Defourny, J., Favreau L. and Laville, J.-L, “New Directions in a Plural Economy”, in Spear, R., Defourny, J., Favreau, L. and Laville, J.-L. (eds), *Tackling social exclusion in Europe. The contribution of the social economy*. Aldershot: Ashgate Publishing Ltd, 2001, pp.329-349.

NEW DIRECTIONS IN A PLURAL ECONOMY

JACQUES DEFOURNY, LOUIS FAVREAU AND JEAN-LOUIS LAVILLE

Insertion through economic activity has no fixed model. It emerges from the interaction between local initiatives and more or less appropriate, experimental and innovative public policies, against the background of a decade, the 1990s, which saw a deterioration in the employment situation marked by persistent mass unemployment, poverty and loss of security for part of the working population. In simple terms, society is increasingly split into three large groups: employees in permanent legally regulated employment; a supply of labour moving in and out of employment, unemployment and training; and those out of work, some of whom face long-term unemployment. This major feature of the developed economies determines the extent of the challenge confronted by schemes for insertion through economic means, which arose mainly during the 1970s and 1980s against a very different background. Given that the crisis no longer appears to be a passing aberration, this requires the examination of the possibilities; taking the trends at work as a starting point, three approaches are apparent each proposing a different role for insertion through economic activity and the new social economy.

As indicated in the preceding chapter “Third Sector and Social Economy Re-examined in the Light of Initiatives Promoting Insertion”, the socio-economic regulations for insertion through economic activity have not yet stabilised, either in terms of internal operation or in relation to the environment. However, insertion through economic activity has passed the experimental stage and a number of patterns can be distinguished in the approaches adopted. This is not a matter of classifying national practices, but of underlining certain of their features in order to set out the terms of the debate regarding future developments. There are three possible directions:[1] forming an intermediate economy, setting up a socially useful sector, and building new relationships between solidarity and locality.

1. Forming an Intermediate Economy

In this approach, the aim of organisations for insertion is to prepare people for permanent work by providing work and training opportunities for a limited period. The intermediate economy option derives from the rationale of schemes for insertion through economic activity during the 1970s and 1980s. Although in the years before the recent crisis many of these insertion initiatives saw themselves as part of an alternative economy,[2] for the public authorities only recognised them when unemployment had become a persistent problem. At this point people began to question an approach to social work that rejected all forms of intervention in employment and that was restricted to individual support. Comments to the effect that this training too often led to nebulous qualifications[3] reached the institutions concerned. As a reaction against this traditional approach to training and social work, insertion through economic activity appeared as a way of getting people into work, whilst adding socialising and training values in an enterprise that was subject like others to market constraints. If it provided a real job and real training, as opposed to subsidised work and a trainee-ship divorced from the conditions of production within a company, an insertion post could prove to be a valuable springboard from which to find a normal job. Access to work for a transitional period is regarded as the best approach to social integration by way of occupational insertion.

---

[1] All three of which may be present at the same time in the same country.

[2] As Eme noted in his contribution

However, official recognition of such initiatives proved difficult, because of the separation of policies for the different branches of the economy; this characteristic of the Fordist period was emphasised in the previous chapter: the market economy was regarded as of central importance and the major engine of job creation; the non-market or public economy had a corrective role and, through public service intervention, fulfilled those needs which the market did not supply, thereby providing a supplementary source of job creation. And the non-monetary economy based on reciprocity and mutual aid that sought to preserve or strengthen social bonds, was regarded as of residual importance and identified with invisible or subordinate economic forms such as the domestic or informal economies. From this perspective the emerging experiences of insertion through economic activity were reluctantly accepted only with regard to their non-market, non-monetary character.

This negative discriminatory approach to the new social economy was evident in several countries, e.g. in Great Britain, where the Conservative government demonstrated an ideological preference for the capitalist enterprise, and in Sweden where worker co-operatives were regarded as ambiguous organisations. In Germany, too, there was no place for such organisations in traditional social partnership. As a result, some countries initially restricted the scope for action of bodies operating in the social economy. In Sweden, for example, the first insertion initiatives received no support from employment public policies for activities that could be performed by commercial organisations. In Germany, meeting the criteria of public utility in order to gain access to tax advantages restricted the development of economic activities. In Belgium, public service contracts imposed conditions that could not be met by non-profit associations[4] and in France voluntary organisations were historically only able to undertake economic activities if they submitted to public supervision.[5]

Though insertion organisations remain marginalised in countries such as Spain, they have made great strides in legitimacy given their original disadvantages. The popularisation of such initiatives, as indicated by their gradual recognition, has been helped by local pressure, and in several countries has led to the founding not only of co-operatives but also of limited companies in Spain or independent enterprises in Austria. This has also been assisted by wider social movements such as the alternative and environmental movements in Germany. Policies have thus moved on from protecting employment to creating jobs for the unemployed, particularly through re-orienting social work and training towards economic activities. In the end, public authorities were forced to pay attention to the increasing numbers of new organisations; legislative and regulatory measures began to appear, but not without some hesitations. In Germany, the general term BQG refers to a variety of different companies for employment and qualifications in different regions, but all had the common aim of reintegrating the unemployed into paid work: this included companies for the promotion of work, employment and structural development in former East Germany (ABS), social enterprises in Lower Saxony, and enterprises for job creation in Berlin. In France insertion enterprises and intermediate voluntary organisations were recognised, whilst in Belgium regional authorities recognised various forms of organisation, in particular enterprises for on-the job training. New legal statutes were even adopted to help the spread of such experiments in Italy: the social co-operatives, like the new "company with a social purpose" in Belgium, are commercial companies that do not aim to generate profit for their members, since the influence of capital in decision making is limited and the distribution of profits is restricted by a ban on distributing reserves. These measures establish a coherent body of regulations relating to the social economy, including for those initiatives where the aims are broader, as in the case of social co-operatives that serve the interests of the whole community as well as their members.

---

[3] In the phrase used by Brinkmann, quoted in the case study on Germany.

[4] Defourny (1994).

[5] See the part of the conclusion regarding the legitimacy of the associative sector in France by Laville and Sainsaulieu (1997).

These initiatives have had no real influence on the unemployment statistics, but they have demonstrated their usefulness in helping hard-to place[6] unemployed people back onto the road to work and in providing opportunities for them to access work outside the sheltered employment sector.[7] Their credibility is strengthened thanks to a civic and social entrepreneurial approach that introduced both private and public sources of finance, contributing to eliminating the fatal division between efficient enterprises and the solidarity-based realm of the welfare state.[8] Often, however, self-financing through commercial income can only be achieved at the cost of lowering wage levels to an extent that can be self-defeating. This was the fate of *Fergulsie Park Community Holdings Ltd*,[9] a Glasgow community enterprise that had to close because the wages it paid were lower than the income available to local people on the black market. To avoid this poor outcome, experiments have been initiated with a dual form of production - market, through goods and services traded in the market, and non-market, through provision of integration and training services, where payment for non-market services is from the public authorities. This can be seen in German regional employment programmes where companies for job creation and training received partial subsidies for their wage costs, in Belgium (Flanders) and in France through the public financing of insertion posts, and in Italy and Belgium through social charge exemptions for disadvantaged workers. According to the available data, public contributions come in various forms (60% of total charges for socio-economic employment schemes in Austria; 8.4% in subsidies and 53.6% in contracts with local authorities for social co-operatives in Italy) and are at supportable levels, as shown by studies carried out in the province of Trento, in France and in Wallonie.[10] The cost is lower than for most public measures to aid employment and training; the windfall and substitution effects are lower in insertion enterprises than in others because their target group is the long-term unemployed; and they produce social and fiscal gains while avoiding social expenditure.[11]

---

[6] In the term used by Erhel *et al.* (1996) quoted in the Introduction.

[7] Cf. Ballet (1997).

[8] Rosanvallon (1995), pp. 190-191.

[9] Laville and Gardin (1997).

[10] Dughera (1996); *Agenzia del Lavoro della Provincia Autonoma di Trento*, 1997; Defourny (1994); Gaussin (1997). Although these different studies reach similar conclusions, all stress the methodological difficulties and call for more detailed research.

In such an intermediate economy, for the purposes of internal regulation the beneficiaries - who are only temporary - are regarded as probationers who must adjust to the limitations of the enterprise. Even if, in some cases, they may become involved in higher level responsibilities in the organisation of production, the fact that they are not full members of the organisation can lead to problems of motivation.[12] The social networks promoting these organisations are perceived as providing support but over time the dominant support role is devolved to the manager-entrepreneur. These enterprises try to become more mainstream, moving closer to private for-profit companies and entering the market economy. This can even lead to a suppression of all reference to the social economy, as can be seen in several texts issued by the *Comité national des entreprises d'insertion* (CNEI) in France during the 1980s, advocating the use of standard commercial, rather that associative, legal forms.

This approach has produced results. The fear of unfair competition, ever present in France and Germany during the early days of insertion through economic activity, has been followed by partnerships with local employers seeking to integrate insertion initiatives into inter-enterprise alliances stimulated by local industrial systems. Formalised relationships with local authorities and professional groups have established the rules of the game for price competition, and given priority to the recruitment of people in need of integration. Conversely, some large enterprises have been able to use insertion enterprises as subcontractors enabling them to support reintegration without becoming directly involved and without changing their approach to human resources management.

Despite these results, the development of an intermediate economy that remains focused on insertion objectives is proving difficult since transaction costs are high, even crippling. To begin with, insertion organisations have to apply for finance under various different policies (employment, social, urban, business creation, aid to SMEs, etc.), thus they tend to suffer the effects of bureaucratic inefficiencies. Next, overall public investment is less than the enterprises need, particularly since pressures on public finances leads to insertion through economic activity being often the first to be threatened, both because of their recent and innovative character and their low numbers. This is the case in Germany, when employment and training companies have seen responsibility for their work passed from federal to local authorities.[13] When these initiatives are not hit by reduced financial support, stagnation can have damaging effects, as in the example of work-based training enterprises in Belgium, whose numbers have not increased despite strong demand. Establishing an intermediate economy thus requires a much broader revamping of the institutional framework. The proposed “transitional” labour markets model forms such a project, capable of bringing together different public funds and linking with existing measures so that transitions (between part-time work and full-time work, between employment and self-employment, between unemployment and work, between work and training, between work and retirement), which are usually experienced as times of insecurity, can benefit from public regulation.[14] This kind of reformulation of public policies as a whole is what intermediate labour market organisations such as the *British Wise Group* and *Glasgow Works* have been calling for: they have a well-developed system for providing the unemployed with short-term jobs at “normal” pay levels that could be increased tenfold through a national strategy.

---

[11] Cost-benefit calculations do not, however, exhaust the question of evaluating insertion initiatives (see Lefèvre, 1997).

[12] According the theory set out in the contribution on Germany.

[13] The situation has not stabilised, the relevance of support for “jobs through innovation” is being assessed at federal level, which could lead to new responsibilities for the national authorities

However, even if employment policy is to be rethought globally linking together transitional labour markets, there remains the problem of helping the intermediate economy cope with the tertiarisation of productive activities. Viewing insertion as an intermediate phase avoids the questions posed by changes that are under way, because it rests on two implicit assumptions: the market economy is capable of absorbing the great majority of excluded people if they are properly trained; and a return to full employment could result from political will, which combines public intervention with a greater awareness of the issues from corporate leaders.

These two assumptions must be questioned in the light of ominous trends emerging in today's economy.

The basis for economic growth has been through activities that are standardisable in industries and services.[15] Standardisable services are in market services, such as banking, insurance and telecommunications, and public services such as administration, where codifiable information can be processed, enabling them to follow an industrial type of development with significant increases in productivity. However, hardly any jobs are now created by standardisable industries and services. Most industrial sectors lost jobs during the 1980s, and standardisable services, such as in banking, faced with similar demands for competitiveness in more open national markets, are now forced to undergo similar changes or have already done so. The outsourcing of high-status services (advisory services, advertising, other professional services) and lower-status services (cleaning, security) only explains these changes in part. In actual fact, even though the industries with the greatest increases of productivity are losing fewest jobs, the formula according to which today's investments are tomorrow's jobs no longer holds true. This change in the nature of productive activities presents corporate leaders with conflicting obligations, and the awareness of the damage caused by unemployment runs up against the constraints of international competition.

In short, the insertion economy, viewed as an intermediate economy[16] remains dependent on employment demand from enterprises. It cannot single-handedly overcome the difficulties arising from the tertiarisation of the economy. When these problems are considered in relation to persistent large-scale unemployment, it is legitimate to ask if it is realistic to hold fast to the principle of short-term insertion activities leading to real jobs[17] in the market economy.

---

[14] Schmid (1995), pp. 5-17. In French, some prefer to use “*transitionnels*” rather than “*transitoires*” to describe these markets (see Gazier, 1997).

[15] Baumol (1987); Roustang (1987).

[16] Rosanvallon (1994).

[17] The question asked by Elbaum (1994).

This means that insertion through economic activities has to develop a strategy with regard to newly emerging activities if it is to avoid merely shuffling the dole queue. In other words, it must pay particular attention to areas such as personal and collective services (education, health, social services, other services to individuals, etc.). These services have stable productivity because they are based on a direct relationship between the producer and the consumer, and are therefore in a position to create the jobs that sectors with rapidly increasing productivity are unable to provide. If these sources of jobs are to fulfil their potential, it will be necessary to solve the problems of matching supply and demand, enabling potential users to afford these services and structuring the supply. Furthermore, there may be problems due to the profile of individuals in need of integration not necessarily matching the requirements of such services. An option, fully consistent with the idea of the intermediate economy, consists of waiting for the market economy to generate these personal service jobs so that they can then be offered to people needing integration. But this raises another major issue for society: to what extent is it possible to commercialise personal and collective services that have a special characteristic of a close social relationship with users, and how does this change the nature of every day life?[18]

2. Setting up a Socially Useful Sector

Another option for future development may be defined. Given that a major upturn in job creation in the market economy seems to be unlikely or undesirable, one can attempt to develop a completely new role for the public-sector economy. Since some people are likely to be out of work in the long term, the approach aims to develop a new sector of activities specifically for them. The sector thus developed is socially useful in a double sense: the goods and services produced, even though they may be for individual consumers, are of community interest, and the jobs created support the integration of particularly disadvantaged people.

One response, from social players and public authorities alike, to the difficulties raised by integrating certain types of people into work is to extend the scope of sheltered employment. This has happened in Belgium (particularly in Flanders), Spain, Italy, the United Kingdom and Sweden, where solutions have been found for people with no hope of work due to rising unemployment, who in some cases are regarded as unemployable: single mothers, ethnic minorities, people without literacy skills or with a criminal record, young people from difficult family backgrounds, alcoholics, drug addicts, etc. The capacity for popular innovation is illustrated by the growth in the United Kingdom of little co-operatives with an average of five workers; these co-operatives are set up in services or trade and are assisted in their development by relatively independent support structures, the success of which led Sweden to adopt this model when establishing their own co-operative development agencies (LKU). In 1992 the LKU had supported the creation of 300 co-operatives providing 1300 jobs, at a cost per job of a third of the average.

Compared to the first option of forming an intermediate economy, this approach represents a greater attempt at democratisation, since most of the promoters are themselves experiencing great difficulties. However, the problems encountered in the process can lead to demands for special status for disadvantaged people rather than economic insertion. A “social disability” category for disadvantaged people may emerge alongside the recognised categories of physically and mentally disabled people. This trend can be seen in the demands by the *Spanish Association of*

Rehabilitation Groups in the Social Economy, for the recognition of "incapacity for work" as a social disability. Certainly a legal definition of the people to be helped means that people would not be selected on the basis of their past experiences, but the risk is that this would produce a labour market rigidly serving excluded people, with stigma as an inescapable consequence.

The socially useful sector could be initiated by deliberately targeting specific groups, but it could also result from reintegration difficulties in enterprises. Instead of being in itself an objective, it could be the unintended consequences of misapplied public measures. Thus in Germany the "second labour market", which was originally conceived as a bridge towards the first market has instead become a closed sector. This echoes what has happened in the quasi-public insertion sector in France,[19] formed on the basis of intermediate jobs that have become long-term, as in Belgium. In Austria, measures against this were taken relating to pay and the nature of the work in the "*Aktion 8000*" programme for the long-term unemployed; at the end of it, two-thirds of the people taken on were still employed by the host organisation. In some instances, as in Spain, in order to find work for people unable to get jobs in other enterprises, schemes that were intended as transitional moved towards job creation, and became indistinguishable from schemes aimed at providing permanent employment for certain groups.

The status of the job seems to be the critical factor in establishing whether these strategies for permanent job creation involve accepting an erosion of employment conditions or provide access to the labour market for people who would otherwise remain excluded. And if we are to assess the risks of substitution, it is important to know whether new or existing activities are involved. These are the two aspects stressed by analysts who conceptualise a socially and environmentally useful third sector in which employing bodies/agencies could benefit from double subsidies:[20] grants and tax exemptions (on social security contributions or taxes). These independent social agencies would act as providers of community or social services and pay unemployed people to carry out these tasks.[21]

The internal regulation of these organisations is determined by their desire to establish a right to work, since work is seen as the vehicle of an enriching social identity. Their internal arrangements are thus designed to effect a fresh approach to social policy. They try to give practical effect to this right to work, which would remain a non-starter without entrepreneurial intervention; but because of this social concern, they risk becoming too closely allied to the social sector, and isolated from other enterprises. Rather than orienting towards the market economy, they look for their main partners in the non-market economy, with public authorities who are requested to subsidise the low productivity inherent in their operation. As has happened in Italy, negotiations may lead to legislation defining disadvantaged people and give them rights to exemptions from social charges when employed. Reality is likely to run ahead of such administrative definitions, and the socially useful sector can also lead to confusion between new activities and insertion. If financial support for insertion becomes necessary in order to balance the books, the investment needed for viable activities in new economic fields may be displaced in favour of a strategy "on the cheap"; and this could soon run into trouble, especially in services to individuals, where users' trust is of paramount importance.

---

[19] Eme (1994).

[20] Lipietz (1997), pp. 265-279.

[21] Rosanvallon (1995), p. 193; Pierre Rosanvallon refers in this connection to an intermediate economy, but he appears to have in mind the institutionalisation of a socially useful sector through these agencies.

Focusing on target groups may also lead to a sector for keeping excluded people occupied, which occurs in countries that have broadly closed the gaps with the wage earning classes thanks to the social treatment of unemployment. Whilst, as noted in the Introduction, insertion through economic activity and the social treatment of unemployment are distinct approaches (one being bottom-up, the other top-down), political and administrative pressures have encouraged them to come closer together. Organisations for insertion through economic activities have often been urged, by local authorities among others, to increase their capacity even if this has meant adopting employment contracts deviating from requirements. This has led to a partial overlap between schemes for insertion through economic means and the treatment of unemployment, particularly through the increasing adoption of an intermediate status between benefit and work. Although the starting point was different for each type of scheme, it is now sometimes difficult to distinguish the two. Developing a special sector for the unemployed can dissolve the specific features of insertion through economic activity if it becomes a quasi-public sector of long-term insecure jobs. And it raises the question: what kind of progress or future plans can people make in a sector designed to give work to unemployed people, but with no chance of reintegrating into normal employment?

Basically, what we are beginning to see in the socially useful sector is perhaps not so much a reorganisation of social policies as a redefinition of them. The ideology of "workfare" is emerging in plans for the reform of social programmes in several developed countries, guaranteeing income in return for work or training; this is seen as a way of activating the passive expenditure of social assistance and unemployment benefit,[22] for instance in the United Kingdom. This option has fed the debate on local employment agencies (ALE) in Belgium and the sanctions at one time envisaged for people refusing a job offered through these agencies. Insertion has many meanings, but to some public authorities it is almost regarded as obligatory work. However, it cannot really be seen as such, for it rests on commitments and obligations between the individual and society, or on a dual principle: the right to an income and the right to integration.[23] Integration tries to replace the feelings of guilt experienced by people on social security by establishing a new link between rights and duties[24] in which active citizens have a right to participation and a right to be socially useful. Individuals thus have "positive duties" that are quite different from the quid pro quo implied by "workfare". But although the underlying principle is certainly different, in practice it may be hard to distinguish if the insertion contract is individual, if it is concluded between parties the disparity of whose positions is obvious, and if it appears that belonging to society, which comes naturally to some citizens, is regarded as a contractual procedure for others.[25] To conclude, changes in social policy can greatly influence insertion initiatives: these organisations have so far relied on voluntary participation of disadvantaged people, but this feature of their operations is bring called into question, because of the way in which a socially useful sector is established, and how the duties of the beneficiaries are defined.

---

[22] Normand (1996), pp. 86-89 and pp. 109-135.

[23] Morel (1996).

[24] Rosanvallon(1995), p.179

[25] Eme and Lavilie (1996).

3. Building New Relationships between Solidarity and Locality

A third voluntarist approach has emerged, to avoid over-reliance on social policy, drawing on the original spirit of the social economy, in its attempt to establish new relations between economic and social forces.

With regard to internal regulation, emphasis is placed on involvement in civic life.[26] Employment is one, but not the only, expression of citizenship. And active citizenship is as eagerly sought as job creation. It is a matter of addressing both together - increasing opportunities for democratic socialisation as well as the supply of labour, tackling the crises in social integration through work and the crises in civil and civic bonds. The insertion schemes aim to bring democracy to life in the everyday world, enabling everyone to express their views directly regardless of status (employee, voluntary worker, user, etc.), as for example in the social cooperatives of Italy. This means regarding the beneficiaries of insertion as active members of the enterprise, whose goal is thus understood as a common good that members provide for themselves and others. The outcomes go further than employment; they include developing new activities, influencing both the psycho-social and the socio-economic dynamic through measures that are based on making the best possible use of existing abilities rather than exposing the inadequacies and failings of groups and individuals. This nevertheless presents difficulties of evaluation.

With regard to external regulation, the economic practices associated with insertion initiatives, because of their social, cultural and political embeddedness, have links with not only with the market and the nonmarket economy, but also with the non-monetary economy. In other words they mobilise resources of voluntary work to contribute not just to their start-up but to their long-term operations. Voluntary work and job creation are not incompatible but complementary, and this aspect is reinforced through the local or territorial basis of insertion initiatives and the actions of local people helping develop it. Neighbourhood associations, “Régies de quartier”, for instance, cannot be seen purely in terms of their job-creation capacity; their work also involves developing citizenship, and the presence of voluntary workers helps them to maintain civic linkages.[27] The creation of temporary jobs, leading to permanent jobs, can be achieved by measures based on the dynamics of socialisation and through support for local enterprises in difficulty. The community economic development corporations (CDEC) in Canada (Quebec) and North America operate in this way; they are springboards for co-ordination, collaboration and solidarity for insertion in the context of local development.[28] Their structures attempt to provide occupational integration without neglecting support for community activities based on unpaid work, such as community kitchens.[29]

Such schemes demonstrate a desire to combine initiative and solidarity, and so prompt a political rethink of the economy. Thus they echo the multiple forms of associationism that have led to the social economy, and they demand a power to act in the economy that is independent of capital. These schemes revive the perspective of a solidarity-based economy[30] that was blurred historically in the social economy by the ascendancy of the economic over the political.[31] However, building on citizens' voice and restructuring the various elements of the economy to develop original solutions is often seen as a threat by the existing powers.[32]

---

[26] “Civic urbanism”, in Eme's phrase.

[27] Eme (1994).

[28] Favreau (1994), pp. 166-175.

[29] Noraz (1996).

[30] For a historical approach, see Laville (1994).

The dual political dimension of a solidarity-based economic perspective, which is based on the direct involvement of stakeholders and rethinking the economy, attracts such resistance that it cannot make progress without establishing a balance of power through links with social movements. This is the advantage enjoyed by the Canadian (Québec) initiatives that can draw support from civil society initiatives such as the *Forum for Jobs* run since 1989 by representatives of employers, trade unions and the voluntary sector and supported by organisations from the women's movement. The influence of social movements can also be seen in the National Trade Union Confederation's support for developing a solidarity-based economy.[33] Their weight and significance was such that at the *Summit on the Economy and Employment* called by the Quebec government in March 1992, women's groups and the community movement were invited alongside the traditional partners (politicians, employers and trade unionists). A decision was taken to set up a working group on the social economy that stimulated a broad nationwide debate on the issue.[34] With a similar concern to protect the autonomy and promote the recognition of these organisations, the financial institutions set up by civil society can help projects achieve success through their credit activities. Examples such as *Fondaction*, created by one of the two major trade unions, and the community funds that achieve a balance between maximising profitability and the need for local and regional development[35] in Quebec, *Credal and Hefboom* in Belgium, the *Caisse régionale solidaire* in Nord-Pas-de-Calais in France show that local savings are available for such investments.

Once micro-economic structures have been set up, it is important to organise them both around a locally constructed development model and at a broader more global level. Taking account of the different stakeholders involved and the necessary mix of market, non-market and non-monetary resources requires new structures for representation and negotiation. It is no longer just a matter of making jobs accessible, but of defining an institutional context for establishing new socio-economic organisations through second level organisations together with appropriate forms of local governance. In the United Kingdom such organisations have helped to promote co-operative enterprises in an unfavourable environment; they have provided support and financial assistance for start-ups and have acted as mediators in relationships with the many public partners. In Sweden, support organisations have also coordinated wage negotiations, like in Italy where the national *consorzi* (support organisation) negotiated an appropriate collective agreement with trade unions. Italian national and regional *consorzi* play key roles in providing technical assistance (training, advisory services, etc.) as well as representing their member organisation interests; this is also the case in France, where the national committee of neighbourhood management associations (*Régies de quartier*) provides these same services for its member associations. Without aiming for an alternative socio-economic system, these insertion initiatives accept that their development requires multiple negotiations to influence the conditions imposed on them. The outcome of these negotiations is undoubtedly always uncertain, but the further development of these initiatives requires collaboration between networks of stakeholders and the public authorities for the progressive development of medium-term solutions.

---

[31] Laville (1999a,b).

[32] See the views of A. Berger (1997).

[33] Aubry and Charest (1995).

[34] Levesque and Ninacs (1996).

[35] Levesque *et al.* (1997).

From declining public finance, and failed partnerships, to competition between new social economy and public authority insertion initiatives: there is no shortage of risks. However, an emphasis on support structures like the Canadian CDEC or French *Régies de quartier* that bring together various interests avoids a narrow management strategy, where each element is separated from its territorial and social base. From the perspective of a solidarity-based economy, this type of intermediary organisation evolves through its inter-dependence with the whole changing socio-economic framework. This can produce, as in Quebec, local bodies for co-ordination and localised social negotiation. Within these organisations, the requisite types of co-operation may be developed to encourage the integration of finance for economic activities, training and employment within a geographical area, and to establish a democratic framework for the distribution of public funds amongst the structures. This can produce, as in Quebec, local bodies for co-ordination and localised social negotiation, notably the community economic development corporations that bring together representatives of trade unions, enterprises, and groups of voluntary organisations, and which manage development funds for disadvantaged communities.

Because of their local base and their plural composition, these kinds of local development institutions have governance capabilities that allow new forms of collective negotiations outside enterprises. This can bypass two problems with public finance: on the one hand the rejection of initiatives caused by the inflexible application of standardised funding criteria by public administrations, and on the other the development of clientelism when the allocation of funds is entirely devolved to local authorities. It is hoped that these support organisations with local governance capabilities can make allocation more appropriate to the particular features of local projects.

Regarding the groups targeted, there must be an open local debate that can genuinely take account of the different contexts, in order to avoid the undesired side-effects of a priori controls or tendencies for selection where controls are lacking.

With regard to employment, public support has diverse aims, i.e. some is directed towards creating insertion posts that are seen as temporary or *ad hoc* jobs, whilst others include permanent jobs. Since both may be relevant, public intervention should adopt an approach that respects the varied nature of projects and apply support procedures appropriate to both types of insertion schemes, i.e. for temporary and permanent employment. The intersectoral co-ordination and the networking of local schemes make it easier to finance investment in the early phases of development. These features also make it easier to secure the long-term objective of permanent jobs with high professional standards under ordinary legislation, rather than an intermediate status between employment and unemployment. The link with the voluntary sector in this case is more likely to demonstrate proof of local commitment rather than recourse to voluntary work due to a lack of resources. If the balance between jobs and voluntary work is to remain flexible, it is important to stress the validity of these two approaches to social action (intersectoral co-ordination and networking of local schemes), rather than reduce them to a mass of “meaningless jobs” or “under-employment”. The more the needs of the economic activities are taken into account, the more it becomes possible to avoid confusion with addressing only the social aspects of unemployment. Respecting the differences between activities is also a critical factor: some initiatives may be very labour intensive, while others have little impact in terms of jobs but are crucial in terms of social linkages; and these differences may be complementary within a particular community.

According to this approach, for insertion by economic activities to achieve an acknowledged status, and the social economy to fulfil its potential, it is necessary to replace a target-based based approach with a transversal approach where the initiatives of the new social economy become one element in the development of local potential. Therefore, the form this takes varies widely from place to place. However, there is limited experience of this approach, building new relations between solidarity and locality, and several difficulties may be mentioned:

(a) Difficulties in the dynamics of participation: treating the beneficiaries as active members is far from easy with some people, either because they do not themselves wish it, or because their brief time within the enterprise does not provide a basis for such participation.

(b) Difficulties developing an entrepreneurial approach that is at least partly market-oriented in its focus, in a sector that has inherited a public financing culture based on lobbying and negotiation with the public authorities. It is hard to learn to live by market forces when still relying on subsidies. This is the painful lesson of a number of pilot insertion enterprises in Belgium.

(c) Difficulties in operating between two institutions (the market and the state), since they have developed their own distinctive practices and rules, and they tend to reject or crush unusual bodies. Accusations of unfair competition or rampant privatisation of public services by voluntary organisations are clear examples of this.

(d) Difficulties in finding appropriate legal structures for activities that are readily seen as too commercial to qualify for traditional voluntary organisation status but that are not sufficiently self-financing to risk commercial company status. The new form, “company with a social purpose”, recently introduced in Belgium but so far little used, demonstrates the problems of finding a balance between these two extremes?[36]

(e) Difficulties in persuading public policy to take a transversal approach when powers and budgets are compartmentalised, thereby favouring only a sectoral approach and the targeting of specific groups of people or power struggles between public officials.

4. Democratisation and a Plural Economy

Each of the three approaches discussed above raises concerns that both lend legitimacy and reduce their scope.

The intermediate economy perspective relies on legislative measures and it is particularly sensitive to the need to avoid stigmatising the beneficiaries of insertion. However, in confusing the importance of legislation and the market economy it fails to acknowledge the structural changes in productive activities in today's economies that are strongly internationalised with rapidly expanding service sectors. It suggests that the goal for everyone, after a period of insertion, should be recruitment in a private enterprise, without realising that many such enterprises are caught in a mesh of constraints that prevent them, for the foreseeable future, from returning to the recruitment levels of the post-war boom years.

---

[36] Defourny *et al.* (1996).

The vision of a socially useful sector draws its strength from its desire not to abandon the most disadvantaged people but to enable them to play a part in the economic sphere, seen as essential to their social integration. Consequently it focuses on setting up a new form of public or non-market economy only accessible to certain people; thus it faces the problems of identifying this target group in a rapidly changing society, and the risks of isolation in a sector of the economy that is generally regarded as merely palliative and thereby constantly undermined.

The vision of building new relationships between solidarity and locality seeks to extend the range of possible measures by combining the three economic dimensions: market, public, and non-monetary. But this use of approaches and resources that are normally kept separate constantly comes up against institutional structures from the past. For this reason it remains hampered by limitations such as the risk of parochialism, activism, and a compartmentalised approach to experimentation, all exacerbated by separation from the organisations of the traditional social economy.

These three approaches have evolved from different perspectives, but it is important not to set them against each other in an unreasonable fashion. The target groups for insertion initiatives are too varied, and the challenges too complex to ignore the value of a range of diverse approaches. However, instead of recognising their complementarity and acknowledging their limitations, one could regard these approaches as clashing, leading to conflict between actors and partners. Rather than popularising measures for integration through economic activities, such attitudes are likely to undermine and restrict it. Furthermore, the institutional partners may choose to focus on certain aspects of insertion through economic activity to the detriment of others. This has indeed already happened; in some countries, the public authorities' response to these initiatives has greatly restricted the range of possibilities and, because of the technical nature of criteria used by financial sponsors, has often made this an area reserved for specialists. Every country, for its own historical reasons, has chosen to focus on certain aspects of insertion through economic activity. In France, for example, self-organised initiatives and those aiming to provide permanent employment have no access to the finance for insertion posts that other initiatives have been able to obtain from employment and social affairs ministries. Insertion through economic activity seems therefore likely to fragment into a number of areas following different paths. This will only make it more difficult to open up abroad debate in society and it is reminiscent of the centrifugal forces that characterised the social economy in the 19th century.

However, despite the variety of perspectives and a degree of fragmentation in the world of integration initiatives, these approaches are all against reducing the economy simply to the market. They share an awareness that the market is not enough to ensure that everyone can be socially integrated through work. Whilst recognising the importance of belonging to the market economy, they retain one foot in the public-sector economy. They cannot provide a regular integration service unless the public authorities reward them for this service, or else they are prepared to cope with severe financial problems. This dichotomy may be reconciled through an appeal to solidarities that normally take the form of locally based non-monetary economy. In contrast to the slide towards a market society, i.e. a society solely regulated by market forces, these practices invoke a plural economy[37] in which the market, though it plays a central role, is not the only force at work. It is within this plural economy, taking into account the various elements (market, non-market and non-monetary) of the real economy, that they can fight against large-scale exclusion that is incompatible with democracy.

This implicit or explicit reference to a plural economy, however, produces more conflicts than consensus. Discussions within the European Union on tax exemptions for companies with a social purpose or the inclusion of integration clauses in public service contracts show that the choice between a market society and a plural economy is one of current concern; this raises the possibility of positive discrimination for structures that internalise the social costs externalised by most enterprises. And reconciling participative democracy in the operation of initiatives with a plural approach to the economy is not easy: there is a paradox between maintaining access to internal discussion, and the use of expertise that is required to manage these initiatives in their relations with the outside world.

Despite all this, it is through this underlying conception of a plural economy and the response it produces that the importance of insertion initiatives far exceeds their impact in terms of turnover and employment. Despite being heavily influenced by trends outside their control, and repeatedly encountering resistance, they are playing their part in refashioning the social state. As their presence, which remains modest, increases with time, it is possible to conclude by suggesting that these initiatives, while remaining at once independent and rooted in partnership, may contribute to new solutions to the crises of exclusion, unemployment and the welfare state. They are not an isolated phenomenon. They stand at the crossroads of the state and civil society, of economic and social interests, of local and national levels, without losing sight of the need for increasing their visibility internationally. In doing so they represent a sort of springboard for the transformation of the economy and social affairs throughout society, and for extending social and economic democracy.

---

[37] Territorial Development Service (1996).

References

Agenzia del Lavoro della Provincia Autonoma di Trento (1997), “Monitorragio en valutazione dell'attivita et Progitto II dell Agenzia del Lavoro della Provincia di Trento”, Trento, mimeo.

Aubry, F. and Charest, F. (1995) *Développer l'économie solidaire - éléments d'orientation*, Confédération des syndicats nationaux (CSN).

Ballet, J. (1997), *Les Entreprises d'insertion*, PUF, Paris.

Baumol, W.-J. (1987), “Microeconomics of unbalanced growth: the anatomy of the urban crisis”, *American Economic Review*, June.

Berger, A. (1997), “Qui doit définir les activités à développer?”, in G. Aznar, A. Caille, J.-L. Laville, J. Robin and R. Sue (eds), *Travail, activité, revenus pour tous? Vers l'économie plurielle*, Syros, Paris.

Defourny, J. (ed.) (1994), *Développer l'entreprise sociale*, Fondation Roi-Baudouin, Brussels.

Defourny, J., Simon, M. and Van Pachterbeke, I. (1996), *L'Entreprise d'insertion en Wallonie. Premières leçons de sept projets pilotes*, Fondation Roi-Baudouin, Brussels.

Dughera, J. (1996), “Coût et avantages de l'insertion par l'économique”, Rapport à l'instance d’évaluation de l'insertion par l'économique, Commissariat Général du Plan.

Eme, B. (1994a), Entre économie et territoire: des régies de quartier, creuset de lien civil, CRIDA-LSCI, CNRS-IRESCO, Paris.

Eme, B. (1994b), Insertion et économie solidaire, in B. Eme and J.-L. Laville (eds), *Cohésion sociale et emploi*, Desclée de Brouwer, Paris.

Eme, B. and Laville, J.-L. (1996), “L'Intégration sociale entre conditionnalité et inconditionnalité”, *Revue des affaires sociales*, no. 3/96.

Elbaum, M. (1994), “Les Activités intermédiaires: une sphère d'insertion autonome et un mode de partage du travail par défaut”, *Travail et emploi*, October.

Erhel, C., Gautier, J., Gazier, B. and Morel, S. (1996), “Job opportunities for the hard to place”, in G. Schmid *et al.* (ed.), *International Handbook of Labour Market Policy and Evaluation*, Edward Elgar, Cheltenham.

Favreau, L. (1994), “L'Approche du developpement economique communautaire au Québec et aux États-Unis, *Revue des études coopératives, mutualistes et associatives (RECMA)*, no. 253-254 (51-52), Paris.

Favreau, L. and Levesque, B. (1997), *Développement économique communautaire: économie sociale et intervention*, Presses de l'Université du Québec, Sainte-Foy.

Gaussin, C. (1997), "Analyse multidimensionnelle du coût des entreprises de formation par le travail en Wallonie", *Les Cahiers du CERISIS*, 97/3a, Universite Catholique de Louvain - Centre de recherche interdisciplinaire pour la Solidarité et l'Innovation Sociale, Charleroi.

Gazier, B. (1997), *Plein-emploi, régimes d'emploi et marches transitionnels: une approche comparative*, Colloque de l'Association d'économie politique, Montréal, 24-25 October.

Giddens, A. (1994), Beyond Left and Right. The Future of Radical Politics, Polity Press, Cambridge.

Laville, J.-L. (1993), *Les Services de proximité en Europe*, Syros, Paris.

Laville, J.-L. (1994), "Économie et solidarité: esquisse d'une problématique", In J.-L. Laville (ed.), *L'Économie solidaire, une perspective internationale*, Desclée de Brouwer, Paris.

Laville, J.-L. (1998), Services de proximité: la construction sociale d'un champ d'activités économiques, CRIDA-LSCI, CNRS-IRESCO, Paris.

Laville, J.-L. (1999a), "The future of work", *The Welfare Society in the 21st Century*, 39, Institute for Applied Social Research, Fafo, Norway.

Laville, J.-L. (19996), *Une troisième voie pour le travail*, Desclée de Brouwer, Paris.

Laville, J.-L. and Sainsaulieu, R. (1997), *Sociologie de l'association*, Desclée de Brouwer, Paris.

Laville, J.-L. and Gardin, L. (eds) (1997), *Les Initiatives locales en Europe. Bilan économique et social*, CRIDA-LSCI, CNRS, Paris.

Lefèvre, C. (1997), "Un modèle multidimenstionnel de la qualité de vie", *Les Cahiers du CERISIS*, 97/36, Universite Catholique de Louvain - Centre de recherche interdisciplinaire pour la Solidarité et l'Innovation Sociale, Charleroi.

Levesque, B. and Ninacs, W.-A. (1996), *L'Économie sociale au Canada: l'expérience québécoise*, Document de réflexion pour le colloque: stratégies locales pour l'emploi et l'économie sociale, OCDE, Montréal, 17-18 June.

Levesque, B., Mendell, M. and Van Kemenade, S. (1997), *Profil socio-économique des fonds de développement local et régional au Québec*, Étude réalisée pour le Bureau fédéral de développement régional, Ottawa, Ministère des approvisionnements et services, Canada.

Lipietz, A. (1997), La Société en sablier. Le Partage du travail contre la déchirure sociale, La Découverte, Paris.

Morel, S. (1996), “France et États-unis: les politiques d’“insertion” et de “work-fare” en matière d'assistance sociale”, *Les Cahiers du SET-METIS*, no. 96-01, CNRS-Universite Paris I, Sorbonne.

Noraz, C.A. (1996), “Les Cuisines collectives, émergence d'une nouvelle pratique de développement économique communautaire”, *Économie et solidarités*, vol. 28, no. 1, Presses HEC, Montréal.

Normand, B. (1994), “Le Projet Québécois de l'employabilité et les organismes sans but lucratif: enjeux et interpellations”, in L. Lamarche (ed.), *Emploi précaire et non-emploi: droits recherchés*, Éditions Yvon-Blais inc., Montréal.

Normand, B. (1996), “Mesures d'insertion en emploi: deux visions opposes”, *Relations*, April.

Rosanvallon, P. (1995), La Nouvelle Question sociale. Repenser l'État-providence, Le Seuil, Paris.

Roustang, G. (1987), *L'Emploi: un choix de société*, Syros, Paris.

Schmid, G. (1995), “Le Plein-emploi est-il encore possible? Les Marchés du travail “transitoires” en tant que nouvelles stratégies dans les politiques d'emploi”, *Travail et emploi*, no. 65 (French translation).

Territorial Development Service (1996), *Reconciling Economy and Society. Towards a Plural Economy*, Organisation for Economic Co-operation and Development (OECD), Paris.