



*Journal of Economics and Business*  
Vol. XXI– 2018, Nos 1-2

---

# **SOCIAL AND SOLIDARITY ECONOMY AND THE CRISIS: CHALLENGES FROM THE PUBLIC POLICY PERSPECTIVE**

---

**Sofia ADAM**  
DEMOCRITUS UNIVERSITY OF THRACE

## **ABSTRACT**

Social and Solidarity Economy is adopted in the public policy agenda from a variety of actors including the European Commission, the Greek government but also grass-roots movements in crisis-ridden Greece. This paper unfolds diverse and often competing conceptualizations of Social and Solidarity Economy through their manifestations in concrete public policy agendas with particular emphasis on the recent introduction of the new legal framework in Greece (Law 4430/2016). In this way, the paper links academic and policy discourses and demonstrates that academic battles are of importance for public policy formulations. Our particular emphasis is on the disabling limits or the enabling potential of public policies for SSE initiatives.

**Keywords:** Social solidarity economy, Public policies, Crisis, Greece

**JEL Classification:** B5, P0

## **Introduction**

Social and Solidarity Economy (SSE) is often cited in policy, academic and public discourse as the main driver for the necessary reconstruction of the Greek economy in order to move beyond the current impasse of the crisis. To what extent are these expectations well grounded? More importantly which are the

main elements of a public policy towards the SSE which could facilitate this process?

This paper addresses these questions by unfolding relevant debates on SSE. First of all, we define SSE and delineate differences with other concepts in use such as non-profit sector and social enterprises. Second, we focus on the meaning of economic reconstruction and compare it with socio-economic transformation. The latter does not entail a return to pre-crisis production and consumption patterns but opens up the debate on social needs and how these can be better served. Third, we explore to what extent a new policy trajectory is possible in Greece by carefully examining the provisions of the new legal framework. This analysis indicates the opportunities and challenges posed for different public and social-solidarity economy linkages but also manifest external and internal limitations posed by the dominant EU policy agenda on social economy (Social Business Initiative) and the Memorandum signed with the lender institutions.

All in all, this paper demonstrates that the nearly universal endorsement of social and solidarity economy as the driver towards a post-crisis Greece loses its universality when specific policy options come to the fore. More importantly, what seems to be an ideologically neutral position towards achieving the common good becomes once again a terrain where different political visions are contested. Our analysis, shows that debates over definitions are not pedantic games between academics but have implications on specific policy directions. We only need to move from academia to policy and unfold them.

### **Academic battles on definitions**

The third sector consists of entities - such as cooperatives, nonprofit organizations and mutual societies - that cannot be easily classified in neither the private nor the public sector (Defourny 2001). The term itself is widely accepted by a rich array of theoretical approaches (Moulaert and Ailenei 2005) and emerges in many EU policy documents. As such, it seems plausible to use it as a starting point in order to delineate other concepts in use, namely solidarity economy, social economy, and the nonprofit sector (Table 1).

Table 1 describes the terminological pluralism which underlines diverse theoretical approaches and historical trajectories. The relevant concepts are presented intentionally from the left to the right in conjunction with their connotation in the literature. Schematically, the term Solidarity Economy is mostly associated with radical approaches which emerged in the framework of social movements mainly but not exclusively in Latin America. Social Economy

is more francophone in its origin and clearly incorporates the experience of the European cooperative movement. The term Non Profit Sector follows the Anglo-American tradition of charities.

**Table 1:** The terminological ambiguity of the third sector

Solidarity Economy	Social Economy	Non Profit Sector
<p>Includes all economic activities which aim at the economic democratization on the basis of citizen participation. They involve a dual perspective:</p> <ul style="list-style-type: none"> <li>• economic because they attempt to create economic relations based on reciprocity while making use of resources from the market and welfare state redistribution and</li> <li>• political because they attempt to create autonomous public spaces and open up discussion on both means and ends.</li> </ul>	<p>Includes all economic activities undertaken by enterprises, mainly cooperatives, associations and mutual societies, which adhere to the following principles:</p> <ul style="list-style-type: none"> <li>• providing members or the community a service rather than generating profit</li> <li>• independent management</li> <li>• democratic decision-making, and</li> <li>• priority given to persons and work over capital in the distribution of income.</li> </ul>	<p>Includes all nonprofit organizations with the following characteristics:</p> <ul style="list-style-type: none"> <li>• legal entities, institutionalized to some meaningful extent,</li> <li>• private, institutionally separate from government,</li> <li>• non-profit-distributing, not returning profits generated to their owners or directors,</li> <li>• self-governing, equipped to control their own activities,</li> <li>• voluntary, i.e., involving some meaningful degree of voluntary participation.</li> </ul>

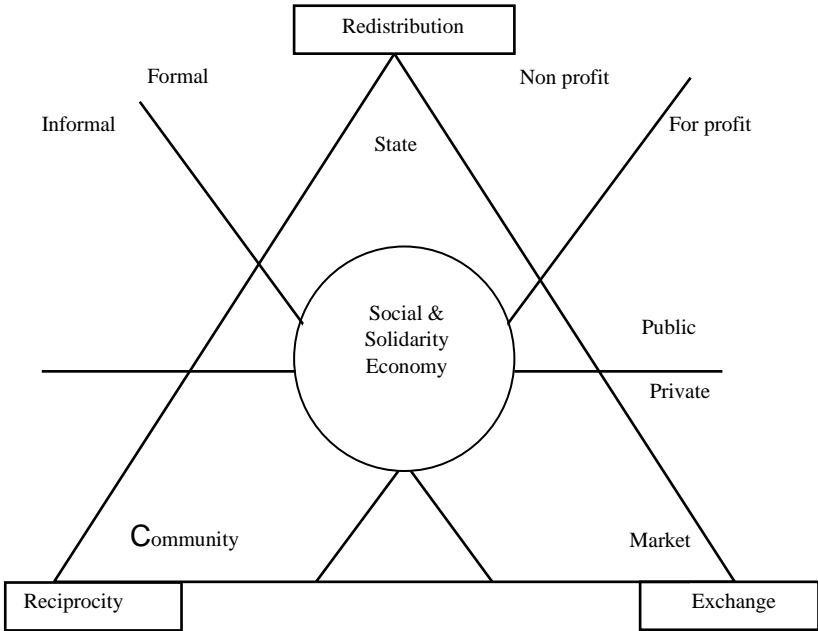
**Source:** Adam and Papatheodorou (2010)

Having sketched the main terminological issues, it is important to proceed with a critical examination of the main theoretical approaches. The Anglo-American tradition has largely focused on the emergence of Non-Profit Organizations (NPOs) through the lenses of orthodox economic analysis (Weisbord 1975; Ben Ner and van Hoomissen 1991; Hansmann 1987; Rose-Ackerman 1996). As such, the third sector is analyzed as distinct from both state and market without any reference to its historical dynamics in specific social formations and is theorized as a response to state failures (provision of uniform services to diversified needs) and/or market failures (asymmetric information, transaction costs). In contrast, theoretical approaches of social and solidarity economy analyze the associated practices as hybrids within the intersection of state, market and community practices and their respective underlying operating principles (redistribution, exchange, reciprocity). The social economy approach focuses more on the convivial nature of this interplay while the solidarity economy approach highlights the tensions inherent therein. It is useful to illustrate the main tenets of this heterodox approach with the use of Figure 1.

Social enterprises express new dynamics within the third sector (Defourny and Nyssens 2006). The afore-mentioned theoretical differences are reflected in alternative conceptualizations of social enterprises in the Anglo-American and European traditions. The US-led approach defines social enterprises in a broader

way (Kerlin 2006; Kernot 2009) placing them in a continuum of hybrid cases including Non-Profit Organizations (NPOs) trying to secure market income and for-profit enterprises developing socially responsible activities. This positioning of social enterprises follows a number of underlying assumptions: a) no collective ownership or democratic decision-making is required, b) market generating income is deemed the most important source of funding, and c) the activity developed does not require the fulfillment of any specific criterion (i.e. social usefulness) as long as it generates income for a “good” purpose.

**Figure 1:** Positioning social and solidarity economy practices



**Source:** Pestoff (2004)

The European tradition positions social enterprises within the universe of social economy practices as an intersection between two families of organizations: cooperatives and Non Profit Organizations (NPOs) (Defourny and Nyssens 2008). In particular, social enterprises resemble more worker cooperatives and NPOs with productive activities. On the one hand, they move closer to cooperatives, because they explicitly undertake a continuous economic activity.

On the other hand, they move closer to NPOs because they do not serve only their members as traditional cooperatives did, but they often express the interests of different stakeholders formally (multi-stakeholder membership or management) or informally (open events, assemblies with the participation of community members). This approach is based on the following underlying assumptions: a) social enterprises are collective initiatives, b) they are democratically owned and/or operated, c) they undertake activities with social usefulness and d) they involve the wider community in their operations.

In sum, there are differing conceptualizations of social economy practices in general and social enterprises in particular. These alternative visions raise in turn different expectations. In a nutshell, social enterprises can be seen as market-driven solutions to social problems (neo-liberal discourse), as remedies for the correction of both market and state failures (third way thinking), as part of the universe of SSE emancipatory projects for economic and social transformation (radical approach).

### **Socio-economic reconstruction or transformation?**

Given the significant decrease of GDP in crisis-ridden countries such as Greece, the promotion of social economy is often linked with the restoration of economic growth. In parallel, social economy is also expected to address major social challenges (unemployment, social inequalities and new needs for social services) by fostering a new social pact with reduced roles assigned to traditional actors including the welfare state (European Commission 2013a). This vision of the European policy agenda on social economy raises great expectations on the capacity of social economy entities to achieve multiple goals while leaving the building blocks of the growth model which led to the crisis in the first place, as well as its neoliberal management since then, unaffected.

This paper argues that public policies grounded on this conceptualization of social economy are not likely to come up to these expectations and bear significant results. The comparative advantage of the solidarity economy approach stems from the fact that it opens up again the quest for social transformation (Kawano 2010; RIPESS 2015). By social transformation, we address three fundamental economic questions: social needs, relations of production and relations of circulation.

Lebowitz (2003) has contributed significantly to the definition of social needs in his endeavor to complete the missing part of Marxian analysis on wage labour. In this framework, he offers the following significant insights: a) social needs are

themselves the product of social production and intercourse in a given society and at a given point in time, b) the greater the development of productive forces, the greater are the social needs, c) within capitalism, production is geared towards the realization of profit and not in proportion to social needs, d) there is a level of masked needs within capitalism, needs left unsatisfied but necessary for the full development of subjectivity in each given society and at a given time.

Social and solidarity economy as a transformative project does not just aim to restore economic activity and create jobs but to challenge the core function of production for profit instead of the production for social needs. In this framework, the selection of productive activity is also crucial with priority given to activities which protect the environment or at least do not harm it to the same extent as previous ones (i.e. recycling), have the potential of developing synergies with other local economic activities (i.e. food processing of local produce) and in general contribute to the well-being of the wider community (i.e. community-supported agriculture).

SSE's transformative project also entails a change in the relations of production by placing the focus of attention on collective ownership of the means of production and democratic decision-making procedures. In this way, SSE revives old concepts and practices such as self-management (Nestor 2014). Apart from a political imaginary about the ability of people to exert control on all aspects of their daily lives, self-management has also taken the form of a concrete practice in different contexts and times, including the experiences of former Yugoslavia (Miller 1978) as well as the recent experiences of recuperated enterprises under workers' control in Argentina (Ruggeri 2014). Despite reported ambivalence about the extent to which self-management was/is pursued across these diverse practices or about the balance between economic efficiency and equalitarianism (Davranche 2014), self-management in its various manifestations informs many SSE practices until now.

Addressing social needs via new productive relations presupposes in turn the need to move beyond the binary state-market or put it differently to accomplish a mix of resources (Gardin 2006) which protects the autonomy of SSE practices versus the dominant tendencies for isomorphism towards the state or the market (Di Maggio and Powell 1983). Without ensuring alternative circuits for the exchange of credit, the purchase of inputs and distribution channels for their products based on relations of reciprocity, SSE entities are doomed to obey the dictum of the market and the logic of commodity or depend exclusively on the resources made available by the state. On the other hand, contrary to what might be seen as conducive to their transformative potential, exclusive reliance on

symmetrical exchanges among similar minded initiatives may also pose threats if it restricts these initiatives to dwarfish and marginal productive activities. It is exactly in the management of these tensions towards a post-capitalist future where the true strength of SSE lies as a social transformative project.

### **The new legal framework of SSE in Greece: political context and vision**

Social Solidarity Economy was identified as one of the main strategic priorities within SYRIZA political discourse even before the electoral victory and the formation of the coalition government. It is significant to remind the basic tenets of SYRIZA strategy in the field:<sup>1</sup>

- It explicitly endorses the term Social and Solidarity Economy (SSE) in order to denote the linkages with social movements and solidarity structures developed in the context of crisis-ridden Greece. It is worth to mention that members of the SYRIZA party were actively involved in many solidarity initiatives while the party decided to found a hub for the promotion of communication and cooperation among social solidarity and SSE entities. This hub was funded by the voluntary commitment of some SYRIZA affiliated members of the parliament who devote part of their salaries towards this end.<sup>2</sup>
- It highlights that SSE is not to be considered as a peripheral sector of economic activity addressed to specific target groups but instead as the basic vehicle for productive reconstruction and development and in parallel as a paradigm aiming to confront the dominant development model geared towards profit instead of the satisfaction of social needs.
- The main goal of the strategy is to expand SSE practices in order to form an equivalent to the private for profit economic sector able to contribute with a significant share of GDP. As such, SSE practices could in turn affect the operations of both the state and the market.
- SSE practices are expected to put in use productive forces which remain idle in the context of the crisis and its neoliberal management.

After the electoral victory in January 2015, the coalition government insisted on the priority agenda attributed to Social and Solidarity Economy through the assignment of this policy portfolio to the Alternate Minister of Labour, responsible for policies related to the confrontation of unemployment. Right

---

<sup>1</sup> Proposal of a strategy document in the field of Social Solidarity Economy, available at <https://left.gr/news/protasi-theseon-gia-tin-koinoniki-kai-allileggya-oikonomia-gia-programma-toy-syriza> (accessed October 2016).

<sup>2</sup> We refer to the initiative named Solidarity for All. For more information, please consult <http://www.solidarity4all.gr/en>

from scratch, the quest for a New National Strategy for SSE and an enabling legal framework for SSE practices were identified as the main building blocks of the newly-formed government. It is important to note that SSE initiatives which were created in order to address various needs emerging in the context of the crisis (among others: markets without middlemen, social cooperative enterprises, solidarity clinics and the only example of a recuperated enterprise under workers' control in Greece)<sup>3</sup> raised their expectations towards policy reforms enabling a more favourable environment for them to flourish and develop.

However, the focus of attention during the first period of the coalition government (January-August 2016) was on the central political level and the negotiation process. After the referendum and the eventual signing of a new Memorandum between the government and the international lenders, SSE remained as a significant priority albeit in the framework of the so-called parallel program.<sup>4</sup> As such, there was intense pressure to produce results on this front deemed emblematic for this government's alliance with social movements. In this context, the Ministry of Labour introduced a new law titled: Social Solidarity Economy, the development of its agents and other provisions (Law 4430/2016).

Law 4430 substitutes the former legal framework named: Social Economy, Social Entrepreneurship and other provisions (Law 4019/2011). From the outset, the law endorses the concept of Social and Solidarity Economy which is defined as encompassing the economic activities following an alternative mode of organization of relations of production, distribution, consumption and re-investment, based on the principles of democracy, solidarity, cooperation, as well as on the respect to humans and the environment (art. 2, par. 1). This definition manifests a value orientation which intends to highlight both an expanded view of SSE practices as well as an alternative to the dominant development pattern.

---

<sup>3</sup> We refer to the case of VIOME, a recuperated enterprise formerly producing construction materials, in Thessaloniki (Northern Greece) where former factory workers decided to occupy the premises and restart production. Up to now, they produce ecological detergents and circulate them mainly through solidarity markets. They are already expanding their production while claiming the transfer of the means of production to the newly-formed cooperative as a compensation for unpaid salaries and social insurance contributions on behalf of the former employer. For more information, please consult: <http://www.viome.org/>

<sup>4</sup> The parallel program refers to measures and reforms which are not subject to the limitations posed by the new Memorandum signed by the Greek government and the international lenders. Available in Greek at <http://www.avgi.gr> (accessed October 2016).



The stated objectives of the new law involve the diffusion of SSE practices to all possible sectors of economic activity as well as the support and strengthening of initiatives for self-management and collective social entrepreneurship (L. 4430/2016, art.1). All in all, the new law signals a change in vision by endorsing a more radical discourse towards SSE by making use of concepts such as alternative and self-management. More importantly, the expressed will is to support the expansion of SSE to all potential areas of economic activity instead of delineating to what has been its privileged position in the dominant European agenda, namely the fields of social inclusion and social services provision and mainly through social enterprises.

### **Which are the main drivers of SSE?**

The European Commission is placing great emphasis on social entrepreneurship as the major driver of social economy. In particular, the Social Business Initiative defines a social business as “an undertaking:

- whose primary purpose is to achieve social impact rather than generating profit for owners/shareholders,
- which uses its surpluses mainly to achieve these goals,
- which is managed by social entrepreneurs in an accountable, transparent, innovative way, in particular by involving workers, customers and stakeholders affected by its business activity” (European Commission 2013b, 4).

This definition follows the Anglo-Saxon and more market-oriented tradition where social enterprises are seen as the product of a single benevolent entrepreneur and not as collective ventures. In addition, this approach dissociates social enterprises from the cooperative structure by transforming the criteria of collective ownership and democratic management into an accountable, transparent and innovative management involving workers, customers and stakeholders. One might rightly argue that social enterprises should be delineated from traditional actors of the social economy (i.e. agricultural cooperatives), because they inherently develop a productive activity which benefits the wider community. In addition, the cooperative legal form is not suitable for any type of social enterprise given differences in the activity undertaken, the organizational model, the existence of multiple levels of stakeholders (members, users, workers, etc.).

However, the tendency to broaden the spectrum of legal forms which can be granted the status of a social enterprise raises a number of issues that need to be addressed. First, what is the demarcation line between a traditional actor of the

social economy (i.e. a worker cooperative) and a social enterprise? The intrinsic character of a cooperative entails a degree of sociality given the collective ownership, the democratic management, the distribution constraint imposed upon the allocation of surplus and the openness to new members which increases the constituencies benefiting from the cooperative (Fici 2009). Therefore, the demarcation lines between cooperatives and social enterprises lie in the orientation of the activity undertaken which clearly benefits the wider community apart from members (i.e. environmental preservation) and/or the multi-stakeholder character with the formal or informal participation of users and other members of the wider community. After all, this is the reason why the first institutionalized forms of social enterprises took the form of social cooperatives (i.e. Italy) and added these extra requirements in the legal provisions.

The Greek law follows an approach which intends to strike a balance between the pressure imposed by the European agenda on social entrepreneurship and a more radical approach on SSE practices. In this framework, the law identifies legal persons which are inherently considered SSE agents while allowing for other legal entities to obtain the status of SSE if they are fulfilling certain criteria. In particular, the following legal persons can be registered as SSE agents (L. 4430/2011, art. 4).

- Social cooperative enterprises<sup>5</sup>
- Social cooperatives of limited liability<sup>6</sup>
- Workers' cooperatives<sup>7</sup>

In addition, any other collective<sup>8</sup> legal entity which fulfills the following criteria may be registered as a SSE agent:

- Develops an activity of collective and social benefit.
- Follows the rule one member one vote in the democratic management regardless of the financial contribution of each member.
- Imposes certain profit distribution constraints.<sup>9</sup>
- Adheres to a system of payment convergence.<sup>10</sup>

---

<sup>5</sup> A legal person introduced by the previous law on Social Economy and Social Entrepreneurship (L. 4019/2011) framing social enterprises along cooperative lines.

<sup>6</sup> The first institutionalized form of social enterprises addressing the social integration of persons with mental health problems (L. 2716/1999).

<sup>7</sup> A new legal person introduced within the framework of the new law.

<sup>8</sup> The law explicitly excludes legal entities founded by one person.

<sup>9</sup> 5% for regular reserves, 35% for employees and the rest as re-investment in the enterprise and the creation of more jobs

<sup>10</sup> The highest salary cannot be more than the triple of the lowest salary within the enterprise unless otherwise decided by the strict majority of members.

- Is not founded and managed directly or indirectly by local authorities or any other legal entity of the wider public sector.
- Strives for the strengthening of its economic activities through horizontal networking with other SSE agents.

L.4430/2016 intends to unify the disparate legal forms within the universe of SSE practices while setting up safeguards against isomorphism towards the state and the market. It keeps the collective dimension as a prerequisite, it requires democratic management, it imposes profit distribution constraints (albeit highly restrictive ones), it fosters payment convergence, it avoids the establishment of pseudo-cooperatives from the public sector and it foster horizontal networking.

However, certain problems arise with regard to the legal persons acknowledged as SSE entities. First, the distinction between collective (own members) and social (wider community) benefit loses its analytical rigor if SSE agents are legally required to strive for both. On the one hand, SSE entities are confused with social enterprises. On the other hand, worker cooperatives are inherently assumed to serve a social benefit when their mandate is actually to allow their members to collectively create employment for themselves. This is of particular importance if one considers that workers cooperatives are the main vehicle for the transfer of failing/failed enterprises to their employees. These productive activities do not necessary entail a social benefit perspective as defined by law. Second, even though the law intends to safeguard the SSE movement which emerged during the crisis in Greece from the negative legacy of certain highly discredited cooperatives of the past, the proliferation of restrictions it imposes may lead to the other extreme. One of the most striking examples of this statist tradition is that SSE agents are required to manifest a salary cost at least equal to 25% of last year's turnover when the latter is above 300% of the annual minimum salary. Apart from a controlling logic which is hard to effect in practice, this provision implies more an approach to SSE as an instrument of employment creation than a transformative approach which allows for the initiatives to develop their trajectory in accordance with their productive needs, the needs of their members and the needs of the wider community.

### **Public support towards SSE practices**

Identifying the main drivers of SSE is tantamount to the selection of eligible beneficiaries for public support measures. Linkages between the wider public sector and SSE are of interest from a policy perspective because they are strongly related with two confronting views of the potential role of SSE in the current socio-economic order. The first view endorses SSE to the extent that it

facilitates the retrenchment of the welfare state as it has been rightly pointed out by other scholars (Graefe 2006) especially during these times of crisis and the imposed orthodoxy of austerity measures. The second view attempts to explore the potential of SSE to transform the economy by “eating up” the space of profit-oriented mainstream capitalist enterprises and develop mutually beneficial relations with state planning. For example, two presidential decrees in Venezuela (2003, 2004 respectively) directed public procurement from all state institutions and enterprises to give priority to cooperatives and small enterprises within a model of radical endogenous development (Azzelini 2013). In this area, two main challenges arise when strengthening SSE practices from a public policy perspective:

- Public policies can either create a level playing field between SSE practices and the profit-maximizing private sector or privilege the first over the latter.
- Public policies can also foster synergies between the wider public sector and SSE practices. In this area, however, it is difficult to conceptualize and operationalize linkages which do not create dependency relations of SSE practices on the state and/or do not instrumentalize SSE practices as soft privatization vehicles of core public functions (i.e. social services) particularly within the context of the crisis.

The newly-introduced legal framework in Greece foresees a limited number of support measures towards SSE practices. First, the part of the profit which is distributed to workers is not subject to corporate tax but only to personal tax when accruing to each worker. Second, SSE agents are subject to a lower flat-rate professional tax than other types of legal entities. Third, SSE agents are granted a 5 year grace period from this lower flat-rate professional tax. This last measure is also eligible for newly registered self-employed. These measures are not that significant in order to substantiate a policy intention to privilege this sector. More importantly, if one also takes into account the number of criteria that SSE practices have to fulfill in order to be registered as SSE agents or the regulations governing the labour relations within, the balance is clearly not favorable for SSE practices. One striking example is the obligation of workers cooperatives to register all their members from day one as self-employed regardless of the income generated and/or the number of job positions created. In addition, social cooperative enterprises are not allowed to contract work to members under independent service provision (service contracts) but only under dependent employment relations (waged-labour contracts). These restrictions which apply only on this type of entities and not on mainstream profit-maximizing enterprises may limit the ability of these entities to attract professionals usually offering their services under service provision contracts.

As far as synergies with the wider public sector are concerned, there are mainly three areas of support. The first is the concession of mobile and immobile property from the wider public sector to SSE entities. Here the challenge of setting up transparent criteria and procedures is of paramount importance if one wants to avoid the replication of clientelist relations between the state and certain SSE initiatives. Important safeguards have to be put in place such as selection criteria, time thresholds, monitoring and evaluation mechanisms. The ministerial decree which will specify these procedures is not issued yet. No matter what, this measure could be valuable especially for worker cooperatives willing to restart productive activities but also for other type of initiatives willing to make use of redundant public land, premises and equipment.

Second, the law foresees programmatic agreements between local authorities and SSE practices. In this area, we find the most significant challenges exactly because of the austerity orthodoxy draining public coffers. SSE entities can collaborate with local authorities in order to respond to unmet social needs at the local level (i.e. recycling programs, alternative tourist options, new leisure activities). Tensions arise when SSE are expected to fulfill core public functions because of the inability of local authorities to fund existing and much-needed services (i.e. home care social services for the elderly). In any case, SSE practices can foster social innovation at the local level when the intention is not cost-saving but the change of relations in planning and delivery of services (Haikio et al. 2017). Once again, the criteria and procedures for these development partnerships have not been defined yet.

Third, the wider public sector can act as a buyer of products and services from SSE entities according to socially responsible public procurement. According to the relevant guide on public procurement with social considerations published by the European Commission (2010), socially responsible public procurement means “procurement operations that take into account one or more of the following social considerations: employment opportunities, decent work, compliance with social and labour rights, social inclusion (including persons with disabilities), equal opportunities, accessibility, design for all, taking account of sustainability criteria, including ethical trade issues and wider voluntary compliance with corporate social responsibility (CSR), while observing the principles enshrined in the Treaty for the European Union (TFEU) and the Procurement Directives” (European Commission 2010, 7). In addition to social considerations, there can be also environmental considerations in public procurement. Let us focus in the following only on social considerations according to the currently in force EU procurement directives 24 and 25.

One option available is the one referring to reserved contracts (Directive 2014/24/EU, art. 20). By that we refer to the ability of public contracting authorities to reserve participation in public procurement operators to sheltered workshops and certain economic operators and programs which aim at the professional and social integration of disabled and disadvantaged persons. According to recital 36 of the same Directive, disadvantaged persons include social groups such as the unemployed, members of disadvantaged minorities or otherwise socially marginalised groups. In addition, the Directive specifies that disabled and disadvantaged workers from these social groups should account for minimum 30% of all employees reducing the threshold from the 2004 Directive previously in force.

With regard to the provisions of this Directive on reserved contracts in general, we can make the following remarks. The preferential treatment of SSE enterprises is restricted to the area of social inclusion of marginalized persons. In addition, the way this Directive is formulated, leaves ample room for the development of any type of legal entity which by employing 30% of marginalized persons might be eligible for reserved contracts regardless of whether it adopts the legal form of a social cooperative (democratic management and decision-making) or not. This could create tendencies for opportunistic behavior unless further requirements are put in place so that statutes and/or other statutory documents of the applicant organization clearly state socio-economic integration of marginalized groups as their main goal of operation (Social Platform 2015). It is also important to establish monitoring mechanisms to ensure quality employment and penalize the temporary employment of marginalized persons by a company in order to secure a reserved contract. Moreover, reserved contracts cannot exceed two consecutive years for the same economic operator. Last but not least, there are no specifications as to how to avoid a competition between social inclusion SSE enterprises in terms of a war to the bottom which could be both detrimental for the quality of employment relations within them, as well as the collective identity of SSE actors.

Another option concerns the ability of contracting authorities to opt for the Best Quality Price Ratio (or the Most Advantageous Economic Offer-MEAT) instead of the lowest price or lowest cost bid (2014/24/EU, art. 67). In any case, despite the ability to introduce quality criteria (i.e. social considerations), the following caveats have to be borne in mind: a) Social considerations should not alter the level playing field and favor a particular type of provider. b) For award criteria to explicitly include social considerations, the latter have to be related to the subject matter of the contract albeit in all the life cycle of the contract. c) The ability of contracting authorities to avoid the lowest price largely depends on the size of

public coffers which have seriously shrunk in the framework of the imposed austerity measures. Explicit social considerations such as the creation of employment opportunities for the long-term unemployed, the prior training of young persons or formerly unemployed and the use of fair trade products are mostly applicable as contract performance conditions and cannot be considered during the assessment of tenders.

More importantly, it is only in the case of social, health and cultural services (2014/24/EU, art. 76), where contracting authorities have the ability to reserve contracts for certain type of organizations which fall within the spectrum of SSE given that they are required to fulfill all of the following conditions: a) they have a stated objective of pursuing a public service mission which is directly associated with the provision of the contracted service, b) some sort of distribution constraint is in force (i.e. reinvestment of profits in the organization and/or participatory distribution), c) ownership and management structures follow participatory principles (including employee ownership and/or multi-stakeholder structures with the involvement of employees, users and other stakeholders), d) the same organization has not benefited from another reserved contract for the same type of services within the past three years (2014/24/EU, art. 78, par. 2).

All in all, even though the new Directives for social responsible procurement broaden up the scope for the inclusion of social considerations, they do not seem to take into account the inherent sociality of SSE enterprises as better contractors in comparison with mainstream capitalist enterprises. Once again, SSE enterprises are only reinforced in so far as they are related to socio-economic integration of marginalized social groups and/or the marginal social sector and preferably when they allow for the further retrenchment of the welfare state.

### **Concluding remarks**

The nearly universal endorsement of social economy in the public policy agenda masks different conceptualizations and policy options within the framework of the crisis. These different conceptualizations are not pedantic games among academics but reflect different socio-economic trajectories and ideological constellations.

The non-profit approach based on the Anglo-American charity tradition focuses on the ability of certain organizations to deliver better services than the state and the market. The continental European social economy approach incorporates the experience of the cooperative movement and addresses the quest for the

expansion of democracy in the economy without putting into question the building blocks of the mainstream capitalist economy. The solidarity economy approach stems from grass-root movements with dual political and economic goals for socio-economic transformation.

This transformative potential is expressed as a quest for a new socio-economic organization which moves beyond the production for profit and prioritizes social needs. Regardless of the ability of such initiatives to fulfill their declared goals within the framework of the existing world order, at least they open up the discussion on how social needs are produced at a given time and in a given society and how we can move towards their satisfaction in a collective and democratic manner.

These different aspirations are often masked within the policy agenda under a universal endorsement of social economy. However, if we delve into diverse policy options in specific areas of concern, battles over definitions become important and ground diverse policy trajectories.

The recent focus of the European Commission on social businesses follows a certain tradition which confuses different terms (social enterprises, social entrepreneurship and social businesses) and treats all legal entities as pertinent to the label of social business given that they perform a social utility function. As such, we lose sight of the fact that social enterprises at least in Europe form part of the universe of SSE practices as collective endeavors which move existing boundaries of traditional actors to more socially useful directions. Therefore, the quest to open up the legal status of a social enterprise to all legal entities is grounded more on the focus of finding market solutions to social problems (especially in the framework of the retrenchment of the welfare state and the current neoliberal management of the fiscal crisis) than on the quest to respond to unsatisfied social needs in ways which promote further democracy and solidarity.

A similar logic is found in the ability to explore synergies between central planning and SSE entities as manifested in the recent EU Directives on public procurement. Once again, the options available for a preferential treatment of SSE initiatives are constrained by the rule of competition. In this framework, social economy can be preferred only in reserved contracts and only when it engages those furthest away from the labour market (i.e. disabled) even though a growing part of the working population is excluded from the labour market in the framework of the crisis without being designated as inherently socially vulnerable. More importantly, it becomes evident that more room for a



preferential treatment of social economy is in the sector of social services of general interest such as social, health and cultural services. Therefore, social economy is preferred to the extent that it substitutes for the welfare state and rarely as a counterbalance to the mainstream for profit sector. If we further take into account the quest for opening up the legal status of social enterprises to all legal entities regardless of legal enforcements on collective ownership, democratic decision-making procedures, etc., it can be deduced that social economy is seen as a soft privatization strategy.

The newly introduced legal framework on SSE in Greece attempts to signal, a more radical vision for SSE than the one pushed for by the European Agenda. This has to do by large with the context within which it is introduced. The law on Social Solidarity Economy in Greece is expected to restore the leftist orientation which went down the drain with the signing of the new Memorandum with the international lenders. As such, it overemphasizes the radical orientation it wishes to strive for. However, the room for manoeuvre against austerity is small and this seriously curtails the ability to privilege SSE practices over mainstream capitalist enterprises and to develop mutually beneficial synergies with the wider public sector. More importantly, the intention to signal a new radical approach with the imposition of numerous limitations against opportunistic behavior, may actually pose threats for the development of the sector. What we observe in essence is the over-regulation of SSE islands in a sea of unregulated labor markets and unfettered capitalism.

This discussion aims to bridge the gap between academic and public policy discourse and to show direct linkages between the two. As such, alleged scientific neutrality is seriously contested on the grounds of recent policy developments. For those interested in the transformative potential of SSE entities, a romanticized view in the abstract of a common commitment to support social economy will not suffice. Concrete political constellations have to be created and sustained and elaborate a clear vision of which support policies they favour and which they contest. This cannot happen in the vacuum or in a laboratory. It necessitates the careful examination of all relevant policy fields and real synergies with grass-root social movements developing SSE practices. More importantly, international alliances are of critical importance for pushing forward such policy changes. Legislative reforms, no matter how minimal, may foster or block different conceptualizations of SSE and these steps affect practices on the ground. The work of international SSE networks is crucial in this regard.

The crisis has been a catalyst for the development of numerous SSE initiatives in Greece. Whether these will be left unassisted to thwart or be given a further

impetus to flourish remains to be seen. However, the continuation of the austerity measures within the new Memorandum signed with the lender institutions may shrink the potential for pushing public policies which facilitate the transformative potential of SSE. Without arguing that the strength of SSE initiatives depends exclusively on public policies through a top-down approach, we cannot disregard the effects of legislative and public policy reforms. Diverse visions inform specific policy options and we have to be able to identify them and be specific. After all, as we have seen extensively in this paper, reformism is a serious task to be left unattended.

## References

- Adam, S. and Papatheodorou, C. 2010. "The involvement of social economy organizations in the fight against social exclusion: a critical perspective." In *Studies Observatory of economic and social developments*, 9-46. Athens. Labour Institute, Greek General Confederation of Labour [in Greek].
- Azzellini, D. 2013. "From Cooperatives to Enterprises of Direct Social Property in the Venezuelan Process." In *Cooperatives and Socialism. A View from Cuba*, ed. C. P. Harnecker 259-275. New York: Palgrave Macmillan.
- Ben-Ner, A., Van Hoomissen, T. 1991. "Nonprofit organizations in the mixed economy: A demand and supply analysis." *Annals of Public and Cooperative Economics*, 62 (4): 519-50.
- Davranche, G. 2014. *Self-management. An always timely idea*. Athens: Ekdoseis ton Synadelfon [in Greek].
- Defourny, J. 2001. "Introduction: from third sector to social enterprise." In *The Emergence of Social Enterprise*, eds C. Borzaga and J. Defourny, 1-28.. London and New York: Routledge.
- Defourny, J., Nyssens, M. ( 2006. "Defining Social Enterprise." In *Social Enterprise: At the crossroads of market, public policies and civil society*, ed. M. Nyssens, 3-26.. London and New York: Routledge.
- Defourny, J., Nyssens, M. . 2008. "Social enterprise in Europe: recent trends and developments." *Social Enterprise Journal* 4 (3): 202-228.
- Di Maggio, P. J., Powell, W. 1983. "'The iron cage revisited' institutional isomorphism and collective rationality in organizational fields." *American Sociological Review* 48 (2): 147-60.
- Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC. <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:02014L0024-20160101>.

- Directive 2014/25/EU of the European Parliament and of the Council of 26 February 2014 on procurement by entities operating in the water, energy, transport and postal services sectors and repealing Directive 2004/17/EC. <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:02014L0025-20160101>.
- European Commission. 2013a. *Social Economy and Social Entrepreneurship. A Social Europe Guide*, Vol. 4. <http://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=7523>
- European Commission 2013b. *The Social Business Initiative of the European Commission*. [http://ec.europa.eu/internal\\_market/publications/docs/sbi-brochure/sbi-brochure-web\\_en.pdf](http://ec.europa.eu/internal_market/publications/docs/sbi-brochure/sbi-brochure-web_en.pdf).
- Fici, A. 2009. "Cooperatives and social enterprises: comparative and legal profile." In *Cooperatives and Social Enterprises. Governance and Normative Frameworks*, ed. B. Roelants, 77-101. Brussels: CECOP.
- Gardin, L. 2006. "A Variety of Resource Mixes inside Social Enterprises." In *Social Enterprise: At the crossroads of market, public policies and civil society*, ed. M. Nyssens, 111-136.. London and New York: Routledge.
- Graefe, P. 2006. "The Social Economy and the American Model. Relating New Social Policy Directions to the Old." *Global Social Policy* 6 (2): 197–219.
- Haikio, L., Fraisse, L., Adam, S., Jolanki, O., Knutagard, M. 2017. "The Janus face of social innovation in local welfare initiatives." In *Social services disrupted. Implications and challenges for a crisis ridden Europe*, eds. F. Martinelli, A. Antonnen. M. Matzke. Edward, Elgar Publishing.
- Hansmann, Henry B. 1987. "Economic theories of nonprofit organizations." In *The Nonprofit Sector*, ed. W. W. Powell, 27-42. New Haven: Yale University Press.
- European Commission 2010. *Buying Social. A Guide to Taking Account of Social Considerations in Public Procurement*. Luxemburg.
- Kawano, E. 2010. "Crisis and Opportunity: The Emerging Solidarity Economy Movement." In *Solidarity Economy: Building Alternatives for People and Planet*, eds E. Kawano, Th. Masterson and J. Teller-Elsberg, 11-24. Chicago: Lulu Press.
- Kerlin, J. A. 2006. "Social Enterprise in the United States and Europe: Understanding and Learning from the Differences." *Voluntas: International Journal of Voluntary and Nonprofit Organizations* 17 (3): 247-63.
- Kernot, C. 2009. "Social Enterprise: A Powerful Path to Social Inclusion." *The Centre for Social Impact*. <http://www.csi.edu.au/assets/assetdoc/b1850e380186ee50/CSI%20Issue>

s%20Paper%20No.%205%20%20Social%20Enterprise%20%20A%20  
Powerful%20Path.pdf .

- Law 4019/2011. “Social Economy and Social Entrepreneurship and other provisions.” *Government Gazette*, Issue 216, vol. 1 [in Greek]. [http://www.et.gr/idosc-nph/search/pdfViewerForm.html?args=5C7QrtC22wFYAFdDx4L2G3dtvSoClrL8z1uCRhYSV315MXD0LzQTLWPU9yLzB8V68knBzLCmT XKaO6fpVZ6Lx3UnK13nP8NxdnJ5r9cmWyJWelDvWS\\_18kAEhATUkJb0x1LIldQ163nV9K--td6SluTl7zOANwBhktYAlop\\_5L0utDuNSUkvQxaKD0ZwCfbSK](http://www.et.gr/idosc-nph/search/pdfViewerForm.html?args=5C7QrtC22wFYAFdDx4L2G3dtvSoClrL8z1uCRhYSV315MXD0LzQTLWPU9yLzB8V68knBzLCmT XKaO6fpVZ6Lx3UnK13nP8NxdnJ5r9cmWyJWelDvWS_18kAEhATUkJb0x1LIldQ163nV9K--td6SluTl7zOANwBhktYAlop_5L0utDuNSUkvQxaKD0ZwCfbSK)
- Law 4430/2016. “Social and Solidarity Economy and the development of its agents and other provisions.” *Government Gazette*, Issue 205, vol. 1 [in Greek]. [http://www.et.gr/idosc-nph/search/pdfViewerForm.html?args=5C7QrtC22wFHp\\_31M9ESQXdtvSoClrL8H\\_tSNe0fWH95MXD0LzQTLWPU9yLzB8V68knBzLCmT XKaO6fpVZ6Lx3UnK13nP8NxdnJ5r9cmWyJWelDvWS\\_18kAEhATUkJb0x1LIldQ163nV9K--td6SluWom2xOvI3LEfN6qFv1INUTtmGJbm2X18LVgH6DKjXKF](http://www.et.gr/idosc-nph/search/pdfViewerForm.html?args=5C7QrtC22wFHp_31M9ESQXdtvSoClrL8H_tSNe0fWH95MXD0LzQTLWPU9yLzB8V68knBzLCmT XKaO6fpVZ6Lx3UnK13nP8NxdnJ5r9cmWyJWelDvWS_18kAEhATUkJb0x1LIldQ163nV9K--td6SluWom2xOvI3LEfN6qFv1INUTtmGJbm2X18LVgH6DKjXKF)
- Lebowitz, M. A. 2003. *Beyond Capital. Marx's Political Economy of the Working Class*. New York: Palgrave Macmillan.
- Mendell, M., Alain, B. 2013. “Evaluating the Formation of Enabling Public Policy for the Social and Solidarity Economy from a Comparative Perspective. The Effectiveness of Collaborative Processes or the Co-Construction of Public Policy.” Draft Paper prepared for the UNRISD International Conference, Potential and Limits of Social and Solidarity Economy, 6–8 May 2013, Geneva, Switzerland. [http://www.unrisd.org/80256B42004CCCC77/\(httpInfoFiles\)/CF1708437A3897D5C1257B72003558A5/\\$file/Alain%20and%20Mendell.pdf](http://www.unrisd.org/80256B42004CCCC77/(httpInfoFiles)/CF1708437A3897D5C1257B72003558A5/$file/Alain%20and%20Mendell.pdf).
- Miller, R. F. 1978. “Worker Self-Management in Yugoslavia: The Current State of Play.” *Journal of Industrial Relations* 20: 264-285.
- Moulaert, F., Ailenei, O. 2005. “Social economy, third sector and solidarity relations: A conceptual synthesis from history to present.” *Urban Studies*, 42 (11): 2037-53.
- Nestor, M. 2014. “Basic directions of libertarian initiatives and practices,” In *Self-management. An always timely idea*, ed. G. Davranche, 11-14. Athens: Ekdoseis ton Synadelfon [in Greek].
- Pestoff, V. 2004. “The development and future of the social economy in Sweden.” In *The Third Sector in Europe*, eds A. Evers and J.-L. Laville, 63-81. Cheltenham, U.K. & Northampton. USA: Edward Elgar.
- RIPESS. 2015. “Global Vision for a Social Solidarity Economy: Convergences and Differences in Concepts, Definitions and Frameworks.”

[http://www.ripess.org/wp-content/uploads/2015/02/RIPESS\\_Global-Vision\\_EN.pdf](http://www.ripess.org/wp-content/uploads/2015/02/RIPESS_Global-Vision_EN.pdf).

Rose-Ackerman, S. (1996). "Altruism, nonprofits and economic theory." *Journal of Economic Literature* 34: 701-28.

Ruggeri, A. 2014. *The Recuperated Enterprises of Argentina. Occupy, Resist, Produce*. Thessaloniki/Athens: Akyvernites Politeies/Ekdoseis ton Synadelfon [in Greek].

Social Platform 2015. *Public Procurement for Social Progress. A Social Platform guide to the EU Public Procurement Directive*. Brussels.

SYRIZA. 2014. *Proposal of a strategy document in the field of Social Solidarity Economy*. <https://left.gr/news/protasi-theseon-gia-tin-koinoniki-kai-allileggya-oikonomia-gia-programma-toy-syriza>.

SYRIZA. 2015. *Draft of the Parallel Program of SYRIZA*.