

The state of the art: an introduction to the economy of social economy in Italy

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1. State of the art: a brief introduction about social economy in Italy

When approaching an issue as social economy many attentions need to be posed, in order not to mismatch or disregard any aspect of a complexity.

Usually we are told by the mainstream media that social economy, or not-for-profit, is an alternative to capitalism. Or, at least, this is what it is supposed to be by principles.

Social economy, not-for-profit, third sector... many ways to name a form of organisation, management, spirit, principles and values, taxation, fields of interventions, structure, etc... that, depending on the speaker's attitude and prejudices, might represent an alternative to the mainstream market, or a trick for the members, or a state-aid subsidy, or a chance to introduce deep human and social values into market and productivity.

In any case, by any point of view, at any possible means, it is a complex issue.

The efforts will be to go behind any partial perspectives and give a picture of the social economy in Italy, by trying a general definition, by setting a clear historical and legislative framework, by entering the complex and ever-changing financial references, by enlightening the good praxis and its champions, by suggesting a personal and subjective analysis on best options and critical points.

The aim is transparent: let everyone sets up its own position.

1.1 definition.

The definition of what is “social” in Italy changed throughout the passing time.

Back in the time when the first experiences of social enterprises took their stage in Italy during the second half of XIX century with the establishment of first Mutual Help Societies, the meaning of “social” was linked to the basic significant of solidarity.

In the first half of XX century, the significant were torn together with their statutory by the fascism era to a general means of supporting the regime.

Later in the second half of the century, and specifically following the political wings during the 60s and 70s, “social” was brought back to its original meaning, to which a significant was added: social were the place (real and ideal at the same time) where the private met the public dimension.

Nowadays, “social” has a wider and yet more superficial meaning of “what is public and used by a mass of people”. In such dimension is the interpretation of “social” networks, meaning the specificity of a tool which puts in connection virtually millions of people but with no direct contacts. Social means being visible to many, but not necessary being real or of utility to any.

Even if this is our time and zeitgeist, the social dimension we are considering is ingrained to the original significant, which means how solidarity and mutual exchange between people might be translated into different practices of businesses and economical strategies.

According with the FEANTSA definition of social economy, generally speaking we intend a variety of stakeholders, including co-operatives, mutual societies, foundations and associations. These stakeholders drive an alternative model of economy that is mainly characterised by the respect for common values and ways of working.

If we look at the state of the art of social economy, we are talking of organisations whose businesses have primarily social objectives, whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners.

The core entities that are active in social economy are social enterprises, which operate at the crossroads between market, public policies and civil society. As in many other European countries, one of their characteristics is the variety of resources: social

enterprises might combine income from sales and fees from users with public subsidies linked to their “social mission” as well as public grants, private donations and/or volunteering. As in other countries, the most known forms of social enterprises are social cooperatives and associations.

In Italy, specific features are requested to attain the title of social enterprise, as stated by art. 1, Legislative Decree 155/2006: *"private organizations (...) whose activity is stable, the main economic activity is organized for production and exchange of goods and for serving social utility through services, which are designed to achieve objectives of general interest"*.

Organisations which fulfil such features may then acquire the qualification between recognized or not-recognised associations, foundations, companies both of people and capital, cooperatives, consortia, and inscribe themselves to the National Board of Social Enterprises.

The social enterprise must meet the following requirements:

- be formed with a public act;
- have a democratic structure and establish a democratic decision process;
- fix a statutory prevalence of individual and social objectives over gain;
- never distribute profits and operational surpluses and assets, even indirectly, but ...
- allocate profits and operational surpluses for the performance of the statutory activities or to increase the enterprise capital, or reinvest them in social causes;
- fulfil specific administrative requirements, such as journal-paper and inventory;
- fold the balance sheet and financial position held by the Enterprise Register;
- draft and undersign any year the social budget;
- involve members, workers and beneficiaries in the business management;
- the majority of AC/board should be made by the social enterprise members
- be instrumental or functional to other enterprises offering services rendered by bodies composed by more than 70% of organizations engaged in social enterprise;
- for B type, irrespectively to its activity, at least 30% of staff from disadvantaged groups;
- the activity must not have mutual priority goals, which in any case can not be directed solely to members;
- involve its stakeholders with direct participation;
- defend and implement principles of solidarity and responsibility within daily activities;
- have a voluntary and open membership;
- assure the conjunction of the interests of its members with general interests.

The areas of activity where Italian social enterprises can operate are specifically defined in Article 2 of Legislative Decree 155/2006:

- health and social care
- education
- environment
- protection of cultural heritage
- university
- extracurricular training
- social tourism.

In Italy, social enterprises differ by nature among each other because of their activities, statutory, budget legislation and taxation, beneficiaries and target groups, structural specificity.

Each enterprise that wants to be officially inscribed to the National Board, has to fulfil the

previous requirements.

It is interesting to pay attention and to differentiate the “rules” from the “principles”, to clearly mark the difference between the Italian social enterprises, English WISE and other European based organisations adopting CSR.

| RULES | PRINCIPLE | HISTORICAL HERITAGE |
|--|--|---|
| free and voluntary join and subscription | principle of capital variability | Statement of Rochdale Society of Equitable Pioneer (1844 ¹) |
| free direct election of its own management | principle of democratic control | |
| proportional share of eventual benefits (when allowed) | principle of equity | |
| absent or low interest on deposit capital | principle of practical character of capital | |
| political and religious neutrality | principle of equality | |
| development of cooperative education | principle of solidarity | |
| cooperation between different social bodies | principle of cooperation (nowadays known as OMC) | |
| recognition of basic social and environmental needs | principle of social responsibility | Introduced after Vienna international cooperative meeting - 1966 |
| focus to satisfy social needs instead of capitals gains | principle of solidarity | |
| mutual help and assistance | Principle of mutuality | |
| clear and transparent fund management | principle of equity | |
| decision-process based on assembly method between the associated | principle of democratic control | |
| respect of the workers labour rights | principle of equity and solidarity | |

This simple template shows immediately how the difference between rules and principles is set deeply in the historical framework.

1.2 the heritage and the history so far.

In Italy the historical heritage of social economy is clearly significant with its over 150 years of history, and it's well set in the European heritage.

After the revolutionary wave of 1848, the distribution of Mutual Aid Societies saw a major increase through the granting of liberal constitutions in the ancient Italian States.

The first forms might be dated back to the second half of the XIX century by the time when the first Italian experiences of Workers Mutual Aid Societies² were established. Before that period, the freedom of association was severely limited.

The first ever regulation of such social activities was set by Royal Law No. 3818 on the

¹ The Roche-dale Society of Equitable Pioneer was the first ever social enterprise in Europe: it was established in England in 1844 by 28 textile workers. It saw a glorious flourishing of associated members: in 1864 they were 18.337, over 1 million in 1891

² In Italian “Società Operaie di Mutuo Soccorso”. In Italy, the first social cooperative were established in Turin in 1854.

15th of April 1886.

Those Mutual Aids Societies aimed to overcome the shortcomings of the welfare state and offered help and support to workers, such as a first defense apparatus in form of a collective assurance to transfer the risk of harmful events (accidents, illness or loss of job).

In Italy, the Mutual Aid Societies kept expanding in terms of number of associations (reaching a peak of 6.722 in 1894) and in term of number of their members (the highest being in 1904 with 926.000 members).

With the advent of fascism, all the mutual aid societies, cooperatives and associations were dissolved by law or incorporated in fascist organizations.

After the end of World War II and the new-born Italian Constitutional system, all freedom of association were re-established in their original forms.

After the progressive social movements from the end of 60s onwards, many cooperatives and associations were established to satisfy the needs of their members and users which were usually ignored or inadequately fulfilled by the private or public sectors.

After the push of the de-institutionalisation movement in the 70s, the Law 180/1978 closed officially the mandatory internment in mental-hospital and madhouse for those people suffering from mental symptoms.

The principle were that each person has the right to live a free and qualitative life within its own peculiar existence boundaries.

The closure of such institutions brought to the opening of a variety of experiences of social economy, where the former-institutionalised persons were living and working together with professionals, parents and common citizens.

By focusing on not-for-profit aims with social-driven objectives, those first experiences of social economy fixed a distinct and valuable key-stone in highlighting a strong, sustainable and inclusive society.

The basic ideas were driven from the cooperative values of self-help, self-responsibility, democracy and equality, equity and solidarity, and from the principles of voluntary and open membership, democratic member control, member participation to economic decisions, autonomy and independence, education and training, cooperation among cooperatives and concern for the local communities.

Following the heritage dating back from the Mutual Aid Societies, Italian cooperative members stated the ethical values of honesty, openness, social responsibility and caring for others.

Many of these values and principles became years later the basic for the Corporate Social Responsibility (CSR).

In 1991, the Law 381/1991 officially and clearly defined the social cooperatives as organisations “pursuing the general interest of the local communities to promote citizenship and social integration within the population”. The Law set four forms of social cooperatives, whose main are the following two:

- Type A cooperative: providing social, health and educational services;
- Type B cooperative: providing employment opportunities to disadvantaged workers.

Increasingly since then, the diffusion of social cooperatives in Italy coincided with the 80s, which were characterised by the closure of large residential facilities, specially for mental diseases, and in the following establishment of public or semi-public services in response to the de-institutionalization process. Those experiences were focused in supporting vulnerable groups to rejoin society.

In more recent years, the legislative framework were improved by Law 118/2005 and by the Legislative Decree 155/2006.

Its Art. 2 says that the legal form of a social enterprise includes all the private enterprises, as for example cooperatives, in which the main economic activity is stable and the production and exchange of goods and services of social value and general interest is its statutory object.

With the introduction of the legal form of the social enterprise in Italy, it has become very clearly distinguished the two concepts of business:

- on one side, the mainstream labour market with the purpose of profit
- on the other side, the social economy with the purpose of inclusion and social gain other than profit.

The purpose of inclusion and social gain soon became an added value compared to traditional enterprises.

In Italy social economy nowadays means a various range of different type of enterprises, which are focused to produce services of high relational and social quality; to establish local, regional and national network; to promote local development; to foster the adoption of values of social justice; to support the direct involvement of workers in management; to experience equal opportunities for all by reducing inequalities.

1.3 Geography.

As an effect that combines both the historical heritage of the North with the great needs of the South, we face a double results concerning the geographical distribution: while the major concentration of social cooperatives is in the South, the inter-regional distribution is prevalent in the North.

The data from Istat³ are nevertheless homogeneous.

| <i>Regions</i> | <i>n. of social enterprises</i> |
|----------------|---------------------------------|
| Lombardy | 1.191 |
| Lazio | 719 |
| Sicily | 589 |
| Emilia Romagna | 584 |
| Veneto | 564 |

By the 31st December 2009, Italian social enterprises had 357.000 employes, the 70,3% operating as social and sanitary care givers.

The employment general data confirms the geographic distribution and the historical prevalence of social enterprises in the North.

| Geographic distribution of social enterprises | Percentage at national level |
|--|-------------------------------------|
| North | 61,70% |
| North-West | 36,90% |
| North-East | 24,80% |
| Centre | 20,20% |

| | |
|--------------|----------------|
| South | 19,10% |
| total | 100,00% |

While twenty years ago there were no specific skilled required further more then the goodwill, the general economical crisis on one side and the increased-complexity of the fields of intervention has called a need for higher professionalism.

In 2010, the hires of high-skilled workers has reached 30% (among a national average of 23%), while most than 60% of social enterprises realised update-training sessions, offering long life learning opportunities to its workers.

1.4 Statistics.

The phenomenon of the social economy in Italy is complex to be monitored, as there are no general standards on data collection.

The Istat⁴ available data are already old and showed 221.412 social enterprises, 61% of which located in the North and offering employment to over 4million of workers.

Looking to the economic statistics, the vast majority of social enterprises (75%) has a yearly budget-line lower than 50.000 Euro, while a small minority (meaning 1,3% for 373 social enterprises) gives occupation to 42% of the whole employed in the sector.

The following templates⁵ shows the distribution of social enterprises by their entity and statutory form, by geographical area and by main sector of activity.

| Type location | association | foundation | Non-recognised association | committee | Social cooperative | Other forms | total |
|---------------------------------|-------------|------------|-------------------------------|-----------|-----------------------|----------------|---------|
| north | 28.580 | 1.737 | 74.292 | 2.196 | 2.286 | 7.861 | 113.172 |
| centre | 13.149 | 699 | 29.648 | 941 | 792 | 1.736 | 46.965 |
| south | 19.580 | 572 | 36.812 | 695 | 1.573 | 2.044 | 61.275 |
| activity | | | | | | | |
| Culture, sport socialisation | 37.245 | 865 | 97.725 | 2.334 | 476 | 1.747 | 140.391 |
| Social work | 6.575 | 773 | 8.073 | 322 | 2.397 | 1.204 | 19.344 |
| Unions and lobbyist | 3.608 | 0 | 11.863 | 75 | 0 | 105 | 15.651 |
| Education and research | 2.631 | 714 | 5.676 | 202 | 135 | 2.294 | 11.652 |

Still quoting the same research from Istat⁶, by the end of 2005 the complex universe of social cooperation might be figured as:

- «...- 7.363 active social cooperatives, 71,7% of which were established after 1991
- distribution rate of 12,1 cooperatives every 100.000 inhabitants
- in term of entity and statutory form, the type A are 4.345 social enterprises, equal to 59%, while type B are 2.419, equal to 32,8%
- social cooperative counts 262.389 members, of which 255.583 are real person and 6.806 are juridical entity
- social cooperatives provide occupation to 278.849 workers, with an increment of 26%

4 Istat distributed in 2008 a general research based on data from beginning of 2000

5 References: CNEL/Istat research, 2008

6 References: Cnel/Istat research, 2008

from 2003; these workers are distributed as follows:

- 211.307 with long-term contracts
 - 31.629 with contract on-project
 - 30.478 are on voluntary base
 - 3.415 are civil servants
 - 1.287 are on-call contracts
 - 733 are religious people
- the general budget line for the 2005 was 6,381 billion Euro, with an average yearly budget rate of 867.000 Euro per social enterprise...»

1.5 Legislative framework.

By Law, the open question was the correct definition of “not for profit”.

In front of the general concept of “activities without aim of personal gain” used since decades by the cooperative and associative system, the official definition states that an enterprise should be basically focused on solidarity, that there should not be any distribution of assets or of active-budget and that the what-so-ever part of the active surplus should be re-invested in favour of third parts.

Another basic concept of the definition is the limitation of commercial activities, which are generally forbidden unless they represent activities which are functional to achieve the statutory objectives.

The official definition of “not for profit” organisation is applicable to all those with the previously mentioned characteristics, as stated by the Legislative Decree 155/2006.

The Italian framework generally defines such organisations as “Not Lucrative Organisation of Social Utility”⁷.

As the definition itself put in evidence, all the ONLUS organisations must have as a prerequisite the absence of any form of personal gain and the social utility as final scope.

The legislative framework defines different social economy categories in which a ONLUS is allowed to operate:

- social care and socio-sanitary support
- sanitary care
- benevolence
- education
- training
- non professional sports
- protection, promotion and valorisation of artistic and historical heritage
- protection and valorisation of the environment
- cultural and artistic events
- protection and promotion of civil rights
- scientific research if under social purposes

The enterprises that constitute this vast not-for-profit scenario might be differentiated because of their social and statutory structure, their typology and their statutory definition.

So far, the Italian legislative framework has clarified five types of private enterprises that operate without aim of personal gain and with solidarity purposes. These five types are the following:

NGO – Non Governmental Organisations, defined by Law 49/1987

⁷ The Italian acronym of “Not Lucrative Organisation of Social Utility” is ONLUS (Organizzazioni Non Lucrative di Utilità Sociale).

voluntary organisations, defined by Law 266/1991
social cooperatives, defined by Law 381/1991
former bank-Foundations, defined by Law 461/1998
associations for social promotion, defined by Law 383/2000

In result of such Laws, the legislative framework enlightens differences and peculiarity of any of these five categories.

The financial framework is very complex, as different issues can cross each other concerning different points: the global amount of per-year income, the assets, the field of intervention, the different allowed financial benefits, the taxation, the administrative and financial requirements.

To have an overview on the complexity regarding the financial framework, the National Board for Social Economy Organisation⁸ set a Guide Line for the calculation of Balance-Sheet for not-for-profit organisations.

In any case, every statement, guide line and regulation can be amended by each singular act of the Financial Minister through every Legislative Decree, Budget Law or Financial Law.

1.5.1 Non Governmental Organisations (NGO)

The NGOs usually are statutory defined, at least partially, because of their political values. The difference between NGOs and ONLUS is simple:

- the NGOs activities are released and unbound from the initiatives and the policies of the Italian Government
- the ONLUS activities are usually based on contracts and grants directly signed with the national, regional or local Government, so they directly follow the policies and the institutional directives.

The NGOs were set up during the 1970s to intervene in third world States, usually as structural support of missionaries. Today the scenario is radically evolved, and NGOs represent also a laical expression of civil society. Their activities are no more and no just defined by the missionary boundaries, as they represents the wider category of international cooperation, active both in terms of direct interventions and of definition of policy and strategy. Their work might be done within consortia or in correlation with national, European or international organisations.

In Italy there are three main coordination boards to which relates the most of Italian NGOs:

- volunteers of the world: a federation of 56 christian organisation that promotes international social service
- board for international cooperation and development, a coordination between 35 major laical NGOs
- board of popular international solidarity, a coordination of 28 catholic organisations

1.5.2 Volunteer organisations.

The definition of volunteering is quite precise, as the Art. 2 and 3 Law 266/1991 defines it as “activity which is made under personal will, in a spontaneous and free-of-charge way, within a identified organisation, without aim of any even indirect gain, and exclusively for solidarity purpose”. The volunteers organisations started to be created during the 1970s, while their massive increment took place over the last 15 years.

⁸ The Act of Address was approved by the National Board Council on 11th February 2009

Taking in consideration the disposable data⁹, the number of constant volunteers is estimated in almost 1.1 million people, while the number of people who is volunteering on personal or occasional basis counts almost 4 million people. The most representative age is 18/19 years (representing the 11,1% of the whole with a gender prevalence of girls), 55/59 years and 60/64 years (representing each the 11,9% of the whole with a gender prevalence of men). The geographical distribution sees a predominant presence of volunteering association in the North, as well as the majority of volunteers are residents in such area. Similarly, the majority of donations comes from the same Northern districts. The field of activity sees some interesting indicators: on one side, the informal volunteering is decreasing, while the structured experiences are gaining visibility and participation. Another highlight sets the sanitary care as the prominent fields of activity (28%), closely followed by social assistance (27,8%).

1.5.3 Social cooperative

Social cooperatives in Italy are officially defined by Law 381/1991. Their main aim is defined as “pursuing the general interest of the local communities to promote citizenship and social integration of the population”.

The Law introduced four different forms:

- type A cooperatives: providing social, health and educational services
- type B cooperatives: providing employment opportunities to disadvantaged groups
- type “mixed”: which include both the previous two
- consortia: second level organisations, build upon wide partnership structured as a cooperative organisation where at least 70% of its members are social cooperatives.

Social cooperatives are legally defined as follows:

- at least 30% of net surplus must be inscribed into the “Indivisible Reserve”¹⁰, the surplus might be reinvested or inscribed into the “Indivisible Reserve Fund”, interest is limited to the bond rate and dissolution is altruistic (assets may not be distributed)
- the cooperative has legal personality and limited liability
- the objective is the general benefit of the community and the social integration of citizens
- those of type B integrate disadvantaged people into the labour market. The target set of disadvantage may include physical and mental disability, drug and alcohol addiction, developmental disorders and problems with the law. They do not include other factors of disadvantage such as race, sexual orientation or abuse, which are considered discrimination and are prosecuted by Law.
- type A cooperatives provide health, social or educational services
- various categories of stakeholder may become members, including paid employees, beneficiaries, volunteers (up to 50% of members), financial investors and public institutions. In type B co-operatives at least 30% of the members must be hired from the disadvantaged target groups
- voting process is “one person, one vote”

⁹ Eurispes, Italian Report 2010

¹⁰ Art. 2545 of Civil Law; the percentages of taxation were set by Law 311/2004 and have been recently modified by Legislative Decree 138/2011 (so-called financial midsummer intervention) with a general increment of 10%. A direct example might help: in case of net surplus corresponding to 100 euro, a social enterprise is eligible for taxation on:

- 3 euro for the legal indivisible reserve (10% of 30 euro)
- 40 euro for the net income surplus (40% of 100 euro)
- the remaining 57 euro are excluded from taxation as inscribed to the mutual indivisible reserve

Official data are not particularly accurate, as the last research dates back to 2006¹¹, when Istat counted 7.363 social cooperative divided under the following distribution:

| | |
|------------------|-------|
| Type A | 4.345 |
| Type B | 2.419 |
| Type mixed (A+B) | 315 |
| consortia | 284 |

1.5.4 Foundations of civil law and of banking origin.

At the moment, there are almost 3 thousand foundations in Italy, and they represent a significant actor in the social economy scenario.

Foundations are not-for-profit organisations with an inner source of monetary resources that is used under scope of public utility. Differently than associations, the foundations don't have their basic grounds in the membership nor in the activities that they carried out. Foundations can receive funds in different ways, but basically they receive money by bank-surplus, by donations (both from private citizens and from enterprises) and by legacy. The requirements for a foundation are set by Law 461/1998: they need to have a qualified minimum property asset of Euro 100.000, in order to assure a general high-level financial availability and capacity to finance and fund.

The distribution of their financial availability and resources has to be statutory oriented.

The issues which are usually financed by foundations are education, arts and culture, sanitary care, social assistance and research.

1.5.5 Associations of social promotion

Associations of social promotion are those organisations to which congregate different individuals in order to pursue a non-commercial scope.

Their specific nature is different from those association whose inner statutory scope is the protection of specific interest of their members, such as for unions, political party and civil committee, and organisation for professional protection.

Their characteristics and role is close but not equal to other social economy associations. Differently to the volunteering associations, they can pay salary on regular basis to their members.

2. The economy of social economy

2.1 the economic scenario

As previously said, the social economy is present across all economic sectors, with companies of all sizes.

In the 2007 report¹² on competition and social cohesion factors in the creation of a Mediterranean Euro zone, it was evident that "(...) in order to palliate investment shortfalls and to increase economic and social development opportunities in areas that hold little attraction for foreign investors, it may prove of interest to encourage all kinds of collective business initiatives within the context of the social economy (...)".

During the 2011 conference of Euro-Mediterranean Network of Social Economy, the

¹¹ Istat, Research on social cooperation, 2006

¹² Data by The Economic and Social Councils of Spain, Algeria, Italy, Tunisia, Malta, Greece and Turkey Joint Report, in *ESMED – Euro-Mediterranean Network of Social Economy, the social economy in the mediterranean, Barcelona conference in April 2011*

following data¹³ were presented to focus the updated Italian situation:

| | |
|------------------------------------|------------|
| n. of social economy organisations | 105.690 |
| n. of work-place | 1.302.081 |
| n. of associated people | 13.403.099 |
| Turnover (million Euro) | 148.155 |

2.2 financial resources

Differently to other northern European countries, the Italian situation concerning financial resources for the social economy sector seems to be basically oriented to public funds, specially regarding social cooperatives and ONLUS organisations in general.

According to disposable data, the major funds come primarily from public grants, while the balance between public and private funds seems to be significant only in the North-East area. The following data¹⁴ shows clearly the percentage distribution of public and private prevalent funding resources.

| Geographical distribution | Prevalent public funds | Prevalent private funds | total |
|---------------------------|------------------------|-------------------------|--------------|
| North | 58,8 | 41,2 | 3.445 |
| North-West | 61,3 | 38,7 | 1.979 |
| North-East | 56,3 | 43,7 | 1.466 |
| Centre | 62,8 | 37,2 | 1.431 |
| South | 77,0 | 23,0 | 2.487 |
| Italy (average) | 65,9 | 34,1 | 7.363 |

Still from the same disposable data, it's significant to enter in more details and analyse the different percentage of funding resources in consideration to the different type of social cooperatives.

It comes out quite evident the differences and the similarity of the percentage within some categories, which are obviously bound to their statutory scopes and their specific

13ESMED – Euro-Mediterranean Network of Social Economy, the social economy in the Mediterranean, Barcelona conference in April 2011. The data on distribution of such variables are not divided by country, but they are interesting even if associated values. The whole Mediterranean area turnover is estimated in 558.920 million Euro, generated by:

| <i>- n. of social economy organisations</i> | | <i>- n. of work-place in social economy</i> | |
|--|------------|---|-----------|
| Associations | 228.362 | Other legal entities | 2.137.639 |
| Cooperatives | 138.248 | Cooperatives | 1.912.337 |
| Mutual societies | 8.595 | Associations | 1.785.400 |
| Foundations | 5.856 | Foundations | 144.760 |
| Placement agencies | 4.258 | Mutual societies | 132.670 |
| Other legal entities | 25.462 | Placement agencies | 110.066 |
| | | | |
| <i>- n. of individual associated with social economy</i> | | | |
| Mutual societies | 67.747.267 | | |
| Cooperatives | 43.276.961 | | |
| Associations | 21.825.955 | | |
| Other legal entities | 4.224.336 | | |
| Foundations | 46.144 | | |

14 Reference: Istat research 2007, data in percentage

obligations by Law.

| type | Prevalent public funds | Prevalent private funds | total |
|------------------------|------------------------|-------------------------|--------------|
| Type A | 72,8 | 27,2 | 4.345 |
| Type B | 53,1 | 46,9 | 2.419 |
| Type mixed (A+B) | 67,0 | 33,0 | 315 |
| consortia | 66,9 | 34,1 | 284 |
| Total (average) | 65,9 | 34,1 | 7.363 |

On one side, type A cooperatives are extremely depending on public funds. This dependance might generate a correlated general structural dependance on public policies both regarding the economic strategy and social policy.

So far, this might lead to a outside-generated address of their field of interest and, more pragmatically, of their field of activities.

Aside from their statutory scopes, if a public authority, for example, decide not to launch a call on homelessness but on minors, the cooperative has only two choice: it can try to replace its workers (you cannot fire a member, but only have him/her at zero hour salary), or it can decide to regenerate the service for homeless into a service for minors.

Such situation denotes an evident lack of prospectic strategy on medium/long-term, and an increment of costs to train workers to be professional with different users.

Type B cooperative are more or less balanced in their prevalent funding resources, mainly because generally speaking they have a direct or indirect commercial activity which is a natural output of their statutory scope.

We will see a deeper analysis on critical points and positive opportunity in the last paragraph.

The call for proposal might have different eligibility criteria, in according with the general European regulations¹⁵.

This means that a call for proposal and a subsequent grant can be addressed solely to specific kind of social enterprises, or might be open to mainstream market and social economy. The difference must be found in a combination of factors:

- the specificity of each single grant, which can be defined by a specific National Minister (in case of Ministerial and /or European structural funds) or by each single local authority in case of autonomous resources. If a call is launch by a private body such as a bank or a private foundation, it is usually addressed specifically to social enterprises;

- the object: as previously seen, different social enterprises have different fields of activities set by Law and written in their statutory; if a certain activity is not specifically mentioned in the statutory, the social enterprise is not allow to participate to the public call;

¹⁵ The references for the legal principles can be found in the Financial Regulations (Council Regulation 1605/2002 amended by Council Regulation 1995/2007 and by Parliament and Council Regulation 1081/2010) and its Implementing Rules (Commission Regulation 2342/2002 amended by Commission Regulation 478/2007). All documents are available on the official Eu website:

http://ec.europa.eu/budget/biblio./documents/regulations/regulation_en.cfm

For Italy the rules are stated in the legislative Decree 163/2006 amended by Regulation 1/2010 “General criteria for public grants concerning work, services, supply, furnitures and subcontract”

the amount of budget and the required financial liability: different social enterprises have different requirements in terms of maximum yearly income and on financial liability that have to match with the public grant: reasonably, a local association is not allowed to apply for a huge and complex national grant.

The net result is that, given a difference in issues, fields of interventions, budget amount, priority in policy at local or national level, the public grants can contain explicit eligibility criteria that allow the submission to:

- all form of enterprises (both mainstream and social economy)
- only social enterprises, if they are registered on the National Board
- only a specific kind of social enterprise, such as for example only volunteers associations, only association of cultural promotion, only cooperatives A or B, and so on...

2.3 Financial benefits

Concerning Italy, the financial benefits on social economy have been diminished year by year, in parallel on the general governmental effort to make a so-called "balance" in national budget-Law. As far as the so-called economic crisis enlarges, the cut in welfare became more and more significant¹⁶, effecting both amount of disposable resources to fund services and the taxation framework.

Generally speaking, the social economy sector had financial benefits such as no or reduced taxation on income, no or reduced VAT, no other indirect taxation, fiscal deduction of private donations and exception from marks in public acts.

More specifically, the ONLUS organisations had the benefit that some activities, that were not considered for commercial purpose, were not eligible for taxation, as follow:

- all activities to the benefit of their members in conformity with the statutory scope for which no payment is required
- the membership quote
- donations
- the funds received by occasional public request
- if mentioned correctly in the statutory, with a clause of "not fiscally relevance", the results of the sell to members are not concurring to define the taxable income
- similarly, exception or reduction¹⁷ to VAT for specific activities (transport of patients and wound people, sanitary care ...), if mentioned correctly in the statutory

Generally speaking, for the association for social promotion recognised by the Minister of Inner Affairs, it was not considered a commercial purpose:

- the sell of food and beverage to own members at the association head-quarter
- the management of tour and touristic journey to members

With the Legislative Decree 98/2011, the Government sets a linear cut of 20% to be reach within 2013 to all financial benefit, specifically for what concerns:

- tax deduction for income of social utility
- non-commercial purpose
- the general benefit and exceptions for ONLUS

¹⁶ Referring to the Statistical Bulletin of Financial Institute of Bank of Italy, the national debt is extremely high, reaching in July 2011 the value of 1.911,8 billion Euro; in the Eu Commission Report on Public Finance in Member States, the data previews a level of 120,3% of debt on GDP (Gross Domestic Product), the market value of all financial goods and services from a nation in a given year.

¹⁷ Social cooperative has a double VAT system to choose between the VAT rate at 4% (as specified in DPR 633/72), or the exception (as specified in Legislative Decree 460/97, art. 10 c. 8)

Even if the administrative and fiscal Law is complex, these new measures can be summarised as follow:

| | |
|--|---|
| - tax on corporate income: | The previous lower entrance for the State were estimated in 403 million Euro. The State will apply the reduction of subsidy of 27,5% on corporate income |
| - VAT | Increment from 20 to 21%, different values for primary goods |
| - tax on surplus inscribed to the indivisible reserve fund | In case of surplus inscribed to the “indivisible reserve fund” at the yearly financial declaration, the taxation will differ between: - social cooperatives and consortia: increase from 30 to 40% - consume cooperatives and consume consortia: from 55 to 65% |
| - Donation and legacy | Donations were considered deducible by the donors, and not subjected to taxation by the receiver. The cut on the deductibility is set in 20% per year. |

Social enterprises have the benefit of limiting liability on specific aspects for its members and participants responsibility, even in cases in which the corporate structures is clearly addressed to unlimited personal liability.

There are also financial benefits. If the social enterprise has a net financial asset worth of 20.000 Euro at the time of its establishment and inscription to the National Board, only the company and its eventual property are liable.

But if, for losses or passive rates, the assets declined to below 1/3 of the original 20.000 Euro, only the ones who had decision-roles in the board are liable.

So it means, generally speaking, that the financial benefits posed by the legislative framework are valid only for the social enterprise in bonuses.

There is another administrative aspect of relevant interest: both in case of gain on the year budget-line and in case of dissolution, the assets may never be distributed to any members, nor become benefits for the members. The assets and gain may only and mandatory been devolved in social investments and/or in other non-profit organizations listed in the statute.

The absence of profit purpose and praxis, and the absence of unfreezing procedures for the gain and the assets is held constant even in case of closure, demerger, merger or transformation of society.

For any commercial companies, it is mandatory and compulsive to place the constraint of non-distribution of profits to become social enterprises.

The public authorities and those private entities whose corporate purposes must be addressed solely for the benefit of its members and not of the generality of citizens are not be considered a social enterprise by Law.

Since 2006, all ONLUS inscribed to the National Board can collect a contribution directly from any given worker.

The contribution is called "5x1000", and it defines the mechanism with which any taxpayer can address this given percentage to support ONLUS, sanitary and scientific research centres.

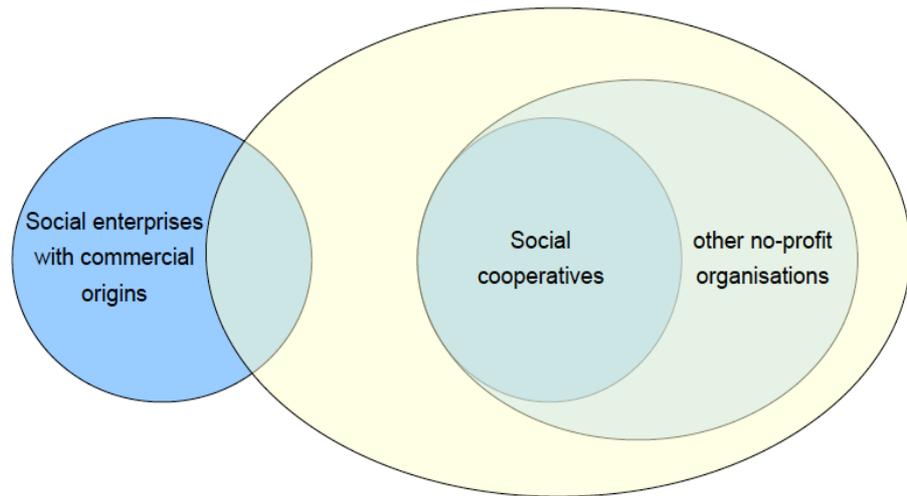
The State collect all the sums, and will readdress them in proportion to the allowed organisations till a yearly top value that might differ in conformity with the year Budget Law.

3. The promotion of social economy in Italy and its mainstream into policy and politics.

Regarding data from Unioncamere¹⁸, the employment rate in the social economy sector for 2010 was positive (+1%), opposite to the national rate of improved decrement of 1,5% in occupation.

The phenomenon of social economy is not just the prevalent scenario of social cooperatives. The potentiality is still very high, specifically concerning the impact of the actual legislation, which, as previously seen, allows to act as an enterprise for the production of “goods and services of social utility” under a very general scope of “general interest”.

The space of social enterprise



In front of the previously mentioned specific requirements, all structural and operational entities, including the commercial ones, can become social enterprises.

In such framework, social economy represents a dualistic horizon, which sometimes can become even more stratified. The space¹⁹ that the social enterprise can define within the Italian economic scenario might be seen in fact as a kind of mixture of different market typologies.

If we look at the complexity of the legislative and financial framework, it comes out quite clear a double-face impact.

On one side, there is a call to expand the possibility of social economy through the inclusion of those enterprises that were once under commercial purposes. This is claimed to be seen as a direct and major result of the ethic impact of social economy, which forces mainstream commercial organisations not only to embrace CSR, but to further radically change their statutory entity and join the not-for-profit universe.

This interpretation sounds very optimistic, and forget the general PR effect of such change, without even mentioning the financial aspects.

In fact, on the other side, it is undeniable that the financial benefits, the public relation impact of such an “ethical attitude” and its implicit marketing impact are of great temptation, with the result that sometimes the line between the commercial and the social purpose might become very thin.

¹⁸ Reference to the “Excelsior 2010 report”, in collaboration with the Minister for Labour

¹⁹ Ref.: C. Borzaga, F. Zandonai, *Primo Rapporto sull'impresa sociale in Italia (first report on social enterprises in Italy)*, Donzelli ed 2009

To avoid the risk of personal misinterpretation, we can see how literature explains how social enterprises might be defined on the base of a matrix²⁰ which is build upon two dimension: the social representation and the agency concept.

On the horizontal axis we might fix the various representations of the social meanings versus the economical processes.

On the left extreme, we have those organisations which have been labelled²¹ as “the evil form of not-for-profit”: in such organisations the ratio between economic and social aspects have been subverted, taking economic purpose as main undeclared aims.

This process might regards the fiscal benefits, the high-salary of the directors and managers, and even the establishment of economic efficiency as a major standard for structural hierarchy or for priority and strategic assessments.

In the right extreme of the horizontal axis we see those organisations which has the same points as instrument and/or bond for the enterprise's management in a quality framework²².

On the vertical axis, we find the different principles of organisation's agency. On the bottom extreme, we find the more privatistic oriented strategic structures²³ and on the opposite extreme the more proper social enterprises devoted to expand the participation and the path to active citizenship.

Taking in account this literature, the only enterprises that we can define as part of the social economy are the one that strive to move in the right upper quadrant, which are basically oriented to a complete respect of the cooperative measures, with a democratic and horizontally based structure, a heterogeneity of stakeholders, a clear and transparent decision strategy focused on fostering members participation, a define and public definition of borderlands that address efficiency and effectiveness as bond to an improved quality.

The application of such matrix is not always easy and direct, but it might be used with all the registered social enterprises, meaning²⁴:

| Social enterprises registered under/as: | n. enterprises | n. employees | n. users / clients | Generated value | references |
|---|----------------|--------------|--------------------|-----------------|------------|
|---|----------------|--------------|--------------------|-----------------|------------|

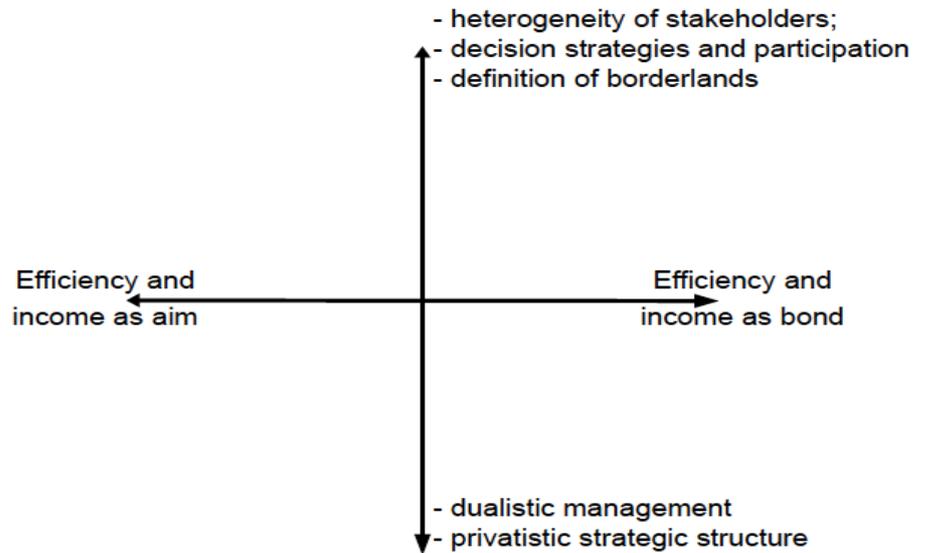
20 Reference: Perrow C. (2002) and De Leonardis, Mauri, Rotelli, 1994

21 Reference: Perrow C. (2002), *L'ascesi delle organizzazioni nonprofit e il declino della società civile negli Stati Uniti (Increment of not-for-profit organisations and the decline of civil society in the US)*, in “Rivista di politiche pubbliche”, n. 2, pages 40-41)

22 Reference: Perrow C. (2002) and De Leonardis, Mauri, Rotelli, 1994

23 Meaning those with a relationship between organisation and citizens based on a private contract, which might be familiar, crony or market-oriented

24 Ref.: C. Borzaga, F. Zandonai, *Primo Rapporto sull'impresa sociale in Italia (first report on social enterprises in Italy)*, Donzelli ed 2009



| | | | | | |
|--|--------|---------|-----------|-------|--|
| Law 118/2005 | 501 | | | | Chambers of commerce (unioncamere 2009) |
| REA Social Enterprise Register | 10.501 | 296.500 | | | (unioncamere 2005) |
| social cooperatives | 7.363 | 244.223 | 3.332.692 | 6.381 | Istat 2005 |
| Other forms of social enterprise | 2.632 | | | | Istat 2005 |
| Social enterprises with commercial form | ? | ? | ? | ? | Difficult to define |

If in 2005 ISTAT counted 9.995 non-profit institutions, nowadays their number is estimated to be over 20.000; it is attributable to political and institutional crisis, the policy of containment of public spending implemented within the parameters of Maastricht. The total turnover of the sector amounted to 36 billion, employed 630,000 workers are paid (equal to 3% of the total workforce) and more than 3 million volunteers.

The majority of non-profit organizations in Italy is active in the field of culture, sport and recreation and only 20% of the total committed in providing services (health, education and health). The organizations involved in welfare are the richest part of the industry in terms of turnover and employment of workers.

In this section we tried to represent some general examples of well-known and successful practices and examples of social enterprises which are classified under their predominant statutory scope and activities.

4. Best practices

In between framework, directives, changing and continuous update of legislations and so on and so forth, it might be not always easy to translate the idea of social economy approach into practice. To focus on this purpose, here there is a list of some direct examples of how a social enterprise can operate in the different sectors to which it is entitle to by law.

The selection is of course not representative of the whole sector, and more example can be found by linking to the category organisations.

4.1 Environment.

The World Wide Fund for nature (WWF) is the bigger environmental association in the world, with the statutory scopes to protect nature and save animal species at risk of extinction. It is active from more than 40 years in around 100 countries thanks to the support of over 5 million members. Financially, WWF is directly funded by its members and by donations from both private and public sector.

Greenpeace is also a huge movement organisation based on non-violent approach to protect environment and animal life through direct actions and raising awareness campaigns. Greenpeace is totally funded by its members fees.

Italia Nostra (Our Italy) is an association established in 1955 with the aim to increase a culture of cultural care between the citizens relating to the cultural and historical Italian heritage, to promote and protect both urban and rural landscapes. Its activities are based on volunteering.

Legambiente (Environment League) was established in 1980 to protect nature and raise awareness by former ecologists and anti-nuclear activists of the early 70s. Its approach is based on scientific environmentalism, meaning its campaign are always



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based on previous scientific analysis that also offer concrete, realistic, feasible and pragmatic alternatives.

4.2 Fair trade.

the Consortium Ctm AltroMercato (Other Market) is the largest fair trade importer of Italian social economy market and the second worldwide with a turnover of 37 million euro and 102 full-time employees.

Centrale del Commercio Alternativo (The Central for Alternative Fair Trade) is a bit smaller but still very significant, as its turnover counts almost 5 million euro per year.

Libero Mondo (Free World) is a fair trade organisation with around 60 employees; its peculiarity is that by policy choice, the association sells only through the network of smaller local shops (named Botteghe del Mondo, World Shops), in order to offer the international fair trade products and to support meanwhile local communities by promoting local products at zero environmental impact.

4.3 Ethical banking.

Ethical finance was created to support activities promoting human and social environment, with a centred focus to people instead of capital gains. The idea behind is that property is not the right return on investment and speculation, but that the bank system shall ensure credit to persons who propose economically viable and socially important projects, specifically when they do not get traditional financing from banks because they do not offer solid guarantees.

Ethical finance addresses the need to bring finance to act as a guarantor of the original savings by avoiding purely speculative purposes.

Among the founding organizations, the most important is the Ethical Finance Association (Associazione Finanza Etica), active since the late seventies.

It is an association of a second level that aims to grow a culture of ethical finance, including a research observatory which promotes the comparison between the actors of the Italian ethical finance. It also implements monitoring activities of the Italian market for ethical financial products. The largest credit institution is constituted by the Ethical Bank (Banca Etica): it is a cooperative bank, which operates nationally.

4.4 Health.

The health sector is in fourth place in terms of number concentration in the social economy scenario, and it corresponds to 4.4% of organizations, estimated by Istat as 9.676 on 221.412.

In terms of number of employees and of general income, health represents the first place, with 22,8% of whole social economy workers and counting the 18.8% of the total revenue.

Easy to figure out, it is characterized by an extreme diversity in size of organizations: there are large private associations such as ANFFAS who runs private hospitals and private highly professional healthcare facilities, together with many small and mostly volunteering based organizations that provide health care services, relational support and additional assistance to terminal patients.

Other associations of particular note are the Italian Association for Cancer Research (AIRC), the Italian Foundation for Cancer Research (FIRC), the Italian Association for Multiple Sclerosis (AIMS).

4.5 Social inclusion.

The field of activity known as social inclusion embraces a variety of actors active on different issues, which moves from services addressed to people experiencing homelessness to residential accommodations for mental disease, from supporting women victims of trafficking and violence to Roma and Sinte population, from elders left alone in rural area to kindergarten and street work activity.

The size might also vary, from small associations running a single day centre for elders in a village, to huge social cooperatives which are active at inter-regional level and operates in many different services. As example, Cooperativa Animazione Valdocco counts more than 1.600 members with a generated income per year of around 40 millions euro.

Other time, from a volunteer association focused on advocacy might be developed various forms of activities, such the case of Associazione Piazza Grande in Bologna, which dated back to 1993; since then, it grows and develop new opportunities for homeless people, such as advocacy and legal take-in-charge, raising awareness campaigns, street-paper (the oldest nationwide), street working and accommodation, back-into-work training and opportunities. More information are disposable on its multi-languages website: www.piazzagrande.it

4.6 An example and a best practice: the project Chairissa from Reability NGO.

The Association Reability was founded in 2002 and became NGO in 2007. It was established following the professional experience of some health professional workers in the field of international cooperation. Reability directly intervenes by running hospitals and sanitary ambulatories to support people with disabilities, wounded and in need in developing countries in Asia, Africa and South America.

Reability is currently operating in Chad, Kenya and Thailand with the Karen refugees along the border with Burma, in Algeria and Cape Verde.

The chose of such countries is directly connected with the reality of a massive presence of people who was wounded and became disable because of wars. With those people, Reability activity is aimed at reducing their difficulties, at improving their capacity and autonomy, and at reducing the set of limits that the person meets within the social dimension. The scope is promoting a real process of integration and recognition of the rights of people, through information, awareness campaign and sharing of their experience within their own community.

Reability offers health and social assistance projects aimed to:

- improve the quality of life of the individual and the community they belong to
- facilitate the achievement of real social integration, education and employment
- overcome barriers to physical, mental and sensory disabilities through the involvement of families
- draw the attention of the community also and especially to children, considered to be the weaker community-group among the weakest

The objective is to meet the requirements of adequacy to the context reality, functionality, essentiality, immediate applicability, self-sustainability.

Reability offers an educational approach together with a training process around its methodology: transferring both is necessary to promote the community self-management process from a in-need situation towards self-accompaniment, based under a medium to long term planning is basilar to match its ideal scopes with success and effectiveness.

Therefore, the practical implementation of its philosophy is to start from what it is disposable in the community, which means take good care of reality and carefully evaluate local organizations, to complement and enhance them during the process.

The project Chairissa is such a good example of real best practice in social economy.

Reability structured a mobile-sanitary ambulatory in the jungle between the borders of Thailand and Burma. The mobility of the sanitary presidium is needed because of the constant state of war between the two countries. The fact that the international Institutions doesn't recognised the Karen population as an ethnic minority in need of support lead to their total invisibility. This invisible population is in both the countries army-targets. With this mobile ambulatory, the NGOs assures direct treatment to those in need and training to the population, the community, the local doctors. This intervention costs a lot, while non-existent recognition of the Karen refugee status means no international funds are available.

So to self-fund and to improve the community, Reability supported the creation of a cooperative in Thailand to produce biological rise. This rise is biologically pure and fair trade. The rise is sold directly by the producer to Italian Fair Trade organisations, shipped into container and sold into Fair Trade market and online. With the income from this fair trade activity, the whole project in Thailand is funded.

The documentary film on this project, "Behind the river" by Luca Olivieri, won the Chatwin Award in 2010. For more detailed information, visit: www.reability.eu

5. Conclusion: the state of the art... critical points and challenges

The Italian social economy scenario represents an important economic actor, wide and significant in terms of historical heritage, turnover per year and number of employees.

Even in front of such a presence in the economical national scene, there are sparkles and shadows.

On one side, some²⁵ has noted that there is a sharp contrast between the activism of social enterprises and the national Governments.

In 2010, the Forum of Third Sector, which gathers more than 80 national organisations, published its "Green Paper"²⁶. The green paper reports the general reluctance of consistent part of private and public sector towards the social economy in term of reliability regarding the policy and strategic decision process. Many in the mainstream market still considers the social enterprises as almost criminal competitors because of their fiscal benefits. It still happens to read in comments from private mainstream market and also in Government that the social sector is entitled to privilege and not benefit.

This difference is quite crucial of the overall approach.

On one side the mainstream market is not interested in investments in "hardly" profitable sectors, but on the side it seems that every challenge for a different form of businesses has to be seen as unfair competition.

In such arguments, the social issue is no more than an electoral speech, or a PR exercise, mostly well-managed but empty in terms of contents and prospectic view.

At the same time, the push of economical crisis seems to spread an urgent call for an alternative vision from the neoliberal approach. This alternative approach is nothing new, and unfortunately it is not matching with the new European trends which is not anymore based on evidence-based good practices, but only in the vague concept of innovation.

It is nothing new, as it was developed almost 150 years ago. And for this very basic reason, it is also well experienced.

²⁵ www.west-info.eu/2-netherlands-a-national-registry-based-study/

²⁶ The green paper was entitled "Le sfide dell'Italia che investe sul futuro" (The challenges of Italy that invests in its future)

But all efforts seem not to be able to produce significant effects without Government's involvement. Since 2001, when the principle of subsidiarity was introduced in the Italian Constitution, the debate on social economy has not gone much further, preserving its "academic" aura and producing few remarkable results. Moreover, as we saw in previous parts, because of the general economical crisis, the Government introduced financial measures that are direct restrictions for the social economy to generate opportunities.

For others²⁷, the point is that a general sociological analysis on «...what it really is a social enterprise and what has only, if even applicable, the form or the appearance ... it can not be solved in terms of data and accounting...»

The most critical and controversial conditions regard the expansion of social economy specifically during the last 20 years, in quantitative terms rather than in qualitative ones.

This quantitative expansion has its natural positive term in a major presence on the national market, which also means that the social economy sector became more visible, important and strategic, with its correlated increased possibility of lobbying.

But as Italy is quite known because of its high level of corruption²⁸, the risk of crony situation has been really high.

In other world, what was a idealistic approach to redesign the policy-making process risked to become part of a inter-depending crony system based on corruption and dark-sided compromises. This sad scenario is not only affecting the southern regions, where various kind of illegality are present. What Naomi Klein described on the mainstream market appeared to be fit and relevant for the social economy, in all cases in which «...the economic model that dominates ... revealed itself not as "free market" but "crony capitalism", where politicians hanging over public wealth to private players in exchange for political support ...»²⁹.

This connection with politics and power is always at risk of generating crony situations and patronage systems, specially when there is corruption in the environment.

Another consideration regards the difference between small and big social enterprises: while the first are weaker in term of economic liability and possibility to invest their eventual positive funds, they are surely more value-oriented, as they are the closest to the need on which they operates.

A huge social cooperative, with hundreds of members, has the statutory scope to preserve their work-place, so this might introduce some serious risks: on one side, the heavy reliance on public funding would develop a dependance on political level, which not necessarily shines for long-term strategies. On the other side, the concentration of resources on few large organizations might become a compulsory push to a never-ending growth, which we saw before would tend to fix the enterprise in the bottom left quadrant.

Nevertheless, it's thanks to such recent growth of importance that the social economy sector produced interesting changes in the policies and social legislation specially at local level under the principle of the Subsidiarity Law of 2001.

This double-faced Janus situation is clearly summarise by the fact that while « ... the Third Sector organizations ... emphasized their roles as creator of employment opportunities and

27 References: de Leonardis, 1999: 246-7

28 On June 14th 2011 the Council of Europe publicised a report stating that Italy ignores or dis-attends at least 50% of the EU Recommendations on fight against corruption.

On its annual report, Transparency International defines the index of corruption on a scale from 0=maximum to 10= absence: Italy is 3.9, at fourth place in Europe after Rumania (3.7), Bulgaria (3.6) and Greece (3.5). For a comparison, Rwanda index is 4.0 and Ghana is 4.1, Swiss is 8.7, Denmark is 9.3

29 Naomi Klein, *How corporate branding has taken over America*, the Guardian, 16th January 2010



GDAŃSKI MODEL
EKONOMII SPOŁECZNEJ

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as solver and answer to the late capitalism contradictions in order to gain public recognition and attention ... the same arguments were used as a Trojan horse for the entrance of the neoliberal logic into European welfare models. The result is that, alongside relevant measures of interest were obtained in the last ten years (Law on voluntary associations, Law on social cooperatives, Law on associations of social promotion, the reform Law on the social assistance and welfare) ... we saw an impressive growth of the third sector, primarily in the welfare markets, and a correlated struggling and difficulty to maintain a proactive role ... rather often falling into an almost complete dependence by the public sector, the sole representative of the demand for these 'companies'...³⁰».

Another paradox is connected with the fields on interventions as specified by Law: right to social inclusion, health, education, safety and quality of life, income and employment, standards of qualitative living, environmental friendly activity and fair trade.

These issues are strongly value-shaped and ethically-oriented, which it implicitly means that they are strongly connected by each single individual.

But these are social issues of general interest, and they do not have to be forced into a private topic, because «... as a private topic, these social issues cease to be an area of public discussion on matters of collective and common issues, that regards the quality and maintenance of social ties, and that calls into question the co-responsibility, actions and choices of goods and common ends...³¹».

Two side effects of such movement might indulge to some structural perversion.

On one side, when a social enterprise has to cut costs because of a lack in resources, the realistic risk is to obtain perverse working conditions for its employees, which are kept by a call on individual responsibility to diminish their salaries in order to keep the service alive.

The second effect is the constant devaluation of professionals of the social sector. This is partially due by a misinterpretation of the volunteering in a profit-driven world: if something can be run out of salary, the salary, related to professionalism, is not the issue.

This leads to produce paradoxical impacts, such as the constant effort, specially by public institutions, to promote grants to volunteers instead of professionals³². This stresses the

³⁰ Alschelter, Bruzzese, Perna, 2005: 23

³¹ Alschelter, Bruzzese, Perna, 2005: 23

³² As we saw, the social economy is active in quite complex fields of intervention, such as example poverty, homelessness and unemployment. On one side we state that these issues are very complex and based on multi-levelled problems, while on the other side of such complexity it is easy to be told that it is sufficient a offer based on "voluntas/good will". Good will and volunteering are precious, valuable, inspiring, but also they are not necessary skilled. The holistic approach is there to give a more precise solution than a "only-professionals" or "only-volunteers" model. Things are working well when all actors simply play their role.

Which is as to say that a baker is to make bread, a mechanics to adjust a car, a dentist to cure teeth pain...

The public authorities should play their role, which is based on their constitutional responsibility of taking care of their citizens, offering equal opportunity to all on the base of the Human Rights perspective as well as on the treaties which most EU countries had undersigned. Public authorities might delegate part of the activities (but not the framework of general responsibility) to private actors, which might belong to the various scenario of the "third sector", meaning NGOs, social cooperatives and others who are working on social economy. Associations and volunteers (or association of volunteers) play a corner-stone role in such vision, as they do not have the huge weight of subsidise the state responsibility concerning the wellness of citizens. They have the duty and the freedom of providing those offers that nor the public nor the third sector are entitled to offer, mainly because of the lack of funds. When a teeth hurt, we go to the dentist. We expect him/her to be professional and do the job. The net expected result is that there is no pain anymore with teeth well and sane. There are no expectations for amusements, nor socialisation or fraternisation, which are valuable results, but as side-effects. In case of gain new friends while teeth still hurts, we would not suggest the dentist to anyone, we won't come back, unless desperate.

Back to the example, people who is experiencing homelessness, unemployment, poverty or any other social hardship, deserves and has the right to receive the same treatment. They have the human right of finding

average salary of a social worker to be very close to the poverty threshold.

But social economy aims to promote the same quality standards of life within a different framework of businesses, and certainly not to diminishes life standards within the same framework of profit.

The social economy approach fits well as an alternative to the requirement of an economy on crisis, with its lack of attentions to the local need, with its physiologically orientation to profit, with its carelessness for people needs other than capital gains and positioning.

It is nothing innovative, but experienced-based, that it is possible to offer opportunities for local communities rather than stock-options. It is not innovative, but it works to be environmentally friendly rather than careless, to bet on integration of diversity within social values rather than on dismantling identities under global storms.

In a profit driven world, what it is interesting is the challenge to readdress high-level strategies taking example from the experiences produced so far at local level.

It is a choice, and every choice include a cultural challenge within itself.

In every system, there are balance and inequality, but the natural tendency is for osmosis.

In every system, from the complexity of a cell to the one of global world, every change or movement produces a side effect, where its casual connection might be explicit and visible or implicit. In a "profit-driven world", the side effect of generating profit (moving economical resource from a part to generate profit into another) produces a lack of resources. As we are talking on money, the movement is about money. On one side profit, on other side poverty. And when the profit-driving is fast, the poverty might become extreme, and lead to extreme poverty and homelessness.

This is not to say that there are no individual responsibilities, which they are, but there is a overall context that can not be hypocritically ignored.

Even from a mainstream profit perspective, it sounds quite a unique and cynical paradox: on one side the not-for-profit stands naturally out of mainstream aims because its inner nature of being not profitable. Especially during crisis or conjuntural periods, social insecurity is not good for businesses, so someone has to work with it.

If a social enterprise starts to work on it, and gets its works job done, there are few problems to allow benefits, as on the other hand mainstream market is not interested with its aims to produce capital gains under a positivistic faith in its never ending growth.

When the crisis is structural, the structure itself is on question, as Picasso used to say³³. When identity is on question, each alternative might be seen by given nature as an unacceptable privilege.

These are the reasons that qualify this issue as a cultural challenge much before than a debate on economic philosophy.

It is "simply" a matter of choice, and the "no resources" justification is just a choice of a profit-driven world that produces poverty and pretends not to have resources to re-balance its own impact.

This choice is also basically untrue, so to say. The World Bank³⁴ itself stated in one of its

someone who is skilled to match with it on the base of his/her professionalism, and help to solve it.

33 Picasso once said: «...always asking on constant and never ending development ... if something grows after 30 years, probably it is cancer...»

34 In a policy note, World Bank reported: «... in quantifying the benefits of Roma inclusion, we distinguish economic and fiscal benefits. First, we calculate how much greater the economies would be as a result of Roma enjoying equal labor market opportunities. We call these opportunity costs the economic benefits of labor market inclusion. Second, we estimate how much current government revenues would increase if Roma enjoyed equal labor market opportunities as non-Roma in their countries. We call these opportunity costs the fiscal benefits of labor market inclusion. We calculate both a lower and an upper bound of these benefits corresponding to official Roma population estimates ... the benefits are conservative estimates...»

To briefly summarise the World Bank findings, these are the main evidence-based statements:

research on Roma inclusion in Central/Eastern Europe and Balkans that the public investments would generate:

«... an estimate of the combined economic benefits is Euro 3.4/9.9 billion annually
an estimate of the combined total annual fiscal benefits is Euro 1.2/3.5 billion ...».

In term of evidence based analysis, the consideration that "there are not enough money", it's true. But it is false at the same time. It is true that there are no or few money in term of investments on people, but it is false that they are not available for other issues and that they are not worth spending.

So far for the "no resources because of the crisis" topic. Being there. Done that.

If we take this as it is, an evidence-based fact as stated by the World Bank, we might lead to a perspective which is very different than usual.

And that difference it is a cultural one. It is a cultural challenge the one we have to face. And, as all cultural challenge, it starts within us.

The challenge is if we are ready to take the stage, to walk our way apart from power games and sterile rivalry, leaving outside corruptions and private ego trips, and walk firmly on a path to bring back dignity and social security to our communities.

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«... -equal employment opportunities would generate substantial economy wide productivity gains (...)
- aggregate economic benefits are substantial across the four countries (...)
- an estimate of the combined economic benefits for Central and Eastern Europe and Balkans (CEB) as a whole is Euro 3.4 – 9.9 billion annually (...)
- Roma inclusion would generate considerable fiscal benefits, primarily through higher revenues from taxes on wages. (...)
- the government revenues for the countries would have been substantially higher if Roma were not excluded from the labor market (...)
- an estimate of the combined total annual fiscal benefits is Euro 1.2 – 3.5 billion for Central and Eastern Europe and Balkans (CEB) as a whole (...)
- fiscal benefits alone far outweigh the investments of closing the education gap between Roma and non-Roma (...)
- the reduction in social assistance spending is only a small part of the fiscal benefits from labor market exclusion across all four countries ...»



GDAŃSKI MODEL
EKONOMII SPOŁECZNEJ

Paolo Brusa – the state of the art: an introduction to the economy of social economy in Italy

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