed.

It is the task of this brief chapter to review the social economy under these circumstances – a challenge indeed when one considers the fervency of the debates and the polarity of critical positions that all this involves. Yet it is right to say that one of the features of the contemporary scene is that the social economy (and its co-referents – the third sector, civil society, the welfare state and so on) are very much part of the agenda whether at the international, national, regional or local level. Far from there being a decline in interest in those key questions that fundamentally shaped 18th and 19th Century debates about politics, economy and society, the same discussions have burrowed their way into the most unlikely corners of current public and academic life in one guise or another.

In dealing with the potential span of the material for this chapter it is necessary to make some brutal choices at the outset. First, there will be no attempt to enter the minefield of broad definitions of the social economy. Others in the volume have a brief to do this and needed additions will be tackled as they emerge. Second, this will be very much a European perspective – but one strongly influenced by emerging debates in the author’s home country (the U.K.). Third, it will be an eclectic view – not

wittingly leaning toward a particular notion of better or best. This last point is vital, since there is no one story, no one clear cut exemplar for what is happening to the social economy. *Context*, in the sense of history, geography and socio-political and economic culture, is seen here not just as something that “gets in the way” of clear understanding but as something that is intrinsic and critical to how things have evolved and how they can be expected to develop in the future. Although helpful in terms of a general approach to the social economy, such an understanding clearly makes it difficult, in a short piece like this to bridge the yawning gap between abstract theory (of which there is a great deal in the literature) and on-the-ground experience (of which there is also a great deal). On this subject the author is clear about one thing – whilst what follows is shaped by an awareness of the relevant theoretical debates – what is being brought to the table in this particular chapter is more from the experience of practice.

Some markers for conditions in contemporary Europe

While it is impossible to be in any sense comprehensive, there is a need to set some starting conditions for where we are in Europe – particularly those features that might have special relevance for the social economy. A few points will suffice:

Slow growth and geographical inequality

From a European Union (EU) perspective the economy is continuing to under-perform in relation both to the ambitions the EU has set for itself and against those major world economic blocs that set the global standard for competitive performance. Unemployment, for example, remains stubbornly high. Across the EU15 it increased from 7.8% to 8.1% between 2002-03 and, although there was a slight downward trend for the prospective new member states over the same period (from 14.9% to 14.5%) it was inevitable that accession would increase overall unemployment for an enlarged EU25 (Mlady, 2004). In March 2007 the EU27 unemployment rate was 7.2%, down from levels of 8% and 8.9% in the same month in 2006 and 2005 (Eurostat, 2005; 2007). Of course there are wide variations within the average – state to state, region to region, urban to rural and so on (Eurostat, 2006) – but set against the ambitions of the European Employment Strategy and the Lisbon Council Accords for a drive to full employment – it is clear that there remains a long way to go (CEC, 2004a).

Closely associated with slow progress on reducing unemployment, levels of inequality also remain high and intractable. The Cohesion Countries of the South within the EU15 have made huge strides to catch up

(CEC, 2004b) but a gap still remains, and the accession of new member states whose average GDP per capita is much lower across the board is a further threat to overall cohesion at EU level (CEC, 2005). At the level of regions, the scale of achievement under the influence of the Structural Funds has, once again, been considerable but there is still much unemployment and much social and economic exclusion in many old industrial centres, some city regions and rural settings. The future of the Structural Funds after 2007 is a particularly hot political topic currently as the implications of resource flows inevitably shifting to the new arrivals from Central East and South Eastern Europe become better understood. In the urban and rural life worlds of contemporary Europe the prospect of rising inequalities in life chances has been an ever-present issue. In New Times, however, rural-urban differences seem likely to be more rather than less significant as the era of subsidies to farmers gives way to one focused around less tangible policies for rural development.

And, finally of course, there is the heroic act of EU enlargement with its enormous consequences – in terms both of opportunities and threats – for the new members and the old EU15 (Kok, 2003). While on the one hand, new members means new markets and hence growth potential for all of the EU economies, on the other hand there will be serious pressures in terms of absorbing and addressing increased inequality. In other words, many of the same “headline issues” that have always been problematic will be brought into the fold in a significantly more extreme form because, as already noted, the new member states bring in high levels of unemployment and low GDP per capita. At the very least this is already having knock-on effects on the old EU15 in terms of the post-2006 allocation of those Structural Funds that have done so much to address their own issues of unemployment and social exclusion for the last 30 years. As we shall go on to show, this can be expected to have a profound effect on those third sector and social economy organisations that have blossomed under sponsorship from the Community Initiatives and experimental programmes.

Demographic ageing

Were these pressures for the expanded EU not enough, there is the spectre of what might be characterised as “the elephant in the room” – the huge and potentially serious effects of demographic ageing (CEC, 2002; Walker and Maltby, 1997). This will have its impact across the board – but for the South within the EU15 group it will be a particular problem. The question of ageing is being assiduously taken up at the moment – but mostly as an issue of pensions and the public expenditure costs of caring for people living into extreme old age. The current agonising over Harz4 in Germany and “35 Hours” in France are, in part, driven by the way dependency ratios

(numbers of people working and drawing a wage in relation to those outside the active workforce) are falling and the costs of state supported pensions are projected to rise dramatically. The pressure is being felt by employers through rising non-wage costs of labour, by citizens in high taxes and by member states though the fiscal burdens they are increasingly being forced to bear (Blackman, *et al.*, 2001; Osterle, 2001).

More widely, Europe's ageing population will have significant ramifications for competitiveness (Culhane, 2001). The potential for a real shortfall of available young workers as the average age rises is one such issue that has provoked a flood of recent policy documents with the phrase "active ageing" in the title or main contents. Translated in some cases as perhaps "the activation of the ageing population" (CEC, 2004a), the narrow focus is on encouraging older people to work longer by raising the retirement age and removing the incentives to earlier retirement (one of which is, of course, a guaranteed state pension at a reasonable level). More positively, however, active ageing is also promoted as a way of removing the barriers that prevent a largely healthier and more active older population from continuing to make an appropriate contribution to the economy and civic society.

Migration within the EU

While demographic ageing (as opposed to unemployment and poverty) is less of an issue in the new member states themselves, the prospect of substantial migration to the EU15 also offers both opportunities and threats (see Salt, 2005). On the one hand, new young incomers can help to ameliorate the labour market effects of ageing domestic populations. On the other hand, without careful handling, the sorts of stresses that can arise – particularly in the major cities – can exacerbate those problems of social exclusion that have been a key policy issue in the last two decades. For the supplier countries the effects of out-migration that selects the young, qualified and mobile can also have a significant impact on the economic health of particular regions and localities.

All of these challenges – unemployment, inequality, the effects of ageing and the knock-on effects of enlargement – are of particular significance to the way we look at the contribution of the social economy and local development to modern Europe. Before doing this, however, we need briefly to go back to the political economy of a Europe in transition.

Neo-Liberalism and growing pressures on the European social model

While claims that we are experiencing the “end of history” are overdrawn, it is clear that liberal capitalism has achieved its “victory” over socialism as a world transforming ideology. Most agree that the doom-laden rhetoric associated with globalisation has been exaggerated, nevertheless global market forces penetrate virtually every corner of the earth – setting a challenge for competitiveness that all must respond to (Tickell and Peck, 2003). In this increasingly *neo-liberal* world order the social policy prescriptions of the European Social Democratic compromise have come under intense pressure. The classic welfare state model is being set aside in many member states in favour of a hidden welfare state of tax expenditures, incentives and regulations. This has, in turn, changed the role of the state and its agencies in those countries from welfare state guarantor to regulator, grant-giver and public service market maker. This, as we shall go on to see, can have a profound effect on how the contribution of the social economy is understood. We need to be reminded, however, that not all countries are proceeding down this track at the same speed and in the same way. There are profound variations across each of the welfare state regimes – Scandinavian, Anglo-Saxon, Continental and Southern – identified in the literature (Esping-Anderson, 1996).

In the face of these trends towards the hegemony of market forces, it might have been anticipated that holding onto those values that privilege common purpose, co-operation and solidarity (*i.e.* those that characterise social economy approaches) over individualism, meritocracy and competitive rivalry would be more difficult. But an equally powerful argument can also be employed in reverse – that these are precisely the circumstances under which social and moral values are most likely to be re-evaluated and re-asserted. It is one of the helpful insights from abstract theory that a key feature of periods of “regime change” (such as our current New Times, as described in the introduction to this chapter) is the amount of what Peck and Tickell (1995) call “institutional searching” that takes place. In other words, there is inevitably a great deal of activity and interest focussed on finding a new mode of social regulation that can help society at large cope with the collateral or “reflexive” (Beck, Giddens and Lash, 1994) effects of the new economic regime as inequalities show a tendency to rise and pressures on the stability of civil society increase.

What we seem to be witnessing then is a situation in which debates about the social economy (along with discourses about the “third system”, “third sector” or “third way”) have a significant role to play in this contemporary process of institutional search and experimentation. What is particularly interesting here is that aspects of the social economy (though all

of the protagonists may not be willing to recognise this label) are being debated at all levels from the international (OECD) and the European (European Commission), through significantly different national perspectives, to regions and localities. While the “challenge to Social Europe” is a popular slogan for EU level debates, other critical debates about economy and society have a French, Nordic or Anglo-Saxon cultural flavour for example, or are set at national or regional level depending on different relevant priorities. Above all, the last decade has seen intensely *local* debates about how wider non-market and common purpose issues like social justice, the quality of life and the environment are to be dealt with in the context of New Times. These debates are usually about devices for mediating the malign effects of the open marketplace while still capturing the benefits of free trade. They are often also about the dominance of exchange over use values when many critical needs do not so readily translate themselves into bankable market opportunities for orthodox business.

Where stands the social economy?

A radical alternative or non-challenging adjustment mechanism?

Despite the above claim that debates bringing the social economy into policy discourse have by no means gone away, it is hard to answer categorically the question of “Where stands the social economy?” posed in the heading to this section. The only reasonable answer – as the chapter goes on to show – is that “it depends on what you are talking about and where you are”. In some European countries the phrase “social economy” is probably rarely heard in the corridors of power. By contrast, in others (*e.g.* France, Spain, Belgium, Italy, Ireland) it is part of the *lingua franca* of everyday discourse. This is not to say that the topics for debate are necessarily so variable from country to country – more that the “social economy” as a label is differentially regarded – often as a result of past experiences and the baggage that comes from history (Borzaga and Defourny, 2001; Borzaga and Spear, 2004).

One general feature that can be observed, however, is that debates about the nature and role of the social economy in contemporary society tend to revolve around whether it represents a *real alternative* to the hegemonic (often described as “American”) project of neo-liberalisation or is simply a part of the “institutional searching” (Peck and Tickell, 1995) that is going on *within* that project. Put another way: “Is the social economy predominantly seen as the basis for a radical grand narrative or a more limited “toolkit” to

fix the social problems that arise out of the return to increasingly unfettered market forces?”

Without wanting to address such a grand question in full in this chapter, it is perhaps one of the least controversial stances to take as an observer of practice that, while the radical alternative proposition is by no means dead and has its strong supporters, the version of the social economy that offers little in the way of challenge to the dominant liberal capitalist ideology is, by far, the easiest to recognise. A review of the “grey” (ephemeral and usually policy-related) literature by any method will, for example, show that the term “social economy” is widely (and often loosely) used across a huge variety of contexts and subjects – so much so that popular definition in the practitioner world tends to be derived more from a “sense of what it is about” – taken from regular exposure to the use of the term in descriptions of projects and policy initiatives.

This is not to say that there are not volumes of copy available offering a formal (if rarely unchallenged) statement of what the term social economy might actually represent. It is simply that empirical observation most often reveals the social economy in policy terms as an *instrumental* device for addressing objectives that are usually distinctly pragmatic. Indeed, given the *local* focus for some of the debates, we are not just dealing with “grand narratives” but a host of more on-the-ground issues that reflect the pressures of ordinary people’s lives. The focus of the social economy as an instrument of policy is more often than not on places where there is market failure of one kind or another (for example, in relation to the environment, personal and social services, and business and personal finance) and on segments of the population (such as ethnic minorities, women, migrants, the long-term unemployed, disabled people and so on) that are disadvantaged in access to paid jobs (Spear, *et al.*, 2001). Sitting behind these popularly received definitions in policy practice are, more often than not, experimental grant-funded European or national programmes where the objective has been to engineer some form of innovative action whilst sharing experiences from place to place. Institutional searching at the micro-scale has significantly raised the profile of “partnership” forms in some sort of loosely defined “social economy approach”.

The roles and the players – filling gaps and tackling welfare issues but offering a different sort of economy

As to defining the sorts of organisations that constitute this social economy defined in policy practice, these are closely connected with those that inhabit the third sector in general. The label “third sector” covers a wider entity that, in European terms at least, includes a multiplicity of

stakeholders from associations, through charities, foundations, trusts, mutuals, and not-for-profit companies to (and this is the source of some debate – see CIRIEC, 1999; Evers and Laville, 2004a) member and producer co-operatives. Within this, bodies that have an ambition to create a different sort of economy – one that has a different approach to the organisation of work and production and the distribution of surplus – constitute the formally defined social economy. Looked at in legal terms we might identify associations, co-operatives, mutual aid societies and foundations as those that most readily adopt these more economic roles. Under contemporary circumstances, it is these sorts of organisations that figure most in getting excluded people into jobs, filling local gaps in personal and social services, lowering business transaction costs, dealing with waste disposal and recycling, tackling environmental sustainability and so on. Theory would demand more rigour and qualification but in the world of practice these sorts of organisations doing these sorts of tasks would be more likely than not the recognised players in the social economy.

A conduit for voice, participation and democratic engagement

Since, for the most part, the funders for the actions described above are governments and the tasks required are those that any good government would aspire to taking on in the most effective possible manner, it might be argued that there is no *a priori* whiff of radicalism here – just an alternative (social economy) way of marshalling new social forms to find solutions to pressing problems. Where, however, there is more evidence of room for radical or alternative intent is that the social economy approach brings into play issues about voice, participation, democratic engagement, partnership, empowerment, etc.. This may be inside the organisation itself (worker rights, gender inclusion and family friendly policies for example), in the relations between the organisation and its customer, client or beneficiary base (the service ethos) and in the wider context of the “proper” role of the state in relation to private business and the third sector (welfare mix and welfare pluralism). Such aspects call up the “real stuff” of traditional debates on the social economy *per se* as an alternative ideology that privileges solidaristic working, social and distributive justice and quality of life and the environment over the demands of the free market. It is at least in a world of dominant neo-liberal ideology a place where such debates can continue to take place.

Much of this social economy discourse is, of course, caught up with other kinds of discussions – about the decentralisation of power, about “bottom up” and local forms of representative and participative democracy, about giving voice to minority groups, about allowing gender and race issues an appropriate platform, about creating appropriate sites for debates

about quality of life and the environment. In some places these are wrapped up under the social economy heading but this is relatively unusual. It is nevertheless clear that, whenever the root values for the social economy or its constituent organisations are set out, matters of solidarity, trust and inclusiveness lie at the heart of it. Despite the narrow instrumental objectives that often define their executive and, in particular, grant-funded actions, the trustee organisations of the social economy are drawn in by definition to uphold values that privilege the democratic and inclusive approach and social values over individualism and market forces.

During a decade of European funding for bottom up local partnership approaches to employment and development, large numbers of projects dealing with market failures, lacunae in public service provision, inequalities of well being and economic inclusion have been engineered into place as a deliberate act of policy. It can be argued that through the creation of these sorts of convivial spaces, both action and debate has contributed to the “bubbling away” of conversations (especially at local level) about wider issues of economy, society and distributional justice. In this sense, then, the instrumental agenda of creating jobs, fostering inclusion and tackling local market failures has had the positive collateral effect of contributing to, and widening, social and political discourse. In some cases there has even been a deliberate, policy driven, attempt to use voice and empowerment strategies to install a measurable quantum of social or civil capital (Blunkett, 2003; LRDP Ltd, 2002) in particular places.

Complexity, hybridisation and the indeterminacy of long run outcomes

The practical answer to the question in the section heading as to whether the social economy is a radical alternative or non-threatening adjustment mechanism is of course “both” and “simultaneously”. This is an answer, unfortunately, likely to convince proponents of grand narrative theories only of the shallowness of mere practitioners. What we seem most able to see, however, is a process in motion with a great deal of indeterminacy in the outcome. It is sheer complexity that renders it difficult to know with any degree of confidence “how the social economy stands” in the contemporary political context. From this perspective, we are looking at the social economy as *a mixed and pluralistic model* that involves a variety of stakeholders and which is being played out across a huge variety of contexts and continues to take shape. It is, for example, increasingly replete with hybrid forms linking private, state and third sector players in different ways (Evers and Laville, 2004b). This makes the social economy not so much a definable sector in its own right, but more a set of “intermediating processes” (Laville and Nyssens, 2001) that work through arrangements of

association, partnership, stake holding, joint venturing, co-contracting, mutual support and so on. It does play a critical role in ameliorating the collateral damage that emerges as a new economic regime is bedded in – especially if that regime is strongly focused on liberal and individualistic values, free markets, unconstrained capital flows and global reach – but it would be hard to promote this as a crucible of radical thinking. Equally it is perhaps too simplistic to see the social economy as the polar opposite – that is, just as a *naïve* collaborator in Jessop’s (2002) “flanking strategy” whereby support for neo-liberalism is sustained by addressing the dysfunctional elements of neo-liberalism with non-market based solutions, effectively helping to take the sharpest edges off the malign effects of a regressive market driven process.

In the same vein, Peck and Tickell (2002, cited in Graefe, 2004) might be drawn to see the social economy in the contemporary world as a Trojan horse facilitating “the marketisation of the social realm” – that is the penetration of what was traditionally the sphere of publicly delivered public services and the third sector by market based forms of contracting and exchange.¹ One of the often expressed fears here is of “isomorphism” – of the variety being drawn out of the process of creative, radical and wide-ranging discourses and actions in favour of narrow and increasingly orthodox prescriptions for the evolution of social economy forms (Laville, *et al.*, 1999). There seems little doubt that substantial pressures do exist for the organisations of the social economy to be both “better businesses” where they can aspire to that label and “more businesslike” if they cannot. Whether this is a strong enough impulse widely to deserve the isomorphism label is a moot point, especially given the earlier consideration that even the most prosaic and instrumental actions can still provide convivial spaces for local debate. As we go on to show, however, these issues are more sharply defined in the UK social enterprise model and there is perhaps rather more concern about the dangers of isomorphism.

Moreover, even the strongest supporters of the social economy can have little defence against arguments that they should make better use of resources, organise themselves more efficiently, treat their workers and volunteers well and serve their clients at quality. The real threat implied in the isomorphism debate is whether doing any or all of these things has a significant effect on organisations’ *social and moral ethos* and/or impacts on the issue of *in whose interests* they act when the hardest choices have to be made. Grand narratives of strategies within the neo-liberal project should make us wary of false prospectuses by governments and private businesses but they are not by themselves sufficient to deny the value added that, as the next section shows, has been created in concrete contexts by the introduction of social economy organisations.

The social economy: an identifiable source of value-added for new times

While we will return to more fundamental questions about the status of the social economy in the conclusion, the next section makes an attempt, again from an empirical rather than theoretical viewpoint, to visualise which parts of the contemporary economy have been most effectively colonised by social economy organisations. It looks at where the social economy has already bedded itself in successfully and then speculates on where those EU-level trends outlined at the start of the chapter are likely to take it in the future. In a previous work (see Lloyd, 2004) the activity spaces most effectively colonised were identified as: bottom up and local approaches to social exclusion; providing platforms for insertion jobs; and filling service-gaps and prospecting for new jobs sources. The present section will now use those same activity headings: a) to take a brief look back at niches already occupied by the social economy; and, b) to look forward to speculate on where this capacity and experience might be developed in the future.

“Bottom-up” and local approaches to social exclusion

A resource bank of local social economy initiatives

During the 1990s the organisations of the social economy, as we have described them above, found themselves straying onto a surprisingly large area of fertile ground. They appeared, in particular, to have a special ability to satisfy growing local demands for bottom-up approaches that offered appropriate ways to get people into social enterprises, co-operatives, trusts and local partnership bodies in general (Lloyd and Ramsden, 2000). In particular, the organisations of the social economy revealed their special value as a device for fostering *multi-stakeholder collaboration* and for mobilising it to address the needs of the more deprived local communities. This way, the public and private sectors could engage more constructively with social partners and community organisations in a concerted attempt to solve *locally*, those problems that either the state alone or market forces had failed adequately to address. The capacity to take a more co-ordinated and organic approach to socio-economic and urban/rural development by bringing together such hybrid coalitions of partners seemed to offer genuine value added both by getting better substantive results and, in parallel, by building local social capital and enhanced relations of trust between people (Lloyd, *et al.*, 1996).

Although there is great variation across the EU, governments have become more convinced of the value of the role played by local

partnerships, associations, mutuals, co-operatives, social enterprises and the like, to tackle aspects of deprivation. Indeed, it is a feature of the European system of multi-level governance that the local has been given a degree of privileged attention in EU guidance and in many EU member states there has been a flowering of these sorts of organisations. In some areas there can even be said to be a “crowded platform” of local and social economy organisations jostling each other for the attention of the funding authorities. Many of them are identifiable as complex organisations – those “hybrids” that Evers and Laville (2004b) describe as representing the new dynamic of the social economy. A significant resource bank of local and social economy initiatives has been put in place and despite the existence of those continually grinding issues that naturally arise from the juxtaposition of different values and mindsets, Europe confronts New Times having in place a wealth of learned local experience.

A buffer against future social and spatial exclusion and demographic ageing

Under current and likely future circumstances none of the pressures that find local people (particularly the poorest people in the poorest areas) confronting multiple problems have become less significant.² In some countries, like the UK for instance, social inequality has become more prominent and social mobility reduced. It is one of the fears associated with the turn to neo-liberalism that this may be destined to increase more widely. Europe’s major cities may be expected to face special difficulties as they experience new waves of in-migration while still coping with their long-standing problems of social exclusion. The new EU member states will, of course, present issues of multiple deprivations on a scale not previously known in the history of the EU. The expansion of social economy solutions is, then, a channel with real potential significantly to repay the effort invested in it thus far.

What a *futures* perspective needs also to emphasise, of course, is the general impact of European demography itself on the shape and form of social and spatial inequality. We have already pointed, for example, to the issue of demographic ageing. While this is a more pressing issue for the established EU members than the newer ones, nothing in the Union, especially where it impinges on welfare and the resources assigned to it, is outside the bounds of its effects. For the needed resources to find their way to the EU 10+2, the EU15 must address the demographic ageing issue as it confronts them. There is, therefore, a pressing need for them to find ways to be more sensitive to what must be done and to be more creative in deciding (“institutional searching again”) how to go about it. Critical though this is,

the issue of demographic ageing is not reducible to one of “pensions and care” nor is it solely about finding ways to keep older people in paid work longer. Significantly, it presents opportunities as well as threats. Viewed from a social economy perspective, older people have a long tradition of supplying volunteer labour (both in the family and in society at large). If one of the demands for the future is to find ways for this valued input to be willingly given and appropriately rewarded then some prime solutions are likely to be both *local and within a social economy context*. The sorts of organisations best used will need to be flexible and sensitive enough to mobilise and manage this important, but discerning, human resource. While the established third sector organisations that lobby on behalf of older people will have a critical role to play, the door needs to be thrown wide open within the wider social economy and at local level to recognise this considerable opportunity for what it is.

A source of sensitivity to the complexities of micro-scale social forms

The free movement of labour is enshrined in the basic principles of the EU and while it has been politically convenient in some quarters to exaggerate the amounts of cross-border migration that are likely to arise once the new member states are fully integrated, substantial movement between and within countries will take place. Migration is, then, another feature of demography that needs to be taken on board in a futures view of the role of the social economy. While, according to Wanner (2004, cited in Salt, 2005), the impact of migration on the labour force and the wider economy will be “somewhere between broadly neutral and mildly positive at the aggregate level”, this masks those sorts of impacts at *local level* that might well be far from “broadly neutral and mildly positive”. Salt (2005) makes it clear that, as he quaintly puts it, “recorded foreigners are urban creatures” and that many of the less skilled among them will arrive and find themselves living out their lives in the inner areas of Europe’s major cities. This will place more stress on precisely those geographical areas where multiple deprivation is already a feature and where, as noted earlier, social economy organisations have colonised the empty spaces where state support has been inadequately sensitive to meet those pressures and sources of conflict that arise. It has been one of the successes of the social economy that it has been able to play an acknowledged role in multi-faith, multi-ethnic and multi-cultural communities where the orthodox institutions of the central or local state have been neither flexible enough nor “worldly-wise” enough to be able to cope with fast and complex change. There is no hint here of a diminution of the demand for local social economy organisations that can help build civic and social capital for the future in these zones of urban transition.

A reality check - the dominance of macro-scale issues and questions of sustainability

If there is a downside to this somewhat rosy-hued view both of the capacity and opportunity of local social economy organisations to play an enhanced role in the future, it is that national and supranational interest in the local appears to have waned in the face of concerns such as: security post 11 September 2001; the national heart searching over the European Constitution; the dash for growth in the knowledge intensive industries in the Lisbon process; the threats to the European model coming from globalisation; the pensions crisis; and the competitive effects of the non-wage costs of labour. Local and more grounded concerns about people and their lives seem to have given way to more macro-scale debates and to inter-governmental bargaining. The advent of the open method of co-ordination as the transmission mechanism for European policy and practice has had both positive and negative effects on local and social economy bodies. In a positive sense it has served to feed the transfer of innovation and creativity from government to government and local organisation to local organisation. In a negative sense it has once again enabled national administrations to “frame the boundaries of the possible” – limiting the power of the European institutions more directly to influence actions through those experimental funding programmes that boosted the social economy in the past (see Wallace 2001). A critical difficulty, as we shall go on to show later, is that these macro-political shifts in the EU have also made it far more difficult to find the sustainable means to finance the huge population of particularly locally based experimental initiatives, of which the social economy was a part of, seeded across Europe in the last decade.

The social economy as a provider of insertion jobs

An established player in work activation and job insertion programmes

A second fertile policy ground for the growth of the social economy and its organisations during the last decade was a product of the persistence of unemployment across the EU. The inability of the formal economy to provide jobs in sufficiently large numbers opened the door to those socially motivated organisations dedicated to the creation of “insertion jobs”, usually short-term state sponsored employment dedicated to overcoming the barriers that keep people out of the labour market. While many of the social economy organisations drawn in to meet this need are locally based (and were described in the previous section) others operated nationally,

regionally and by industrial or occupational sector. Particularly at this larger scale, social economy organisations became associated with national work activation programmes. Unemployed and socially excluded groups were drawn into time-bound programmes of training, occupational integration and work-placement and it was a particular property of social economy bodies that they were “closer” to the so-called target groups. Many, both new and older, established, players in the third sector and social economy captured a key role here (Borzaga and Defourny, 2001). This was not simply by virtue of their social motivation and history but also by virtue of their real capacity to deliver these sorts of schemes to governments at scale. In the terms of our earlier discussion about “marketising the social realm”, many of these organisations had to become more flexible and businesslike in their ambitions to be in a position contractually to fill a public service requirement.

Taking a futures perspective, work activation is destined to become an established part of mainstream state policy. Unemployment continues to persist and even at the peak of the cycle there are particular groups and localities where unemployment is likely to remain an endemic part of everyday life. The ability of organisations with a social mission but a businesslike orientation to carry the work activation role in the communities where it is needed is clearly established. Indeed, there is a “bankable” opportunity for the social economy and its organisations to continue to colonise this terrain – though in some countries the private sector has also become a major competitor. In many European member states this element of the public service has already been positioned as part of a *mixed economy of public service delivery* configured as a market. It forms a critical platform on which those *hybrids* of the emerging social economy are working out their future strategies and dealing with the paradoxes implied in being “market led but values driven”.

While in a sense the issue of work activation is a continuing policy process where the social economy has developed a powerful position, the issue of active ageing is one that will begin to pick up momentum in the years ahead. Insertion jobs here have an entirely different character and one that should lead the organisations of the social economy to pay particular attention. Policy support for getting older people who want jobs into work might be expected to be different in many ways from the orthodox. The sensitivity needed and the tendency toward time and space limitations in older persons’ job seeking should, of course, play to the strengths of social economy organisations and offer a clear inducement for them to take a leading role.

The social economy as service gap-filler and a device to “prospect for new jobs”

An instrument for local action to fill unmet service needs

A third feature of the potential social economy portfolio that has captured competitive weight as a tool in providing policy solutions came from attempts to address three long-standing but always changing problems: i) a rising demand for social, personal and community services; ii) a need to find ways to meet these demands while constraining levels of direct state expenditure and rates of taxation; and, iii) the persistence of spatially localised pockets of deprivation where these service gaps are extreme regardless of the economic cycle (Borzaga, 1999). The European Commission’s *Local Development and Employment Initiative* (LDEI) was the fountainhead for new ideas about the use of local enterprises (both private and social) to create sustainable employment (CEC, 1995; 1996). What LDEI introduced was the idea that local action could be taken to search out new job slots to fill unmet service needs chiefly in the caring, environment and leisure and cultural sectors – what Laville (1999) calls the “sheltered economy”.

A key player for the future in a mixed economy of service delivery

During the last two decades social economy organisations have increasingly been drawn in to occupy the spaces deserted by or overlooked by a hard-pressed public sector. In the process many have taken on a role as entrepreneurial producers of collective services at one remove (or more) from the public sector. In particular, they have found themselves able to diversify the supply of services and mould it to increasingly complex demands, adding to the overall availability of resources for such services and creating jobs into the bargain. These activities tend to fall into three broad service groups (Campbell, 1999):

- Those produced as a result of rights recognised by law and which are therefore financed by the state (or for which the state provides public insurance), regardless of whether the provider is public, private or third sector. Examples of these are health services, education, services for the disabled, basic employment services and so on.
- Those for individual consumption but which also produce some collective benefits (“collective” or “merit” services), and which may therefore be financed at least partly out of public or charitable funds.

Examples of these are child-care centres, home care services for the elderly and disabled, job search support.

- Those that are dedicated to the person or the family with a high “relational” content - that is they depend for their usefulness on the quality of the relationship between producer and consumer. Examples of these would again be home and elder care services.

Cutting across these categories, the organisations of the social economy have found themselves particularly well able to respond to gaps in what are called *proximity services* – those with a very localised content in the sense that they are based on regularly needed things – postal collection, home meals delivery for the old and the disabled, ephemeral shopping, local transport and so on.

In its hybrid forms the social economy can play a role in any or all of these three broad service types, as an alternative to, or in partnership with public or private organisations. From the demand side it can foster the emergence of unexpressed needs, both personal and social. From the supply side it can organise and produce some services more efficiently than public or private providers thanks to the specific advantages it enjoys. In practice, however, the reliance of social economy organisations on public financing has often limited their scope to that of prime contractors for the public sector, delivering services to the most disadvantaged. But the more innovative among them have moved to expand the use of their specialised pools of competency into the wider marketplace for public and even private services.

A continuing source of some new jobs and local income multipliers

The “base molecules” of the social economy that provide these sorts of services are its *social enterprises*. These are defined in their widest sense by Laville and Nyssens (2001) as: “enterprises initiated by groups of citizens who seek to provide an expanded range of services and more openness to the community – they place a high value on independence and economic risk taking”. While filling gaps they also *create jobs*. The services involved are often highly labour-intensive. They tend to be filled by local people who then spend much of their wages locally, so they can offer a form of development that reduces “leakages” from the local economy. Many of the jobs are located among disadvantaged communities. It was this sort of picture that led the authors of the LDEI project to talk about “tailor made” jobs – those cut out to meet expressed local needs, that are at the same time are well-suited to offering employment and income to local people. In this

sense then the social economy proves itself to be multiply-useful in particular contexts.

However, once again such a rosy-hued perspective needs to be set in context. As Amin, Cameron and Hudson (2002) point out there is no panacea here. The social economy is able to meet some of the demands placed on it as a source of jobs but over-enthusiastic claims that it can provide an instrument to allow socially excluded communities to “trade their way out of welfare dependency” can be dangerous. De facto, most of the successes in claiming those job generation outputs that have given the social economy such a buoyant press have been predicated on the continued injection of public funds. Only a limited proportion of social enterprises have broken through to become sustainable revenue driven organisations performing this kind of service. This is a subject we will return to in the final section of the chapter.

Simultaneously filling service gaps and creating civic capital

But whatever jobs can be created by the social economy, there is always that other, less tangible, contribution that adds value. Evers (2001) helps to identify this wider contribution through the idea of *civic capital*. This introduces the idea that, however ordinary the service provided, there is always an opportunity within the social economy for it to offer special added value by contributing to “trust and democratisation” in the local communities concerned and the social enterprises themselves. Through this the social economy has the potential to empower and integrate people, use trust to reduce transaction costs, create the conditions to mobilise goodwill and free volunteer labour. This is far more than being just a service “gap-filler”, it brings on board the special ability of the social economy to mobilise social capital “through reciprocal relationships that integrate a dimension of service to the community” (Laville and Nyssens, 2001). If at the same time some social enterprises can supply quality local services in the face of market failure then the free value added from these collateral actions must make it very attractive.

Looking to the future, it seems obvious to state that the sorts of gaps that the social economy is able to fill are unlikely to diminish and are by any standard likely to expand. Perhaps the most vital message from this section of the chapter is, however, to reflect on the learned experience we have to temper some of the more extravagant claims made for the social economy as an economic engine or as an obvious source of new jobs. This is a critical lesson for the new member states who may be receiving beguiling stories about past successes. It is true that the portfolio of the social economy is, as the literature shows (Borzaga and Defourny, 2001), rich with “gap-filling”

organisations that use their social values and trust-based relationships to find entry to those factor and product markets that a more bottom-line accounting motivation would discount. The most prominent – as we saw earlier – is in relation to the labour market where “unused” workers are confronted with a gap in the opportunities available to them to capture paid employment – even in some cases where job and skill shortages exist. Those other less tangible gaps that emerge in a society that sees the free play of market forces are those in the fabric of local civic society and we have partially addressed this issue (though only from a local perspective) in an earlier discussion. The social economy is active here in relation to the needs of young people, of women of minorities of people suffering disability and so on – a tradition that takes it back to its solidaristic and philanthropic roots.

Conclusion: seeking a sustainable future for the social economy

Different sustainabilities

It is entirely consistent with the sorts of pressures coming to bear on the European welfare model that, while the gaps and inequalities will certainly not diminish, the historic flow of funding that has underpinned the ability of the social economy to play a significant role in addressing them is destined itself to come under extreme pressure. What we have called the phase of “colonisation” that has seen the social economy and its organisations rise up the policy agenda has been to a large extent *publicly financed*. In particular, it has been the community initiatives and the other experimental programmes of the European Commission, which have simultaneously raised the profile of the local and of the social economy. It is already known that these programmes will not be going forward in the 2007-2013 programming period and that core European Regional Development Fund and European Structural Fund spending will be more dependent on decisions by the beneficiary member states. Experimentation has given way to “mainstreaming” and the responsibility for programming the Structural Funds has been devolved to member states. In both the short and long run future the burning question for the social economy is then: “What are the available routes to financial sustainability and what impact will choosing a particular route have on it?” It is here that the ongoing debates about the US-UK, (Anglo-Saxon) versus the Continental European approaches to defining social enterprise leave the realms of theory and have to be understood as vital practical questions for the social economy in New Times.

Arrayed across the space between those two very different philosophical standpoints we have been examining – the social economy as a project

within neo-liberalism or the social economy as a platform for a kind of economy based on alternative values – a number of obvious practical routes offer themselves to underpin the future. These include: continued public support from the mainstream for the social economy as a quasi-public entity; enhanced recourse to philanthropic giving (including corporate social responsibility finance); the generation of sustainable revenue finance from the trading of goods and services; and, loan and equity based finance from private sources and joint venture/partnership arrangements with private companies. Indeed, the overall portfolio for sustaining the social economy might well include elements of many of these sources in combination. In the case of each one, however, the pathways chosen by the individual social enterprises carry with them their own bundles of opportunities and constraints. The sum of the choices that are made across the population (that we have already recognised increasingly as *hybrids* of one kind or another) will have a potentially profound effect on what the social economy is and what it will turn out to be in the new political economic context.

We are not in a position to explore this in depth here but, consistent with the argument just set out, it may be helpful to illustrate how the choice of, and emphasis on, alternative routes to sustainability – whether by an individual social enterprise itself or by a country-specific regime for supporting the social economy more generally – can have potentially dramatic effects on what role the social economy might realistically play in New Times. To make things simple, we can perhaps say that continued financing from the public mainstream might make for the least radical change – provided (and this is the real issue) the choice to rely on this route can be assumed still to exist and can be readily sustained. If, however, European and member states’ funds in general are destined to come under increasing pressure, (and this takes us right to the heart of the current debate over the choice between the Anglo-Saxon and Continental models for the future of the EU) what impact will other choices from the portfolio to sustain the social economy produce?

Since we do have a current European experiment in place that pursues another route, we are at least in a position to speculate about what the, more market driven, traded revenues and loans model might look like. This is, of course, the case of the government-sponsored drive for social enterprise in the United Kingdom (or more precisely England).

An example of the “market” approach: state supported social enterprise in the UK

The social enterprise agenda has moved at breathtaking speed in the United Kingdom. From being part of the domain of enthusiasts for the social

economy, social enterprise became widely discussed, increasingly widely written about and, most importantly of all, adopted in government policy. In 2001 the Social Enterprise Unit was established in a lead Department of State – the Department of Trade and Industry. The publication of *Social Enterprise: A Strategy for Success* (DTI, 2003) gave an unprecedented level of support to an area of economic activity that had up to this point been on the margins of the policy world. What was particularly remarkable about the new initiative was that a department not traditionally known for supporting a “soft” policy area sponsored it. The Government’s three year strategy was set out as follows: “working with other stakeholders, we will promote and support social enterprise activity to achieve: *dynamic and sustainable social enterprise, strengthening an inclusive and growing economy*” (DTI, 2003). The elements of the strategy were threefold: create an enabling environment; make social enterprises better businesses; and establish the value of social enterprise. In parallel with this came legislative changes for company law that recognised the existence of Community Interest Companies (CICs).

What was envisaged was to create “new enterprise vehicles” (Patricia Hewitt, Secretary of State for Trade and Industry) to sit within a context of the revival of all forms of enterprise in the nation’s most deprived areas. These would, of course, sustain themselves largely in the manner of all businesses – gaining and sustaining a market position, generating revenue from trading activity, capturing surpluses for investment and growth and using their credit status and asset base to attract loan finance or outside equity. What was being described was, of course, an overt strategy of the Blair government for public service reform – seeing the key players of the social economy encouraged to adopt a business format (while of course retaining their social values) and, more significantly, making it clear that this approach was likely to be regarded as the prime (if not perhaps the only) source of available government support for the future (HM Treasury, 2002 and 2003). The UK approach has, of course, a much closer affiliation with the US not-for-profits model than its Continental counterpart. In this, the added social and economic value results from the *substantive outputs* of the actions of social enterprises using their special properties as organisations.

In 2006, the Social Enterprise Unit was moved into the newly formed Office of the Third Sector. The role of Office is to both to design and deliver policies supporting the third sector, as well as to act as an advocate for it across government. Following the establishment of the Office, *Social Enterprise Action Plan: Scaling New Heights* (2006) was launched, which re-emphasised the government’s belief in the role of social enterprises within society, and the contribution they could make to the government’s agenda including “overcoming injustice and social exclusion”. Central to the government’s approach to social enterprises are the ideas that: a) social

enterprise becomes a component of the mainstream economy using its special properties (sensitivity to the needs of socially excluded people and trust-based relationships) to deliver enhanced services to disadvantaged areas; and b) that they become an accepted player in the mixed economy of public service delivery. The enterprises involved are invited to pursue their social value systems and carry on their traditional mission as part of a triumvirate with the public and private sectors. The view of those within the social enterprise community who support the model is that it represents a great victory for the mainstream recognition of their “market led but values driven” form of enterprise. To those who oppose it, there are worries that seeing social enterprise through this narrow lens and promoting it so powerfully will put at risk all of those elements of the social economy that are not subject to measurement in business (even social business) terms.

It is perhaps easier to see more clearly from the UK example why it is that Peck and Tickell (2002, cited in Graefe, 2004) and Jessop (2002) should be concerned about non-challenging strategies to the neo-liberal agenda in those “rolling out” and “flanking” strategies discussed earlier. Similarly, the concerns already described about isomorphism – driving complex forms along a narrowing pathway – might also be legitimately raised by such a clearly prescriptive approach. At the very least Laville’s (1999) description of social enterprise as “placing a high value on independence and economic risk taking” is likely to be significantly challenged by social enterprises being drawn so strongly into orthodox business roles and becoming prime public service contractors to government.

A return to wider debates

With this set of concerns, however, we return at the end of the chapter to macro-scale debates about the future of the European model of social welfare. Where the social economy stands now and will go in the future will very much depend on how these questions are resolved. The current European standing of the social economy owes much to the principle of seeking “competitiveness with cohesion” that has seen state support for the embedding of a myriad of social economy organisations into the fabric of economy and society. The overriding – and politically challenging – question is: “Can such a process be sustained against the pressures of global neo-liberalism?” On the one hand it is clear that unless it is sustained, perhaps in some partial way, those *convivial spaces* for debate and the *positive collateral effects of building civic and social capital* that form so much of the value added of the social economy described in this chapter may be increasingly lost. On the other, running a business, social or otherwise, demands both appropriate scale and clear focus. Evidence from some successful UK social enterprises suggests that in practice these can

become real pressures for managers looking to sustain their competitive advantage. Local community voices demand that they stay local and building social capital means the allocation of attention and resources to “non-core activities”. Moreover, perhaps an even bigger danger from the market driven model of social enterprise is that only a small proportion of the current population of social economy organisations can reasonably be expected to participate in it and succeed. Vast numbers of those “colonisers” described earlier cannot either aspire to it or would be fundamentally changed by attempting to engage with it.

There is, then, a genuine – and highly significant – issue here of potentially “throwing the baby out with the bathwater” if EU member states do opt for an entirely market-led model for the development of the social economy. In other words, the stock of learned good practice, competency and sheer goodwill that we pointed to earlier is an asset that could very well be lost or at the very least seriously damaged if governments do not submit their policies to Putnam’s (1993) test that every state action should be valued in terms of its ability either to enhance or deplete the available stock of social capital. This is not to say that purist notions of some idealised “real social economy” should be used to resist attempts, by those social economy organisations that can succeed, to become key players in a mixed economy of public service delivery. It is after all simply part of the hybridisation process that Laville constantly refers to that the players in the social economy should be allowed to be judiciously promiscuous in some of their associations with the state and the private sectors. Equally, and this is where our engagement with theory and grand narrative is at its most helpful, we should always be aware of the false prospectus and remind ourselves constantly of the track record of liberal forms of capitalism with respect to social and spatial inequalities.

The overall point to take from this chapter is that a Europe of New Times can be expected increasingly to present the sorts of problems that the social economy has the historic track record and evolved capacity to address. We have highlighted its contribution to tackling social and spatial inequality, in filling service gaps particularly for disadvantaged people and places, in being able to contribute positively to an active ageing agenda, in being sensitive enough to read and respond to complex micro-social situations in urban areas and above all in providing a source of creative energy and a convivial space for debate. However, from another perspective New Times is producing changes that have the capacity directly to threaten even the established position of its organisations if the wrong or at least ill thought-through decisions are made at the supranational and national level. The game is still on, however, since as we described at the outset of the chapter the social economy is an entity/process in motion. It is a domain of

complexity and the fact that we cannot see “obvious” pathways or ways to “button it down” is less important than the need continually to maintain its openness and variety. It is into this intellectual turmoil that the new member states of the European Union are being welcomed. They too will have a view on the merits and disadvantages of the extension of liberal market economics and the ways that human and social values are to be successfully preserved and they will undoubtedly evolve a different take on the social economy that reflects their own culture and history.

Bibliography

- Aitken, M. (n.d.), “Reflexive Modernisation and the Social Economy”, www.sussex.ac.uk/Units/SPT/journal/
- Amin, A., A. Cameron and R. Hudson (2002), *Placing the Social Economy*, Routledge, London.
- Beck, V. (1992), *Risk Society: Towards a New Modernity*, Sage, London.
- Beck, V., A. Giddens and E. Lasch (1994), *Reflexive Modernisation*, Polity Press, Cambridge.
- Birkholzer, K. (1996), “Social Economy, Community Economy and Third Sector: Fashionable Slogans or Building Blocks for the Future?” in Bauhaus Dessau Foundation (ed.), *People’s Economy*, Bauhaus Dessau Foundation, Dessau, pp. 41-44.
- Blackman, T., et al. (eds.) (2001), *Social Care and Social Exclusion: A Comparative Study of Older People’s Care in Europe*, Palgrave, Basingstoke.
- Blunkett, D. (2003), *Civil Renewal: A New Agenda*, The CSV Edith Kahn Memorial Lecture, Home Office, London.
- Borzaga, C. (1999), *The Role of the Third System – Neighbourhood Services*, Report of the Capitalisation Group – Third System and Employment Pilot Action, European Commission DG Employment and Social Affairs, Brussels.
- Borzaga, C. and J. Defourny (eds.) (2001), *The Emergence of Social Enterprise*, Routledge, London.
- Borzaga, C. and R. Spear (eds.) (2004), *Trends and Challenges for Cooperatives and Social Enterprises in Developed and Transition Countries*, Edizioni31, Trento (Italy).
- Campbell, M. (1999), *The Third System Employment and Local Development*, Synthesis report for DGV “Third System, Employment and Local Development” Capitalisation Project, Policy Research Unit, Leeds Metropolitan University, Leeds.

- CEC (Commission of the European Communities) (1995), *Local Development and Employment Initiatives: An Investigation in the European Union*, SEC 564/95, Office for Official Publications of the European Communities, Luxembourg.
- CEC (1996), *First Report on Local Development and Employment Initiatives*, SEC (96) 2061, Office for Official Publications of the European Communities, Luxembourg.
- CEC (2002), *Europe's Response to World Ageing: Promoting Economic and Social Progress in an Ageing World: A contribution of the European Commission to the 2nd World Assembly on Ageing*, Communication from the Commission to the Council and the European Parliament COM(2002) 143 Final, Commission of the European Communities, Brussels.
- CEC (2004a), *Facing the Challenge: The Lisbon Strategy for Growth and Employment*, Report from the High Level Group Chaired by Wim Kok, Office for Official Publications of the European Union, Luxembourg.
- CEC (2004b), *A New Partnership for Cohesion – Convergence Competitiveness Co-operation*, Office for Official Publications of the European Union, Luxembourg.
- CEC (2005), *Third Progress Report on Cohesion: Towards a New Partnership for Growth, Jobs And Cohesion*, Communication from the Commission COM(2005) 192 Final, Commission of the European Communities, Brussels.
- CIRIEC (Centre International de Recherches et d'Information sur l'Economie Publique, Socialie et Coopèrative) (1999), *The Enterprises and Organisations of the Third System: A Strategic Challenge for Employment*, Final Report to the European Commission on the Third System and Employment Action, CIRIEC, Brussels.
- Culhane, M. M. (2001), *Global Aging – Capital Market Implications*, Goldman Sachs Strategic Relationship Management Group, Chicago.
- DTI (Department of Trade and Industry) (2003), *Social Enterprise: A Strategy for Success*, Department of Trade and Industry, London.
- Esping-Anderson, G. (1996), *Welfare States in Transition: National Adaptations in Global Economies*, Sage Publications, London.
- Eurostat (2006), *Regional Unemployment Rates in the EU25 ranged from 2.6% to 30.1% in 2005*, Eurostat News Release 150/2006, Office for Official Publications of the European Community, Luxembourg, 16th November.

- Eurostat (2005), *Eurozone Unemployment up to 8.9%*, Eurostat News Release 59/2005, Office for Official Publications of the European Community, Luxembourg, 3rd May.
- Eurostat (2007), *Euro Area and EU27 Unemployment Down to 7.1%*, Eurostat News Release 75/2007, Office for Official Publications of the European Community, Luxembourg, 1st June.
- Evers, A. (2001), “The Significance of Social Capital in the Multiple Goal and Resource Structure of Social Enterprises”, in C. Borzaga and J. Defourny (eds.), *The Emergence of Social Enterprise*. Routledge, London, pp. 296-311.
- Evers, A. and J-L. Laville (2004a), “Defining the Third Sector in Europe”, in A. Evers and J-L. Laville (eds.), *The Third Sector in Europe*, Edward Elgar, Cheltenham, pp. 11-42.
- Evers, A. and J-L. Laville (2004b), “Social Services by Social Enterprises: On the Possible Contributions of Hybrid Organisations and a Civil Society”, in A. Evers and J-L. Laville (eds.), *The Third Sector in Europe*, Edward Elgar, Cheltenham, pp.237-255.
- Graefe, P. (2004), “The Social Economy and the American Model: Relating New Social Policy Directions to the Old”, Paper presented at 7th GASPP (Globalism and Social Policy Programme) Seminar, McMaster University, Canada, 11 September.
- HM Treasury (2002), *The Role of the Voluntary and Community Sector in Service Delivery: A Cross Cutting Review*, Her Majesty’s Treasury, London.
- HM Treasury (2003), *Futurebuilders: An Investment Fund for Voluntary and Community Sector Public Service Delivery*, Her Majesty’s Treasury, London.
- Jessop, B. (2000), “The Crisis of the National Spatio-Temporal Fix and the Tentential Ecological Dominance of Globalising Capitalism”, *International Journal of Urban and Regional Research*, Vol. 24, No. 2, pp. 323-360.
- Kok, W. (2003), *Enlarging the European Union: Achievements and Challenges*, Report of Wim Kok to the European Commission, Robert Schuman Centre for Advanced Studies, European University Institute, Florence.
- Kondratieff, N. D. (1928, reprinted edition 1984), *The Long Wave Cycle*, Richardson and Snyder, New York.

- Laville, J-L. (1999), *The Role of the Third System – Cultural and Leisure Industries*, Report of the Capitalisation Group – Third System and Employment Pilot Action, European Commission DG Employment and Social Affairs, Brussels.
- Laville, J-L., *et al.* (1999), *The Third System: A European Definition*, Report of the Capitalisation Group – Third System and Employment Pilot Action, European Commission DG Employment and Social Affairs, Brussels.
- Laville, J-L. and M. Nyssens (2001), “The Social Enterprise: Towards a Theoretical Socio-Economic Approach”, in C. Borzaga and J. Defourny (eds.), *The Emergence of Social Enterprise*, Routledge, London, pp. 312-332.
- Lloyd, P. (2004), “The European Union and its Programmes Related to the Third System”, in A. Evers and J-L. Laville (eds.), *The Third Sector in Europe*, Edward Elgar, Cheltenham, pp. 188-205.
- Lloyd, P. and P. Ramsden (2000), *Local Enterprising Localities: Area Based Employment Initiatives in the United Kingdom*, Office for Official Publications of the European Communities, Luxembourg.
- Lloyd, P., *et al.* (1996), *Social and Economic Inclusion through Regional Development*, Report for European Commission DG XVI, Office for Official Publications of the European Communities, Luxembourg.
- LRDP Ltd (2002), *Evaluation of Local Social Capital Pilot Project*, Submitted to European Commission DG Employment and Social Affairs.
- Mlady, M. (2004), *Regional Unemployment in the European Union and Candidate Countries in 2003*, Eurostat: Statistics in Focus – General statistics 3/2004, Office for Official Publications of the European Community, Luxembourg.
- Office of the Third Sector (UK) (2006), *Social Enterprise Action Plan: Scaling New Heights*, Office of the Third Sector, London.
- Osterle, A. (2001), *Equity Choices and Long-term Care Policies in Europe*, Ashgate, Aldershot.
- Peck, J. and A. Tickell (1995), “Social Regulation after Fordism: Regulation Theory, Neo-Liberalism and the Global-Local Nexus”, *Economy and Society*, Vol. 24, No. 3, pp. 357-86.
- Peck, J. and A. Tickell (2002), “Neo-Liberalising Space”, *Antipode*, Vol. 34, No. 3, pp. 380-404.

- Putnam, R. D. (1993), *Making Democracy Work: Civil Traditions in Modern Italy*, Princeton University Press, Princeton.
- Salt, J. (2005), *Types of Migration in Europe: Implications and Policy Concerns*, EPC(2005)S3.1, Paper presented to European Population Conference 2005: Demographic Challenges and Social Cohesion, Strasbourg, 7-8 April.
- Schumpeter, J. A. (1939), *Business Cycles*, McGraw-Hill, New York.
- Spear R., et al. (eds.) (2001), *Tackling Social Exclusion in Europe: The Contribution of the Social Economy*, Ashgate, Aldershot (in collaboration with CIRIEC).
- Tickell, A. and J. Peck (2003), “Making Global Rules: Globalisation or Neo-liberalisation?”, in J. Peck and H. Wai-chung (eds.) *Remaking the Global Economy: Economic Geography Perspectives*, Sage, London, pp.163-181.
- Walker, A. and T. Maltby (1997), *Ageing Europe*, Open University Press, Milton Keynes.
- Wallace, H. (2001), “The Changing Politics of the European Union: An Overview”, *Journal of Common Market Studies*, Vol. 39, No. 4, pp. 581-94.

Notes

1. Peck and Tickell (2002, cited in Graefe, 2004) identify this as what they call a “roll out” strategy – bringing markets and managerialism into the social and political sphere.
2. See Birkholzer’s (1996) notion of the “shadow economy”.

Notes on Contributors

Carlo Borzaga

Carlo Borzaga is the Dean of the Faculty of Economics at the University of Trento, where he is also a Professor of Economics. Since 1997, he has served as President of the *Istituto Studi Sviluppo Aziende Non-Profit* (ISSAN), a research and training institute of the University of Trento that focuses on non-profit research and, since 2002, he has been the Vice-President of the EMES (The Emergence of Social Enterprise in Europe) Network. He is currently the scientific co-ordinator of the OECD LEED Centre for Local Development on social economy research. Professor Borzaga has worked with the European Commission (DGV), as a member of the Capitalisation Committee and also as an advisor to the Italian government in the development of a number of bills focusing on the non-profit sector. Professor Borzaga has authored and co-edited numerous works on the theory of non-profit enterprises and social enterprises.

Nilda Bullain

Nilda Bullain is Executive Director of the European Center for Not-for-Profit Law (ECNL). ECNL previously operated as the Budapest branch office of the International Center for Not-for-Profit Law (ICNL), an international organisation headquartered in Washington, DC, where Ms. Bullain has been serving as Senior Legal Advisor. She has been working in CSO legal reform in several Central European countries joining the EU. Ms. Bullain has expertise in legal and fiscal areas concerning CSO and civil society development, especially the CSO-government cooperation framework, CSO taxation, philanthropy, public benefit status, volunteering, and delivery of social services.

Prior to joining ICNL, Ms. Bullain was Executive Director of the Civil Society Development Foundation Hungary (CSDF), a leading resource and support centre for CSOs in Hungary and Central and Eastern Europe. Before her involvement with CSDF, Ms. Bullain worked as a parliamentary aide in

the Foreign Affairs Committee of the Hungarian Parliament and assisted the Alliance of Free Democrats. She has been involved in human rights organisations in Hungary since 1988 and was editor of the feminist journal *Nőszemély*.

Emma Clarence

Emma Clarence is a policy analyst with the OECD LEED Programme based at the Trento Centre in Italy, where she started working in 2007, focused on social inclusion and the social economy. Prior to joining the OECD, Dr Clarence had worked as a research associate in various universities in the United Kingdom and had been a lecturer in politics at the University of Aberdeen (Scotland), as well as doing part-time consultancy work. She has published widely in the field of public policy.

Vanna Gonzales

Vanna Gonzales obtained her Ph.D. in political science from the University of California Berkeley (2006). She is currently an Assistant Professor at the School of Justice and Social Inquiry at Arizona State University (USA). Her teaching and research interests include the welfare state, community and non-profit organisations, and social and economic justice. Currently, she is working on projects related to social exclusion and the impact of governance on social capital formation. Her latest work is “Globalization, Welfare Reform and the Social Economy: Developing an Alternative Approach to Analyzing Social Welfare Systems in the Post-Industrial Era,” *Journal of Sociology and Social Welfare*, Vol. 34, No. 2, 2007.

Xavier Greffe

Xavier Greffe is Professor of Economics at the University Paris I - Sorbonne where he manages the doctoral program in Economics, having taught in Algiers, Los Angeles (UCLA), Poitiers and Orléans where he was Rector. For twelve years he worked with the French administration, where he was Director of New Technologies in the Department of National Education, and Director of Training and Apprenticeship in the Department of Labour and Employment. He is a consultant for the European Union Commission, where he managed the Local Employment Development Action Program (LEDA) between 1995 and 1999, and the OECD, where he is currently serving on the Trento Scientific Committee on Local

Governance. Professor Greffe is a specialist in the fields of local development, economic policy and the economics of culture.

Katerina Hadzi-Miceva

Katerina Hadzi-Miceva is working as a Legal Advisor of the European Center for Not-for-Profit Law (ECNL) in Budapest. She implements programs on legal reform affecting civil society organisations (CSOs) in Europe and particularly the Balkan region since 2000. She provides assistance in development of policies affecting the sustainability of CSOs and public participation by working closely with government officials, CSOs, judges, lawyers, and international donors. She provides legislative assistance and is building the capacity of local stakeholders on legal issues affecting CSOs, such as public benefit status, public funding, cross-sectoral partnerships, public participation in policy-making, self-regulation mechanisms, taxation of CSOs, corporate and individual philanthropy and the legal framework for volunteering. She has been developing multi-country comparative analysis in the areas of sustainability of CSOs. She has experience in fundraising, planning and implementing projects within the frameworks of various project management models.

Prior joining ECNL she co-founded and managed the Human Rights Students' Organisation at the Central European University in Budapest, when she initiated courses to supplement the curriculum of the Human Rights Program of the University and developed human rights awareness raising and capacity building projects. Also, she volunteered for the Civil Society Resource Center in Macedonia, during which time she worked on projects aiming to raise awareness about the rights of pre-trial detainees and refugees, and has conducted comparative legal analysis in these fields.

Maria Jeliaskova

Maria Jeliaskova is a sociologist and Research Associate at the Institute of Sociology, Bulgarian Academy of Sciences. She is an Affiliate Lecturer on Social Policy and Social Work at Sofia University and Associate Professor on European Projects at the University for National and World Economy, Sofia. She has more than 10 years of experience in the activities of non-governmental activities in the field of poverty eradication and social economy and is Executive Director of the Anti-Poverty Information Centre, the co-ordination unit for the European Anti-Poverty Network (EAPN) in Bulgaria. She is a member of EAPN Task Force on Social Inclusion and consultant on national preparation processes for EU integration at the

Bulgarian Ministry of Labour and Social Policy. Maria Jeliaskova has participated and managed many national and international projects for the European Commission, national government departments and development agencies.

Jean-Louis Laville

Jean-Louis Laville is a professor at CNAM (*Conservatoire National des Arts et Métiers*) in Paris, he is also the co-director of LISE (*Laboratoire Interdisciplinaire pour la Sociologie Économique*) and at the French department of research of (CNAM-CNRS). Recent publications include: *Action Publique et Économie Solidaire*, Toulouse, Erès, 2005 (avec P. Magnen, G.C. de França Filho, A. Medeiros); *The Third Sector In Europe*, Cheltenham, Edward Elgar, 2004 (with A. Evers) and *Sociologie des Services*, Toulouse, Erès, 2005.

Ewa Leś

Ewa Leś is currently a Professor at the Polish Academy and Institute of Science and Political Studies and also serves as the Chair of the Research Centre on Non-Profit Organizations at the Institute of Political Studies, as well as Director of the Post-Graduate Programme on Non-Profit Management. Professor Leś was a recently elected member of the advisory group to the Executive Committee of the Polish Association of Social Workers, where she has also held positions as Co-founder and President. Her experience in co-ordinating major research projects includes, most recently, a Non-Profit Sector Project in Poland, funded by the Polish Committee for Scientific Research (2000-2002) and a Comparative Non-Profit Sector Project funded by the John Hopkins University (1997-2001)

Benoît Lévesque

Benoît Lévesque is an Associate Professor at the National School of Public Administration (ÉNA) and at the University of Québec in Montréal. He is a member of the research centre on social innovations (CRISES) and at the Alliance of University Research and Communication (ARUC), an economic society where he was the co-founder and the director until 2003. He is co-author of *The New Social Economy* (DDB, 2001). Benoît Lévesque is the President of the International Scientific Commission of CIRIEC International. His fields of study include theories of the social economy as it relates to regional and local development.

He is the author of numerous articles and works which include *Economic Recovery and Territorial Development* (in collaboration with Jean-Marc Fontan and Juan-Luis Klein, Université of Québec Press, 2003), and *Work, Social Economy and Local Development* (in collaboration with Y. Comeau, L. Favreau et M. Mendell, Québec, Université of Québec Press).

Peter Lloyd

Professor Peter Lloyd is an Emeritus Professor and former Dean of Social Sciences at the University of Liverpool. He is a recognised European authority on regional and local economic development. He left the academic world in 2001 to pursue a career in private consultancy after 40 years as an academic Geographer. He is currently a part-time Technical Director at Ecotec Research and Consulting Ltd and works part-time in an independent capacity.

During the last decade Peter's most important role has been as an "expert" advisor to the European Commission. He has contributed to European Commission research programmes on Local Development and Employment Initiatives, New Sources of Employment, Jobs for the Long Term Unemployed, Community Economic Development, Territorial Employment Pacts and the Third System and Employment. In association with ECOTEC Research and Consulting, he has just completed two major projects for DG Employment and Social Affairs. IDELE reviewed policy and best practice in local employment development across the EU25 and FALDE carried out a "stocktake" of the available capacity for local employment development in the EU12 new accession states.

Marguerite Mendell

Marguerite Mendell is Vice Principal and Associate Professor, in the School of Community and Public Affairs, Concordia University, and is also Director of the Karl Polanyi Institute of Political Economy, Concordia University. Professor Mendell is a member of the Editorial Committee of the journal *Economie et Solidarité*, and Member of the Advisory Board of Studies in Political Economy. She is also member of *Centre de Recherche sur les Innovations Sociales dans Économie Sociale, les Entreprises et les Syndicats* (CRISES); and, member and Director for Concordia University of the SSHRC Community University Research Alliances (CURA) program. (Project: *L'Économie Sociale*). Professor Mendell is Member of the Board of Directors, *Chantier de l'Économie Sociale* and former President of the Montreal Community Loan Association.

Antonella Noya

Antonella Noya is a policy analyst with the OECD LEED Programme, where she has been working since 1997. She is responsible for LEED activities on social inclusion at the local level and Manager of the OECD/LEED Forum on Social Innovations. Prior to joining the OECD, Ms Noya was for several years a lecturer in Industrial Relations and Labour and Trade Union Law at the LUISS University in Rome, where she also worked as a manager in the Legislative Directorate of INTERSIND (the former employers' association for state-owned business). Parallel to this she did part-time work for leading Italian research centres.

At the OECD, Ms Noya has developed new areas of work, including: the role of the non-profit sector in local development, the role of culture in local development, asset-building for low-income people, social innovation, and community capacity building. Within this framework she has organised international conferences and study missions and coordinated studies and international reports. She is the editor and co-author of several OECD publications.

Ermanno Tortia

After graduating in economics at the University of Turin in 1995, Ermanno Tortia pursued Masters degrees in London and Rotterdam in institutional economics and the philosophy of economics, before completing his doctorate in Bologna, on labour managed firms. Since 2001 his research interests and activities have been in the field of industrial relations, human resources management and organisational innovation. From the beginning of 2004 Dr Tortia has been employed at the University of Trento as a researcher working on governance and labour relations in non-profit organisations and co-operative firms.

Glossary

Civil society

Civil society may be defined as a space or arena between households and the state, which affords possibilities of concerted action and social organisation. Thus, it encompasses all voluntary associations of citizens, whether politically motivated or active or not (although the term carries an implication of political consciousness and activity): business, labour, non-governmental organisations, churches, special interest or purpose groups. These elements are the constituents of civil society, but none can individually be representative of it. Business is often excluded, although the OECD does include it, given that channels of communication between traditional organised business and labour and government are generally well established. Most frequently the term is used interchangeably with “NGOs” where the term “NGO” refers specifically to activist groups, although these are simply one category of civil society as a whole.

Co-operative

A co-operative is an association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise. Examples of co-operatives in Europe can be traced back to the 19th century. The International Labour Organisation has recently (2003) suggested that co-operatives should be based on the values of self-help, self-responsibility, democracy, equality, equity, and solidarity and share the principles of: voluntary and open membership; democratic member control; member economic participation; autonomy and independence; education, training and information; cooperation among cooperatives; and, concern for the community, which were identified by the International Co-operative Alliance in 1995. A co-operative includes one or more kinds of users or stakeholders: 1) consumers who use the enterprise to acquire products or services (such as a retail co-operative, housing, healthcare or day-care co-operative); 2) producers (such as independent entrepreneurs, artisans, or

farmers) who use the enterprise to process and market the goods or services they produced, or to buy products or services necessary to their professional activities; and 3) workers who use the enterprise to secure their employment and control their working conditions. Co-operatives operate democratically (one person, one vote) through two bodies (general meeting of the members or delegates, and the board of directors, which is composed of members elected at a general meeting). The delegate structure may be required to reflect the size of the organisation or the distance covered by the co-operative. The co-operative's start-up capital usually comes from co-op shares purchased by members. Since 1980, special co-operatives, known as social co-operatives, have become more widespread in OECD member countries.

Foundation(s)

Foundations are philanthropic organisations, organised and operated primarily as a permanent collection of endowed funds, the earnings of which are used for the long-term benefit of a defined geographical community or non-profit sector activity. Foundations operate as grant-making institutions, and also as providers of social, health and cultural services. It thus provides a significant link between the private and non-profit sectors, acting as a recipient of private capital and a funder of non-profit organisations. Foundations are tax-exempt, incorporated, not-for-profit, organisationally autonomous, and cannot be controlled directly or indirectly by government at any level, corporations, associations and their members, or individuals). Because they occupy a unique and central place in the non-profit sector, the development of foundations will strongly affect the future of the sector as a whole.

Mutual organisations/societies

A mutual organisation is an organisation owned and managed by its members and that serves the interests of its members. Mutual organisations can take the form of self-help groups, friendly societies and co-operatives. Mutual organisations exclude shareholding as they bring together members who seek to provide a shared service from which they all benefit. They are widely represented in the insurance sector.

Non-profit sector

The best known definition, while not commonly shared, particularly in European countries, is undoubtedly that supplied by the Johns Hopkins University in Baltimore (www.jhu.edu/~cnp/). According to this definition,

the sector includes organisations which are voluntary, formal, private, self-governing and which do not distribute profits, such as hospitals, universities, social clubs, professional organisations, day-care centres, environmental groups, family counselling agencies, sports clubs, job training centres, human rights organisations and others. In fact, entities belonging to the non-profit sector can vary from country to country according to national history and tradition. The term non-profit, born in the USA, refers mainly to the absence of profit distribution. This is substantially different to the European approach of “social economy”, which includes co-operatives. However, this difference is less significant when investigated through empirical research. C. Borzaga and J. Defourny (*The Emergence of Social Enterprise*, 2001, Routledge, London) argue that the distribution of profits is in any case limited by internal and external regulations in co-operatives and mutual organisations in European countries.

Social economy

The term “social economy” first appeared at the beginning of the 19th century in France. It was, nevertheless, only at the beginning of the 20th century that it began to be employed to indicate various entities aimed at improving collective working conditions and individual lives. This concept is now also used by Anglo-Saxon countries to refer to the production of goods and services provided not solely by the non-profit sector, but also, in some cases, by private enterprises with shareholder agreements that force the majority of shareholders to agree to social objectives undertaken by the firm. Among the organisations belonging to the social economy, one can find associations, co-operatives, mutual organisations and foundations. This type of economy is essentially regulated by the stakeholder principle, which stands in stark contrast to the notion of shareholder capitalism. The “social economy” is a broader concept than the non-profit sector, as it is less strictly bound to the non-distributional constraint, according to which organisations cannot legally redistribute their surplus to their owners (see also “Third sector”).

Social enterprise

An organisation form which has flourished in recent years, many definitions of social enterprise exist. Apart from academic definitions, and those elaborated by international organisations, which are built around general criteria, definitions used within countries are specific to the national understanding of the phenomenon of social enterprises. Increasingly countries are developing legal definition of social enterprises. Generally, this concept refers to any private activity conducted in the public interest,

organised with an entrepreneurial strategy and whose main purpose is not the maximisation of profit, but the attainment of certain economic and social goals, and which, through the production of goods and services, brings innovative solutions to problems such as social exclusion and unemployment (see *Social Enterprises*, OECD, 1999). In this way, social enterprises combine the entrepreneurial skills of the private sector with a strong social mission that is characteristic of the social economy as a whole. Social enterprises are part of the thriving and growing collection of organisations that exist between the private and public sectors. They come in a variety of forms including employee owned businesses, credit unions, co-operatives, social co-operatives, development trusts, social firms, intermediate labour market organisations, community businesses, or charities' trading arms. They mainly operate in two fields of activity: the training and integration into employment of persons excluded from the labour market, and the delivery of personal and welfare services.

Solidarity economy (économie solidaire)

The idea of the solidarity economy is mainly used in France and Canada (Quebec), and is also widespread in Latin America. It has different meanings according to the geographical context in which it is used: in the South American context, it mainly refers to fair trade and the popular economy, in Quebec it is linked to cooperatives, non-profit enterprises as well as to community economic development (*mouvement économique communautaire*) and in Europe to solidarity initiatives, mainly, but not exclusively, in the proximity services. Sometimes the term is used in association with the term social economy (as in Quebec) and sometimes in opposition to it, notably where the social economy is seen as composed of established organisations, while the solidarity economy mainly refers to non-established citizens' initiatives aimed at experimenting with new paths of economic development. In the European context, examples such as the fair trade movement are developing inside the sector, together with innovative forms of financial/non monetary-exchanges based on reciprocity.

Third sector

The concept of “third sector” is often used as a synonym to the non-profit sector and, more recently, also to “social economy”, particularly in European literature. The term was chosen to reflect the idea that the sector assembles these otherwise disjointed entities, and that it sits between the public and private sectors and follows unique social goals and internal organisational rules. Its mode of financing is mixed, as it can seek both private and public funding. The idea of establishing a distinct “third sector”

has given rise to many hefty debates, which have centred upon the danger of using the third sector as a residual sphere or “dumping ground” for those individuals excluded from the private and public sectors. To avoid the danger of social polarisation, the third sector should not merely be seen as an alternative route or juxtaposition to the public and private sectors, but as an interactive and reflexive component of economy and society. Others have argued that the boundaries of the third sector cannot be established with certainty, and for this controversial reason the European Commission preferred the use of the term “Third System”.

Third system

The term “Third System” was first utilised by the European Commission in 1997 and refers to the economic and social fields represented by co-operatives, mutual companies, associations and foundations, as well as all local job creation initiatives intended to respond, through the provision of goods and services, to needs for which neither the market nor the public sector appear able to make adequate provision. On the initiative of the European Parliament, in 1997 the European Commission introduced a new pilot action entitled “Third System and Employment”. The aim of the action was to explore and enhance the employment potential of the “Third System” with an emphasis on the areas of social and neighbourhood services, the environment and the arts (http://ec.europa.eu/employment_social/publications/2002/ke4502555_en.html).

Table of Contents

Foreword	3
Executive Summary	9
Chapter 1. Social Economy Organisations in the Theory of the Firm.....	23
Introduction.....	25
A definition of the field.....	27
Roles and evolution of social economy organisations	31
The functioning of social economy organisations	34
The social economy and the evolution of the economic theory of the firm.....	36
Social economy organisations and the relevance of not-self interested motivations	42
Toward a new explanation of social economy organisations.....	44
Social economy organisations and economic development	49
Conclusion	50
Annex 1. A brief resumé of the Hansmann model.....	52
Bibliography	53
Chapter 2. The Social Economy in the New Political Economic Context	61
Introduction: The “new political economic context”	62
Some markers for conditions in contemporary Europe.....	63
Neo-Liberalism and growing pressures on the European social model	66
Where stands the social economy?	67
The social economy: an identifiable source of value-added for new times	72
The social economy as a provider of insertion jobs.....	75
The social economy as service gap-filler and a device to “prospect for new jobs”.....	77
Conclusion: seeking a sustainable future for the social economy.....	80
Bibliography	86
Chapter 3. The Role of the Social Economy in Local Development.....	91
Introduction.....	92
Internalising external effects.....	97
Eliminating asymmetrical information	104

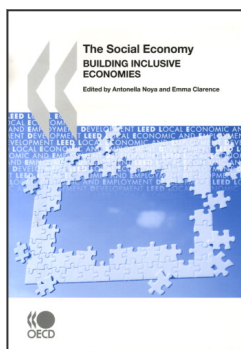
Preventing moral hazard: social capital as an endogenous resource.....	111
Conclusion: scaling up the social economy for local development	114
Bibliography	116
Chapter 4. Social Enterprises, Institutional Capacity and Social Inclusion.	119
Introduction.....	120
Social enterprises, welfare networks, and social inclusion:	122
Evaluating empowerment among Italian social co-operatives in Lombardia and Emilia Romagna	130
Conclusion: can empowerment be promoted?	143
Annex 4. Summary of key measures for social efficacy.....	147
Bibliography	148
Chapter 5. The Social Economy: Diverse Approaches and Practices in Europe and Canada.....	155
Introduction.....	156
Economy and solidarity: a European history	157
The variety of socio-economic experimentation in Canada.....	165
Diversity of theoretical approaches.....	172
Conclusion	179
Bibliography	182
Chapter 6. The Social Economy in Central East and South East Europe	189
Introduction.....	190
Social economy in Central East and South East Europe prior to the Second World War	190
Long-term impact of communism on the social economy.....	191
The re-emergence of the social economy in Central East and South East Europe: the impact of transition	194
The evolving legal frameworks.....	198
General overview of the social economy in the region.....	203
Conclusion	206
Bibliography	209
Chapter 7. A Supportive Financing Framework for Social Economy Organisations	211
Introduction.....	212
Framework laws as a basic factor for sustainability	213
Conclusion	235
Bibliography	236
Notes on Contributors	239
Glossary	245

Tables

Table 3.1.	The evolution of local development	93
Table 4.1.	Typology of social co-operatives based on level of social efficacy	131
Table 4.2.	Frequency of formal advocacy activity among social co-operatives.....	133
Table 4.3.	Involvement of service users in distinctive levels of decision-making	134
Table 4.4.	Distribution of services and user types	138
Table A.1.	Summary of key measures for social efficacy	147
Table 5.1.	Four major categories of social economy organisations and enterprises.....	167
Table 7.1.	Sources of income and types of activities.....	219
Table 7.2.	Taxation of economic activities of social economy organisations in CEE	229

Figures

Figure 1.1.	Classification of social economy organisations.....	34
Figure 3.1.	Utility of social economy organisations	97
Figure 4.1.	Conceptual diagram of social enterprises' capacity to foster social inclusion	124
Figure 4.2.	Typology of institution capacity to fostering social inclusion .	130
Figure 4.3.	Property space defined by social efficiency: distribution of social co-operatives by region	132
Figure 5.1.	Quadrilateral of actors in a social economy enterprise	173
Figure 5.2.	The two dimensions of the solidarity economy	175
Figure 7.1.	Contribution of each source subject to volunteering.....	234



From:
The Social Economy
Building Inclusive Economies

Access the complete publication at:
<https://doi.org/10.1787/9789264039889-en>

Please cite this chapter as:

Lloyd, Peter (2008), "The Social Economy in the New Political Economic Context", in Antonella Noya and Emma Clarence (eds.), *The Social Economy: Building Inclusive Economies*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/9789264039889-4-en>

This work is published under the responsibility of the Secretary-General of the OECD. The opinions expressed and arguments employed herein do not necessarily reflect the official views of OECD member countries.

This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

You can copy, download or print OECD content for your own use, and you can include excerpts from OECD publications, databases and multimedia products in your own documents, presentations, blogs, websites and teaching materials, provided that suitable acknowledgment of OECD as source and copyright owner is given. All requests for public or commercial use and translation rights should be submitted to rights@oecd.org. Requests for permission to photocopy portions of this material for public or commercial use shall be addressed directly to the Copyright Clearance Center (CCC) at info@copyright.com or the Centre français d'exploitation du droit de copie (CFC) at contact@cfcopies.com.