

1. Defining the third sector in Europe

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Current academic debates about the third sector in journals and readers are to a high degree international, with scholars from various countries contributing to a seemingly shared corpus of theory. Yet the participants in that international debate know not only that the characteristics of the third sector vary from country to country but that the approaches they use are shaped by special national and regional traditions, both in the academic sphere and in regard to cultural and political development. This chapter addresses this contradiction with respect to the debate in Europe and a US-led debate whose parameters, though they often pretend to be universal, are characterized by the specific context in which they have developed. Trying to highlight some specific European features of the third sector and of a multidisciplinary approach towards it may help to establish commonalities and differences and to contribute to an international debate that is more sensitive to regional and national realities and streams of thinking.

The specific features of a European approach to the third sector can be summarized on the basis of three parameters: the type of organizations involved, the intermediary nature of the third sector within a 'welfare pluralism' or a plural economy, and a sociopolitical dimension that is as important as the economic dimension. Because of these different components, classificatory interpretations of the third sector's importance that measure its contribution to the economy of a country according to a set of definitions and criteria need to be complemented by a historical-dynamic approach, which is essential for understanding the system's potential in European societies.

SPECIFIC FEATURES OF A EUROPEAN APPROACH

Social Economy versus Non-profit Sector

A distinctive feature of the European approach is the attention given to the historical-dynamic perspective. This is less evident in the US-led approach

as embodied in the Johns Hopkins project (Salamon and Anheier, 1995), the dominant international model for 'third sector' issues. This focuses on defining the main national components of a sector comprising a community of 'non-profit organizations'. In contrast, many European approaches, while not discarding the synthetic dimension, have taken a more analytical perspective, focusing on generating non-profit association typologies that highlight different modes of action and the changes in them over time. Thus recent studies conducted in a number of countries converge in observing an increase in the associations' production of goods and services, which does not mean a downturn in other functions such as representing interests and raising public awareness for specific issues (CIRIEC, 1999). Without creating any barriers between associations, since an organization's position in relation to production can change, the analytical distinction between service-delivering associations and advocacy groups/NGOs is very important for understanding the dynamics of the development in the third sector. A look at the interaction of the two parts can serve as a reliable indicator of whether the 'associative revolution' (Salamon and Anheier, 1998) 'points at an increasing asymmetry between the amount of state-based services and those provided by society or whether it must be understood as a result of the strength of the dynamic forms of social advocacy which take shape in civil society' (Evers, 1998).

The problem, however, is not only that a global survey of a third sector may mask those internal differences that are important when one attempts to analyse the reasons for its development. There is a problem also if specific types of organizations that do not belong to private business or the state are excluded, particularly if they are those which form an important part of the European legacy when it comes to the development of the third sector, as is the case with the important and influential international study carried out by the Johns Hopkins project. This excluded cooperatives and mutual aid societies on the grounds that they can distribute some of their profits to members. This operation, however, cannot be justified in a European context.

First, some cooperatives, like the housing cooperatives in Sweden, have never distributed their profits. Second, the distribution of profits is always limited, because cooperatives and mutual aid societies are a product of the same philosophy as associations; that is, they are created not for maximizing return on investment but for meeting a general or mutual interest (Gui, 1992), contributing to the common good, or meeting social demands expressed by certain groups of the population (Laville and Sainsaulieu, 1997). Taking this into account, a concept of the third sector appropriate for Europe must be broader than concepts from countries where – as in the USA – cooperatives or mutuals have never played such an important role. Furthermore, it has to be

taken into account that, in contrast to charities and most voluntary organizations, cooperatives represented an attempt to create a different economy, with solidarity-based elements at their foundations.

This highlights the role of at least parts of the third sector as a different 'social economy' (Defourny *et al.*, 2000) with a different approach to dealing with surplus. The struggles waged in the nineteenth century led to compromises legalizing organizations in which a category of agents other than investors is classified as a beneficiary. The legal status of the organizations (cooperative, mutual company, association) covers a group of social economy organizations in which the determining factor is not the non-profit requirement but the fact that limits are imposed on the material interest of investors. From that perspective, the line of demarcation is not to be drawn between for-profit and non-profit organizations but between capitalist organizations and social economic organizations, the latter focusing on generating collective wealth rather than a return on individual investment.

Thus the most popular definition of the third sector, as developed by the Johns Hopkins project, has an 'American bias' (Borzaga, 1998) because it is based on the criterion of non-distribution that underlies the American configuration of the sector (Table 1.1). This does not take into account the specific legal requirements of European countries for which the distinguishing criterion is the existence of limits on profit distribution. It is this criterion that separates third sector organizations from other productive organizations. Using a term such as 'non-profit sector' as equivalent to 'third sector' is then clearly misleading. Given the European experience, with an influential 'social economy' besides charities, voluntary agencies and those associations that are primarily advocacy groups, one might say that all organizations in the third sector are 'not-for-profit', having a legal status that places limits on private, individual acquisition of profits.

Table 1.1 *The organizations involved*

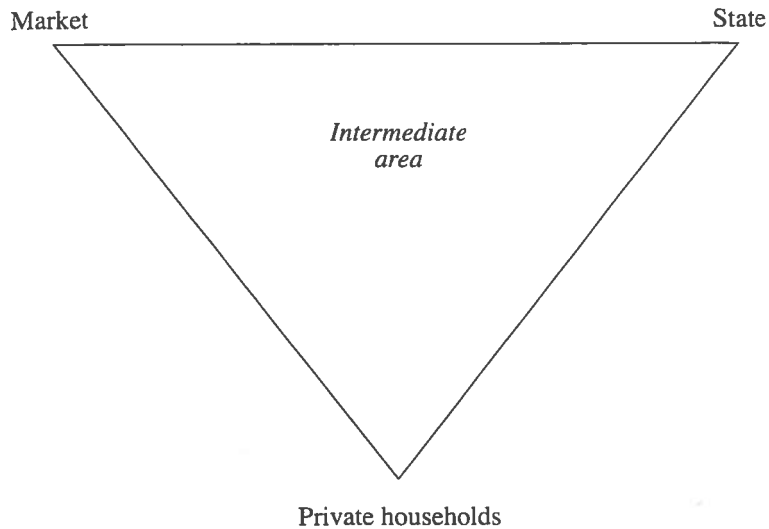
'European' definition of the third sector	'American' definition of the third sector
Emphasis on an analytical approach developing association typologies and changes as well as the development of the economic dimension of all 'not-for-profit' social economy organizations	Emphasis on a classificatory approach centred on a statistical interpretation of the importance of a sector comprising all non-profit organizations
Criterion of limits on private acquisition of profits: inclusion of cooperatives and mutual aid societies	Non-distribution constraint central, exclusion of cooperatives and mutual aid societies

Welfare Pluralism and a Plural Economy

Historically, the third sector in Europe is associated with the expansion of public intervention. The third sector has been the source of a number of action models that have generated public services: for example, mutual aid societies have helped to create social security systems. In addition, since the third sector has focused, to different degrees and under conditions that vary from country to country, on the production of goods and services, it has established a relationship with the market. Historically, in Europe, there has been an increasingly complex relationship between public policies, state authorities and actors within the third sector, resulting in a broad and stable area of welfare services with often shared and complementary arrangements for service provision between the sectors. Therefore it is no wonder that in Europe the intermediary dimension of the third sector is emphasized. This goes hand in hand with a strong emphasis placed on the fundamentally open, mixed and pluralistic nature of a third sector, where it is difficult to demarcate clearly the boundaries with the state sector when third sector organizations operate for the public good and as part of a guaranteed system of welfare services, or when local municipalities are involved in the provision of welfare services that are strongly embedded in local civil society.

Compared to the USA, in Europe there has been a stronger emphasis on seeing the third sector as part of a welfare mix or a mixed economy of welfare (Evers and Svetlik, 1993; Johnson, 1998). This goes along with a rejection of the notion of sectors altogether, if this notion induces a clear line of demarcation between, on the one hand, the marketplace, the political arena and the community and, on the other, the third sector (Evers, 1997). This has led to a view of the third sector as embedded in the framework of a tripolar system of market, state and informal communities and economies (like the private households) rather than understanding the 'third' as juxtaposed to other clear-cut sectors, and instead of taking into account only states and markets.

The conceptual framework for these approaches may be represented graphically by a triangle linking the extensive range of factors that compose and influence the third sector (Evers, 1997, p.52). The resulting analytical framework is used as a reference by various authors (Eme, 1991; Evers, 1990; Laville, 1992, 1994; Kramer *et al.*, 1993; Pestoff, 1991, 1996, 1998) and was referred to in studies produced by the Local Economic and Employment Development Program (LEED) of the Organization for Economic Cooperation and Development (OECD, 1996). The framework reflects two sets of closely related issues: the first (Figure 1.1) presents the components of social security and welfare, and the second (Figure 1.2) presents the components of a plural and mixed economy.

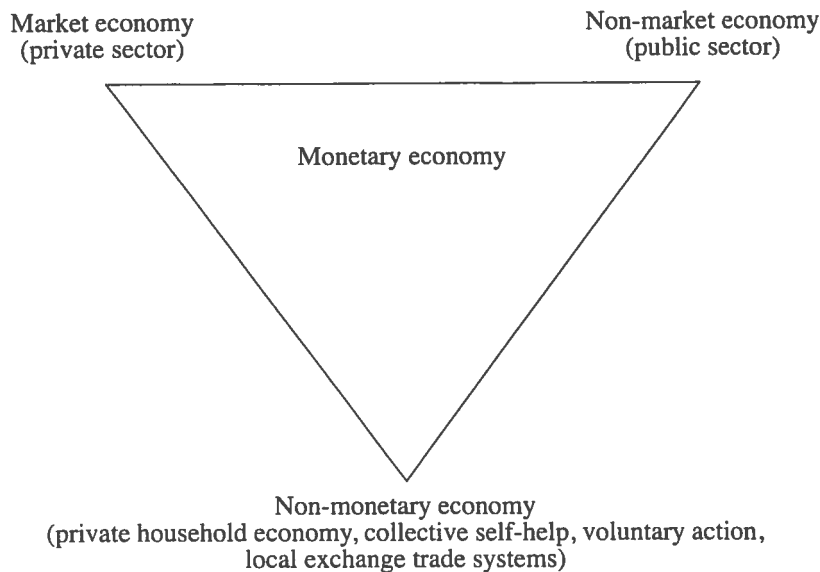


Source: Evers (1990).

Figure 1.1 *The welfare triangle*

The 'welfare triangle', as proposed by Evers (see Figure 1.1), intends to take account of both socioeconomic and sociopolitical issues. From a socioeconomic perspective the triangle highlights the plural nature of the resources that contribute to social welfare. With respect to services, it highlights an important element that is often overlooked in the tradition of the US debate, namely the role of informal and semi-formal communities, and in particular that of the family at the core, as a constituent part of 'a mixed economy of social welfare'. When new organizations and services take shape, the nature of the contributions and the role of private households and families change as well. And vice versa: changing family life and living conditions can be at the forefront of new groups taking shape, such as self-help groups.

From a sociopolitical perspective, Evers (1990, 1995) has underlined that organizations in the third sector act in a kind of tension field; they are simultaneously influenced by state policies and legislation, the values and practices of private business, the culture of civil society and by needs and contributions that come from informal family and community life. What is different with third sector organizations, then, is the fact that they represent and balance a plural bundle of norms and values, while it is constitutive for the sectors at the 'corners' of the triangle that they are defined by the clear prevalence of either profit (market), redistribution (state) or personal responsibility (family and



Source: Roustang et al. (1997).

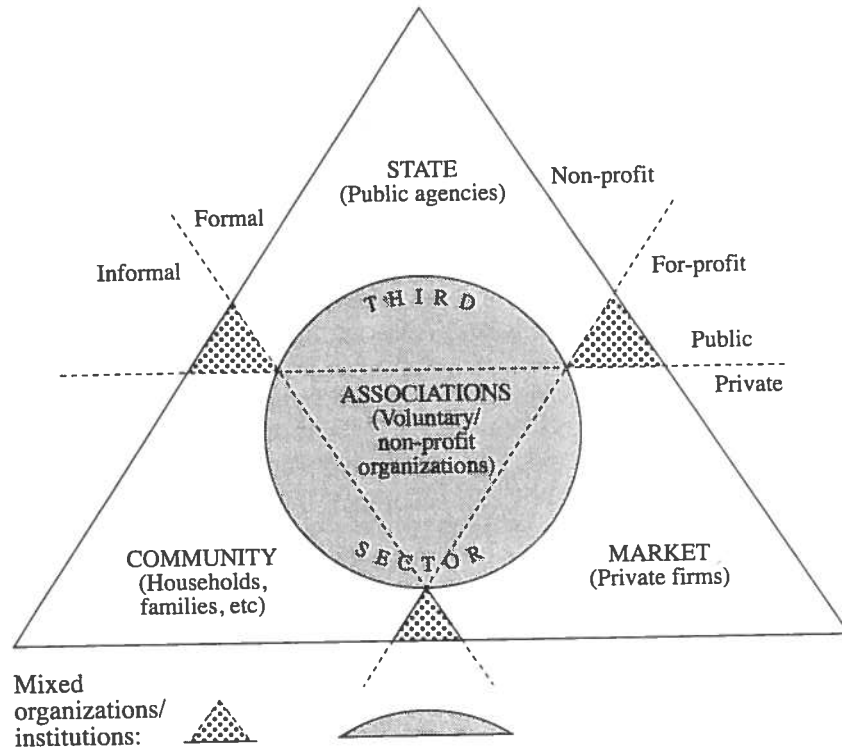
Figure 1.2 The overall structure of the plural economy

community). To what degree they can keep their special position within the triangle is then dependent both on developments in their environment, marked by state policies, governance and regulatory systems, and on the goals and strategies of their stakeholders.

Pestoff (1991) has used a similar scheme (Figure 1.3) in order to define and delimit the sphere of action of social enterprises and civil democracy in welfare societies, particularly with respect to 'post-communist' and Scandinavian countries.

The aforementioned concepts have highlighted socioeconomic as well as socio-political aspects, that is, challenges which may be called the 'governance' of mixed welfare systems. The 'plural economy triangle' in its version by Roustang *et al.* (1997) (Figure 1.2), however, focused on developing a differentiated theory of the socioeconomic aspects of the third sector and the economic system in modern democratic societies at large. It is based on the substantive approach of Polanyi's economic theory (Polanyi, 1944), which distinguishes three economic principles:

- *The market principle* allows for a convergence between the supply and demand for goods and services exchanged through price setting. The



Source: Modified from Pestoff (1992).

Figure 1.3 The welfare mix

relation between the supplier and the customer is a contractual one. The market principle does not imply its immersion in social relations, 'which are now considered by western cultures as being distinct from economic institutions' (Maucourant *et al.*, 1988). It is not necessarily embedded in the social system, contrary to the other economic elements as described below.

- *Redistribution* is the principle on the basis of which the results of production are handed over to a central authority responsible for managing it. This involves implementing a procedure to define payment rules and targets. A relationship is established over time between the central authority that imposes an obligation and the agents that are subject to it. 'Cash benefits' can be distinguished from 'benefits in kind' as two different forms of redistribution. Sometimes this redistribution can be private, when the institution which is responsible is private, such as an

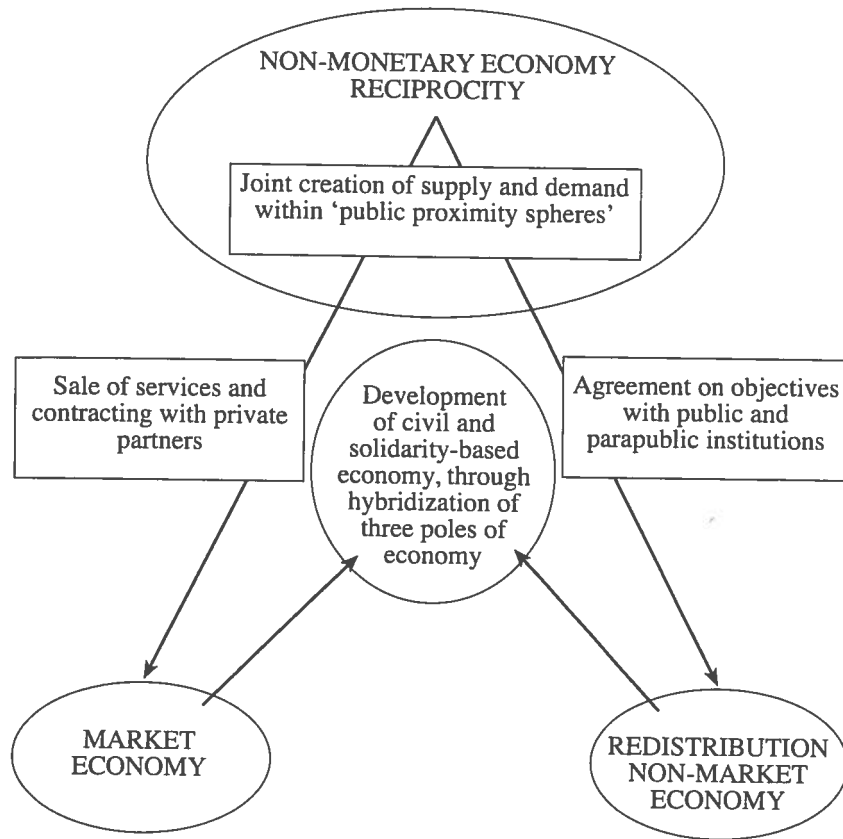
organization whose directors have the power to take a percentage of the profits for corporate sponsorship or donations, for example by means of private foundations. But the redistribution is above all a public matter: around the welfare state a modern form of redistribution has grown up, sustained by compulsory rules and used for paying benefits according to social rights.

- *Reciprocity* is the circulation of goods and services between groups and individuals that can only take shape when all participating parties are willing to establish a social relationship. So reciprocity is an original non-contractual principle of economic action in which the social link is more important than the goods exchanged. The reciprocity cycle is based on a gift calling for a counter-gift through which the groups or persons who received the first gift exercise their right to give back or not. There is an incentive for recipients to give back but they are not compelled to do so by outside forces; the decision is theirs. As a result, gift is not synonymous with altruism and free products or services; it is a complex mix of selflessness and self-interest. The reciprocity cycle is opposed to market exchange because it is inseparable from human relations that express the desire for recognition and power, and it is different from redistribution-based exchange because it is not imposed by a central authority. A special form of reciprocity, referred to as 'domestic administration' by Polanyi, operates within the family, which is the basic cell of the system.

On the basis of these three basic principles, a variety of combinations have developed historically. They can also be used to define a tripolar economy (Figures 1.2 and 1.4) in today's world.

The market economy is an economy in which the production of goods and services is based on the motivation of material interest; distribution of goods and services is entrusted to the market, which sets the price that brings supply and demand together for the exchange of goods and services. The relationship between supply and demand is established contractually, based on an interest calculation that allows for increasing autonomy in terms of other non-market social relations. However, the market economy is certainly not the product of the market principle alone. Market economies are not only organized around the market; they include many non-market contributions, such as collective infrastructures and grants for businesses. Nevertheless, the distinctive feature of the market economy is the priority given to the market and the subordination of the non-market and non-monetary contributions to it.

The non-market economy is an economy in which the production and distribution of goods and services are entrusted to redistribution organized under the tutelage of the welfare state. Redistribution is mobilized to provide



Source: Eme (1991), Laville (1992, 1994).

Figure 1.4 The civil and solidarity-based economy

citizens with individual rights, thanks to which they are entitled to social security benefits, or last-resort assistance if they are part of the most disadvantaged groups. Public service is defined by a delivery of goods or services involving a redistributive dimension (from the rich to the poor, from the active to the inactive, and so on). The rules governing this dimension are laid down by a public authority subject to democratic control. Redistribution in a broad sense covers all forms of levy and resource allocation, whether the purpose is financing social transfers or playing the role of a macroeconomic stabilizing force.

The non-monetary economy is the one in which the distribution of goods and services is based primarily on reciprocity and domestic administration. Obviously, a number of reciprocity-based relationships take a monetary form

(for example, donations), but it is definitely within the non-monetary economy that the main reciprocity-based contributions are generated, be it by self-production or by the private household economy. The reciprocity cycle is the opposite of a market exchange because it is inseparable from human relationships that bring the desires for recognition and power into play. It must be distinguished from the redistributive exchange because it is not imposed by a central authority.

Each division of the economy is therefore organized around the predominance of one principle (Eme, 1993), and the main examples of the present-day economy reflect a hierarchy of these divisions, with the market economy considered as primary, the non-market economy as supplementary, and the non-monetary economy as residual. Within such a framework of understanding, the specificity of the third sector can therefore be interpreted as being a hybridization between the three poles of the economy, existing in a state of tension with this hierarchical structure. In other words, the third sector is not defined as a clear-cut sector and is approached more as a component of the economy based on solidarity and a hybridization of different economic principles. The authors of the concept call it a civil and solidarity-based economy.

It is obvious that this concept overlaps with those of Evers and Pestoff mentioned above. In all cases it is emphasized that third sector organizations are influenced simultaneously by different spheres that make up their social and historical context, and that their survival as something 'different' instead of adapting to the core values of state and market or regressing to informal settings and networks cannot be taken for granted. Despite their differences, all the approaches we have referred to emphasize a kind of 'welfare mix/welfare pluralism' and a 'mixed' or 'plural' economy.

Linkages Between the Sociopolitical and Economic Spheres

Another point of difference between the dominant part of European research on the third sector and much of what has been developed in the US debate concerns the fact that, in contrast to Europe, contributions from economic theory have dominated the debate in the USA, shaping much of the vocabulary of the discourse on the third sector.

Initially, explanations of the existence of a third sector reflected a neoclassical approach. Internationally renowned theorists like Hansmann (1987) and Weisbrod (1988) contend that the third sector emerged primarily from the market's failure to reduce informational asymmetries and the state's failure to respond to minority demands (Lewis, 1997; Nyssens, 2000). They see the state, the market and the third sector as separate entities and tend 'to place them in separate compartments' (Lewis, 1997, p.166). Their thesis is also based on the naturalization of a hierarchical structure in which

the market and the state are viewed as pillars of society and the third sector as an auxiliary force.

However, history has proved the above thesis to be misleading. The emergence of a self-regulating market sparked reaction from social groups, including the creation of associations and then the development of the welfare state. Salamon (1987, 1990) referred to this historical process in his criticism of the 'failure' thesis and pointed out that associations were 'the first line of defence' (Lewis 1997, p.166) developed by society; he argued that thereafter their shortcomings (insufficiency, narrow focus, paternalism, amateurism) forced them to forge cooperative links with the state. But this kind of functionalist explanation does not cover all aspects of the subject, as recognized by Salamon and Anheier (1998). Following up the Johns Hopkins project's early research, they have adopted a 'social origins approach' in order to gain a better understanding of national situations through an analysis of their historical origins and development. They also reinforce the hypothesis that the traditional concept of the sector is outmoded. The re-emergence of the issue and the reference to civil society indicate a fundamental, intuitive grasp of the subject, and they have become an ever stronger shared point of reference for those researchers from both sides of the Atlantic who raise the issue of the third sector in other languages than that of economics.

American contributions to an economic theory of the third sector have also sought to cope with national and regional diversity. Several theories have attempted to establish relations between national macro variables: population diversity in the case of the heterogeneity theory (Weisbrod, 1977), religious competition in the case of the theory of supply (James, 1987, pp.397-415), trust in private enterprise in the case of the trust theory (Hansmann, 1980, 1987), per capita income in the case of the welfare state theory (Titmuss, 1974), and social security expenditures in the case of the theory of solidarity (Salamon, 1995). In the light of data collected in a variety of countries, these theories seem to provide a less convincing explanation than the 'social origins' theory linking the third sector's roots to national historical developments (Salamon and Anheier, 1998). This is based on the premise that the system's components are 'not only goods and services producers but also major political and social co-ordination factors' (Seibel, 1990, p.46). Yet none of these theories has identified the principal criterion accounting for the social integration of the third sector. The parallel that Salamon and Anheier draw between the third sector and civil society as a whole, integrating both issues closely under the label of a 'civil society sector', is done too hastily. Identifying the third sector and civil society too closely makes it difficult to distinguish the nature of the links between third sector organizations on the one hand and the civil society on the other. When debating the interrelations between the third sector and civil society, one should face the fact that speaking of a clear-cut sector makes little sense for the 'third' sector, but

it makes even less sense for civil society. For a 'civil' society, defined among other things by the right to associate and speak freely, democratic politics and state guarantees are constitutive. European theorists have advanced the hypothesis that the third sector is part of the public sphere of modern democratic societies, a sphere that cannot be attributed simply to a civil society 'sector' as opposed to a state sector (Evers, 1995). Concretely, the public sphere is not a homogeneous whole; in fact, there is a 'plurality of public spheres' (Chanial, 1992). Some of them have been penetrated by the power structure and are highly organized (Habermas, 1990, p.154; Eme, 1994, p.192), and others 'are emerging as independent forums for free debate and discussion' (Eme, 1996, p.7). Voluntary association partnerships take a leading role in civil society because around them 'autonomous public spheres can take shape' (Habermas, 1992, p.186). But once they are formed, their development is contingent on the recognition granted by the public authorities, knowing that they have to be integrated in the existing systems. Moreover, there is a fundamental tension between the tendency to treat the third sector as an alternative to state-based services and its importance as an expression of civil society. The relationships between the third sector and public authorities are of primary importance, because they have an impact on two political issues: first of all on the potential for action by members of the political community as a whole, and secondly on the sector itself.

So, when further developing the concept of embeddedness introduced by Polanyi (Swedberg, 1996; Granovetter, 1985), one has to take into account that the type of embeddedness prevailing at respective points in historical development has an important political dimension. It is defined by the set of interactions between public authorities and third sector initiatives, which cause effects on both sides, their intensity and character changing considerably over time. Similar to the concept of the realm of third sector organizations as a 'tension field' (Evers, 1995) the purpose of the concept of political embeddedness is to highlight the complex totality of the relations between public policy and initiatives in civil society. While the components of the third sector cannot be understood without conducting an analysis of the public regulations governing them, at the same time the forms they take cannot be entirely attributed to the policies of state authorities. Because the influence of politics on third sector organizations is something other than government intervention, public policy comprises more than the decisions of state authorities – a kind of interplay with social and political actors outside the realm of the state and of professional politics. Consequently, the third sector's structure is influenced historically by initiatives taken by a variety of social players who necessarily participate in the development of new forms of public regulation. These interactions between a variety of different initiatives in and outside the realm of state policies vary in stability over time (Eme, 1996). They are then to be seen

as an important element of civil society in a society constantly constituted by politics (see Cohen and Arato, 1995, pp.425f) instead of being conceived as the opposite to the power of a kind of politics that is falsely identified with state power and institutions (Evers, 2003a).

A HISTORICAL-DYNAMIC APPROACH TOWARDS THE THIRD SECTOR

The phenomenon described before as a political embeddedness of the third sector also mirrors the fact that the European social economy as a part of the third sector can be described in legal terms (associations, cooperatives, mutual aid societies and foundations). Law represents the outcome of a legacy of politics. However, the third sector perspective, understood in a welfare pluralism or plural economy framework, also deals with the question of the development model in which these legal structures operate. The approach proposed here focuses on the special kind of political embeddedness of the third sector in order to understand the ways in which it is affected by the dynamics of institutionalization and re-emergence. Three major periods can be identified in terms of a political embeddedness of the third sector.

Emergence and Institutionalization

Once democracy took hold in Europe, modern associations started to emerge. Associationism was initially viewed as being both citizenship-related and fundamentally sociopolitical (Evers, 1997, p.51). This reference to citizenship brings out what national concepts of the third sector have in common while at the same time making it easier to understand differences. Popular definitions of citizenship can conflict, as the English and French examples show.

In the United Kingdom in the nineteenth century, the concept of charitable organizations was linked to the debate on citizenship; charity was a social principle, an essential component of a democratic society that helped to regulate it through the establishment of moral objectives and altruistic voluntary commitment. The objective of government in Victorian England was 'to provide a framework of rules and directives to enable society to manage itself to large measure'. As a result, associations and their charitable activities were not funded by the government but run with a high degree of autonomy; at the same time they forged cooperative links with the authorities responsible for legislation on poverty. In addition, a large portion of the benefits was financed and managed locally, with limited central government assistance, giving rise to a host of 'institutions that acted as intermediaries' between the state and the citizens while being at the same time 'an integral part of the state fabric' (Lewis, 1997, p.169).

In France, on the other hand, while some of the community of associations arose from a philanthropic desire for social peace, an influential philosophy was the republican egalitarianism reflected in a broad-based appeal to the multifaceted concept of solidarity. After the Revolution, the solidarity principle eventually led the country beyond the dichotomy between liberalism and statism. In the nineteenth century, two popular solidarity theories emerged: solidarity as a democratic voluntary social link, as proposed by Leroux, and solidarity as a debt to society, as proposed by the solidarity theorists. Leroux ([1851]1997) believed in the value of solidarity networks based on the work of associations and of the press as means of ensuring that the public spirit essential to democracy was kept alive. The solidarity concept, as it was supported by politicians, legal experts and sociologists such as Bouglé, Bourgeois, Duguit and Durkheim, took on a new meaning at the end of the nineteenth century. Going beyond Leroux's theory of collective involvement in human activity, the new discourse on solidarity spoke of a debt that generations owed to one another, a debt that would take the form of a contract (Dubois, 1985). This concept of solidarity laid the philosophical foundations of social law and legitimized the first compulsory social insurance schemes of the twentieth century.

These two examples bring back onto the agenda in terms of principles what has been debated already by pointing to the importance of two different realms of organizations: the ones belonging to the social and solidarity-based economy and the ones that belong to the realm of voluntary organizations and charities. For the latter, the dominant source is altruism, the commitment to others: the promoters of charities created a general-interest organization for the benefit of a distinct class of beneficiaries. For the former, mutual-interest organizations that provided services for their members, the solidarity within a class or group was decisive.

All these actions gradually won greater acceptance from public authorities and led to the development of legal frameworks that acknowledged the different forms of altruism, solidarity and other forms of self-organization by communities and citizens. The legal provisions all placed limits on the organizations. In Italy, the major social service associations were forced to become public agencies at the end of the nineteenth century. In France, the associations' capacity for economic action was controlled by the government, which was concerned with preventing the Church from consolidating its power. In the United Kingdom, criteria defining 'charities' introduced a form of discrimination against mutual-aid activities and restricted them to traditional philanthropy. In Germany, at the time of the Weimar Republic, the state acknowledged that, when it came to social service provision, the big welfare associations, related to the churches or the social democratic movement, should be called upon first, while simul-

taneously regulating their operation (Sachße, 1996). In Sweden, 'ideal associations', which were model exponents of the self-management concept, were given a different status from economic associations.

Development by Sub-sectors

From the end of the nineteenth century, the development of legal frameworks and forms of economic integration contributed to the emergence of various sub-divisions and a multiplicity of different arrangements (Vienney, 1994) within a third sector that comprised three different types of organizations providing goods and services: cooperatives, mutual societies and associations. In each sub-sector historical development differs, depending on the contextual framework of the welfare regime wherein it took shape.

Cooperatives

Cooperatives have been largely integrated into the market economy, occupying sectors in which capitalist activity remained weak. They helped a variety of players to mobilize their own resources for the activities that they needed to carry out and which prospective investors had dropped. Historically, cooperatives such as agricultural cooperatives were set up in almost every country, but other types of cooperatives were consolidated in specific countries: consumers' cooperatives in the United Kingdom, housing cooperatives in Germany, the United Kingdom and Sweden. In countries such as France and Italy, where industrialization was slower, workers' production cooperatives took root; they were helped along in the 'third Italy' by the establishment of industrial districts.

While the cooperatives benefited from special provisions negotiated with the state, they had to operate in a competitive environment for the most part. In general, the logical consequence was to concentrate the means of production, and this prompted them to specialize in a major activity connected and identified with the work of their members. The end result was market isomorphism (Di Maggio and Powell, 1983; Enjolras, 1996). Concern for business durability meant that the broader political objectives had to be scaled down, and the transformation process continued to such an extent that financial groups appear as the typical cooperative institutions inside capitalist developed economies.

Mutual aid societies and welfare states

The emergence of the welfare state brought about a profound change in the role played by mutual aid societies and by associations like voluntary agencies, charities and others active in health care and social services.

In the case of mutual aid societies, a number of initiatives were launched in the early nineteenth century to handle the problems of work disability, sickness and old age on the basis of solidarity principles by organizing the members of a profession, branch or locality in a group. These forms of self-organized mutual insurance were considered by socialists as a means of worker emancipation and by liberals and conservatives as barriers against social conflicts; the mutual-benefit organizations were tolerated and controlled by the authorities, as was the case in Belgium and in France from the middle of the nineteenth century onwards. Later, with the mutual insurance organizations becoming part of the broader architecture of social security of the respective country, contribution and benefit levels and conditions were standardized nationally. The nature of the economic activities involved created a dependence on the state for all the benefits they provided. The risk inherent in these benefits could be better controlled because of the involvement of a large number of members at the national level and the additional support of statistical techniques. With the institution of compulsory insurance schemes, the system became more stable and mutual-benefit organizations became complementary insurance sources for compulsory plans and, as for example in Belgium and Germany, managers of the social security system. They were integrated into the non-market economy, even if this meant amending the principle of voluntary membership in order to meet the criteria for supplementary group social insurance. This process of institutionalization was consistent with, on the one hand, the Bismarckian or corporatist concept of social insurance for wage-earners in Germany, Belgium and France and, on the other, with Beveridge's concept of national solidarity, which makes no reference to professional activity (Merrien, 1997, p.82), taking a universalist approach that focuses on welfare rights for all or on providing assistance of last resort in the event of family and market failures (Titmuss, 1974; Esping-Andersen, 1990).

Associations and welfare regimes

Analysing the development of different welfare state regimes also raises the need to include a historical analysis of the relationships between associations of various kinds (voluntary organizations, charities, and so on) and public authorities (Kuhnle and Selle, 1992). As feminist critics (Orloff, 1993; Hernes, 1987; Lewis, 1992) have shown with regard to social and health care services, the public authorities have adopted two contrasting attitudes to social relations between the genders: the first aimed at women's independence and gender equality; the second established a hierarchical relationship between men as being responsible for household income and women as being responsible for domestic chores (Jenson, 1993; Lewis, 1998; Sainsbury, 1994). The gender criterion then finds its expression either in the emphasis on the development

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of services for all (as in the first case) or in the priority given to monetary transfers at the expense of services, with women being encouraged to perform domestic work (as in the second case).

By combining the above features, one can identify three types of relationships between associations and public authorities. The first type is the universal or social-democratic system of Scandinavian countries like Sweden and Denmark. Broad reliance on the state as organizer of national society finds expression in a 'collectivization of needs' (Leira, 1992) in the social services sector and a concomitant promotion of social integration and gender equality. In this context, associations have exerted social pressure by acting as a channel through which to voice demands and they have mobilized networks to foster the delivery of services by public organizations. These services are the responsibility of government, for which gender equality is an official objective.

The second type covers liberal and dual systems. Here, services are generally not provided by the state. In the liberal welfare state system typified by the United Kingdom, public assistance is concentrated on the most disadvantaged sectors of the population. Successive governments have maintained this pattern of service delivery. The corollary of this is a lack of such services as child care, as a result of which a high proportion of women have to work part time (Lewis, 1992). The weakness of non-market services regulated by public authorities is also characteristic of the dual system in southern Europe, as can be demonstrated in Spain, Italy and Portugal. This system emphasizes monetary transfers, neglects services and provides social insurance for those who have successfully become integrated into the labour market at the expense of groups who do not have employment security, who have little hope and who are trapped in the underground or informal economy. According to Ferrera (1996), 'access to rights is neither universal nor egalitarian, but operates on the basis of personal knowledge, privilege and patronage'.

In both of these welfare regimes the third sector, as a goods and services provider, is very limited, albeit for diametrically opposed reasons. In the universalistic model, there is a strong impetus from the public authorities to create services and take over tasks that were formerly performed by the market or the third sector. In the liberal and dual models, public service delivery is generally limited, services are for the most part the responsibility of women and remain in the private domain of markets and households. Once gender is taken into account, it is impossible to subscribe to the somewhat surprising conclusion reached by Salamon and Anheier (1998), who describe the Italian system as a social-democratic system akin to that of Sweden on the grounds that, in both countries, there are 'high levels of public social expenditure and relatively weak nonprofit sectors'. In this context, the distinction between monetary transfers and services is essential

if we are to avoid equating national systems with a given model solely on the basis of public expenditures and associations. As has been pointed out by Borzaga and Santuari (1998), the apparent similarity of systems is contradicted by the fact that the financial means of the Italian welfare state are swallowed up by pension payments. The Italian model has focused traditionally on monetary transfers and, as a result, tends to neglect the implementation of social services. This is where the Italian and Swedish models differ.

The third type of association–state relationship is the corporatist regime. In contrast to the other two, it assigns a significant role to the third sector. In this system of interaction between initiatives and public authorities, services are considered as an integral part of social policy based on taxes or social security resources. Services are not exchanged for a price to cover most of the production costs because the state provides the major part of the funding. Besides its role as a service-financing and guaranteeing institution, the state sets rules for service delivery procedures as well as for the working conditions in the sector. In Germany, Austria, France and Belgium, associations were therefore mostly service pioneers, identifying emerging social requirements and then responding to them within their own associative contexts while at the same time being increasingly supported and regulated by the state. Conglomerates of organizations took shape, grouped together in national association federations that interacted with the public authorities. The establishment of a regulated service regime gave rise to a non-market isomorphism of third sector structures that brought them closer to government and prompted them to form large national federations. They were linked to political parties, churches, the Red Cross and non-aligned organizations in Germany, they were lay and Catholic bodies in France, and they were socialist and Christian bodies in Belgium and the Netherlands. In the two latter countries, these systems of large associative ‘pillars’ were coupled with mutual organizations active in family assistance and home care services (Leblanc and Paulet, 1989).

While mutual organizations have become in many ways ‘para-state’ organizations (Evers *et al.*, 2001, p.2), an analysis of the relationships between associations and public authorities shows that the relationships are particularly strong in health care and social services and manifest themselves in three ways: demand for public services, support for the household economy, and the ‘merger’ of associations and public authorities through trusteeship and regulation. Only the third element has led to a greater volume of third sector service delivery, and that increase has prompted a weakening of the lines of division between the state and the third sector that is mirrored in strong centralization and increasing reliance on the state for funding and regulation.

THE NEW DYNAMIC

The identity of what in analytical terms can be called the third sector has thus been affected by the differences in paths taken by the various components in the course of their interplay with the respective welfare regime. The present situation, however, cannot be understood simply as an organic evolution, determined by a foundational setting at the outset of welfare state developments. In the subsequent periods of transformation, new circumstances and forces have served to redefine the character of national welfare systems and of the kind of social and political embeddedness of the third sector. That is, the future of the welfare state and of the third sector seem to be interrelated questions even if the former tends to be treated autonomously in some major contributions, as, for example, by Merrien (2002) and by the classical and recent work of Esping-Andersen (1990, 2002). For reasons of simplicity only a few features that have had a strong impact in the last decades will be enumerated below.

Evolving Forms of Commitment

First of all, the shift in forms of commitment in the public sphere must be considered. On the one hand, general-interest activism associated with a desire for social change, involving long-term action and strong delegations of authority within federative structures, has lost impact, as illustrated by the weakening of trade union and ideological affiliations. On the other hand, the crisis in voluntarism, evident in some of the most institutionalized associations, has been paralleled by short-term, specific commitments by associations focusing on providing quick solutions to particular problems (Ion, 1997; Barthélemy, 2000). One of the questions that arises here concerns the interrelation between voluntary work and political and social participation. After the increasing professionalization of social services in the period preceding the revitalization of the third sector from the early 1970s onwards, people had begun to question a perspective which suggested equating the citizen in the realm of health and social services with a mere patient, client or taxpayer. Groups started to take action outside the traditional social movements, combining social cooperation, mutual aid and protest. The third sector's role from this point of view was no longer the mere delivery of services and jobs. Even though today a strong consumerist view has become dominant, there is still a point of view which insists on the relationship between service work and quality and issues of social cohesion and an active society. This cooperative and participatory approach, however, differs from traditional concepts of involvement by occupational or political participation that had been influential before new social movements and initiatives arose.

The Change in the Structure of Productive Activities

The labour structure in developed countries is going through profound changes. Two major categories with contrasting orientations can be distinguished. On the one hand, there are industries for standard products and services, covering logistical services (transport, large-scale distribution, waste treatment, and so on) and administrative services (banks, insurance companies, government, and so on), which have moved towards mass production activities. Dealing primarily with material goods, technical systems and the processing of coded information, these services were changed by new information technologies. Thus their development has been similar to that of industrial activities, which have been characterized by two trends: their job creation capacity is less than it was during the period of prosperity from 1945 to 1975, and there is a demand for workers with higher qualifications.

On the other hand, there are what can be called 'relational services'. As pointed out by Baumol (1987) and Roustang (1987), these give service relationships a pivotal role because the activity is based on direct interaction between supplier and customer. The purpose of such services is either to support business organizations they respond to or to improve the physical, intellectual or moral state of individual customers or users. In this context, new technologies are only relational support systems offering additional options in terms of the variety and quality of services. Innovation in the production process does not necessarily lead to standardization. It can lead to another form of innovation, with complex work being displaced, not eliminated. Greater variety and better quality will offset the effect on capital and labour, thus relational services can generate new jobs. Moreover, in spite of the problems caused by the way organizations are categorized in national accounts which do not present relational services as a separate group, the available figures show that these services are at the centre of job creation. Overall, in the member countries of the Organization for Economic Cooperation and Development (OECD), trade, services to business, the hotel-restaurant industry, personal and domestic services, education, health care, social action and public administration account for most jobs, and their share is steadily increasing. Some sub-sets such as education, health care and social action, social and personal community services and domestic services show a significant increase in employment (Borzaga, 1998).

Proliferation of Initiatives

In this new context, innovative ideas have been developed in civil society networks throughout Europe. The various sub-sectors of a third sector that have been sketched before have taken part in this search for innovation to

different degrees. Usually the debate tends to focus on the role of associations such as voluntary agencies, local initiatives and so on, but we should not lose sight of developments linked to the cooperative current (Defourny, 1999). Their reorientations within recent decades can be seen as an attempt to adjust to the changes in public action in different ways, depending on the welfare state system in their particular country.

In the Scandinavian countries, new organizations adopted a mode of operation that was different from that of traditional associations. Moving away from the hegemonic political and cultural approach of the 1970s, they proposed 'new organizational forms and solutions to local social problems' in the 1980s (Klausen and Selle, 1996). In Denmark, organizations called 'project developers' arose out of the strong involvement of one or more individuals. Day care cooperatives emerged in Sweden, where already in 1994 non-municipal child care accommodated more than a tenth of children cared for in day care centres (Pestoff, 1998). In this context, cooperatives and associations contributed to a redeployment of existing services as much as to the creation of new services. The 'cooperatization' of social services (Pestoff, 1998) is designed primarily to increase the role of users, such as parents, in the organization of child care services, and has been accepted because of the financial pressures on the public sector.

Paradoxically, at the other end of the scale, the same form of organization took shape in Mediterranean countries with a dual system: the legal status of cooperatives was used to propose services that the public sector was unable to provide. In Italy, social cooperatives became popular in many areas because of their ability to perform new functions: providing jobs for people from sectors of the population that had been excluded from the labour market and creating a variety of services for individuals. They emerged in the 1970s and grew rapidly. In 1996, there were about 3000 of them, representing approximately 100 000 associates and providing services for several hundred thousand people (Borzaga, 1998). Until recently, the third sector in Italy had been smaller than elsewhere because the state played a dominant role in services such as education and health care instead of incorporating, as other countries had done, a significant third sector dimension (Gui, 1996). In recent years the section has grown considerably. This illustrates well that, instead of relying on the non-redistribution principle as the only guarantee for a not-for-profit orientation (Hansmann, 1980; Ortmann and Schlesinger, 1997, pp.97-119), cooperative characteristics, such as the involvement of stakeholders and the actions of entrepreneurs and workers, can also be seen as principles which help to safeguard the dominance of a not-for-profit orientation (Young, 1983; Borzaga and Mittone, 1997). The 1998 legislation on social solidarity cooperatives in Portugal brings together 'salaried' members, the recipients of services and 'voluntary' members, the non-salaried providers of goods and services.

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Socially oriented cooperatives appeared in Spain at the same time. The general law of 1999 refers to social service cooperatives providing education, health care and integration services as well as other social needs not covered by the market. On a regional level one can find mixed cooperatives for social integration in Catalonia and the Basque country and cooperatives for social integration in the region of Valencia, where traditional workers' cooperatives comprising for the most part home care employees developed into a mixed organization of producers and consumers (Espagne, 1999; Sajardo-Moreno, 1996).

Similarly, though to a lesser degree, the voluntary sector in the United Kingdom has been replaced in some areas by social cooperatives providing such services as help for social and cultural integration of disadvantaged populations, child care and home care. The number of initiatives may be no more than a few dozen, but there are also many community enterprises to be found, particularly in Scotland. At the same time, voluntary organizations have a strong role in covering some of the shortages that are left by the state and municipal authorities. An example may be taken once again from the area of child care: in 1986, more than half of the children in England and Wales who benefited from community day care services attended playgroups, part-time day care services for children under five years of age that were the result of measures taken by parents to counter the shortage of child care programmes (Macfarlane and Laville, 1992).

The expansion of cooperatives for the above activities is partly due to the fact that cooperatives, which had traditionally been homogeneous entities, had been allowed to involve a variety of stakeholders (volunteers, workers, consumers, local communities, and so on) in the decision-making process. The 1991 legislation in Italy provided for precisely that kind of expansion. Obviously, the varying balance between innovations that were cooperative-based and others that came from local associations and voluntary agencies is linked to the fact that, depending on the respective welfare state system, the role of both sub-sectors has differed. In some of the Scandinavian countries, for example, the public authorities have by tradition sought very little assistance from associations as service providers, and there has been an agreement to see them mainly as advocates for special groups and concerns. The situation is different in countries with corporatist regimes, where government authorities have established close partnerships with associations as service providers.

In Germany and Austria, initiatives were termed 'self-help' in an effort to reflect a desire to empower the people involved. The initiatives can be divided into three sub-sectors: semi-informal groups outside the third sector, 'self-help' groups of individuals affected by the same problems, and finally groups taking up the needs of others and providing help and services for people outside the group. These 'self-help' groups and small associations are formed

on a voluntary basis, and paid professional work is used only in a back-up role. There have been about 70 000 of such initiatives in Germany, involving approximately 2.65 million people, and the formalized half of them can be considered as a part of the third sector (Evers *et al.*, 2001). In the 1980s they enjoyed a period of strong growth, especially in health care and social action: between 5000 and 10 000 groups became active in the health services field alone. They have since stabilized and have changed the landscape of associations. A large number of them joined one of the major charitable federations, and as a result of this process a kind of generation and cultural change has arisen, resulting in the fact that today it is a widely shared opinion that the modernization of operations of voluntary service providers cannot simply be equated with a 'marketization' and a 'managerial revolution'. Issues of social entrepreneurship and of a new cooperative orientation towards the users are also part of this discourse on modernization (see Bode and Evers, in Chapter 5).

The practical criticism that is represented by the movements of the 1970s and 1980s and by what has survived from them in organizational and cultural terms until today must, however, also be seen as a kind of self-criticism. As in Germany and the Netherlands, in Belgium and France the issue was one of accepting the fact that the lack of a profit motive does not suffice to guarantee user respect and, accordingly, of devising new ways of providing associative services. As major, long-standing service providers, associations benefited from local quasi-monopolies during the trusteeship and regulation period. Since there was a tradition of cooperation between public authorities and associations in those countries, new groups adopted the same legal status, but at the same time they intended to build on new foundations and focused on the mode of operation of associations as a central issue. According to their promoters, the legitimacy of service delivery by associations strongly depends on their ability to give users a voice, to elicit voluntary commitment from a variety of sources, to mobilize and cultivate the social capital that stems from supportive relations in civil society (Evers, 2003a) and to find a new financial balance geared to a context offering less protection.

Many associations, including both older organizations that are re-evaluating their traditional practices and more recent groups that are proposing new approaches, are trying to adjust to the new context. Taking up once again illustrative examples from the sector of child care, one can say that in France groups have achieved models for community child care services involving parents, such as day care centres with parent participation promoted by the 'Association des collectifs enfants-parents-professionnels' (Association of professional-child-parent initiatives). Initiated by parents, they were later taken over by professionals, who saw them as both an employment opportunity for themselves and a means of ensuring and monitoring quality of service through close relations with the parents. These community child care facilities

experienced the highest growth of all such services in the 1980s. Globally, association initiatives over the past ten years have helped to create two-thirds of the collective day care spaces.

Setting aside national differences, the survey of new actors and developments highlights two key factors that concern the use value of new forms of cooperatives and voluntary associations. First of all, third sector experiments have proved capable of creating original ways of fostering the trust required for certain activities to succeed. Building trust often depends on the commitment of the stakeholders (Ben-Ner and Van Hoomissen, 1991), a commitment which is facilitated by rules and frameworks that limit the opportunities for deriving individual financial advantages from the operations. Within such a 'multi-stakeholder' dynamic (Borzaga and Mittone, 1997; Pestoff, 1998), mutual trust is built through the development of reciprocity-based spheres of activity in which strategic, instrumental and utilitarian factors are secondary and where there is room for collective reflection. Such spheres have been described as 'proximity public spheres' (Eme and Laville, 1994; Laville, 1994). Issues and concerns that have formerly been limited to the informal sector of families and communities (such as issues of personal care for frail elderly persons) can then be brought into such an environment with a view to defining a common good and an approach which can then be used as a frame of reference for users and professionals. Expressed, for example, in a charter, such an arrangement can reinforce the mutual trust that helped in the first instance to find a more public solution to what had been seen before as an entirely private problem.

There is an often-reported reluctance to use public solutions for health and medical problems or for child minding and elderly care. Perhaps the importance of the experience of social cooperatives in Italy, of child care cooperatives in Sweden, of community care associations in the UK, and of self-organized service providers in Germany, France and Belgium concerns precisely this critical point of active trust building. This is because what is taking shape is a joint development of supply and demand for services (Laville and Nyssens, 2000), which becomes possible where one addresses users and stakeholders not only as clients, consumers and payers but also as citizens, community and family members in a specific local environment. However, such new forms of institutionalizing services will need space for experimentation and discussion (Eme and Laville, 2000) and they will need new forms of governance, comprising networking and partnerships between social actors and public authorities (Evers, 2003b). A top-down approach that 'implants' new services may fail in this requirement even if it promotes high professional standards.

Underlining the importance of a process of joint service development wherever the respective services are related to issues of trust building does not

mean that the various stakeholders are equally involved or that the initiative will always belong to the same side or group. Sometimes professionals who are critical of their traditional methods will dominate; in other cases administrators seeking to bring about change in their institutions may take the leading role. A mixed, pluralistic model involving a variety of stakeholders (professionals, volunteers, users, institutions and so on) takes shape. By establishing an intermediary, third, sphere this pluralistic model, in varying combinations, can make it possible to counteract what it is proposed here to call 'informational uncertainty', something which goes beyond the well-known topic of 'informational asymmetry' as it is used in economic debates on markets and services. In 'relational services', which involve close contact with the users, there is not simply informational asymmetry but a lack of definition of tasks and concepts, something that is even more disturbing to the stakeholders. This points towards the challenge in imagining a new third sector-based dynamic for such processes of institutionalizing service systems. It is defined by its focus on the impact of the participatory social and political dimension of development concepts for new spheres of service activities. Both researchers and practitioners are concerned here. In practice this means that beyond organizations and initiatives there is a need for entrepreneurs. Adopting the label of entrepreneurship does not deny the social and political dimension of the challenge. An efficient balance of collective and individual commitments would reflect an entrepreneurship that includes a social and civic dimension.

This leads to the second crucial factor to be underlined here. In the course of their emergence, based on the use of non-monetary resources, such as voluntary commitment, supportive partnerships, donations and sponsorships, third sector innovations seek a balance which draws to a considerable degree on resources other than state support and sales to customers. Their goal of self-management prompts them to return to public support not only by public authorities but also by organizations and partners in the public sphere constituted by civil society. They seek a certain degree of independence by maintaining a plurality of dependencies, and they try to cultivate a rich set of goals and effects by their services and activities, some of them for special and particular groups and needs, others more broadly for the common good. However, a 'social enterprise' (Borzaga and Defourny, 2001) with a multi-resource and multi-goal approach (Evers, 2001) is an unknown quality within the institutional and legal setting of most welfare states. It runs up against the careful and tight divisional line that is drawn in so many countries between resources that 'count' and others that are not taken into account, between effects that are easy to measure and others that are less measurable and easily neglected; that is, between economic and social purposes, market and non-market economies. Hence, very often the limits imposed by legal status lead to a proliferation of experiments based on a combination of various legal forms.

CONCLUSION

It has been argued that there are peculiar theoretical contributions that stem from the European debate and which are linked to a specific legacy when it comes to discussion of a third sector in Europe. Four features have been identified which allow one to speak of a 'European way' of conceiving the third sector.

First, throughout Europe, the formation of a third sector has benefited from special contributions by organizations other than the charities, voluntary organizations and foundations, which are also a part of the US legacy; these contributions have come from *mutuals, cooperatives and other organizational features of a 'social economy'*. They are in a large part linked to movements and ideologies that were historically stronger in Europe than in the USA, such as the labour movement and a range of political and economic ideas to create mechanisms for the production of wealth and welfare other than market exchange or state protection. They represent a wide spectrum of collective actions coming from civil society, based on various forms of solidarity.

Second, a European definition of the third sector, especially including cooperatives and mutuals, opens a debate about the role of economies – reformatory economies – that differ from the market, the state economy and the moral economy of private households. The theoretical challenge taken up by the European debate has been to reconstruct the peculiarities of a third sector economy as part of a *plural set of economies* rather than explaining the economic dimensions of the sector with tools and concepts that stem from market theories. Their specificity is not only a question of collective entrepreneurship; of being owned by stakeholders instead of shareholders. It is also related to the institutional framework in which these organizations operate, balancing and intertwining different economic principles.

Third, a considerable part of the European research places the emphasis on the fundamentally open, mixed, pluralistic and *intermediary nature* of the third sector. This differs from contributions that set it apart from state and market as a kind of 'independent' sector, or as a natural feature of a 'civil society sector'. The concept of the civil society background as an intermediary sphere underlines the impact of the effects of market action, state action and changing behaviours of private households and communities on civil society as a contested ground, and on third sector organizations. Thus they may become more commercial, more similar to welfare state organizations, or find ways to keep their specificity by intermediating successfully between the influences that come simultaneously from other sectors of society. Thinking in terms of an 'intermediary space' makes one aware of the fact that there is no clear line of demarcation between, on the one hand, the marketplace, the political arena, communities and state organizations, and on the other, the third sector.

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Finally, this pluralist vision, alongside the strong historical impact of welfare politics in most European countries, has to be seen in conjunction with the fact that it was in Europe that the debate incorporated such notions as 'welfare pluralism', 'the welfare mix', 'the mixed economy of welfare' or 'the plural economy'. Such approaches all suggest an analysis of the third sector linked to the history of welfare regimes, socially and politically 'embedded' in the political action, institutions and legal frameworks of welfare politics. Especially in European social-democratic or corporatist welfare regimes, the various parts of the third sector have adopted a special status. Cooperatives, mutuals and associations/voluntary agencies have been integrated and developed in ways and to degrees that are quite different from the US experience. Such European legacies must, however, be regarded when one tries to recast future European models of welfare and the role to be given therein to a third sector.

Keeping these elements of a 'European way' in mind, the second part of this chapter sketched economic, social and political shifts that can be observed on both sides of the Atlantic.

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The forms and faces of social and political movements that have a strong impact on the emergence of third sector organizations have changed, from largely class-based and closed 'camps' to more open and fragile coalitions where common interests, differences and particular concerns other than social class play a more important role. The *new forms of cooperation and participation* that emanate here and contribute to the structure of civil society must not be confused with the traditional repertoire of forms of engagement. New forms of association, projects and initiatives seem to be increasingly the product and expression of cooperation among *various stakeholders*: 'corporate citizenship' from the business side can join the social action of other groups, of professionals, citizens and public authorities.

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But even if there is a strong element of state action and support, a role for the business community and a defined economic purpose, new associations and services as kinds of 'social enterprises' are peculiar to the degree to which they mobilize and cultivate the '*social capital*' of lively roots in civil society, through partnerships, support networks, trust building, donations and voluntary action. Thus, as 'hybrids', they can possibly create a 'win-win' situation in which markets as well as civil society and community-based resources supplement state resources for services.

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These features have a special impact today, given the fact that the *roles of personal services, marked by their proximity* to daily life and needs of peoples, households and families, are gaining importance in various areas of urban and social life: child and elderly care, education, health and welfare. To the degree that these services are a field of growing importance in terms of economics, well-being and politics, the link between this field and the role of the third sector becomes crucial.

With this in mind, a hypothesis has been developed concerning the specific role and impact of third sector organizations when involved in the development of these personal services. They could be crucial for joint development strategies and networked forms of governance that endeavour to *cope with the uncertainties and issues of active trust building* between various sides and partners that arise when one wants to transform private needs into public issues, restructure provision and cooperation and give shape to appropriate service arrangements.

When individual capacity, action and responsibility come to the fore, this leads to the aim of freeing entrepreneurship from its traditional exclusive link with economic action. Politics are needed that open the way for social and civic entrepreneurs. There is a tension in modern economics: the necessity of creating new links between public action and civil society contrasts with the increasing tendency to turn human services into commodities.

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