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THE EUROPEAN SOCIAL ECONOMY AND THE EU2020

Mihaela Ioana DANEȚIU*, Sebastian FITZEK

Abstract. *The social dimension of the EU2020 strategy poses some major issues regarding the role played by the citizens in the policy-making process. The analysis of the link between the EU2020 and the social economy is crucial in the current context of the economic and political crisis of the EU. The article's main goal is to demonstrate the implications of the social economy policies in constructing the European agenda. A theoretical approach on social economy and an overview on the EU2020 can reveal how political and non-political actors at the EU level operate with elements that mark common social policy goals. The instruments used by institutions are validated through specific values that are meant to target an active European citizenship. The neoliberal perspective behind the social economy system leads to a particular European construct.*

Keywords: *social economy, EU2020, citizenship, social responsibility, social policies*

1. Introduction

The European Union is going through a political, symbolic and economic crisis that requires bringing forth issues related to employment, social cohesion and knowledge based economic growth. In March 2010, the European Commission published a new strategy for Europe - EU2020. The EU2020 strategy highlights crucial EU policy priorities for social and economic sustainability. According to this framework, the welfare state is designed based upon an economic and political paradigm that emphasizes the role of the private sector in the configuration of the priorities of the nation state. However, problems are generated because the EU “is still far away from its citizens” (Pawel and Ireneuz, 2006: 11).

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The lack of public identification with the European institutions is essentially linked with a weak communication strategy. Moreover, the absence of discursive structures which make political community possible has triggered “the lack of transparency in its procedures and in its accountability to a larger democratic people” (Fligstein, 2009: 141). Thus, the objectives outlined by the EU2020 strategy can be achieved solely by applying common social policies at a national and transnational level that require solidarity and responsibility from all the European citizens. The EU cohesion policy requires more than a joint management structure (Țoca and Popoviciu, 2010: 90). Therefore, one of the main goals of my research is to identify and observe the discrepancies that appear within the EU social policies that have neo-liberal pillars and the restructuring of the welfare state reform in the Western Europe. The European social dimension of the social policies unveils a series of problems that concern the role of the nation state, the European citizenship and the future EU polity.

The study examines the European economy of solidarity after the Lisbon Treaty. By analysing the EU social policies and the current trends in political economy I seek to demonstrate that “turning needs into markets” (Grimes, 1997: 230) can solve the crisis of the welfare state because a huge market for the not-for-profit sector is currently being generated. The urge to deliver goods and to satisfy the needs of marginalized groups or communities make the Third Sector the ideal actor to respond to these new ‘market’ opportunities. Thus, I hypothesize that the European social economy represents a feasible project that offers new social and economic tools to stimulate the political participation of the European citizens. By depicting the European social economy as a communication strategy I seek to underline the specificities of the policy-making processes in the Nordic area and in Eastern Europe. Moreover, by juxtaposing the social economy goals with those of the EU social policy, I will highlight the discrepancies that follow the EU2020 strategy in terms of welfare and European citizenship.

The main research questions of the study are the following:

- What is the connection between the social policy-making process in Europe and the discursive construction of active citizenship?
- What are the inconsistencies and the similarities between several social economy models in Europe (for example the Anglo-Saxon, the Nordic and the Rhineland model) and the EU2020 strategy?
- What was taken away and what was kept in the current EU social policies?

The relevance of such a study is given not only by the urge to configure a new economic paradigm that can deal with nowadays EU social and economic problems but also by the necessity of placing the nation state and future EU polity in the limits given by the Keynesian model and the framework established by the ordoliberal paradigm. The analysis of the EU social policies

and the comparative welfare state research can reflect the future tendencies of the nation state that has integrated a cosmopolitan conception of the European citizenship. In other words, by discerning discrepancies in terms of social policy making, this research can lead to a better understanding of the challenges posed by social cohesion and economy of solidarity as they are embedded in the national and European identity/identities (Stråth, 2006: 428), and in active citizenship. The study engages in a national and a transnational dimension and thus the research requires mixed research methods among which the qualitative methods will predominate.

The current paper is structured into two major parts. The first section is composed of theoretical approaches on the European social economy. The second part of the paper is focused on the actual analysis of the economy of solidarity and the EU social policies from a communication perspective.

2. Defining social economy

From a state-centric perspective, the social market economy can reveal relevant aspects in the tracing major paradigm shifts in the development of welfare state reform. The analysis of the role played by the Third Sector in determining particular policy transformation, the national specificities (identity) and the government mechanisms are crucial for determining the way social cohesion is constructed. The European social economy can be defined and analyzed on the one hand as a model of participatory democracy in terms of designing a political and economic arena for active political citizens, and on the other hand, as a model of associative democracy that is based on the distribution of power to interest organizations, expert authorities and civic associations (Hirst, 1994: 12). The principles of economic solidarity are primarily concerned with people's needs and thus its potential to provide "more jobs and better lives" (EU2020: 1) relies on three major economic terms: the production of value, distribution of wealth, and the balance of trade.

The social democratic regime (typically linked to the Nordic countries) and the *Central-Eastern European Welfare* system are crucial to the comparative welfare state research. While the social democratic welfare regime is said to be dominated by values such as equality and universal protection against risks, the conservative welfare regime, often called a traditional regime, is believed to be largely organized through traditional values, religion and existing power centers (Esping-Andersen, 2006: 163).

Social economy covers a range of services, such as training, job and entrepreneurial experience, housing, welfare, consumer services. Initiatives are based on principles which are concerned primarily with people's needs. Social economy is based on the following values: egalitarianism, inclusive and

democratic society that promotes social justice, fundamental equality, and equality of opportunity; effective co-operation, active participation of citizens in the social and economic well-being of local communities (Adnett and Hardy, 2005: 31). In other words, “the social economy constitutes a broad range of activities which have the potential to provide opportunities for local people and communities to engage in all stages of the process of local economic regeneration and job creation, from the identification of basic needs to the operationalization of initiatives” (Molloy, 1999: 11).

In terms of social economy, success is achieved if communitarian projects create jobs and involve producers and users in voluntary activities. Due to the ability to generate income for and within a community, the project that are implemented through social economy represent a redefinition of the public sphere as the arena of active political citizens. The European social economy is considered to be a new model of participatory democracy based on the needs of the citizens (Hirst, 1994: 9). The relationship between the state and the market is being currently transformed because the citizens become active actors in regulating the market (Contogeorgis, 2009: 135).

The main goal of social economy projects is building social capital that is in fact the “capacity of the civil society to enhance economic efficiency and extend the democratic franchise through networks of inter-personal and collective engagement” (Putnam, 1993: 25). Due to national particularities, social economy is developed in European countries in various forms that have led to a series of models of social economy.

Social economy models

Four major social economy models can be traced as it follows: the Anglo-Saxon, Mediterranean, Nordic, and Rhineland (encompasses Belgium, France, and Germany).

- Germany: “the market social economy” comprises four subsectors: welfare associations, cooperatives, health mutual and voluntary organizations.
- France: the “state-supported social economy”. The third sector manages services on behalf of the state and it is remunerated because a public service is been performed.
- The Nordic model (Finland, Norway and Sweden) Solid tradition of popular movements, a large public sector, and a strong welfare state.
- The Mediterranean model (Italy, Portugal, and Spain): Italy is considered to be the European country where the Third Sector is strongest. The country contains a lot of co-operatives, third world, NGOs and non-profit associations.
- The Anglo-Saxon model – Social exclusion issues are tackled. The Third Sector includes co-operatives, credit unions, traditional mutual,

voluntary organizations, socially-oriented business and housing associations. (Ash, 2009: 25, Adnett and Hardy, 2005: 9-11).

One of the major issues that concern the social economy project is the contemporary role of the nation state. The debate over an existing European social economy (the European social model) brings forth the nation state issue because such an analysis needs to be contextualized in the current global political arena. The concept of the state analyzed and perceived in Machiavellian terms has been replaced with the *global welfare* which has a strong and doubtful connotation in the globalized context of today. The ambiguity of the mentioned term suggests that contemporary social and political equilibrium is tremendously fragile. The most eloquent arguments can be identified in the works of S. Huntington (frozen conflict faults) but also in the politicized dimensions of religions. The new-fangled national state has to mold both principals of naked life and those of sovereignty. These two crucial dimensions separated in the old regimes have nowadays the same corpuscle of birth and many evolutionary values and principles.

The economic and political goals of national states cannot be comprehended in the terms of globalization if we diminish the perspective of the subject seen not as a political target but as an individual that can proclaim from his birth the right to be part of the sovereignty principle. The idea has deep ancestry in the historical function of the human rights but also in the symbolism and centrality of citizenship which are key elements compulsory for an in depth analysis of any political thought. Political regimes such as fascism and communism constantly point out to the inevitable constraint of redefining the relations between the individuals and the citizens. To ensure a viable balance in this social equation, the political economy pillars require full citizenship participation and the integration of national sovereignty and human rights. Thus, it can be said that the third sector politics proposes a reevaluation of the relationship between the state and its citizens. The social economy policies can offer an alternative that overpasses the limits of the bureaucratized welfare state and the social inequalities.

3. The social economy and the EU2020 strategy

The European Commission published in March 2010 a new strategy for Europe that was entitled EU2020. This strategy was designed to promote and create new solutions to the current crisis of the European project. It is undisputable the fact that EU is going through a political and economic crisis that require special attention to employment, social cohesion and knowledge based economic growth. The crisis of the welfare state generates a huge market for the not-for-profit sector to deliver goods and services to help satisfy the

largely under-met needs of groups and communities. This phenomenon can be translated in terms of offering what the citizens require.

The EU and other supranational political organizations are the main sources of the cross-border interests. In these circumstances, the economic and political problems overpass the national frame. Nowadays, the Lisbon Treaty and the priorities of the EU2020 attempt to construct a new European social order that implies changing employment policies, the welfare state itself and also the implications of the European citizenship.

The current political and economic crisis of the EU points out the weaknesses of the Lisbon Treaty but also indicates that a radical shift in the policies is more than necessary. The Lisbon strategy contributed to various social objectives amongst which the most relevant are employment, social cohesion and a knowledge based economy growth (Jenson, 2010) analyses the two dimensions of social cohesion: one that is linked to inequality and one that refers to social capital. Social cohesion and inequality issues have changed within the EU due to the interference of the political sphere. The Lisbon Strategy signaled a historical commitment to promote economic growth and also the pressure on the nation states to reduce poverty, interregional inequality and homogeneous public policies at a regional, national and European level. Also, an existing European tendency is represented by the “need of ‘a common European identity on whose behalf citizens around Europe could be ready to share problems and build common solutions” (Castells, 2002: 234). These homogenous solutions are directly linked to the ability to generate income for and within a community and to satisfy the needs of the market.

Theurgetomodernize the European social model and all the strategic goals of the Lisbon Strategy have been dealt with by the EU2020 strategy. Briefly, the renewed strategy has three major priorities: smart growth (developing an economy based on knowledge and innovation), sustainable growth (competitive economy) and inclusive growth (high-employment economy with quality results in social and territorial cohesion). The difference between the Lisbon Strategy and the EU2020 consists in the presentation of a more modest and realistic objects and the emphasis on the dimension of sustainable growth.

The shift in the political priorities of the European institutions can be explained through the goal of building the EU on the pillars of social economy. Thus, the economic growth and the employment rate occupy the main EU agenda. The simplification of the re-launched Lisbon Strategy revealed the need to redesign the social policies in terms of social economy. However, the EU2020 strategy proves to be not that efficient in handling the current economic and political crisis. Thus, the need of designing a new strategy for Europe is inevitable.

For example, the Open Method of Coordination (OMC) and the potential of developing common discourses and policy principles have to overcome the incoherent set of welfare targets. In other words, the OMC has an effective impact upon the national discourses but has major defaults in the employment policy (Bussemaker, 2005: 51). Briefly, the main goal has been to increase the employment rate in the EU member states. The EU employment policy has received a wide support across the whole European political spectrum. The goal to increase the employment rate can very well be the outcome of the Nordic welfare strategy and of the neoliberal strategy. However, it should be clearly mentioned that the legitimacy of social policy and the state intervention in economic and political affairs at the EU level is different from the US. The goal of EU social policies is to redesign and consolidate the European welfare states through a high level of competition and social cohesion. The social dimension of the EU2020 strategy of strengthening the welfare states is directly linked to the connection between these two notions: social cohesion and competitive economy.

It is worth mentioning a major default of the Lisbon Strategy regarding the European Employment Strategy (EMU). In case of a major crisis of peripheral states (bankruptcies), the EMU might suffer a complete breakdown because the Lisbon Strategy does not offer a specific risk plan management. Due to the low budget, the EU cannot provide compensation to the member states in the worst case scenario, unlike the US system. On the public agenda, the mechanism of obtaining “more jobs and better lives” is inexplicit. Therefore, some scholars consider that, in this case, a neo-liberal strategy can be fruitful (Begg, 2003: 170). Labor markets of peripheral states should be more flexible and thus the effects of any sudden changes in the employment policy can be diminished. Nevertheless, the Eastern countries should engage in reducing the regional inequality and attract investments in industrial structures.

However, in most cases, the EU recommendations are put into practice only by active policy entrepreneurs that are willing to make certain policy changes. Therefore, the goal of creating powerful governance at the European level can be achieved solely by implementing a viable communication strategy. The “best-practices” in public policy and institutional settings can be spread at the European level through communication tools. Undoubtedly, these institutional changes can produce altered outcomes depending on the national context. The social economy discourses have the ability to create different ‘multilevel spheres of actions’ in which institutional actors can interact. This idea will be discussed more in the following section.

The strengthening of the social dimension of the EU represents the general trend and paradigmatic shifts have been institutionalized. The emergence of a social European model is supported by the recent policies and principles developments. During the 1980s and 1990s the neo-liberal paradigm

and certain policy proposals were underlining the need to develop a competitive market and competition.

Undoubtedly, social economy has been absorbed into transnational policy discourses at the EU level. Even since the 1990s the political economy rhetoric has been filled with terms such as social cohesion, social exclusion/inclusion and social enterprises. Within the national and transnational policy discourses, certain social policy ideas fit the social economy model. Various political actors construct their national policies by using transitional policies as a guideline resource. In the EU policy language a shift can be traced, meaning that the EU2020 strategy has launched more than a debate over the conditions for markets to grow. The discourse of social economy tackles with creating a European community and social solidarity. The main goal of this public policy is to enforce citizenship participation and to consolidate an effective coordination mechanism of decision making (Balibar, 2004: 23).

As mentioned before the outcome of systemic features can depend on the national context and the construction of transnational communication spaces is vital. In other words, I want to illustrate that the political and all the non-political actors (especially the third sector) have an impact on how the public policy discourse promotes an active political participation. From a discursive perspective, the construction of EU social policies is based on the assembly of a united European community that has the ability to measure its own social needs. Consequently, the European social economy can be defined as a communication tool because it deals directly with a construction of active citizenship participation. The social economy discourse focuses on delivering values and principles that stimulates the participation of all the citizens to the policy-making process.

In the European political discourse the citizen is often referred to as the absent actor. The European Commission has tried to construct a political unity even since the year 1988 when it launched a communication addressed to the European Parliament entitled “Peoples Europe”. In that particular communication the EC identified three major priorities: creating a European culture, the rights of the citizens and social needs. The EU post-national democracy model creates a link between the legitimacy to make the rules (law making) and the transnational responsibility. It is very well known that citizenship represents a constitutive element of democratic institutions and also an institutional device for defining boundaries and power assignment. In the European case, the “White Paper on European governance” clearly specifies the conditions that are required in order for any citizen to obtain access to the European public policies (Schmidtke and Ozcurumez, 2008: 27). The concept of citizenship has suffered a paradigmatic shift, from a liberal model (equality before the law and power distribution) to a neo-republican model (equality in

participation and opportunities). The EC decision to create an active citizenship is embedded in the overall EU institutional communication strategy.

The policy strategies and mechanisms are comprehensively influenced by the way in which collective issues are formulated and inserted in the institutional agenda and by the actual public reasoning given by the policy makers. European welfare state reform has been defined through a cluster of concepts attached to the EU political economy rhetoric and has influenced the capacity building strategies that targeted specific institutional actors (Beck and all, 1998: 61). Hence, the social economy discourse also deals with measuring explicit needs of the individual/ community. An improved EU strategy should build accurate mechanisms in order to take advantage of the potential given by the impact of the economy of solidarity discourse and focus on identifying the needs of the European citizens. Normative inputs can become governance practices if they are defined as viable policy sources by the European political and non-political actors. The potential of social economy discourse and the opportunities that it offers can be translated in real actions only by policy makers that can obtain actual profit (Finnemore and Sikkink, 1999: 889).

The construct of transnational spheres in which actors can collaborate and come to an agreement is essential. The European public sphere represents more than a challenge. The impact of European social economy policies can only be exploited at a national and transnational level. In order for the institutional structures and the third sector to function properly they require several spheres of action. The relationship between the internal layout of the EU and the external one is market by communicative and normative actions. Each actor involved in the policy making process seek to legitimize their actions and strategies through a discursive tool. The efficiency and the impact of the discourse on economy of solidarity depend not only on the consensus built between the targeted group (national and transnational level) and the policy makers but also on the quality of the public information that is being shared. In other terms, the spheres of actions in which the citizens, institutions and the third sector are engaged in, are defined by the social policy frame within the deliberative arenas and issue networks that take part in the transnational governance process.

4. Conclusion

The EU2020 puts forward crucial objectives for achieving a social and economic sustainability of the member states. A common identity and agenda require having solutions that can be implemented by all the member states. In other words, the discursive construction of European citizenship has proven that the European institutions promote values that are focused on welfare state

reform and social cohesion. An active participation at the policy making process is promoted by the current EU social policies but only the social economy platform can consolidate such an “active citizenship”.

The potential of the EU social policies “more jobs and better lives” (EU2020: 1) is driven by the urge to consolidate the European welfare states - issue that is emphasized at least within the European institutional discourses. However, the priorities set by the EU2020 and the economic crises require a paradigmatic shift when it comes to the role of the political and non-political actors and their intervention in the markets. The social economy provides that mandatory pragmatic policy approach that can lead to a stable economic and social growth. Thus, the priorities outlined by the EU2020 strategy can be achieved solely by implementing common social policies at the European level that directly redesign the social solidarity and responsibility of the European citizen.

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