

THE ROLE OF THE SOCIAL ECONOMY IN LOCAL COMMUNITIES IN ROMANIA AND THE POSSIBLE CHANGE OF PARADIGM OF SOCIOLOGICAL RESEARCH

Gheorghe RADU, PhD

“Athenaeum”University of Bucharest

Email: gheorghe_radu@yahoo.com

Sorin CHELMU, PhD

Email: sorin.chelmu@yahoo.com

Abstract

Seen in a less optimistic key, the presence of the Social Economy through its specific forms of manifestation, seems to interpret in Romania the role of a concept currently located in the neighborhood of a primordiality that does not know their prospects yet. There are few who, putting under an academic loupe its itinerary after 1990, describe it as a residue which resulted against a conceptual navigation without an adapting compass to the new work paradigms, ineffective in terms of its basic characteristics, a hybrid grafted with all sorts of imperfections specific to the economic and social transition period, still far from its potential. As a matter of fact this kind of interpretation should not look dissonant as long as the milestone for the relevant Romanian legislation is 2015. In this context, although the efforts to measure the inequalities are not negligible, the interests that the Romanian sociology should confer on the effects of the inequalities have on institutions and people of Romania are very low. After all, the economic, political and social dimensions of inequality conceal exploratory penumbra with important consequences for the society, especially for the institutional space. Given this perspective can the sociological research change the paradigmatic line focusing on the public policy as well?

Keywords: social economy, social inequality, mutual societies, cooperative, public policy, public sociology, social enterprise, downward mobility

SOCIAL ECONOMY – HISTORY AND CONCEPTUAL EVOLUTIONS

It is difficult to pinpoint a precise milestone on a temporal axis for the moment of launching the concept of Social Economy. In various embryonic forms, as close as it can be to the current ethos, it was first located in Great Britain at the end of the eighteenth century and it is linked to the emergence of workers' trade union movements, dissatisfied with the extremely difficult living and working conditions. It is more than obvious the influence that the „associations” and „popular cooperatives” („trended towards charitable activities”, through „charity foundations, fraternities and hospitals”)¹ have on the development process of Social Economy.

Two, however, are the decisive variables in its development. On the one hand, the continuous growth along the borders which describes the union reaction which in time built the melting pot that has stimulated the generation of the three forms of organization for social economy - cooperatives, mutual societies and associations (later the foundations appear as well). On the other hand, the necessary element that consolidates them, ensuring the fuel needed for the subsequent developments, is closely linked to the emergence and development of the working class in the nineteenth century.

Without building a detailed history of conceptual evolutions, the eight congresses of cooperatives in Great Britain during the period 1831-1835 led the way to the building process in this area. Construction that was certainly influenced perhaps decisively by the later adoption of the cooperative principles ("that governed the activities of the pioneers of Rochdale") by "all types of cooperatives" in 1895, facilitating the creation in London of the International Cooperative Alliance ("the syndicate of the Grand National Consolidated Trades Union was set up in one of these congresses, uniting all British unions ")².

¹ *Social economy in the European Union*/ Report on the situation of the social economy in the European Union, requested by the European Economic and Social Committee, accomplished by CIRIEC, 2012, page7

² “William King directly and decisively intervened in the development of cooperative movement in Britain and influenced the well-known cooperative established in Rochdale (England) in 1844 of 28 workers; six were disciples of Owen (Monzón, 2003). The famous cooperative principles that have guided the activities of the Rochdale Pioneers were adopted by all types of cooperatives, which created the International Cooperative Alliance (ICA) in London in 1895, and contributed significantly to the development of the modern concept of social economy”. *Ibid.*

It is not known an exact date when the term Social Economy was launched,¹ but it is certain of its use in French literature in 1830, when the French economist Charles Dunoyer published the *Treaty on social economy*, a paper that calls for "a moral approach of economics".²

It is just the beginning, because in the mid of the nineteenth century France develops the socialist economic school, in which, from the perspective of the object of the economy the human being is valued before wealth. Theorists of the school do not yet look for the alternative working paradigms to capitalism, but rather propose reconciliation of the "morality and economy through the moralization of the individual behavior"³, the focus is on seeking to obtain "the social peace" as a subject of economics rather than the "welfare and wealth".

The early conceptual boundaries is mentioned in the late nineteenth century, with the advent of the works of two great economy theorists: *John Stuart Mill* and *Leon Walras*, the first focusing on the role of associationism of enterprises workers in economic and social development (*Principles of Political Economy*), the second on the importance of labor unions, while launching and introducing the principle of democracy "functioning of the production process", not by eliminating the capital, but "by making the world less capitalist", which adds a moral footprint.⁴

Through the work *Études d'Économie Sociale: théorie de la répartition de la richesse sociale*, Walras in a way bounds himself from the thinking of F. Le Play's school, thus framing the Social Economy as part of economics and also "a field of activity which is prolific in economic cooperatives and mutual aid societies as we know them today".

Besides, late nineteenth century marks the beginning of structuring the main features of the modern concept of Social Economy, which brings to the fore the democratic associationism, mutualism and cooperativism.⁵

Even though it may be associated to it appreciable developments in the first half of the twentieth century, the social economy is not an area to counterbalance the "traditional public or private capitalism" sector, which

¹ They are regarded as precursors of the "utopian socialists" (the beginning of the nineteenth century), but the raising to the rank of academic discipline of social economy is due to Charles Gide (the last part of the nineteenth century and the beginning of XX century)

² Sorin CACE – coordinator, Daniel ARPINTE, Nicoleta Andreia SCOICAN, Harry THEOTOKATOS, Eleftheria KOUMALATSOU, *Social Economy in Europe*, Expert Publishing House, Bucharest, 2006, page 16

³ *Social economy in the European Union/ Report on the situation of the social economy in the European Union*, requested by the European Economic and Social Committee, accomplished by CIRIEC, 2012, page 8

⁴ *Ibid.*

⁵ *Ibid.*, page 8-9

was the basis of the social state (in Western Europe, 1945-1975) or the centralized planned economic system where the state was the only economic actor ("Soviet state and its satellites after World War II").¹

Beyond the various typical types of structures of the social economy (cooperatives, mutual societies) which make their presence felt in the casing business model that led to the "welfare state", but its role is rather of low importance.

Moreover, in the countries with "centrally planned" economies having the specific principles of Social Economy as "open and voluntary participation" and "democratic organization" are virtually eroded (by imitation), the costs are difficult to assess especially after 1990 in the process of economic transition of the former communist countries.²

The crisis of the social state of the mixed economy systems in the last quarter of the twentieth century opens the debate to finding new economic alternatives other than the specific capitalist or public sector. It is also why, since the '90s, "in the European Union, at the initiative of the European Commission, the Social Economy is included in the social policies, policies concerning SMEs in the rural development" and in the Europe 2020 Strategy "adopted by the European Council in 2010,, "the development of social enterprises through their access to grant funding provided by the EU Structural funds" to be sustained.³

Currently, the debate around the concept of social economy has spawned a growing applied process around the idea of framing on well-established frontiers the conceptual ethos. The International Centre for Research and Information on Public Economics, Social and Cooperative (CIRIEC)⁴ defines Social Economy as *"the set of private companies formally organized, with autonomy of decision and freedom of association, created to meet members' needs through the market by producing goods and providing services, insurance and finance, where decision-making and any distribution of profits or surpluses among the members are not directly linked to the capital or fees contributed by the members, each of them having one vote. Social Economy also includes private organizations formally organized, with autonomy of decision and freedom of association, the non-market services for households and whose surpluses, if any, cannot*

¹ *Ibid.*, page 9

² *Ibid.*

³ <http://www.sesrom.ro/buletinformativ/BuletinInformativAprilie2015.pdf>

⁴ International non-governmental scientific organization which aims at data collection, scientific research and publish the results of the social economy (<http://www.ciriec.ulg.ac.be/>)

be appropriated by the economic agents that create, control or finance them".¹

Thus defined, the organizational structures active in the Social Economy field, legally established, bear the imprint of certain characteristics which sit on a distinct functional plateau: they lack self-governing, are independent of the direct control of the public sector, they combine high moral component due to the orientation to the socially vulnerable area, they lack adaptability to the typology of the social needs of the community in which they operate, have decision-making autonomy, operate within participatory democracy where freedom of accession as a member remains free and a rate of profit that is not dependent on invested capital but the contribution of individual effort in the activities of the structures of the social economy.

Conventionally we stop our attention only on a few elements that make the concept of Social Economy something quite distinct from other forms of economic organization with which we are already familiar. We emphasize this because we note the peculiarities of each state as well, generated by "type of business, cultural patterns, the type of legislation, the legal traditions of associative and prevalent organizational forms", but also "of the needs which are apparent in every social context and the characteristics of these needs."²

It's also true that we find peculiarities even in the name of the concept: social economy and solidarity (France), community economy (Quebec), folk economics (South America), the third sector / non-profit sector (Anglo-Saxon).

THE ROLE OF SOCIAL ECONOMY IN ROMANIA VS THE POSSIBLE CHANGE IN PARADIGM OF THE SOCIOLOGICAL RESEARCH

The pessimism attached to the structures in the future development of social economy in Romania has its roots in the period before 1990. Actually this kind of interpretation would not have to look unfitted at all as long as the Romanian legislation has as its milestone the year of 2015 while social economy structures have been organized until the appearance of the legislative framework.

It should be stressed that it is very hard to build the casing of a hostile economic environment that shortly after 1989 has assumed itself like a real mandate to demolish the basic pillars of cooperation and associative principles.

¹ *Ibid.*, page 17

² *Ibid.*, page 92

Tocqueville shows that where citizenship is developed, the governance is better, but equally, where "rules" and "networks of civic engagement" are missing; the chances of developing a collective action are minimal. More generally "institutional history is moving very slowly" and creating functional institutions "are measured in decades." And it is possible that "norms of reciprocity", "networks of civic engagement", certainly are slower.

The limits of the borders of Social Economy in Romania have their roots in recent history before 1990. Venturing into a building without very precise economic objectives, without a predictable horizon for economic and social development, on the skeleton of an economic system dependent on the planning mechanisms, a system that reached the turn thresholds otherness regarding the cooperation and associativity with a collective memory reactive to everything that would have required the cooperative model, was almost impossible that the model of the structures on the social economy to find a fertile land for the development.

Beyond the type of local understanding of the concept, the subject, however, it is becoming more present in most European academic debates (and other) and its stake attempts reshaping the socio-economic current in a global world that gradually reaches the limit in terms of increased social polarization.

The discussion of the concept of social economy seems more than necessary as long as, on the one hand, represents a huge bet with facets regarding the endemic need of systemic building of the opportunities for vulnerable social groups.

On the other hand, it is a conceptual border increasingly promoted in the paradigms of economic thinking of EU, which it is inviting to discuss the reinvention of the economic and social models, to define the social enterprises interpreted into an innovative social change key, of the inclusive and sustainable growth.

It seems rather a functional systemic requirement that is rooted in social problems of a huge cohort lacking at present the mechanisms to fertilize the support field of the chances of socio-economic survival, but also an alternative working paradigm to the currently available economic and social models.

And this in a context where there are few analysts that agree that the social economy for Romania should become one of the priorities of the economic instruments for 2014-2020.

¹ Putnam, Robert D., 2001, *How democracy works*, Polirom Publishing House, Iași, page 207.

The worsening of problems such as "massive unemployment, long-term social exclusion, fallen welfare in rural and urban areas, health, education, quality of life of pensioners, sustainable growth", demand answers arising from a completely different range of approaches, the traditional specific environmental or public not providing a full package of appropriate solutions ("These are social needs that are not addressed sufficiently or adequately any agency private capitalism nor the public sector and for which there is no easy solution through auto markets or traditional macroeconomic policy").¹

The fact is that, beyond the angle rather circumspect in which are arranged especially by population of Central and Eastern Europe (annihilation cooperative principles throughout the European communism, where the state was the only economic actor and the voluntary involvement and the exercise of organizing democratic mimicked), the interest to call into question the presence of structures of Social Economy shows signs of revival given that most economists agreed on the crisis of the welfare state system or mixed economy crisis particularly felt in the last quarter century of the twentieth century .

The obtained data from scientific analysis showed undeniable importance of cooperatives or mutual aid in creating and maintaining jobs, especially regarding optimization of interventions in the economic and social imbalances, but also of various non-commercial organizations, of the type of foundations or associations.²

The fact is that at the beginning of the twenty-first century much of the economists of the world ask themselves whether the current world economic system, in terms of an advanced and globalized technologic progress, marked by an unprecedented dynamics, instead of giving a certificate of minimum economic security to the disadvantaged population of that part of the world, rather it turns into a true platform for accelerating the social polarization with consequences yet difficult to quantify.

Statistics show that annually a large amount of the world population are extracted and disposed practically in history in a space in which, due to the sharp poverty can no longer be generated new paradigms of work.

The speed of technological change has the gift to further intensify large cleavages of economic-social order and appears to constitute a type of fuel that continues to operate a motor having the role in the acceleration of the development of the social gaps that are growing more structured.

¹ *Ibid.*

² *Sorin CACE – coordinator, Daniel ARPINTE, Nicoleta Andreia SCOICAN, Harry THEOTOKATOS, Eleftheria KOUMALATSOU, Social Economy in Europe, Expert Publishing House, Bucharest, 2006, page 16*

Wanting or not we are forced to admit that something has changed. The current global economic paradigm has huge waves in propagating poverty and gaps. Their borders are in constant motion and store the optimal fermentation of a silent tension of a new economic revolution that calls into question the viability of the current world economic system.

Actually, the wave of the global crisis triggered at the end of the last decade has already built momentum of borders that describe new cohorts deeply rooted in the core public issues of European states - so-called the lost generation, the average youth unemployment exceeding in some European countries the percentage of 25%.

In an article published on December 8, 2015 in Social Europe, entitled "How Inequality Kills"¹, the renowned economist Joseph Stiglitz, prefacing the Nobel Prize for Economics awarded in 2015 to the economist Angus Deaton, emphasized the structure of the new frontier built in mixer consequences which the social inequality distributes itself (Deaton, analyzing a large amount of data about health and deaths, notes that inequality directly influences the decline in life and health expectancy of American white middle-aged people, especially with a high school education or less, finding -it among the main causes leading to suicide, drug and alcoholism).

At the edge of this debate, in Romania, the Social Economy currently sits on the aisle incipient, whose targets are the vulnerable social groups that are unable to model their possible actions to the avalanche of the ex-traditional economic changes; specifically the social categories, which in the absence of precise mechanisms of intervention certainly lack any chance of social integration.

As are otherwise explained the latest trends found in the structure that defines total annual income realized in the economy of most developed European countries. Specifically, structures begin to erode the Social Economy, on the one hand, classical matrix of revenue contribution to GDP that each state is calculated at the end of each year. On the other hand, the destinies of millions of people are reintroduced into the economic circuit, reducing poverty layer of non-arbitrary neither by the state nor by the private sector. What seems interesting is the level of engagement in the social economy in the EU, where Romania ranks of 21, with yet untapped growth potential (see Table 1).

¹ <http://www.socialeurope.eu/2015/12/when-inequality-kills/>

Table 1 - EU Employment in Social Economy - 2012

Nr. crt	Country	Cooperatives	Mutual societies	Associations	Total	% of the employed population
1	Sweden	176,816	15,825	314,568	507,209	11,16%
2	Belgium	13.547	11.974	437.02	462.541	10,30%
3	Netherlands	184.053	2.860	669.121	856.034	10,23%
4	Italy	1.128.381	n.a.	1.099.629	2.228.010	9,74%
5	France	320.822	128.710	1.869.012	2.318.544	9,02%
6	Finland	94.100	8.500	84.600	187.200	7,65%
7	Denmark	70.757	4.072	120.657	195.486	7,22%
8	Germany	830.258	86.497	1.541.829	2.458.584	6,35%
9	Spain	646.397	8.700	588.056	1.243.153	6,74%
10	Estonia	9.850	n.a.	28.000	37.850	6,63%
11	Austria	61.999	1.416	170.113	233.528	5,70%
12	UK	236.000	50.000	1.347.000	1.633.000	5,64%
13	Ireland	43.328	650	54.757	98.735	5,34%
14	Portugal	51.391	5.500	194.207	251.098	5,04%
15	Hungary	85.682	6.676	85.852	178.210	4,71%
16	Bulgaria	41.300	n.a.	80.000	121.300	3,97%
17	Poland	400.000	2.800	190.000	592.800	3,71%
18	Czech Republic	58.178	5.679	96.229	160.086	3,28%
19	Greece	14.983	1.140	101.000	117.123	2,67%
20	Slovakia	26.090	2.158	16.658	44.906	1,94%
21	Romania	34.373	18.999	109.982	163.354	1,77%
22	Cyprus	5.067	n.a.	n.a.	5.067	1,32%
23	Malta	250	n.a.	1.427	1.677	1,02%
24	Slovenia	3.428	476	3.190	7.094	0,73%
25	Lithuania	8.971	n.a.	n.a.	8.971	0,67%
26	Latvia	440	n.a.	n.a.	440	0,05%
27	TOTAL EU-15	3.874.765	325.844	8.605.750	12.806.359	7,41%
28	New members	673.629	36.788	611.338	1.321.755	
29	TOTAL EU-27	4.548.394	362.632	9.217.088	14.128.114	6,53%

Only 1.7% of the employed population (163,354) is found in structures of the Social Economy. Given that according to the National Institute of Statistics in Romania it ranks first in EU regarding the relative poverty rate (according to INS in Romania there are over 8 million people at risk of poverty or social exclusion). There is no place on the causes of breakdowns that enable poor correlation between the two variables (deep poverty, employment in social economy structures). Perhaps, as has been said and the late emergence of a specific legislative framework (Law SE was promulgated in 2015) had a very important role.

In conclusion, beyond the image of a painting that has the gift rather to highlight the indifference / inefficiency / incompetence of the institutions in Romania, one may wonder if it is time for a trigger of the paradigm shift in the work of the Romanian sociological research.

The shift of paradigm which leads to changes of roles in the scientific world. In an excellent article ("Sociology as a vocation"), putting in discussion the challenging problems described by social inequality increased globally, Herbert Hans wondered whether it is time for the sociologists "to wonder what role can they play, but sociology as a discipline in understanding these inequalities and in particular societal changes and social costs associated with, most likely, of these".¹

It should be stressed that efforts to measure inequalities in Romania are really significant. And that equally both poverty and inequality are constituent parts of the social realities of any state. But in Romania the degree of manifestation is very high and rooted in a totally different cause. Here the role of Romanian sociological research must be discussed again. In Romania causal relationships should be sought both in history (distant or recent) and in the range of economic measures taken during the transitional period. Transition faced with huge additional wave of global economic crisis of the past decade's end.

Moreover, in this context, the Romanian sociology should be more concerned with the effects that poverty and social inequality have on people and institutions.

"Micro sociological aspects of the economic, political and social inequality require a broader exploration than hitherto. Whenever possible, sociological research should be oriented towards the policies," says Herbert Gans. And it does not raise a "concrete involvement in the implementation of public policies", but the handling of research that "can contribute to responding to supporters of public policies" for "those who prepare for analysts and critics of public policies that have as subject inequality".²

Gans shows that while research in economics and politics "still tend to be concerned with the issues of the elite country" it is quite natural that sociologists "to direct more attention to those who are not part of the elite". Because the direction of the in-depth sociological research should already be visible in the area describing the social life of the most vulnerable people, "especially people with an income below the average, which will certainly suffer the most from the growth of inequality". And of these, "those who are least represented in and by the state and those who are outside the public discourse, should receive attention first."³

Certainly sociology as a science should not become a mouthpiece of the problems of the vulnerable people. But its scientific interest may be the social costs associated to inequalities or about those associated to the mobility downwards. Can we describe in today's Romania, the space around

¹ *Herbert Gans, in Global Dialogue, vol. 4 / nr 2, June 2014, page 6*

² *Ibid.*

³ *Ibid.*

their frustrations were caused by the discontinuation of the upwards mobility or lowering the expectations? Shouldn't it be that the processes and effects of the downward mobility to become a key area of interest for Romanian sociology?

Shouldn't a more emphasis be on the long-term effects of extreme poverty, given that studies have already shown that, given that the so-called post-traumatic stress disorder can affect several generations in a row? Shouldn't a precise picture of the way individuals react in different poor social layers be built to the downward mobility?

These are studies that can really produce accumulations in a pool of public policies, and politics, to select and shape the associated social interventionist philosophy.

Equally, shouldn't the sociological research including factors that create social inequality a topic at least as important as the study on those who suffer the consequences? In the sense that it is measured and defined precisely and institutional environment or main agents that have important roles in maintaining them where they are or, more, having a bigger burden on themselves?

It's also true that one would welcome even a more consistent involvement of sociologists to demonstrate the social utility of sociology as a discipline. And this can only be achieved through a new approach that would allow the investigation of the range of relevant issues of social reality through research on those themes that bring to the surface newer pictures that describe the deep social problems.

As Gans shows, shouldn't the sociologists investigate "the issues that other social sciences ignore and devote themselves to the research of aspects from the backstage of the society which are not relevant or are not known to other researchers"?¹

It is a fact that technological developments will inevitably bring more and more changes that will shape new behaviors. The world is changing. But beyond the greater capacity to access the Big Data, which obviously cannot be ignored, sociology must preserve unaltered vocation to bend through field research on inventory issues discovered only through the collection and analysis of small data, particularly through the field ethnographic research. Building a correct paper describing the whole issue of the social reality of a

¹ Ibid.

population may result not only through direct research of the people and their integration in the groups and organizations that sociology is studying.

It requires innovation in Romanian sociology, more courage in discussing the older theories, resetting the prospects of approaching sensitive issues, giving up the conventional theory and searching for new research tools in order to aim for the in-depth knowledge of the social realities. The profound changes generated by the increasing inequality represent an extra motivation to urge the construction of a new platform of sociological research.

Sociology is the only science which puts in the center of the theoretic universe the social. The axiom rises as naturally the question whether its efforts to develop scientific tools to enable consistent approaches to the public, would have to become a priority. That's because between the interest of the general public and the sociology should not be barriers, but continuous color through which flows the necessary fuel to supply the sociological research.

Through this research, sociology would approach the public interest, shaping the target towards achieving the specific parameters that shape it as public sociology. It is needed more than ever that the language of Romanian sociology to become one of public sociology. Only thus it can contribute not only to the knowledge of social reality, but also coming to support the stringent functional requirements, current, already structured in the heart of the social.

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