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**CIRIEC-España, Revista de Economía Pública, Social y Cooperativa, n. 62, Special Issue, October 2008, p. 35-60**

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*CIRIEC-España, revista de economía pública, social y cooperativa*

ISSN: 0213-8093. © 2008 CIRIEC-España

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# Public Policies and Social Economy in Spain and Europe

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## **ABSTRACT**

*The article considers different economic policies likely to affect the social economy sector as an institutional sector. In a first time it sets up an analytical framework which allows to apprehend the policies contents and offers three typologies. In the light of this framework it first makes a global evaluation of policies implemented in Europe and then focuses on Spain, one of the Union countries with the highest level of development of these policies. Finally, the author evaluates the efficiency of the main measures of economic policy applied in this country.*

PALABRAS CLAVE: Economic policies, social economy, Spain, Europe.

CLAVES ECONLIT: L380, P130.

## **Políticas públicas y economía social en España y en Europa**

**RESUMEN:** Este artículo examina las diferentes políticas económicas susceptibles de incidir sobre la economía social como sector institucional. En primer lugar se ofrece un marco analítico que permita aprehender los diferentes contenidos de estas políticas así como edificar una tipología de las mismas. A la luz del marco anterior, se realiza un balance global de las políticas implementadas en la Unión Europea. El análisis se efectúa posteriormente con mayor detalle para el caso de España, uno de los países de la Unión con un nivel más avanzado de desarrollo de estas políticas. Se valorará finalmente la eficacia de las principales medidas de política económica puestas en marcha en este país.

**PALABRAS CLAVE:** Políticas económicas, economía social, España, Europa.

## **Politiques publiques et économie sociale en Espagne et en Europe**

**RÉSUMÉ:** L'objet de cet article est multiple. Nous proposons en premier lieu un cadre analytique permettant d'appréhender les différentes politiques économiques (et, d'une manière générale, les politiques publiques) susceptibles d'avoir des répercussions sur l'E.S. en tant que secteur institutionnel. A la lumière de ce cadre, nous dressons un bilan global des politiques mises en œuvre en Espagne, l'un des pays de l'Union dont le niveau de développement de ces politiques est le plus avancé. Enfin, nous ne nous limiterons pas à évaluer les principales mesures adoptées et, à travers le cas espagnol, nous proposerons également une méthodologie d'évaluation de l'efficacité des politiques de nature strictement économique.

**MOTS CLÉ:** Politiques économiques, économie sociale, Espagne, Europe.

## **1.- Introduction**

All public policy is based on theory and values and is conditioned by a socio-economic structure and the defined institutions. The first, the referential theoretical framework and the values, define the public aims to be reached by the policies as well as the instruments likely to be used a priori. The second, the structure and the institutions, define, on the other hand, the socio-economic problems to be solved, the actors of the politico-economic process and their relationship to power, the cultural and ideological framework, the priority to be given to the objectives and the instruments which are really useable.

In relation to the Social Economy and employment, different public policies have been applied in Europe. These policies are unevenly deployed in the nations of the Union and are different in their content. This uneven deployment and this diversity of policies are mainly explained by the economic, historical, social, cultural, political and institutional context which is particular to each national and regional situation in which they were conceived. More concretely, among the principal elements which explain the extent and the importance of the policies really deployed as well as the intensity and the manner of inserting the Social Economy in these policies, in general, and in the employment policies, in particular, appear the social and political recognition of this institutional reality (the Social Economy), the visibility and the image that the sector projects towards the society and the policy makers in relation to the role that they play in the multi-dimensional development (economic, social, cultural) of the nation, the economic weight and the tradition of this reality, and finally, its capacity to be a worthy representative in the different processes of elaborating and applying public policies.

In fact, in the countries where the Social Economy sector is widely recognized socially (even being explicitly mentioned in the national Constitutions), is traditionally strong, is economically dynamic and is capable of dialoguing with the authorities, there have been numerous public policy plans in this domain for a long time. On the other hand, in the countries where the institutional sector has only been politically "discovered" in the last decade (even though some of the components have been "recognized" for a long time, such as co-operatives), the specific measures aimed at the sector and/or the use in this sector are still rare and often pushed by supranational systems, that is to say, those of the European Union.

This article proposes, to begin with, a theoretical frame for analysing different public policies concerning the Social Economy and employment. This is the objective of Section 2 titled "Typologies of public policies concerning the Social Economy and employment". Secondly, it intends to analyse the differences in the contents of the policies as well as the inequality of their deployment in Europe. Finally, it intends to evaluate the policies with the objective of identifying the measures that are obstacles or,

on the other hand, levers for the appearance and development of employment in the Social Economy. These two last questions are considered in Section 3 entitled “Analysis of public policies set up” followed by a final section concerning “European policies in relation to the Social Economy and employment”.

## 2.- Typologies of public policies concerning the Social Economy and employment

The public policies that have a positive impact on employment in the Social Economy sector can be analysed from two perspectives:

- On one side, they can be studied from the angle of public policies in relation to the Social Economy, that is, the policies which aim at the entities and the sector structures. These policies have unequal *indirect* effects on employment.
- On the other side, they can be studied from the side of the policies which are supposed to have a *direct* effect on employment in the sector; these are included in the “employment policies”.

### 2.1 Public policies concerning the Social Economy

The ability to create and develop employment in the Social Economy depends directly on the deployment level and the development of the sector in the economy. The public authorities can condition and orient this deployment and its development with their public policies. Having been said, the existence and the characteristics of these depend, among other factors, on the visibility and the social and political recognition of the sector and its role in society, and especially, on the functionality of the sector in relation to the general and specific objectives of different public policies.

Concerning this last point, several studies (scientific works, official reports – including those of the Community Institutions – and reports from specialized research centres) have highlighted the ability of the Social Economy sector to correct significant social and economic inequalities and to contribute to the simultaneous pursuit of several objectives of general interest. Among these objectives are, in the first place, endogenous economic development, especially at the local level, and territorial autonomy, these two objectives being highly developed in the growing context of globalization and territorial vulnerability. In the second place, the Social Economy has proved to have a great capacity to correct the gaps in the area of social welfare services, such as services for disadvantaged persons and socio-cultural services, often called neighbourhood services. The neoclassic economic theory justified these

advantages of the Social Economy in relation to the public economy and the for-profit economy with arguments based on confidence in an asymmetric information context between agents and on the satisfaction of heterogeneous demand. But its importance comes not only from its ability to articulate the offers which must adjust to new demands which are not met, but also its ability to transform the values and the culture by re-directing the style of development (in the sense of consumption, production and organization plans). Thirdly, the Social Economy has been shown to have great capability to increase social cohesion at the territorial level, to activate social participation and democratic culture and to correct imbalances in different interest groups' ability to negotiate and to bring pressure in procedures of elaborating and applying public policies, especially those which are led at the regional and local levels. Fourthly, the Social Economy, due to its way of working, may contribute to making the distribution and redistribution of income and riches fairer than traditional capitalist enterprise. Finally, but not the least important, the Social Economy sector has proved to be a positive medium in correcting different imbalances in the labour market. In fact, it has contributed to creating new jobs, to preserving work in activity sectors and in enterprises in difficulty and/or threatened with closure, to increase work stability, to create jobs from the informal economy towards the official economy, to save crafts (for ex: handicrafts) to investigate new professions and to develop procedures for integrating especially disadvantaged groups and socially excluded people into the labour world.

The development of public policies by the policy makers and social actors has depended on the degree of knowledge and recognition of the multidimensional macroeconomic benefits of the daily activity carried out by the Social Economy. Consequently, the mistrust and negative prejudices concerning this sector by politicians have been the greatest obstacles for the development of policies in this domain.

When there is positive recognition of the sector and policies have been developed in its favour, these are founded on two main ideas. The first idea comes from *ordering policies* ("*ordnungspolitik*"). This idea is built on a defined delimitation of the Social Economy sector and is based on a strong recognition of the virtues as a positive action vector for social well-being and as a carrier of socially acceptable culture and values. When an idea of this kind prevails among the politicians, the public policies which are applied are of long term: it is the ordering policies which aim to install the structural, institutional, cultural and material framework for the development of the sector. The measures of organization policies are heterogeneous. They aim to:

- Provide a juridical-fiscal framework that is optimal and advantageous to microeconomic organizations, which can ease their birth, their deployment and their development in the economy. This framework can take shape in several ways: through recognition of these organizations in the national Constitutions, by statutory regulations adapted to the needs of this reality (with juridical innovations needed at each moment), fiscal regulation which is specific and advantageous to the sector, and finally by regulation concerning relations between public administration and the Social Economic sector (for example: a system of co-participation in the procedure of elaborating and applying public policy; positive discrimination for public contracts in function of criteria or "social clauses", etc.);

- Support the knowledge and the social visibility of this sector and its role in society through different institutional mechanisms (for example: insertion in the educational system at different levels, broadcasting in the medias, priority objectives in scientific subjects);
- Structure the measures of material economic-financial promotion (financial dispositions, real services to entities of the Social Economy, creation of departments for the promotion of the Social Economy in the heart of public administrations).

The contents of these measures of ordering policies reveal that they are stable and structural measures of the socio-economic system and not subject to political and economic cycles. If this stable and durable framework encourages the ability to deploy and develop the sector in the economy, it can thus indirectly carry with it positive effects on the creation, consolidation and development of employment in the Social Economy.

The second idea comes from *policies of procedures* (“*prozesspolitik*”). In this second idea, the Social Economic properties are considered in a stricter sense, in recognition of only a limited number of virtues or contributions to the general interest, especially in the pursuit of certain specific objectives of public policy. This is the case for example of the recognition of work co-operatives as a correcting mechanism of imbalances on the job market, and thus, as an instrument in employment policies, but ignores the other characteristics. The procedural policies remain limited and conditioned by the framework imposed by the ordering policies. A very restrictive framework would give little leeway for establishing measures of procedural policies.

When this idea prevails among the policy makers, which often happens when the policies are created by a sole department/ministry, these measures tend to be generally transitional, by being operational only while the priority is given to a specific problem, for example, unemployment. In that case, the support measures of the Social Economic sector tend to be economic-financial material promotion measures similar to those indicated in the above idea and, to a lesser extent, media coverage in function only of the problems to be solved.

## 2.2 Public policies, the Social Economy and employment: a theoretical framework

The study of public policies concerning the Social Economy and employment must be placed at the intersection of the two frames mentioned above, public policies concerning the Social Economy, which have a fundamental influence on the sector structures, and the “new employment policy”, especially in its second line, which has more visible and direct influence on employment. The theoretical framework that is proposed makes an assessment of the applied public policies in Europe based on two perspectives.

In the analysis, two central groups of public policies are distinguished. It concerns firstly the policies carried out in order to promote the creation and development of the organizations of the Social Economy as such. These measures should have an indirect, but decisive, influence on employment in the Social Economy.

At the heart of this group of measures, one can distinguish two sub-groups. The first are the policies of supply aimed at the structures/entities of the Social Economy, and which in their turn can be classified in three categories: the juridical-financial measures, the measures of financial aid to entities and the measures of technical support which deal with the real services supplied to the entities. The second sub-group includes the policies of demand which have an influence on the economic activities deployed by the organizations of the Social Economy; the increase of the first should have an indirect effect on employment in the Social Economy.

The second group of measures, based on the second main line of the “new employment policy” includes the policies centred on the promotion of employment in the Social Economy’s organizations, mainly by facilitating the direct creation of employment in the sector and facilitating the training and qualification of especially disadvantaged persons on the job market.

### **Table 1. Public Policies, Employment and Social Economy**

<p><b>POLICIES aimed at the organizations of the Social Economy</b></p> <p>- <i>Policies of supply (on the organizations' structure)</i></p> <ul style="list-style-type: none"><li>• Institutional measures</li><li>• Financial measures</li><li>• Technical support measures (real services)</li></ul> <p>- <i>Policies of demand (on the organizations activity)</i></p>
<p><b>POLICIES aimed at employment in the organizations of the Social Economy</b></p> <p>- Measures of aid for the direct creation of employment in the Social Economy</p> <p>- Measures of aid for training in the Social Economy</p> <p>- Other measures</p>



From this plan, it is possible to make out two different concepts of relations between public policies, Social Economy and employment. In the first concept, the main target is the quantitative creation of jobs in the sector. In this concept, employment policy is similar to social policy, it aims to compensate for the effects of exclusion and social inequality.

In the second concept, on the other hand, the central target of the employment policy is two-fold: on one side, to create jobs, on the other, to develop it (by consolidation and qualification). The second target demands the application of large-scale policies over a longer period aimed at the structures and economic activities, because the continuity, the development and the gains in productivity in the entities of the Social Economy are the necessary conditions for the development of employment in its heart. Consequently, the nature of the public policies in this second concept goes beyond purely palliative action which is representative of the previous concept ; it aims at the sector's productive activity, its structures and activities. It is close to the economic policies, especially the sector-based and horizontal policies.

Methodical precision must be added. The general measures of public policies to which every kind of enterprise has access have not been analysed. The different public policies deployed by the different governments (agricultural, regional, industrial, social and technological development policies, etc.) even though they are supposed to first follow certain public priority objectives, indirectly influence the job market by having an influence on the enterprises or microeconomic organizations (including those of the Social Economy). But it is not always possible to evaluate their relative impact on the different sectors. It is very difficult to identify the benefits obtained by the Social Economy sector because, in general, the results and the available information do not make distinction between different kinds of organizations. This is why, even though these measures are certainly worth being analysed, they are not considered in this study.

A more complete analysis of these general measures should be developed in the future. It could reveal the existence of significant "sector-based matthieu effects", that is to say, the enterprises which do not belong to the Social Economy could benefit more than proportionately from these measures for several reasons, among others, their greater capacity of access. Given the importance of public resources allocated to general policies rather than to specific policies concerning the Social Economy, one notices a back-to-front redistributing effect in the allocation of the resources and public means between the two private sectors. The development of specific policies concerning the Social Economy should, consequently, lean not only on the argument of fair reciprocity of the society towards the Social Economy because of its multidimensional macro social benefits, but also on the argument for necessary compensations between sectors to equalize the conditions in relation to the traditional private enterprise sector.

### **3.- Analysis of public policies set up**

The following analysis was realized in consideration that it is not always easy to classify public policy measures in the previously presented categories. In some cases, in fact, a measure may belong in two proposed categories simultaneously.

#### **3.1. Public policies aimed at the Social Economy's organizations**

##### **3.1.1. Policies of supply or aimed at the structure of the Social Economy organizations.**

###### A Measures of the institutional kind

The institutional framework that regulates the Social Economy and its different components has a decisive impact on their components, their relative internal development (between components of the Social Economy) and external development (concerning two other large institutional sectors, that is to say, public and private for-profit sectors), and indirectly on employment in the sector.

Three dimensions of the institutional framework can be identified:

- a) public recognition of the sector and its components as social representatives and social agents;
- b) the juridical aspects, especially the statutes ;
- c) the fiscal framework affecting the sector.

The first dimension, the *public recognition of the sector and its components*, has been dealt with in the first chapter of this report. The main conclusion was that there exist significant differences in the question of public recognition between the components and between European countries.

A more complete analysis can be realized in function of three groups of variables:

- a) the existence of measures specific to the sector, such as juridical and statutory recognition, favourable taxation, public organisms dedicated to the sector as well as other measures aimed at the structures;
- b) the explicit recognition of the sector and its components as an active agent in the texts of general programs of public policy;
- c) the institutionalization of the sector and its components as social representatives in the elaboration and the negotiation of general measures of public policy.

In this respect, the study reveals that the most common situation in Europe is the existence of a mixed and fragmented recognition of the components of the Social Economy. When it concerns spe-

cific measures aimed at the sector, they are differentiated, affecting, in general, on one side the co-operatives, and on the other side, the social Social Economy or nonprofit sector.

As for measures of public policy which are not specific to the sector, in particular, the recognition of the sector as social representative in political debates and in the application of these measures, the Social Economy is reached by a "vertical approach": each ministerial department only addresses the organizations of the sector active in the field of the public policy in question, such as the employment policy, the social policy towards fragile target publics, etc. In Germany, for example, by applying the subsidiarity principle, the social policy concerning disadvantaged social groups that are in difficulty has been institutionalized around a stable relationship between the competent ministerial departments and the large organizations of the social Social Economy. In Italy, in the last years, the employment policy, which largely rests on the mechanics of social dialogue, has distinctly involved the two main components of the Social Economy : the co-operatives on one side, and the nonprofit organizations gathered around the Social Economy Forum, on the other side. The Solidarity Pact of 1998 and the National Action Plan for Employment of 1999 are some recent examples in this country, which are revealing of the approach.

The absence of a cross-disciplinary vision of the sector by the public authorities is thus quite generalized in Europe. Only France, notably with the DIES, interdepartmental delegation for social innovation and Social Economy, and, to a lesser extent, Spain, shows a greater cross-disciplinary recognition of the Social Economy by public authorities. In addition, the structuring of the sector is a preliminary condition for it to be recognized as a representative, a condition which is not always fulfilled, which decreases the opportunities to consolidate and develop the sector.

In several countries, the European Union plays a very decisive role in the recognition and development of the Social Economy. The inclusion of the term "Social Economy" in different European documents, such as those concerning employment policies and the use of structural funds in favour of the Social Economy are some advantageous elements. The influence of the European Union is particularly noticeable in the countries where the Social Economy only benefits from a visibility that is still limited. In Greece, for example, the National Union of Organizations of the Social Economy (PANCO) was created with the support of the European Commission, which also finances a project aiming to do an inventory of the Greek Social Economy organizations. In Ireland and in the United Kingdom, the term Social Economy has appeared for several years in public policies essentially because of the attention given it at the European level. In Sweden, it was after the setting up of the European structural funds that the idea of Social Economy really showed up.

#### *Juridical Aspects. The statutes.*

In a changing world, legislation must adapt to new demands of the epoch. The Social Economy, which is also changing, may see its development limited, slowed down or upset if the legislation does not accompany it positively. Conversely, if it is adequate, it can have an noticeable impact on the behaviour of the field workers and may constitute a very effective means to favour the Social Economy.

Thus, the impenetrable or restrictive character of the juridical rules linked to the creation of co-operatives may explain the low number of co-operatives in some countries, such as Germany. In other countries, such as Austria, the existence of control organizations (like revision organizations) to which co-operatives must belong may mean supplementary costs. In Italy, the associative status means significant limits to developing economic activities on a big scale, which is not the case in other countries, for example, France. On the other hand lack of protective legislation can lead to severe sectoral decline as a result of demutualization, as in the UK where outsiders have joined mutual building societies and succeeding in demutualizing them solely for personal profit.

The first consequence of this framework is the difference observed in the internal development in the sector of different juridical kinds of components of the Social Economy, and in its external development in relation to public and profit-making forms, the choices between different juridical forms being made in function of the possibilities, advantages, demands and inconveniences of each of the forms. A simple change in the legal requirements for using the statutes of the Social Economy has great immediate effects.

Thus, in Spain, for example, the succession of legislations more or less benevolent concerning labour societies (*sociedades laborales*) has caused important variations in the total number of societies created. While few *sociedades laborales* have been created during the period from 1990-1996, because of too high requirements for minimum social capital by the law, as of 1997 their number began to increase again when the law became more flexible and more advantageous on this point again. The modification in the minimum number of members required to create a co-operative, especially production co-operatives, is another factor that explains their rapid development or stagnation in certain countries. Some analogical reasons explain the preference for the co-operative status in Italy and the massive resort to the ASBL (nonprofit making association) status in Belgium.

This logic also appears in the regulations of the European Union. The recent modifications in the requirements in terms of the number of members and the turnover for the OCM – common market organizations – susceptible to work in the framework of the community's agricultural policy, particularly in the fruit and vegetable sector, have reduced the incentives for farmers to associate in agricultural co-operatives compared with other forms of enterprises.

The juridical aspects also have important impacts on the possibilities of developing Social Economy structures. These possibilities can be studied in four domains: the activities, financing, growth and employment.

The legislation can put up important barriers to the access and free development of certain activities by entities of the Social Economy. Thus, in certain member countries, consumers' co-operatives in the pharmaceutical domain are forbidden. In France, certain public agreements require a compartmentalization of activities to the detriment of traditional acts of the Social Economy, such as the mutualization of the results, which is especially the case of integration between activities called commercial

and those called non-commercial. This compartmentalization is judged also at European Union level where directives may upset the activities of the health mutuals by obliging them to dissociate the functions of prevention from sanitary and social works. On the other hand, in Spain, not taking the co-operatives into account in the regulations of certain activities has had the essential consequence of their being kept out of the concerned activities. Thus, legal reforms in the electricity sector have led to the juridical disappearance of certain very old enterprises of the Social Economy: the electricity supply co-operatives.

Finance is of primordial importance for the development of the Social Economy. It will be the subject of the following Section B. As a means of introduction, one can signal that, in several countries, there exist serious juridical hindrances in obtaining financial resources in addition to members' contributions and self-financing. New financial instruments have been explored. But these instruments are not neutral. Thus, in certain countries, such as France since 1992, the legislation has allowed the opening of the co-operatives' social capital to private investors. This has encouraged their privatization or absorption by capitalist groups and thus their loss for the Social Economy.

The traditional and natural logic of growth of Social Economy organizations centres on setting up federal structures and co-operative groupings. Certain decisions of the European Court of Justice could upset this manner of development. In fact, these federal structures are interpreted as cases of illegal agreement contrary to free competition. This interpretation is at the very least surprising compared to the permissiveness granted to the patrimonial and financial concentration of profit-making holdings.

In some cases, the juridical requirements for statutes in Social Economy organizations may act against the creation or consolidation of jobs. This is the case of the limits for contracting stable employees who are not members of workers' co-operatives in Spain. The ratio of stable employees/member workers is quite limited, if one compares it with other countries such as France, which has negative effects on the stability of employment in co-operatives with a strong and rapid growth, such as social co-operatives, since access to membership is generally slower.

Adapting the juridical regulations to new demands of the field workers encourages their recognition, deployment and development. In this way the process of juridical innovation in the form of new statutes, which have appeared in the social services sector in certain European countries such as Sweden, Finland, or Italy (the 1991 law concerning social co-operatives), has encouraged their recognition and their expansion during the last years. On the contrary, in other countries such as Spain, social enterprises and those for integration have difficulties in being recognized and institutionalized. In these last examples, the role of lobbying federal structures as well as support for other actors (unions, political parties, researchers and the media) may encourage their public recognition.

But these juridical innovations may be difficult if they appear to be without support or real demand on the part of field workers. In some cases, new juridical forms do not get the expected response. This is the case of the status of the societies with a social objective (*société à finalité sociale*) in Belgium,

recently introduced and which permits commercial societies to have a social objective before that of profit. This status has only a relative success; the situation can be explained notably by a certain lack of attractiveness and by the fear of non-profit making organization directors of losing some of their advantages (subsidies, fiscal schemes,...).

At the European level a few years ago, the Commission proposed the status of European Co-operative, European Mutual Society, and European Association. This measure of juridical order, which has not yet seen the light, could encourage the deployment of Social Economy transnational activities as well as support the sector's development in countries with weak public and juridical recognition.

### *Fiscal Measures*

A favourable fiscal system can facilitate the consolidation and development of the Social Economy. In different European countries some positive fiscal measures have been adopted. These measures have a different character according to the juridical forms of the Social Economy organizations and lean on several supporting arguments. These arguments put the accent on the mode of internal functioning and on the role developed by the Social Economy organizations. These two aspects distinguish these organizations from the profit-making sector.

In most cases, the juridical forms belonging to the social Social Economy or to the nonprofit making sector have more favourable fiscal treatment than co-operatives or mutuals. The argument that justifies the fiscal advantages rests especially on their nonprofit making status and on the allotment of their resources and profits to public or social interest activities. This argument has spread to several national fiscal legislations. In some countries, such as France, the fiscal regime has recently met some resistance on the part of opponents who see an element of unfair competition. This has led to better definition of the argument in terms of the "4P rule" (publicity, public, price and product) and especially to make operational the concept of *organization for social usefulness*, as defined by the target public, through its mode of internal functioning and through its statutory social objective.

In recent years some countries, such as Germany, Italy and Spain, have approved fiscal measures in favour of the social Social Economy. These measures have contributed to precisising the specific characteristics of this part of the sector in relation to the commercial profit-making sector. Two exemplary cases are the Decree 460/1997 concerning the *ONLUS - nonprofit organizations with a social purpose* – in Italy and in Germany, the « Public Welfare Act » (*Sozialgesetzbuch*) which regulates nonprofit entities. A positive aspect of these two incentive measures is the open manner adopted in defining the benefiting entities; these can have different juridical statutes such as association, co-operative, foundation, or even others. The Spanish Law 30/1994 concerning the fiscal regime of nonprofit entities is, on the other hand, more restrictive. It excludes co-operatives, among others the social co-operatives or co-operatives of integration, from the benefiting category. The Autonomous Community of Valencia, which is competent in the matter of legislation for co-operatives, approved the status of nonprofit co-operative in 1995, but this decision has not had the approval of the central government.

The co-operatives and mutual benefit organizations have seen a decrease in the relatively favourable character of their fiscal regime over the past years. In Germany, for example, the favourable arrangements have recently been repealed. In France, the relative advantages tend to be reduced: this is the case of the exoneration of the professional tax for the co-operatives, which had spread widely to other enterprises; the health mutuals' regime risks to be changed unfavourably. The favourable fiscal measures in these countries are justified notably, by the fact that the use of the co-operative statute is more demanding than the statutes of profit-making enterprises.

In the countries where co-operatives are recognized in the framework of great political programs, or even recognized and supported in the National Constitution, such as in Portugal, Spain and Italy, their fiscal regime has been maintained and even improved. This is the case in Portugal where the Law 85/1998 concerning the tax system for co-operatives that grants advantages at the tax level for societies and for the property tax has been approved. This is also the case in Spain with the Law 20/1990 concerning the tax system for co-operatives, which established three special tax systems for these entities, the general system for protected co-operatives justified by the kind of organization and their social objectives, the system for specially protected co-operatives justified by the target publics (farmers, workers, and unemployed people, etc.) and the system of credit co-operatives. However, these advantages must be qualified because they tend to be reduced in relation to profit-making enterprises especially in certain regions such as the Basque country.

The procedure in force in the different countries where an organization of the Social Economy obtains the status of fiscally protected entity is a fundamental aspect that conditions the fiscal advantages of the sector. In this way, in some countries, such as Germany, the statute of social Social Economy entities comes under the discretionary power of public administrations. In other countries, this statute is more precisely regulated, which gives greater juridical security to sector entities.

The evolutions these last years in fiscal regulations have had a significant impact on the internal composition of the Social Economy. Thus, in Spain, since the approval of the Law 30/1994 concerning the tax system for nonprofit entities, the social programs of saving banks have been progressively dissociated from the savings banks activity and granted independent juridical identity under the form of a foundation, which is a statute that benefits from the new tax system.

In general, the aims of the fiscal kind of measures are not principally to encourage employment in the sector. Nevertheless some exceptions exist in countries such as Portugal and Spain. In fact, the recent fiscal legislation for co-operatives in Portugal as well as the Spanish fiscal statute of 'specially protected co-operatives' granted to associated workers' co-operatives have been established with employment as the main objective.

Finally, one can wonder if a favourable fiscal regime is really effective as a support measure for the sector. In principle, the effectiveness depends on forms of taxation and the components of the Social Economy that benefit from them. Thus, one can point out that favourable treatment in tax mat-

ters for societies is more profitable for entities that develop their activity on the market and make profits. On the other side, a favourable treatment in tax matters on transactions, value added tax or local taxes, is relatively more profitable for small entities and those belonging to the non-market sector.

### B Financial kinds of measures

The consolidation, the professionalization and the development of jobs in the Social Economy entities are three processes directly linked to economic consolidation and development of these entities' structures. On this subject, investment financing (commercial and productive sorts, etc.) is a key element.

The Social Economy has traditionally experienced serious financial difficulties, even under-capitalization, which have limited its possibilities to develop and even handicapped its normal functioning. These difficulties are generally explained, on one side, by their specific statutory rules concerning internal functioning, notably the manner of power division in decision-making and the way of distributing profits, and, on the other side, by the difficulties they have to access traditional capital markets (for example, traditional bank credit). This factor, which strangles the sector's development, can be softened, or even neutralized, if some public policy measures aimed, firstly, to give equal access to traditional external credit as to that of profit-making enterprises, and secondly, to financially support their structures. These two objectives could be reached by means of two kinds of instruments: legislative measures and public financial organizations. One must note that these measures concern the structures and are thus not conditioned for the development of certain specific activities of profit-making entities.

Some countries have adopted legislative measures to re-enforce the co-operatives' own funds. Since the 90's, in countries such as Italy, France and Spain, these measures generally aim, firstly, to open social capital to private external investors, with such forms as "collaborating, associated or subvention members" (Italian and French laws from 1992, and Spanish regional and central laws). Their effects are up for discussion. In France, they have been prejudicial: most co-operatives which opened their social capital to external investors, notably producer co-operatives, have lost their co-operative status. In Italy and Spain, these types of measures have not yet received a big response. These legislative measures have also aimed at permitting the co-operatives to emit assumed titles without the right of vote for the general public. Italy has set an original measure of financial support to co-operatives « the mutuals funds for the promotion and development of co-operatives. Indeed law 51/1992 establishes the obligation for co-operatives to transfer 3% of their profits to funds belonging to the Centrales of the Italian co-operative movement of which they are members and in case of non membership, to a fund depending on the National Ministry of Labour. These funds materialize the 6th principle of interco-operative solidarity while supporting various types of initiatives for the development of the movement (creation of new co-operatives, support to development projects, training,...). Nowadays, the four main co-operative Centrales have their own funds. 5 358 new jobs have been created during



the last six years of activity of the biggest funds (*Coopfond* of Centrale *Legacoop* and *Fondosviluppo* of *Confcooperative*). Out of the 5 358 jobs created by the former, 3 121 are in promotion initiatives and 2.237 in development.

The possibility to create and use financial support structures of the co-operative sort in the sector is another measure. In Spain, the law permits the creation of “credit sections” in the co-operatives. These sections have the goal of re-enforcing the financial situation of the co-operative. Many agricultural co-operatives have benefited, especially for development. A recent regulation of the National Bank upset the activity of these sections, even eliminated them, by demanding that the potential receivers of credit be widened to subjects other than the co-operative.

An original formula was put in place in Spain in order to encourage the preservation of employment through support in creating workers’ co-operatives and *sociedades laborales*: workers having the right to unemployment allowance can choose “*capitalization in one unique payment of all the allowances*” if they decide to constitute an enterprise under one of the two juridical forms of the Social Economy mentioned. The Minister of Employment, through the mediation of the National Institute of Employment, pays the social security contributions of the benefiting workers during the theoretical period of receiving unemployment allowances. This measure does not exclude other support measures to which the workers and their enterprises may eventually have the right. One must point out that from 1985, the year in which this measure was put in place, until 1992, the year of the reform, the self-employed workers could also take advantage of this. The impact of this measure has been very positive. During the five years from 1994 to 1998, 42 725 workers took advantage from this measure among whom 22 260 constituted workers’ co-operatives and 20 465 *sociedades laborales*. In 1998, 38% of the workers who were members of the new worker co-operatives and 47% of the workers of the new *sociedades laborales* had used this public policy measure.

In several countries, incentives for *donations from private people and companies for the profit of social Social Economy entities* have set up. The fiscal incentive consists mainly of an exoneration from income taxes for private people and an exoneration from company taxes for enterprises. In the Netherlands, for example, the donations from companies can be deducted up to 6% of the taxable company income. In Denmark, private donations can benefit from exoneration that can reach 15% of the personal work income, with a ceiling of 15,000 crowns.

The access that Social Economy entities have to *funds that are generated by lotteries and games*, generally regulated and controlled by the state as public monopolies, is a public policy measure used in some countries to encourage part of the sector. Thus, in Finland, the monopoly of games with machines is given to RAY, an association which distributes the profits to social Social Economy associations. In 1997, RAY supported the creation of 1035 associations and distributed 1,454 million Finnish marks to sanitary and social associations. Another organization, the *OY Veikkaus AB*, which was initially an “umbrella” sportive association, became a public society with the monopoly of the lottery and games. Its profits must be given to art, sports, science and youth. In Spain, part of the public lottery

monopoly is given to the *ONCE* – National Organization of Blind People in Spain – one of the biggest Social Economy entities in this country. The profits obtained must be destined to social integration and work for handicapped people, especially the blind. Over the last two decades, the *ONCE* has created two groups with this finance: Foundation *ONCE* and *CEOSA*. In 1997, all the entities linked to *ONCE* employed 56 796 workers, of which 41 006 were handicapped (mostly blind people). And in the UK, a certain proportion of lottery money is distributed to charities on the basis of competitive application.

As for public organizations of specific financial support to the sector, some experiments have been set up in Europe. Some of them such as the *IDES*, Institute for Social Economy Development, in France, fed by public funds, have para-public characteristics which are similar to private support structures, a field which is the object of the previous chapter of this report. Four organizations deserve special attention:

The *CFI- Compagnia Finanziaria Industriale* - is an Italian financial society created in 1987 by the Law 49/1985 ('Marcora Law') whose capital is held by three central Italian co-operatives (*Legacoop*, *Confco-operative* and *AGCI*). Its objective is to support the reactivation of traditional enterprises in crisis by transforming them into co-operatives with the aim of preserving employment. This society supports newly created co-operatives by participating in up to 49% of their social capital under the form of risk capital and grants low interest loans. In 1996 its activity was temporarily blocked by the European Commission but was restored after the introduction of some modifications in its working rules. The evaluation of the measure has been positive: between 1987 and 1997, the number of enterprises and workers who benefited did not cease to increase, from 112 re-activated enterprises and 514 'saved' jobs in 1988 to 253 companies and 5 569 jobs in 1997.

The *Prodescoop*, which is a Portuguese organization of financial support to co-operatives, was created in January 1999 by the Minister of Work and Well-being. Its main function is to support the creation and the consolidation of employment in the co-operatives by encouraging the creation of new co-operatives and the development of old ones. It promotes stable employment by granting subsidies to co-operatives which increase the number of member workers (non-salaried employees).

The *Sowecsom* is a public limited company, which is a subsidiary of the Walloon regional investment company (Belgium) that promotes the market Social Economy by participating in the financing of investment projects, in creating and developing activities, in particular projects contributing to employment or training through work. It grants three kinds of support: loans, guarantees for loans from traditional banks and/or help in setting up a project. It must be noted that the guarantee funds have not yet been used because the traditional banks generally demand guarantees which are too great in relation to the sum to be borrowed, which is an evident example of the obvious obstacles for access to traditional credit by Social Economy entities.

The regional government of Valencia (Spain) participated directly in some development projects of the co-operative sector in the beginning of the 90's. The most remarkable project was financial support

for industrialization of regional agricultural products of the regional agricultural co-operative movement. It participated financially in 40% of the social capital of the industrialization society Agricon SA, and gradually pulled out by facilitating access to the capital of other co-operatives, of the 1<sup>st</sup> and 2<sup>nd</sup> degree, throughout the project consolidation. This experiment was a big success: industrial production has experienced strong growth since the beginning.

Not less important than the existence of financial support are, on one side, the real economic sums which these measures influence, and, on the other side, the capacity and diligence of the public authorities in making the payments. In general, the available public funds are very limited. Consequently, the sums are generally criticized by the sector. Because of these financial limits, sometimes only a part of the solicited support is really granted. As for the diligence in payments, it must be highlighted that the public authorities are often late payers. These long payment delays may cause serious problems for the treasury, or even the survival of many Social Economy organizations.

### C Technical Support Measures (Real Services)

Some countries have set up technical support measures in the form of public structures to support the Social Economy. These public structures, which mobilize material and human resources, offer different kinds of (non-financial) real services to the sector, aimed at improving some weak points: information, training, research, advice, networking, etc.

The public support structures tend to appear in countries and regions where public authorities have a voluntarist attitude in encouraging the emergence, consolidation and development of the sector entities and where this latter shows weak cohesion and a lack of obvious dynamism.

On the contrary, when the sector is more developed, structured and active, the public authorities tend to lean on the latter for elaborating and putting in place support measures, especially technical kinds. In these last cases, the support structures tend to be joint and to be totally or partially financed by public funds, even though they are managed by the sector entities or even the Social Economy movement. The main argument in favour of a public sector-Social Economy partnership in the field of technical support measures is that the involvement of the sector allows better identification of weak points and the real demands and thus better precision for adequate technical support measures. Moreover, this allows a more rational utilization of the mobilized public resources and a better appropriation of the structures by the sector. Besides, the action of these structures often develops at the local or regional level, a level at which the public authorities are more sensitive and better informed about the real problems of the Social Economy in their territory.

The public support structures are some tools for developing the Social Economy which have three main forms: a) passive structures when they limit themselves to supporting Social Economy initiatives, b) 'catalyst' structures when they directly encourage the hatching of development projects in the heart

of the sector, and c) proactive structures when they directly develop public projects aimed at sector development. These tools of material support are managed in a centralized way (Prodescoop in Portugal, for example) or decentralized (Co-operative Development Agencies in Finland and in Sweden).

Other than the technical services of advice, information, training, research, etc. deployed by these structures, there are interfaces and even representative functions between the public sector and the Social Economy. The institutionalization of this function has permitted, in some cases such as the DIES, Joint Ministerial Delegation for Social Innovation and Social Economy, in France and Incoop in Portugal, to assure continuous activity of consultation, legislative assistance, management of public policies and information for policy makers.

Other than this, and not less important, their actions of broadcasting the reality of the Social Economy and supporting research and publications relating to the sector have permitted the rise in the level of knowledge and receptivity of the general public and mainly by the field workers.

### **3.1.2. Policies of demand or aimed at the activities of the Social Economy organizations**

On the other side of the approach based on the supply side point of view, public policy measures of which aimed directly at supporting the Social Economy entities' structure, the approach based on the demand point of view consists in encouraging indirectly the sector by supporting what it does, that is to say, its activity. An evolution from the first approach towards the second has been experienced in several cases.

The preferred target activities of the measures on the activities, or demand policies, are the services of social well-being, which also correspond to the idea close to proximity services and most of the "new pools of jobs" made popular thanks to the Delors Report. These services have two essential characteristics which make them especially attractive in the eyes of public authorities: a) they use more man power than other activities and are less demanding in capital investment, and b) they generally demand a direct relation between the service provider and the end user. These characteristics give these activities a strong territorial or proximal characteristic on one side and thus a weak propensity to cause spillover effects which could destabilise international exchange, and on the other side, a high propensity to create jobs at the local level. On the theoretical side, they represent a fundamental element of current economic policies for selective reactivation of local and regional demand.

In some countries, the Welfare State has traditionally taken the responsibility of offering most of the social or general interest services to its citizens, directly or through the public sector or by leaning on the social Social Economy. The re-examination of Welfare State and the public authorities' interest in taking charge of new social demands, on one side, and the properties of the Social Economy (social cohesion elements, social innovation elements, rapid detection and satisfaction of needs, more efficient allowance of resources than the private profit-making sector in the asymmetric information contexts, etc.) on the other side, have encouraged a revalorization of the Social Economy from the public authorities' point of view.

In a great number of national contexts, one observes the existence of contracts passed between the authorities and organizations of the Social Economy (according to the countries, often associations – France, Belgium -, and co-operatives - Italy, Spain, Sweden -) in social sectors and public interest areas. If some States have practiced this 'delegation' for a long time, others come to it progressively, recognizing the interest of the Social Economy to complete, even replace the public sector. In Luxemburg, for example, there is significant progress in that area: while the conventions were until now granted case by case and with very strong involvement of the authorities in management, a law has just been passed which foresees the disengagement and the quartering of the state in a control role – negotiations are currently under way in order to put in place this new legislation. In Sweden, the municipalities have favoured the privatization and the development of some community services like parent childcare through co-operatives (*co-operativization*), among others mixed co-operatives of parents and professionals.

The interest of the authorities in engaging the Social Economy in these services has been embodied in some countries by legislation and long experience which has tended to positively 'discriminate' the sector's supply in relation to that of commercial profit-making enterprises. In France, for example, the '*quart coopératif*' is a clause which grants to co-operatives a quarter of the shares of the public markets. This rule has historically permitted the modernization of activities, for example construction, where co-operatives have been the key factor that allowed the transition from handicraft to industry and to decrease construction costs. This rule, however, is not always used because it is not a commercial argument.

Other rules are expanding to the European public administrations contracts such as the « integration clauses » and the « social clauses ». The latter broader than the former privilege the « mieux disant social » offers and not only the « integration » aspect. Some countries resist in extending this kind of rule (social clause) to all public contracts. Recently, the new regulation for Spanish public administration markets has met serious barriers to introduce this kind of clause, while different social representatives had supported it before. However, still in Spain, another mechanism of positive discrimination has been established, even though it is very specific: a national fund, granted small percentage of income taxes, is exclusively destined to social services activities supplied by Third Social System entities (with the exception of co-operatives), in particular the most developed organizations.

But these public measures of positive discrimination are gradually called into question through practice and new legislations. The tendency is to put into competition, multiple forms of enterprises (profit-making and Social Economy) in different fields of public markets mainly through two mechanisms: on one hand, by opening the invitations to tender to different suppliers, on the other hand, by practising direct solvency of the end user, the latter being able to choose freely the kind of bid. The UK has perhaps gone furthest in this direction, developing markets for welfare.

The process in granting resources to these activities must be highlighted. The discretionary character of the amounts of public spending in these activities introduces an element of instability in the

sector, and thus instability for the Social Economy entities that work in it. The granting of a minimum percentage of total expenditures for social services has been, for example, a measure taken by some autonomous Spanish regions, as well as granting at state level a small percentage of personnel income taxes. Another method put in place in some countries has been the earmarking of profits obtained by game monopolies and the lottery (see our development on this subject).

The way of regulating and the setting up of partnerships between Social Economy entities and public authorities with the aim of offering services has an important impact on the chances of consolidating and developing this sector and employment in it.

In this way, agreements made between public authorities and the Social Economy are often submitted to some insecurity on the question of deadlines, especially when they are concluded for short periods – that is the case in Germany and in Spain in certain areas. Under these conditions, it is difficult to efficiently manage the activities over the long term and the chances of consolidating the structure, thus to stabilise employment, are reduced.

The payment deadlines of public authorities are a second destabilising factor. Often, public administrations are late in paying the sector's entities, which has harmful consequences for their financial balance, which are generally structurally weak. This situation can be illustrated by the current social non-legitimization of Greek agricultural co-operatives which were formally drawn up by the state as direct intervention agencies in the agricultural markets: the long payment deadlines ended up provoking a crisis for these entities.

Thirdly, the ways of supplying services are not neutral. Two procedures can be identified:

- a) the passing of contracts by the public authorities with the sector entities to supply services to the population, and
- b) the mechanics of paying demands by service-checks or similar systems.

In the first method, the public sector decides on the kind of organization to use in managing a service. If it establishes requirements concerning the type of structure, the professionalism and the capacity to develop complex projects are determined. This encourages the structuring and consolidating of the sector, which causes improvement in the quality of the services and employment. This phenomenon has been developed in Spain, for example, by granting contracts from national funds mentioned above: it has eased the consolidation and development of important NGO's. On the contrary, without this kind of requirement, the sector remains fragmented and poorly developed and the quality of service and employment suffer. With the second procedure, it is the end-user of the service who decides which kind of entity will offer the service. The effects of this procedure on the sector here also depends on the mode of public regulation towards entities able to offer the service. If the requirements encourage the structuring and development of the sector and its employment (this is the case of the French *titre emploi-service*), on the other hand, the lack of requirements not only puts the sector in competition with other kinds of offers (especially with free-lance work) but also makes the development of employment in the activity more difficult (this is the case of the French service-checks).

### 3.2 Public policies aimed at employment in Social Economy organizations

Several member states of the European Union have set up public policy measures aimed directly at employment in the heart of the Social Economy or general measures that are beneficial to the Social Economy on a very large scale.

These policies usually follow two kinds of principles:

- a) to create new jobs in social and general interest activities (see above), especially to answer unsatisfied social needs, and
- b) to address, in priority, disadvantaged public targets on the traditional labour market such as long-term unemployed people, persons more than 45 years old, unqualified youth looking for their first job, women and handicapped people.

Three principle kinds of measures can be identified: a) employment assistance in the sector, b) measures aimed at training, and c) other measures.

#### 3.2.1 Measures of aid in the creation of employment in the Social Economy

Different member states have developed employment assistance programs in the Social Economy sector. Three kinds of programs can be identified: those which aim for direct employment in the sector by inciting the hiring of unemployed people through reduction of work costs, helps given to unemployed people to incite them to create their own job by creating an enterprise, and assistance aimed at stabilizing jobs.

1) The first kind of measure is found in different European countries. The direct creation of jobs in the sector is encouraged by aids which have adopted the form of either temporary subsidies, either partial or total, for salaries, or reductions in contributions for social security of benefiting workers. These measures have often been aimed at people who are weak or disadvantaged on the job market (long-term unemployed people, unqualified people, etc.) and at activity sectors such as social action, environment and local development. The jobs created this way are of extremely variable length.

Thus, in Ireland, one year after launching the 'community program for employment' (which dates from 1994) the Irish public employment service, nearly 3 000 new projects have been created aimed at 40 000 people, 81% of whom are in the heart of the nonprofit sector, especially in voluntary and community organizations. The people are helped in three ways: they receive 75% of the average weekly unemployment allowance plus supplementary compensations, within the limits of compatibility with all other help to which they have the right. They have the right to training and personal development in the enterprise directed by a master agent. In France the formula of CES helped contracts represent more than 200 000 jobs in associations. In Belgium, associations benefit from more than 40 000 jobs in the framework of programs to absorb unemployment.

In Austria, between 1984 and 1994, about 45 000 people have taken advantage of the program 'Aktion 8000'. This program fits in the framework of the 'experimental policy in the labour market' and aims at the direct creation of jobs in the nonprofit sector. In Germany, the ABM measure – *Arbeitsbeschaffungsmassnahmen* - is aimed at direct creation of temporary jobs (generally for one year ) in public and nonprofit sectors, aiming at satisfying needs not met by the private sector and aimed at disadvantaged public targets. Employers benefit from subsidies for salaries. And in the UK where there is generally little specific support for Social Economy employment creation, the « New Deal programme » (influenced by the US workfare scheme) includes a specific option of work with voluntary organizations.

2) Employment assistance by incitation for the creation of Social Economy organizations are used in some member states, such as Greece, Portugal and Spain. These measures coincide with those described in the preceding section concerning support measures for the structure.

These aids often appear in the context of policies actively promoting employment, especially for disadvantaged groups on the labour market. A special measure of this kind exists in Spain: a temporary grant (six months) in the form of a 'minimum subsistence salary' is given to unemployed people who create new enterprises (necessarily in the form of a co-operative or *sociedad laboral*) and who become members workers.

3) Job stability in Social Economy entities is another objective of some measures of public policy in countries like Ireland, Spain and Portugal. In the two latter member countries the incentive measure is realized in the form of assistance for the integration of member workers (non-salaried) in the co-operatives and in the *sociedades laborales* in Spain through the change in the workers' status – from employee to member worker – or by the direct integration in the enterprise of unemployed people, disadvantaged people in priority.

These measures merit some comments. Firstly, remember that it is not always specific measures in the Social Economy sector, but often general measures which the sector takes advantage of. Secondly, important undesirable secondary effects appear in the framework of these policies: thus, 'Godsend effects' or 'absolute loss' and 'substitution effects' or 'transfer' are produced that limit the efficiency of these measures in terms of net creation of jobs. On the other hand, without supplementary regulations, there are serious risks of marginalizing the theoretically benefiting workers onto 'shelves' or a 'second job market'. An effective regulation of these measures could possibly limit or even neutralize these bad effects: the German ABM, for example, demands that the creation of jobs be 'additional' to existing jobs, thus avoiding substitution effects with the public sector's jobs; in the same way, the Austrian program Aktion 8000 has introduced certain conditions concerning the kind of jobs helped with an aim to limiting negative effects.

The impact on the activities, on the kind of job and on the opportunities to develop is not neutral either. Thus, while different action plans which often concern activities (services) of social and general



interest, their realizations have differences. On one side, some countries have set up programs which aim at satisfying social needs and put employment before service quality. The providers of the services are unemployed persons, inexperienced in the concerned activity and who work a few dozen hours per month at the most. In this framework the Social Economy organizations can turn to the services of unemployed persons. This idea may then signify the deterioration of the service as well as difficulties in developing and professionalizing the activity. This is the case of some programs in Belgium. On the contrary, other programs do not only aim at employment but also at the development of the activity and the attempt to improve the quality of the service provided. In this different context, work can become more professional and thus develop.

Finally, one can wonder if the development policies are not preferable for the guarantee of stable jobs in the Social Economy, to the extent that they look at the problem more globally.

### 3.2.2 Measures of Training Assistance

Training, which is the most important measure in the active policy of employment in Europe, also concerns the Social Economy, even though, except for a few exceptions, these kinds of measures are generally not specific to the sector.

The labour qualification programs are more and more tied to job creation programs, becoming a mandatory condition for participation in the latter.

The Social Economy reveals heavy activity in this domain: the enterprises of integration through work and economic activity are aimed at groups of disadvantaged unemployed persons and adopt, in most cases, juridical forms of the Social Economy.

But some specific measures of training assistance in the sector have been adopted. This is the case in Belgium, for example, where a program of grants and registration of work-training enterprises and associations has been set up. This program is aimed at re-qualifying certain categories of workers (young job seekers, socially assisted persons, people without income) by turning to training in the heart of an enterprise following special educational method (real productive work, theoretical training, psychosocial follow-up). The training period may not be longer than 18 months.

In France, the national fund for the associative life (*le fonds national pour la vie associative* - FNDVA) can finance training of voluntary workers of associations. In addition, the fund for youth and popular education (*le fonds pour la jeunesse et l'éducation populaire* - FONJEP) has especially been created to support the qualification of the sector leaders.

In France again, some ministries support training programs of related federations, for example the ministry of employment supports the CGSCOP and the ministry of agriculture gives aid to the Social Economy federations linked to agricultural co-operation and rural development.

### 3.2.3 Other measures

While this is of less concern for the Social Economy at present, two other kinds of employment policy measures have been adopted in some countries: on one side, those that aim to improve the matching of the work demand and supply through services of work orientation, placement and advice, and on the other side, those that incite work sharing by means of the Social Economy.

The first kind of measure was developed in most of the member states in the 90's with the reform of public employment services. The tendency has been the liberalization of employment offices. Private agencies, whether profit-making or not, have been authorized. Parallel to this, adoption of statutes of Social Economy by temporary work agencies have been authorized in some countries.

The second kind of measure, less usual in Europe for the time being, has recently appeared especially in the Social Economy with some measures, such as the recent national legislation in Spain which regulates the part time status of member workers in co-operatives.

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