

New Approaches to Social Economy

Daniela VÎRJAN

Bucharest Academy of Economic Studies
daniela_virjan@yahoo.com

Abstract. *Social economy is a relatively new phenomenon, having started just a few decades ago, and due to this reason it has yet to reach great scale. Due to the phenomenon of global crisis propagation, the economies of all countries have been affected and have gone into an economical cycle recession phase, some economical agents hitting the climax of the crisis, practically shutting down their activities. Starting from this, some social problems started to accentuate: the number of unemployed people has risen, the poverty rate went up, the marginalization and social exclusion rates went up, the aging of the population has increased, the discrepancy between the rich and poor has widened and so on, and in this context social economy has gained a greater importance not only at an European level but also at an international level. As such, social economy may become one of the innovative and creative solutions which can contribute to a more human approach to economical problems, combining freedom of market with social responsibility to the benefit of the whole community.*

Keywords: social economy; social enterprise; professional insertion.

JEL Codes: A12, A13, A19.

REL Code: 6E.

The term social economy is not a new term but the manifestation of the phenomenon has begun some decades ago. The term itself first appeared in the year 1830, when the French economist Charles Dunoyer published a social economy treaty in which he pleaded for a moral approach to economy⁽¹⁾.

Social economy built itself as a mechanism by which different groups with similar jobs could help each other, arranged as cooperatives or similar need groups, built as mutual help societies or house unions, and groups with similar aims, built as associations and foundations. In fact, these are the forms under which social economy manifests, which have diversified in time and have attained quite some size at a whole society level.

After the Second World War, there was a period of economical growth geared towards a welfare state and, as such, social economy had limited role on the market. In the past 20 years social economy has begun to take shape and greater meaning due to the accentuation of social problems, not only at an European level but also at a global level: unemployment rates have risen, poverty rates have risen, so have social marginalization rates and so on. The welfare state, which up till then had the capacity and resources to provide adequate and diverse social services, finds itself all of a sudden confronted with a series of important challenges and sees itself overwhelmed by the size of economical and social events. All these have put great pressure on the social protection statist systems and in such a case, social economy started to become a solution to tackling social and even environmental problems.

Though there is no concise and unanimously accepted definition to social economy, those engaged in social economy try to define social economy through economical and social criteria or by making use of social economic principles.

If we try to define social economy by relating to economical criteria, we could say that: social economy is the economical activity which produces goods and services with the purpose of improving the living standards of the community and which provides a high degree of autonomy, a significant degree of economical risk and implies a low volume of paid work, but also a high level of voluntary work from those which wish to be solidary towards the rest.

If we were to make use of social economy criteria, then we may define social economy as such: social economy is a private initiative, which takes upon itself the responsibility of guaranteeing an explicit purpose to the benefit of the community. Deciding power is not based upon capital owned, and instead all social economy participants are involved in the decision taking process, and again profit is not distributed to the owners of production inputs, but is invested again in other social actions of the social economy.

The principles of social economy are essential if we wish to have a correct definition; this way social economy implies: solidarity, responsibility, freedom, equal chances for all organization members, autonomous

administration and independence from public authorities, the interweaving of member interests with general interest and participation of all to the decision taking process, in a democratic way.

Over time and thanks to great changes which have taken place around the world, social economy has taken many forms and suffered series of transformations, differing from country to country, and, in this respect, if we observe what changes have occurred in Romania, we can distinguish some phases which point out its crisis and transformations: 1. the period before the First World War; 2. the inter-war period and a little bit after the Second World War; 3. the communist regime; 4. after the revolution from 1989 and until now.

In the first period of social economy's evolution, civic activities were few, donations towards the Orthodox Church were the main feature of the philanthropic behaviour, and the first regulation of the fundamental rights and freedoms for the development of the civil society was made in the First Romanian Constitution of 1866. After the First World War and the creation of Kingdom of Romania, the legal frame caught speed and on February the 6th of 1924, Law no. 21 (the Mârzescu Law) was adopted, law which created the legal frame necessary to apply the association principle mentioned in the 1866 and 1923 Constitutions, thus the number of associates and foundations significantly grew in the interwar period, but compared to the European average, the levels of associative life was still quite low⁽²⁾.

Social economy was reborn and knew significant evolution after the 1989 revolution, because after 1990 foundations and voluntary associations could be created without the permission of the Government, and the legal basis was offered by the Mârzescu Law of 1924, which was replaced with GO no. 26/2000, thus a clearer and more predictable legal framework in terms of the registration procedure was attained. As such, the number of organizations grew from 13.000 in 1999 to over 44.000 in 1996, to 53.000 in 2008, over 64.000 in 2009, and at the date of 18.10.2011 there were over 72.000 organizations registered⁽³⁾.

At a national level for 2011, you can see that most registered organizations are associations (74%), then foundations (24%), and a very small share of the total number of organizations is represented by federations and unions (1%). The number of associations is greatest because, on one hand, this is a marker of associatively, solidarity and inter-helping spirit, and, on the other side, the characteristics of organizations are more accessible as opposed to conditions of foundations (for example the existence of a minimum level of initial patrimony of 100 gross minimum salaries per economy⁽⁴⁾ as opposed to one gross minimum salary per economy in the case of associations, and there are other conditions too).

Promoting economy is an opportunity to address multiple essential needs at the same time, namely creating new work places, increasing social inclusion and increasing quality accessibility and social service efficiency. Social economy has

significant potential, but it requires a clear and concise legal frame which can spur the development of social economy entities. At this time, there is no social economy law and, because of this, it is not stimulated, although we do believe that it has considerable potential. Social economy is regulated in some bills, but each only encourage certain parts or social economy entities or, most of the time, the actors which wish to take part must make use of a series of artifices if they wish to function under the law and also to be able to function as agents of social economy.

In Romania, there is a manual of good practice inside which are showcased numerous associations and foundations which create work places for population categories which are discouraged by the labour market conditions and which had lost hope that things will change. To this end, we will present a few social economy entities which undertake economical activities with the purpose of producing goods and services with the help of disadvantaged members of society and to help them too.

The Horizons Charity Foundation (the leasing of greenhouses in the city of Câmpulung Moldovenesc so that vegetables, floriculture and green spaces maintenance may be undergone) have hired two individuals with mental disorders, and will hire ten more employees; in the Foundation for You (which offers social service to adults with mental disorders from Timișoara) the number of adults with disorders which got hired rose from 7 in 2007 to 45 in 2011; the Caritas Foundation of the Timișoara Diocese performs economical activities in domains such as milling, gardening and livestock rearing using 12 employees, former homeless individuals which come from the Pater Jordan doss house, which was opened in the year 2000, and they have also created 20 other work places for socially marginalized individuals coming from the doss house, as well as craftsmen from within the community, specialized in the domains of activity of the farm, performing electrician, plumber, locksmith and carpenter work; the Hope Association for protecting the AIDS positive from Constanța has created tens of work places for HIV positive individuals, they being hired part-time for activities created by the association: a micro farm and a greenhouse for gardening in a self-managed system; the Touched Romania Association of Bucharest has created 10 work places for mothers which raise their children on their own and which come from disorganized or dissolved families and are institutionalized so as to prevent infant abandon, the association producing two lines of jewellery made of semiprecious stones; the Alongside you Foundation of Iași has managed to create over 20 work places for vulnerable young people, hiring them to craft artistic decorative items, works of art and products specific to manual bookbinding; Future plus is the Association for durable development which offers an ecological alternative – the use of burlap bags instead of environmentally damaging plastic ones, the association hiring individuals in difficulty for periods of 6 to 18 months,

also offering them a training and professional counselling program; and there still are other examples of such⁽⁵⁾.

Even if, at first glance, the number of work places created by social economy is small, we can see in Table 1 regarding the evolution of the number of employees that this number is not negligible and that social economy has the potential to create even more work places, if there is a special political support for social economy. Currently the social economy is regulated but does not encourage its development because there is no clear legal framework, consistent and specific social economy.

As such, you can see from the balance sheet for 2009 that the total number of work places created through Social Economy was 163,354 spread across a total number of 25,744 organizations (Table 1).

Table 1
The evolution of personnel numbers which work in Social Economy for the year 2009

	Number of employees	Number of organizations
Associations and foundations	109,982	23,100
Employee credit unions	16,275	704
Pensioner credit unions	2,724	193
Handicraft cooperatives	25,553	788
Consumer cooperatives	7,401	894
Credit cooperatives/ Cooperative Banks	1,419	65
TOTAL	163,354	25,744

Source: data supplied by the NSI based upon data from the balance sheet of 31.12.2009 from the Ministry of Finance.

Conclusions

We believe that in a world full of envy, selfishness, a fierce struggle and individual interests, people distrust each other, etc. people are not happy, but rather the feeling of incompleteness end dimensions becoming larger. Involvement in community and voluntary action, self-help those who at one time are more vulnerable, from different reasons, and sometimes does not depend on their person, is a great feeling that cannot be explained in words but lived by direct involvement in acts of community service and social action

Between social economy and the labour market there is a relationship of interdependence for inclusion and that the social economy can be a continuation of employment policy, providing employment to all who are discouraged and can have up to you from seeking employment. The social economy creates jobs for people with disabilities, for those excluded and socially marginalized, those without a home, those who have no training, single parents, who are stigmatized and Roma fail to find a place work, young graduates entering the labour market becoming unemployed left, and all who are interested in the social economy values.

The issue of social economy should be reconsidered because it has a real potential for development and implementation in all spheres of economic and social life in this respect, it is found legal, the social economy so that all entities have the same operating conditions and production of goods and providing social services to all who want to make social economy.

Notes

- (1) CIRIEC (International Center of Research and Information on the Public, Social and Co-operative Economy, p.14, available online www.ciriec.ulg.ac.b.
- (2) Todor Ardad (2008), Civic Europe – Romania Civic Association Pro Democracy, edited and published material in Hungary, pp. 9-10, available online at www.apd.ro material.
- (3) The Ministry of Justice, National Register data from NGOs, www.just available online. en and published in pdf format, last updated 18/10/2011.
- (4) Economy gross minimum wage in the public sector is different from private, so in early 2011 the minimum level of public funding for paid staff is 720 RON and in private sector staff the minimum is 670 RON.
- (5) See more in Handbook of social economy in Romania and other European countries, Solidarity, a new source of economic power, published by the Ministry of Labour, Family and Social Protection, 2011.

References

- Gheondea, A., Stănilă, G., Mihalache, F. (2011). *Ocuparea neagrăcolă în Regiunile Sud Muntenia și Sud-Vest Oltenia*, Raport de cercetare, Editura Expert
- Demoustier, D. (2001). *L'économie sociale et solidaire. S'associer pour entreprendre autrement*, Ed. La Decouverte et Syros, Paris
- Démier, F. (1998). *Istoria politicilor sociale, Europa, sec. XIX-XX*, Institutul European
- Fundația pentru Dezvoltarea Societății Civile (FDSC), România 2010. *Sectorul neguvernamental – profil, tendințe, provocări*. [online], < www.fdsc.ro > [accesat 10.09.2011]
- Laville, J.L., *Les Services de proximité en Europe, Syros, 1992 et Economie des services de proximité, CRIDA-ISCI, 1995, Paris*
- Ministerul Justiției, [online], <<http://www.just.ro>> . [accesat 11.10.2011]
- Rosanvallon, P. (1998). *Noua problemă socială*, Institutul European, Iași
- Raport de cercetare privind economia socială în România din perspectivă europeană comparată, 2011. *Editor Ministerul Muncii, Familiei și Protecției Sociale* [online], < www.economiesociala.info > [accesat 1.09.2011]
- Cace, S., (coordonator), Nicolăescu, V., Scoican, A.N. (2010). *Cele mai bune practici în sectorul economiei sociale în Grecia și în alte state ale Uniunii Europene*, Editura Expert
- Cace, S., Arpinte, D., Scoican, A., N, 2010, *Economia socială în România. Două profiluri regionale*, Editura Expert
- Constantinescu, S. (2011). *Atlasul economiei sociale*, Editor Fundația pentru Dezvoltarea Societății Civile, [online], <www.fdsc.ro> [accesat 5.10.2011]
- Virjan, D. (2005). *Economie și politici sociale*, Editura ASE, București