

July 2018

**Title:**

**The conjunction of Employment Policies and the Social Economy**

**Stylianos Katomeris**

MSc in Social Policy at Panteion University

PhD Candidate at the Department of Social Policy  
School of Political Sciences at Panteion University of Social and Political  
Sciences - Athens - Greece

[stelk04@yahoo.gr](mailto:stelk04@yahoo.gr)

Stylianos Katomeris

37 Demokratias str. P.C: 16675 - Athens

## **SUMMARY**

The gradual emergence of the globalized economy since the mid-20th century imposed several labor market changes. At that time, the questioning towards Keynesian model brought also major changes to the capitalist societies with unpredictable socio-economic effects. Since then and until end of the 20th century (2000), we have noticed that Marx's, unemployed "reserve army" had been steadily increasing. As a result, both in Europe and Greece, methods of coping with steadily worsening unemployment had been sought, emphasizing though - among other things - to the employment and labor inclusion of "special" social groups. Those groups such as: unemployed young individuals under 25, long term unemployed adults over 50, people with cultural and social challenges and members of groups with mental or moving problems, were obviously most affected. According to the results and experience brought in the EU since the 1980s, it has been observed that the civil society has a wide range of expressions and several citizens' collectivities into an appropriate legal environment set up by the State to solve the socio-economic problems such as unemployment. The de-facto unstable social situation and cohesion within the new fierce economic environment had drastically found a balance with the support by the very basis of society through "bottom-up" reflective initiatives. The social capital generated within this field will contribute to the social "justice" of the crisis-affected societies.

One among several legislative approaches implemented in recent decades by the EU was the adoption of policies related to the field of Social Economy (SE) with remarkable results. SE is a socio-economic field in which both informal and formal civil society acts with social and economic target that are not intended to generate financial surplus but only social and employment integration of its members, in particular of above referred vulnerable groups. SE is constituted into the Civil Society towards reception and reintegration of the victims of every socio-economic conjuncture. It is expressed institutionally through cooperatives and social enterprises with focus at the disadvantaged groups entered into a process of discouragement, hardship and their temporary or permanent marginalization. SE could be a field for employment policies and will contribute to the economic reintegration of all those individuals who have been denied the right to work. In Greece, since 2008, legislative initiatives have been adopted for the SE with two related laws (4019/11, 4430/16) which define the current frame-work for the field.

In our study we see how the applied employment policies and in what direction within the scope of the SE could contribute through the SE and how such initiatives and practices could be tackling the unemployment phenomena at the current conjuncture. Our effort is supported by a theoretical and historical overview of social conditions and employment policy perceptions from the dawn of capitalism to the present day. However, our intention is narrowed to the enlightening of the correlation of the employment policies into the field of SE. Particularly our thesis will lead us to conclusions as to how the SE framework can be an area of suitable employment policies and a transition field for unemployed members of "special groups" towards a labor and social inclusion regime.

### **Research questions**

According to our theoretical review, we have noticed that:

- a) Since the 19th century and also during the 20th centuries, the emerging field of Social Economy has been offered a great support to the unemployed people towards their reintegration so that their social and economic exclusion is prevented.

- b) The practices of the SE field have been noticed and coexisted with the need of solving social problems mainly during the main financial and social crises.

In accordance with the above, we will be asked to answer the central research question:

“If the state-made employment policies could be combined with the field of Social Economy and to contribute the labour reintegration and social inclusion to unemployed into the today socioeconomic crisis in Greece”

## CHAPTER A

### Social Conditions and Social Economy

#### 19th century

The side-effects of government interventions at the time of mercantilism on the labor market until the 18th century led to the deterioration of the economic life in regions of industrial Britain and other new urban industrial centers, creating crowds of poor unemployed with daily living problems. The thoughts of T. Hobbes on punishment (1642, *De Cive/On the citizen*, 1651, *Leviathan*) and human-correction practices has already been imposed by the state on unprivileged groups. The constantly expressed "voices" with social and political influence such as Rev. Joseph Jones (1739 -1816) have further exacerbated the situation since they firmly supported the need for hunger as a means of correcting the individual. At the same time, during the continuous social unrest, the rationalist Edmund Berk (1729-1797) highlighted the dangers for public security come from a poverty-stricken society.

On the contrary in the revolutionary France, the industrial evolution delay had significantly contributed to a positive impact on political and social consensus. The messages coming by the French Revolution principles for social equality and justice in conjunction with the principles of enlightenment demonstrated clearly the distressing position of the social subject derived from poverty and unemployment as a visible social phenomenon, however the ideas of equality and freedom contributed in association of poverty and the individual responsibility of the subject (Stasinopoulou 2006). Consequently, from the mid-19th century, the *Laissez faire's* perceptions have dominated the whole industrial world. From the Victorian England, Prussia of Bismarck, the Habsburg sovereign up to the Third Republic of France, and the United States. There were also tough measures taken - for example in Britain in 1834 - with the “Poor's Act” and the obligation of poor unemployed to join the workforce of parish corpses. The inhuman working conditions existed were once more the cause of intense criticism and continuously repeated social agitations (Polanyi 2004, Levinson, 2004).

However, during this transitional period of time we noticed the gradual development of the concept of "social" in a confrontation with the "economic" which was the main narrative in the disrupted period of the industrial revolution. In the early 20<sup>th</sup> century (1830) we found the “notion” of SE coming first in the work of the liberal French economist Charles Dunoyer<sup>1</sup> entitled *"Nouveau traité d'économie sociale"*. There was a period then between 1820 and 1860 when French developing debate saw a new school of thought among social economists taken by the economic analyses of Malthus and de Sismondi. It was an appearing new perception of the role of the economy in society, focused on labor market dysfunctions, as

---

<sup>1</sup> The French liberal economist, Charles Dunoyer, in his work on the Treatise on Social Economy, *"Nouveau traité d'économie sociale, ou Simple exposition des causes sous l'influence desquelles les hommes parviennent à user de leurs forces avec le plus de liberté, c'est-à-dire avec le plus de facilité et de puissance, (Tome 1 & 2)* was in favor of an ethical approach to the economy (Rafael Chaves, Jose Luis Monzon 2011).

well as the various social imbalances that disoriented the science from the real object of economics, which according to Sismondi was the man rather than the capital.(Chaves, Monzon 2011). Dunoyer sees the field of Social Economy as the point of encounter and interdependence of the means of production with active society and human capital. He even pointed out in his work that he discerned the presence of "personal capital" on the means of production and therefore disagrees with the one-dimensional view of classical economists on production exclusively through economic and material capital. He says that Say and Adam Smith have not been able to see that part of wealth as it is also the "social capital" that has been used. Moreover, stressed out that it is a fallacy not to regard as the productive capital among others the talent of people (personal capital) that is included in the art present in the production process (Dunoyer, 1830, Volume 2). It is the first time that the person's presence in the productive process has officially been recognized as a working entity and a changing matter into the capital.

Marx himself also supported the concept of "social" when underpinned in his 1867 criticism of Adam Smith's "The Wealth of Nations" (1776) and David Ricardo's "Principles of Political Economy" (1848) views, pointing to the prosperity of the working class versus the dominant capital. In his theory of man's relationship with nature and matter he disagreed vertically with the economic development that liberal political economy was promisingly stated and did not fail to point out the contribution of the work of the alienated person (Gough, 2008). However, John Stuart Mill (1806-1873) already in the middle of the 19th century in his above mentioned work "*The Principles*" indicated a positive development in the formation of cooperative societies by saying that "... *the lower classes can be elevated ... the cooperation gives the most promising results on the situation of the worker ...*" (Laughlin JL1885). Shortly afterwards, in his work "*The Considerations on Representative Government*" (1861), he argues that the virtue and intelligence of the individual translates political liberalism from a stronghold of selfishness into a school of ethical conscience and democracy through which minorities are protected (Kitromilidis P. 2007). Three decades later, Leon Walras<sup>2</sup> (1834-1910), in his work "*Études d' économie Sociale*" (1898), refers to the SE as a sector of economic activity in which cooperatives, mutualist associations, inspired by the values of "democratic" and "socialism" also the "mutual" and "cooperatives" (Chaves, Monzon 2011).

In almost the same period in France and Britain, the Utopian socialists, Saint Simon, Fourier and Owen, promoted alternative ideas for the structure of societies based on co-operation and team action<sup>3</sup>. Saint Simon (1760-1825) was a pioneer in the idea of small societies that make up the state and recognized within society the equal existence of the producers and the other bourgeoisie of the outgoing feudal order. The Welsh Social Reformer Robert Owen (1771-1858)<sup>4</sup> in his work of "Reference to the County of Lanark" (1821) describes the implementation of group actions in New Lanark textiles in Scotland. He mentions collective actions as a linking of "communitarisation" of small properties rather than

---

<sup>2</sup> Leon Walras at the "*Études d'Économie Sociale: théorie de la répartition de la richesse sociale*", A Theory of Redistribution of Social Wealth, published in Lausanne in 1896, introduces a significant innovation in the initial approach of the social economy, citing that the social economy is transformed into both a part of the science of economics and a field of economic activity that flourishes in cooperatives, mutual societies and associations as they are today.

<sup>3</sup> Marx, few years later, in the Communist Manifesto (1848), described their ideas as utopian because they described the structure of an industrialized society had not yet fully developed (Bubber 2000).

<sup>4</sup> Robert Owen worked for the cotton industry in Manchester with 500 laborers. From 1800 to 1820, he later established and directed a large mill in New Lanark, Scotland, employing 2 500 workers (Engels 2006). In 1824, he traveled to America invested most of his property in an experimental colony on the banks of the Wabash River in the state of Indiana, which he called New Harmony.

collectivization. These could be small-scale organic associations based on agriculture that rely on the synergy of labor, costs, property and equal privileges<sup>5</sup>. Shortly afterwards, the pioneer and much younger of the aforementioned Pierre Joseph Proudhon (1809-1865) discussing and at the same time subjected in Marx's criticism with, saw the imperatively needed social change through social transformation rather than state reform (Bouber 2000, Engels 2006). But also in the industrialized USA of the 19th century, Alexis de Tocqueville liberal and defender<sup>6</sup> of the individual right against the intervention of power, in 1835 in his work "Democracy in America" saw in the self-interest of the citizens the constituents of democracy and freedom and referred to favorably results from citizens' participation in associations and cooperatives (Tocqueville, A. 1997)<sup>7</sup>.

Into the aforementioned it is noted a common historical "mutual pacing" of SE with the negative socio-economic developments of the 19th century on wages, the labor and the phenomena of poverty. There were noticed inevitable differences and coincidences in the views of liberal intellectuals with those of the socialists of utopia, precursors of the new alternative organization of society, with regard to the echoes and the consequences of capitalist consolidation in society. The differences, however mainly lay to their views of coping with, healing and treating the effects of capitalism. More precisely in the proposals of socialists and liberal economists, we see convergences in the positive role of the active basis of society and of social and human capital as factors for the establishment and operation of the SE.

## 20th century

The 20th century was the golden period of the "consumption" capitalism simultaneously formatting the societies and economies. Immediately after the World War II, we see rapid economic growth and institutional advancement of the welfare state and particularly until the 60's the dominant Keynesian state interventions had brought society back to balance while economic and social inequalities had largely been overcome. However, the gradual and continuous concentration of economic power in the industrial centers created - especially in post-war - giant companies quoted on international exchanges, which were no longer controlled by traditional entrepreneurs but by anonymous over-the-top "technostructure"<sup>8</sup> economic interests. According to Galbraith, the neoclassical economic ambiguity that has then been shaped by a new macro system of individually competitive and uncontrolled self-regulating markets had overturned the "orthodoxy" of economic theory. The state failed to intervene in the capitalist profit-making process, and businesses were operating under an informal power of decision-making interfering negatively the function of the labor market. Most negative phenomena such as economic contraction, unemployment, worsening of urban centers could be adequately explained as a natural consequence of the need to

---

<sup>5</sup> In Western Europe in the 19th century, in particular in 1844, the first 28 employee's consumer cooperative was founded in Rochdale in the United Kingdom. Since then, until the 20th century, a number of cooperative efforts had also been taken place in other - mainly industrialized - European countries which have highlighted the institution of the cooperative movement to this day.

<sup>6</sup> Alexis-Henri-Charles Clérel, vicomte de Tocqueville, 1805-1859, was a French political thinker and historian, the most profound representative of political liberalism in mainland Europe in the first half of the 19th century. In his work "Democracy in America" (1835) he first referred to "Social Capital".

<sup>7</sup> It is worthwhile mentioning that Tocqueville, following the cooperative venture in America in the 19th century, perceived the collective self-interest as a solution to the problems stemming from the continuous and intense class involvement of societies in France. He did not imply direct democratic methods of organizing societies although it is also clear that he didn't refer to political EU initiatives.

<sup>8</sup> Samuelson, in his critique of Galbraith's "technostructure", says that it is not a dexterity and invisible structure but is driven by business interests, dismissed and recruited according to its proposals for increased profitability for business (Sweezy, 1977).

maximize profits on uncontrolled monopoly markets worldwide (Sweezy 1977). The subsequent decline in consumption and - at the same time since the 1970s - the decline in government spending (equipment, public interest and welfare) created additional labor and employment side effects. The period of regularity in the labor market had passed definitely and national states were looking for new practices to deal with the growing unemployment phenomenon created by the internationalization of capital and at the same time the weakening of local markets so as well as the labor market itself.

In this new era of major economic crises since the 1970s and the gradual prevalence of the globalized economy, national economies had faced several fierce structural and financial problems such as falling employment and - at the same time - social exclusion of large groups of the population. It was the period when stagnation accompanied with high inflation (stagflation) led governments to new economic decisions and directions. Alternative policies were sought to restore pre-war approaches to complete liberalization of the market, ie a new Laissez Faire regime. In the 1980s, major western economies were recovering after a long period of economic crisis and were looking for alternative policies and models for reviving active demand in a post-Keynesian environment, limited to welfare-balanced budget policies.

In a period of social and economic exclusion, in particular for vulnerable and specific groups of the population, there has been a return of 'bottom-up' society's actions to the survival of its members. It was re-appeared, the emergence of collective action through the creation and operation of cooperatives, foundations and other collective schemes. In France in the 1970s, CNLAMCA<sup>9</sup> (National Committee for Association of Insurance, Cooperative and Collective Activities) acquired an institutional national presence. Shortly afterwards, under the chairmanship of the Socialist Party (1981) of Francois Mitterrand, the field was again defined as the Social Economy and acquired legislative legitimacy<sup>10</sup>.

In 1977 and 1979 - after two European conferences held under the auspices of the EESC (European Economic and Social Committee), the European Community established the field of the SE as an alternative social and economic space. In 1989, the European Commission published a communication entitled "*Social Economy Enterprises and the Implementation of the European Market without Borders*". In the same year, he funded the first European Conference on Social Economy (Paris) and in 1990, 1992, 1993 and 1995 promoted the SE to European Conferences in Rome, Lisbon, Brussels and Seville Since then, many European conferences have been held<sup>11</sup>, followed by the harmonization of the EU Member States and the legislative support to the definitions and operation of the SE bodies<sup>12</sup>.

Recently, in a report by the EESC "*The Social Economy in the European Union*" (2012) it was stated that "... the objectives of the social economy are mainly employment, social

---

<sup>9</sup> In June 1980, CNLAMCA published a document, Charte de l'économie sociale or the Map of Social Economy, in which SE is defined as the all non-governmental organizations, operate in a democratic way by allocating to their members equal rights and are governed by a special ownership and profit sharing scheme, exploiting the surpluses to expand the organization and improve their services to their members and society (2012)..

<sup>10</sup> France was the first country to recognize politically and legally the modern concept of the SE by decree of December 1981 establishing the inter-ministerial delegation of the social economy (Délégation interministérielle à l'Economie Sociale-DIES) (EESC report on Ciriec, 2012).

<sup>11</sup> The last two of them took place in Toledo (May 2010) and in Brussels (October 2010). In 1997, at the Luxembourg Summit, the role of social economy enterprises in local development and employment was recognized though the experimental action called "Third System and Employment" and was launched with a focus on the sphere of the social economy.

<sup>12</sup> From the 1990s to the present, many countries have legislatively defined the operation of bodies such as Italy (Law 266/1991), Belgium (Articles 661-669 of the Code of Companies 13/4/1995), Greece (Law 2716 / 1999, Article 12), France (2001, SCIC), Finland (Law 1351/2003), Britain (2004, CIC) and others. (The Social Economy in the European union, 2012) <https://www.eesc.europa.eu/resources/docs/qe-30-12-790-en-c.pdf> (access Jan.2018). Greece since then legislated two more times in 2011 (4019/11) and recently in 2016 (4430/16).

*services and social cohesion ...*". The central orientation of European legislation - according to the same report - concerns two main policy pillars: a) social inclusion and labor integration policies; and b) local development and job creation policies. In summing up the above, it is perceived that the crises of the industrial capitalist period of the previous centuries correspond to the economic and social crisis experienced by the capitalist economies after the 1970s (two oil crises) and the state legislative support as well as the participation of society of citizens (cooperatives, associations, informal domestic economy) for its success.

In 2009, there were already more than 207,000 economically active cooperatives in the EU which provided direct employment to 4.7 million people and had 108 million members. In 2010, all types of associations employed 8.6 million people, representing more than 4% of GDP (Ciriec, Jeantet, 2006, at the EESC, 2012). Today, according to European Commission figures<sup>13</sup>, there are 2 million social economy enterprises and represent 10% of all businesses in the EU. The SE entities have different legal forms and diverse business area, such as agriculture, banks and employment (WISE-work integration social enterprises)<sup>14</sup> and the protected workshops (for vulnerable groups, disabled people, etc.). More than 11 million people - about 6% of EU workers - are currently working in the SE business. In Greece, according to the above-mentioned EESC report in 2012, the corresponding employment (2010 figures) was 2.67%, while in a recent Labor Ministry report in 2017 the corresponding indicator for the EU increased and is now about 10% while in Greece to less than 1%.

## **Institutional Contributors to the Social Economy**

### **Social and human capital**

The term "social capital" was first recorded in 1916 by L. Hanifan<sup>15</sup> to explain the impact of public affairs. He said that *"... when the individual is alone is socially weak. But when it comes in contact with neighbors and those with other neighbors then social capital has been accumulated ..."*. Later in the 1980s Putman<sup>16</sup> and Coleman dealt with the concept of "social capital" and the value of social relations. (Poupos, 2010). In particular, Putman defined the concept of social capital as the trust pool based on reciprocal rules on human social networks for concerted action<sup>17</sup> (Konstantakopoulos, in S., Koniordos, 2010). In the workbook published by the World Bank (2001, No 24), Christiaan Grootaert and Thierry van Bastelaer reported that social capital includes the institutions, relationships, attitudes and values that govern interactions between people and contribute to the economic and social development.

1263/5000

---

<sup>13</sup> In the same publication of the European Commission's website, social economy enterprises in Europe today have 160 million members and contribute to employment, social cohesion, regional and rural development in the EU, environmental protection, consumer protection, agriculture, third country development and social security policies. They are flexible and predominantly very small, small and medium-sized enterprises (SMEs) [http://ec.europa.eu/growth/sectors/social-economy\\_en](http://ec.europa.eu/growth/sectors/social-economy_en) (access Jan.2018).

<sup>14</sup> According to Euricse in a report in 2013, the "In Concerto" consortium in Castelfranco Veneto, Northern Italy, is a successful example of a union of labor cooperatives. It was founded in 2002 by 22 Social Cooperative Enterprises and in 2013 already employed 1,300 former unemployed (200 of them with natural handicaps) and had a turnover of approximately 47 million Euros <http://www.euricse.eu/wp-content/uploads/2015/03/social-economy-guide.pdf> (Access Jan 2018).

<sup>15</sup> L. J. Hanifan (1879 – 1932), was a state school inspector of rural schools in West Virginia, USA. He defined the concept of "Social Capital" in 1916 to highlight the importance of community participation.

<sup>16</sup> Robert David Putnam (1941) is an American political scientist and professor of public policy at Harvard University, John F. Kennedy School of Government.

<sup>17</sup> In his work *"Making Democracy Work"* (1993), where he defined the concept of trust as a necessary variable in the effort to increase social efficiency, he referred to the differences in economic efficiency between the regions of Northern and Southern Italy.

However, in the 20th century, well before any reference to Social Capital<sup>18</sup>, the Value of Human Capital (Claudia Goldin, 2014) were preceded and noted by Jacob Mincer (1958), Gary Becker (1962) and Theodore Schultz showing the relevance of the two definitions. Shortly after, Coleman (1988) reported<sup>19</sup> that human capital coexists and is interdependent with social capital, although the former is defined primarily by economic terms as one more productive factor or as the accumulation of knowledge and skills that drastically influences its functioning economy. It has also clarified that part of human capital is also the ability of individuals to act together, thereby generating social capital. In the context of this co-operation of subjects<sup>20</sup>, the effectiveness of human capital is also intensified. The critique followed - among others - by the Marxists Bowles and Gintis (1975) highlighted the concept as a fundamental narrative in the development of modern knowledge and socio-economic developments. However, social capital is not a social "top-up" but a collective action on the basis of society (Koniordos 2010).

Bourdieu, in his 1986 critique of the economic theory and its interest in human and financial capital, proposed the distinction of non-economic capital that divided into three different and distinct subdivisions of cultural, symbolic and social capital. The social capital of Bourdieu "... is the sum of the resources deriving from the creation of a network of relationships, ie institutionalized or not, or the participation in a group that provides its members with the support of a collectively held capital ..." (Poupos, 2010). Generally, social capital is the way of perceiving things in a multifactorial society and promotes the concept of social participation (Tsobanoglou, 2008).

### **The Civil Society**

The concept of the "civil society" has been the subject of studies from the pre-classical and classical era, from Aristotle to Cicero, and several centuries later, in the Enlightenment era by Kant and Rousseau. The views of everyone conceded that it was a function of the parameters of "social" and "political". Since the 18th century, with the advent of capitalist society, there is a tendency to decouple "economic" and "social" from the "political", and thus the concepts and the substance they carry follow a lonely wandering according to the socio-economic circumstances of each era. The use of the term has intensified since the end of the Cold War era and it is perhaps not a coincidence that the modern view comes from political contentions, interventions and aids, with emphasis on the need for further democratization of society. Therefore, the values of civil society come back to the stage gradually - alongside the concept of citizenship - in the context of the re-enactment of the role of the modern welfare state (Stasinopoulou, O., 2002).

Marx questions the importance of CS and states that it is the basis of the constructive structure of social relations in which the state also exists. So it is inextricably linked to the capitalist system and developed by the bourgeoisie. He does not believe in the feasibility of

---

<sup>18</sup> The earliest official use of the term "human capital" in economics has probably been made by Irving Fisher in 1897. Fisher reports in J.S. Nicholson, "Living Capital of the United Kingdom", "living capital" as opposed to "dead capital", Claudia Goldin, (2014).

Claudia Goldin, (2014) Human Capital, at the National Bureau of Economic Research, Harvard University, Dept. of Economics [http://scholar.harvard.edu/files/goldin/files/human\\_capital\\_handbook\\_of\\_cliometrics\\_0.pdf](http://scholar.harvard.edu/files/goldin/files/human_capital_handbook_of_cliometrics_0.pdf) (access, March 2018).

<sup>19</sup> James Samuel Coleman (1926-1995) was an American sociologist, a theoretical and empirical researcher, who taught at the University of Chicago. He put into discussion the existence of three kinds of capital. Human capital, physical capital, and social capital

<sup>20</sup> Claudia Goldin, (2014) *Human Capital*, στο National Bureau of Economic Research, Harvard University, Dept. of Economics [http://scholar.harvard.edu/files/goldin/files/human\\_capital\\_handbook\\_of\\_cliometrics\\_0.pdf](http://scholar.harvard.edu/files/goldin/files/human_capital_handbook_of_cliometrics_0.pdf) (access, March 2018).



partitioning of a state-society, and explains that civil society cannot be completed by a state that is hostile and opposed to its aspirations. Its completion will arise from the inside and this will result in the abolition and ultimate disappearance of the state (Engels, Lenin, 1977, in Stasinopoulou, 2002). This view of civil society state of class does not differ from precursors to liberalism as Hobbes and Locke, but also of Rousseau and Hegel's views. However, Marx's position on the competitive and class relationship of the state with society undermines the concept and principles of the social contract. Gramsci highlights the coercive role of the state but acknowledges the hegemonic role of civil society in shaping culture in perceptions of life, the questioning and crucial meanings of society (Stasinopoulou, 2002).

Today, the concept of CS is multifarious and multidimensional and varies according to its use. It works with unwritten rules of consensus and trust, with faith in collective values and emphasis on the common good (public interest). It works well when social reproduction (along with biological) is the primary value and priority of a society as well as the importance to the environment and social euphoria (Tsobanoglou, 2008). Despite the fact that CS's composition and its institutional position in the social "firmament" has not yet been precisely defined, it would be mainly referred to the social body which is interposed between the state and the citizen and acts as the healthy body of bridging the state power with the community itself. It is expressed as a set of voluntary organizations, unions, think-tanks, churches, schools and other sections. It can also operate auditing against political power in an organized form and additionally complement and support it. It therefore bridges the citizen rights in front of the state, but also works supportive in the state by conveying his messages to the citizen with a consensual tone and purpose<sup>21</sup>. Civil society can or may lead to a successive ideological and political direction in order to enable societies to face up to the new challenges of the future.

## **CHAPTER B**

### **Employment policies**

#### **Crises and Unemployment in the 20th Century**

The problem of unemployment has been returned with the change of the century and has reversed the dilemma of the necessity of state intervention in the treatment of the causes of unemployment. The early policies implemented at the beginning of the century were extreme in their conception and implementation and created more social problems than they actually solved. In 1904 in Britain, working camps were established in the countryside<sup>22</sup>. In 1905, the Unemployed Workman Act was passed to separate the unemployed by structural unemployment and others who were themselves responsible for their poor working conditions. Thereafter, the founding of Job Finder Offices<sup>23</sup> and a few years later in 1911 the national

---

<sup>21</sup> In the EU and in the context of European integration, civil society is expected to play an important role in the decision-making process. However, what is perceived by the EU as a prerequisite for a positive contribution is the existence of formal and informal schemes that may be professional or religious associations, trade unions, NGOs and, in general, the social partners representing groups rather than independent European citizens direct and direct participation. In Europe, the European Social Dialogue on Labor Issues took effect in 1997 with the Treaty of Amsterdam and on a constitutional basis in 1997. At the same time, the European Commission consults, wherever possible, the actors of organized civil society for decision-making in parallel with its social dialogue with the institutional social partners (Feronas A., Koniordos 2010).

<sup>22</sup> The husband and/or father were separated from the family until their labour reactivation in the countryside in the labor camps. Women and children would remain in charitable institutions until the spouse and father reactivated. The measure had been implemented since the end of the 19th century on continental Europe (Dedousopoulos, 2004: 205)

<sup>23</sup> The Job Finder offices had already been operating successfully in Germany since 1880. In 1909 managed to place 1,000,000 unemployed in jobs.

security law with the financial contribution of employers and employees became part of a welfare package under Churchill's governmental responsibility as Minister of the Interior and lasted until the start of the First World War with the support of William Beveridge, a strong believer that state intervention could combat the effects of unemployment (Dedousopoulos, 2004).

The gradual institutionalization of political rights - to vote and to stand for election - had further contributed to changing the state's attitude towards social welfare. Through the parliamentary vote on the Delegation Act in 1918, known as the fourth act of reform in Britain, all males and women over 30 years of age, irrespective of their economic and social status, were included in the electoral process. T.S. Marshall observes that the strengthening of the citizen's presence<sup>24</sup> and his empowering political position into the electoral process according the national constitution, largely contributed to the beneficial political initiatives of states in the 20th century for the establishment of the welfare state (Marshall T.1950).

The two violent wars (I and II world wars) destroyed most of Europe's material resources, creating high unemployment and large welfare needs for its citizens who suffered from the woes of the catastrophic results. At the same time, the revolution in Russia and the counter-revolutionary political climate created in the rest of Europe contributed to the adoption and finally the passing by the policy leaders new social welfare measures. However, the early 1990s benefit policy and the post-war insurance and the millions of unemployed former soldiers who returned to their countries caused economic disaster in state funds (Stasinopoulou, 2006).

Referring to the post-war politics though Mishra observes the encounter of two concepts in the term he named himself "the economic component". It was the meeting of Keynes's views on state interventions to ensure active demand and productive growth for full employment, and those of Beveridge to secure the individual from the dangers of economic downturn. Thus he renamed the new social canvas to a "social component" (Mishra R, 1984). Simultaneously in the industrial countries such as USA employment had also been a priority and Germany as well had adopted the increase of public spending for the unemployed, while others had supported the doctrine of a balanced budget and the maintenance of exchange rates ie Britain with rule of gold (Dedousopoulos, 2004).

After the World War II, Keynes' ideas gradually formed the central ideological and political compass of the social state. Transferred payments, health care and state services depended on government spending. Income generated increase and active demand generated as the result of consumption increased, had been developing the economy of the capitalist states (Stasinopoulou, 2006, Gough, 2008). In some industrialized countries such as Sweden<sup>25</sup> in the post-war period, the additional active vocational training policies were taken place to absorb unemployed people with enhanced professional qualifications (Karamesini 2005). Additionally to above, several more policies adopted to guide the unemployed in rural farming were. The "return to the earth" was the slogan in many countries despite the huge difficulties of adapting industrial workers to rural occupations (Dedousopoulos 2004). This

---

<sup>24</sup> In the middle of the nineteenth century in the United Kingdom, the Chartism movement (1838-1850) and its demands for political and social reforms functioned positively to strengthen the institutional presence of the working class. Gradually the movement succeeded in including most of the demands in the legislation, such as a vote over 21 years for all, secret ballot and no demand for property for the electors, enabling everyone to elect anyone who considers them to be their spokesperson and to be elected in the constituencies' indifferent of their financial situation.

<sup>25</sup> During the post-war era Sweden policies had been dominated by the active policy model called Rehn-Meidner, which proposed to implement selective active labor market policies. The country, of course, was in a state of overheating due to a different timing than the other European countries. As it is known, it hadn't suffered economic and material disasters since the Second World War as a war-neutral country.

solution was also one of the means to tackle the increased crime and the involvement of unemployed in subversive movements<sup>26</sup>.

However, the effects of economic dysfunctions coupled with the gradual deindustrialisation and the first oil shock of 1973 were catalytic and directly triggered the expansionary macroeconomic reflexes of the developed industrialized countries, which did not lead as expected to the increase in demand and thus to countering economic downturn. The inefficiency of new policies has led to a boom in inflation, with rising unemployment rates (stagflation, ie stagnation and inflation) and a decline in corporate profitability, which led to a revision of the hitherto mitigating measures. After the second oil crisis, in 1979, a new developmental story emerged that clearly circumvented the Keynesian Consensus model, adopting a limited macroeconomic policy towards employment<sup>27</sup>, through labor market flexibility as an active policy (Karamesini 2005). The macroeconomic Keynesian model policies hindering was inevitable as the government intervention it proposed could not apply anymore due to economic globalization. As a result of the free movement of money, investments and production were transferred to countries with lower labor costs. Thus the state labor market policies were now inconceivable and remained remnants of the past national economies (Mishra R., 1999).

As a result of the labor market crisis, there was an evidence of the candidate worker's "suitability" or not and apart from the productivity criteria appeared also the gender, age, marital status, place of residence and a number of qualifications in accordance with the requirements of the capital - employer. In addition, has been highlighted the inability of the labor market to deal with its institutional redistributive role during the post-war period of growth, complementary the welfare decommissioning and expulsion to inactivity, informal work and domestic unpaid employment, a. (Offe, 1993). After the transition of the 1970s, the public debate led by liberal economists Austrian Friedrich Hayek (1899-1992) and American Milton Friedman (1912-2006), focused at the disastrous structural economic crisis that lasted throughout the 1970s. The experience of the crisis affected drastically and in a positive way national states policies, changing their attitude towards socially oriented precaution measures, leading the affected social groups to an acute confrontation with the established political power (Mishra, 1984, Maniatis, 2014),

At the beginning of the 21st century, we no longer refer to long-term universal employment policies, while governments - regardless of the definitions they give - are more likely to focus on short-term labor market policies. In the last 25 years, the full-time model of full employment has been abandoned as a structural lever of growth and the social role of policies is shown not by macro-economic targeting but as a key element of short-term treatment of the effects of the recent economic downturn. At the same time, there are alternative policies and measures to increase the demand for work aimed at encouraging vocational training (suitability to the work) and the provision of incentives for geographical mobility to groups of beneficiaries. However, interventions do not bear the results of public investment, since in many cases re-training (up skilling) is already being demanded by

---

<sup>26</sup> In 1922 in Greece, refugees from Asia Minor were promoted to the province and mainly to the Macedonia-Thrace regions with the dual aim of strengthening the Greek presence in these regions and avoiding disturbances due to the negative reception climate in the cities of the Asia Minor population by the natives (Dedousopoulos 2004).

<sup>27</sup> In the first three decades - the unemployment rate of between 3-4%, was defined as normal unemployment according to neoclassical thinking or as the full-time indicator mostly due to the friction in unemployment (the time of job change for an unemployed person in the presence of a labor offer). However, the success of coping with unemployment indicators depended to each country's fiscal policy.

already employed workers inside the companies, while geographic shifting and adaptation only rarely succeeds.

Today's context seeks policies that combine social actions with the intervention effect and healing power of the state for their successful planning and implementation. In Europe since the 1980s, the SE field has been an area of action aimed at solving the vulnerable and specific groups challenging problems. The central aim was to tackle exclusion and support their labor integration with a clear direct impact on their social and economic integration. The legislative support of the SE since 1981 in France, later in the EU and since 2011 as well as in our country (Laws 4019/11 and 4430/16) highlights both the necessity of existence and operation of the field as an important institutional solution that meets the needs and also the capability to act of the society itself.

### **Unemployment as a state of discouragement**

It is well known that long-term unemployment makes further progress in the transition to employability because the unemployed person is experiencing persistent and intense psychological inhibitions and questions in his attempt to return to gaining regularity and employment. The perception, mainly on the part of employers - based on neoclassical theory - of choosing the best and most "equipped" with new and up-to-date skills, results in the disadvantaged position of the long-term unemployed as de facto ineffective and the establishment of their situation as not employable. Moreover, the chronic state of unemployment (delayed phenomenon) and the prolonged (and unsuccessful) labor investigation affect the unemployed themselves and lead them to frustration and decrease their self-confidence (Dedousopoulos 2004).

The so called "discouraging effect" as a result of periods of recession and high unemployment has been the subject of research and taken into account by lawmakers in order to deal with, while in some research it is associated with a mental illness as a result of unemployment<sup>28</sup>. The unemployed and disappointed subjects after a long search for job period are giving up and no longer are considered as able to work. So those mentally impoverished unemployed are gradually entering a permanent disincentive because of their continuous job search failures<sup>29</sup>. Therefore, cumulative anxiety and mental discomfort are increased linearly depending on the duration of unemployment. There are many related researches published (i.e. Murphy and Athanasou 1999) as well as articles (Linn et al 1985), from the 1980s to today<sup>30</sup>, by several groups of researchers. Mental health experts and international organizations such as the World Health Organization have pointed that long-term unemployed people have suffered more frequent and intense mental illnesses and depression. Their mental illness state along with the rapid and chronic development leads to distance from work, resignation from any social participation and the will to live (Gitakos, Psychiatry 2010).

Guy Standing in his work (2011, *The Precariat*) reports that discouragement is even affecting existing workers, citing cases of discouragement such as: a) better career paths b)

---

<sup>28</sup> Institute for Work and Health, (August, 2009) Unemployment and Mental Health, Issue briefing <https://pdfs.semanticscholar.org/a10f/f82f39d8875702538a795efbb6e6b15e2b21.pdf>

<sup>29</sup> Since February 2011, more than 1 million potential workers in the United States have been described as "discouraged," an increase of more than 250% compared to three years earlier (US Labor Office 2011), given the rapidly deteriorating labor market conditions (DeLoach S., Kurt M., Working Paper, Elon University. USA, 2011) <http://org.elon.edu/econ/WPS/wp2011-01.pdf>

<sup>30</sup> A research published in the US 1984 cited the two-year study of a group of workers at risk of unemployment. The effects of increased depression and anxiety were observed even after the risk of unemployment was reduced, while for some workers the symptoms not only did not decrease but were maintained in chronic form (1985 *American Journal of Public Health* May 1985, Vol. 75, No. 5. p.502)

family formation, and c) discouragement of workers to expect better conditions and incomes in their existing work. The disappointment explains, is a state of being precarious, which exacerbates the fear of social degradation and leads to a situation of gradual isolation, low self-esteem while it also inhibits the transition from unemployment to employment. In addition, the constantly increasing productivity and demand for new skills in a competitive labor market also hides a further rejection and could cancel out any new attempt by non-competitive "contenders" of the de facto limited positions, especially in times of labour market recession. Thus, the special category of discouraged individuals often belonging to special groups referred (single-parent families, young people under 25 and adults before retirement age) remains as second-class workers ready to accept any lower wages. They are easy to be dismissed during periods of recession when employers retain their regular "primary" workers demanding more productivity and profitability (Standing 1978).

### **The "special" social groups**

The ongoing economic crises since the 80s to the present have exacerbated the presence of extreme divisions in the labor market and the widening of economic and social exclusion, mainly due to worsening unemployment. At this time, there were two main groups involved in the exchange of labor power (supply and demand) in the labor market. One group concerns those who have the ability to protect themselves from the likelihood of their replacement and hence the loss of their jobs. The other group refers to the defenseless people who often accept their situation with low wage tolerance in labor relations, and so on. The members of the second group with "special" characteristics cannot benefit the possible opportunities for successful entry into the labor market, while they are adversely affected by other inherent attributes defined by age, health, gender and ethnicity. It certainly implies that the possibility of job opportunities for the unemployed of specific sub-groups (eg young people, middle-aged, women, people with mobility or other health problems and foreigners) depends to a great extent on the regulatory framework (eg. employment policies) into the socio-economic reference area and not de facto on their physical qualities and qualifications (Offe, 1993).

These unemployed, members of the "special groups", experience a "broken" labor identity status, which in times of economic development is exploited effectively by the employers as a combination of the economic environment and the current conjuncture (Offe, 1993). During the demand process ie into the labor market the "non-privileged" groups of "blur of regularity" (sic) suggest either attractive or dissuasive features that are taken into account by employers. These "special" employees are aware of their limited bargaining power over other "normal" workers (indigenous, healthy, males) willing to do any job to maintain their tenant relationship. However, on the other hand the employers feel inconvenient with the possibility the special groups having nothing important to loose (low wages) could easily leave their jobs because or the possibility of using privileged benefits such as early retirement, special allowances for people with disabilities and other short-term benefits. So they would not invest in their proper training and education for a long-term presence. In times of recession, they are the first to be laid off because, due to the circumstances, the rest of the "normal" workers will take up the difficult work with great eagerness. Interestingly, unions tend to selectively cluster "regular" wage-earners while the "marginals" are considered to be non-intrusive and interesting groups. Thus, these groups are not represented and over time assimilate their alternative role in the labor market and are consciously part of the back-up "marginalized" and defenseless workers. The result produced leads them to rationally exploit welfare policies as well as to tolerate the asymmetric pressures and high demands of employers compared to those of 'normal' workers (1993).

## CHAPTER C

### Conclusion

The presence of the Social Economy as an area of economic and social action coincides historically with the socio-economic changes of the 18th and 19th centuries and the casualties endured by the vulnerable groups such as the poor and the unemployed. The initiatives of the poor and jobless impoverished workers all victims of the industrial society were to set up formal and informal economic entities (associations and cooperatives) mainly purposed to deal with the consequences of capitalism. At the same time, however, they exposed the reflections of society in times of crisis and the catalytic role of citizens' action through the social capital produced, as a weighting factor in its organization.

In the post-war 20th century, the economic difficulties of the national economies reopened and intensified further extreme liberal policies of the past, which also created extreme social divisions. At the same time however, there was legislative mobility from strong economies (initially in France) with the aim of institutionalizing the area of SE as a field of social and employment integration which, as in the past, moves between private and social and provides towards the "human waste" of the globalized, environment.

In the EU, the central pillar of SE legislation was the combination of traditional cooperatives with social enterprises and aimed primarily at combating the socio-economic exclusion of predominantly vulnerable groups (mentally ill and people with mobility problems)<sup>31</sup>. According to Offe (1993), the economic and social "dysfunctions" of the 1970s and 1980s saw the revival of a parallel exchange society and the maturing of a new sector of development of atypical forms of work and / or according to Rifkin (1996) a "non-market" segment. This alternative socio-economic system refers to "bottom-up" activity, ie society-based (family, unemployed, young) combined with actions of local communities, not burdened or controlled by the state welfare system but it provides decent living as well as working and economic integration conditions, healing all kinds of exclusion. It is important to emphasize that the legislative interventions in favor of the SE in the EU took place during the period of rapid post-war retreat of the "expensive" welfare state under both social turmoil and constant political pressure from the "post-revolutionist" social democrats.

The long course of SE in the previous industrial era shows the necessity but at the same time indicates durability. It is already understood that it is governed by the principles of functioning and the establishment of civil society which in the past has always come to the forefront of all necessary action to mitigate the consequences of all kinds of crises. In the current crisis the expected actions - as in the past - will be the creation of cooperatives and social cooperative societies (Law 4430/16) with the aim not of profit but of the guaranteed social reproduction of its members and of the marginal viability of its cooperative societies. The point of convergence of goals and means leads to practices through active state employment policies. These will be directly diffused across the whole field with the civil society networking power. The development perspective is directed both on the institutional civil society and on the other hand on the wider society accountable to the state as its commissioner.

---

<sup>31</sup> In a report by CIRIEC (International Center for Research and Information on the Collective Economy) for EESC (European Economic and Social Committee) in 2012, it is stated that after the end of the Second World War up to 1977, the term "social economy" was not recommended for cooperatives actions.

[https://www.eesc.europa.eu/sites/default/files/resources/docs/a\\_ces11042-2012\\_00\\_00\\_tra\\_etu\\_en.pdf](https://www.eesc.europa.eu/sites/default/files/resources/docs/a_ces11042-2012_00_00_tra_etu_en.pdf)  
(Access Jan 2018),

In Greece, despite its alignment with corresponding EU legislation on the introduction and operation of SE rules from 2011 onwards, the results monitored were significantly limited and mostly negatively rated. The impact recorded couldn't be obviously positive and sufficient. In Europe, however, the published data on employment within or into the SE area highlights the opportunities of synergies with employment policies with the contribution of civil society, for the inconceivable problem of labor and social exclusion. According to findings and results officially published, it is obvious that the framework of the SE is part of the sought and applied solutions for the social and economic integration of disadvantaged groups of citizens, the social cohesion, peace and prosperity.

Moreover, today in Greece where the unemployment rates constantly above 20%, the highest in Europe and well above the average of EU28, the SE can be an important factor in coping with social and economic exclusion and labor shortages. Apart from the mental illness vulnerable groups of the country for which legislative responsibility has already been taken earlier (Law.2716/99), the "special" groups described in Offe's work (and in the Law 4430/16) such as young people, middle-aged, females and foreigners, continue to experience fierce rates of unemployment. However according to ELSTAT (national office of statistics) half of them suffer a long-term unemployed since the crisis of 2008 started. There is not any visible likelihood - at the current juncture - of any transition to a work reintegration if not effective policies would take place. The good practices into SE field in Europe where 6% of employees are employed could be implemented as well in Greece. So as to reduce both unemployment rates and giving excluded groups the opportunity to re-enter a normal life. The targeted actions of the civil society, which can accumulate the required social capital in conjunction with the state's cooperation, can contribute to the creation of transition and smooth integration areas into the social enterprises and social cooperatives where there isn't intention for economic benefits but mostly employment and social integration.

The diffusion of social benefits would affect the SE actors and beneficiaries labour and economic integration (members of social enterprises). It would be also a call for those who contribute in any different way to the prosperity and the smooth operation of social enterprises and cooperatives such as social economy professionals and social scientists. It is obvious that the proper training and education provided to actors i.e. vulnerable and disadvantaged groups will consolidate a critical mass of active citizens (personal capital). All this would be the necessary path to follow for establishing new structures into SE field (i.e. social cooperatives) for the transition and reception of vulnerable and special groups. The constituted state has to contribute excessively in regards of protection from malfunctions into the field, and create the necessary economic environment towards the success of social projects. The civil society along with its human capital inside it will put efforts towards the success of state labour policies. It would be a way for Greece to achieve the smooth work integration for numbers of vulnerable potential workers and approach the EU average of 6%.

## Bibliography reference

- Buber M. (2000), *Paths In Utopia*, transl. Tomanas B, Athens: Nisides
- Chaves R, Monzon J.L, (2011) *Beyond the Crisis: The Social Economy, Propulsion of a New Model of Sustainable Economic Development*, Published online: 26 November: Springer-Verlag
- CIRIEC, (2012), *The Social Economy in the European Union*, Brussels: EESC
- Crouch C., Finegold D., Sako M., (2004) *Are Skills The Answer? The Political Economy of Skill Creation in Advanced Industrial Countries*, New York, Oxford University Press
- Dedousopoulos A. (2014). *Labor Market Economy*, Athens, Gutenberg - Giorgos & Kostas Dardanos
- Dimoulas K., Michalopoulou K., (2008) *Active Employment Policies: The Case of Integrated Interventions in the Prefectures of Arta, Thesprotia, Preveza, Larissa and Fthiotida*, Athens, INE GSEE
- Dunoyer C. (1830), *Nouveau traité d'économie sociale*, Tome 1 & 2, Paris: Sautelet et Co
- Engels F. (2006) *Socialism Utopian and Scientific*, Athens: Marxiston Publications Bookstore
- Feronas A., (2010) *New Forms of Governance in the EU and Civil Society: The Case of European Political Employment*, in Koniordos, S., (eds.), *Social Capital: Confidence and Civil Society, Collective Work*, (pp.133-162), Athens: Papazisis
- Hobbes T. (1983) *De Cive: Philosophical rudiments concerning government and society*, Oxford: Clarendon Press,
- Hobbes T. (2008), *Leviathan*, Cambridge New York : Cambridge University Press
- Karamesini, M., (2005), *Employment policy as a coupling of economic and social policy in* Karamesini M., Kouzis G. (eds.), *Employment Policy. Field of Conjunction of Economic and Social Policy*, Gutenberg, Athens
- Koniordos, S., (2010), "*Social Capital and Confidence (and Civil Society), Identifying or Deviating*", in Koniordos, S., (eds.), *Social Capital: Trust and Civil Society*, , (cf.99-129), Athens: Papazisis
- Konstantakopoulos, S., (2010), *The Social Capital in Alexis de Tocqueville and Robert Putnam: Continues and Discontinuities*, Koniordos, S., (eds.), *Social Capital: Confidence and Civil Society*, , (pp. 29-43), Athens: Papazisis
- Maniatis Th. (2014), *The Political Economy of the Welfare State and the Net Social salary in Greece*, Athens: INE GSEE
- Marshall T.H. (1950) *Social Class and other essays*, Cambridge, University Press
- Marx K. (2012) *Economics and Philosophy Manuscripts 1844*, Mar. Lykourgos Apostolis, Ed. Pittas, Athens: Marxist Bookstore
- Mishra R, (1984), *The Welfare State in Crisis*, London, H. Hempstead: Wheatsheaf Books
- Mishra R, (1999), *Globalization and Welfare State*, UK, Cheltenham: Eduard Elgar
- Mitrosilli Maria, 2007, Action 4: Title of Deliverable "*Study for the Formation of the Institutional and Legal Framework in the Social Economy*", Athens: Institute for Social Policy (EKKE)
- Offe, C, (1993), *Labor Society*; Ep. Toutzirakis G. Athens: Island
- Papageorgiou LK, (2015), *Sustainable Cooperative Economy: Theory and Practice*, Athens: Stamoulis
- Polanyi K., (2007), *The Great Transformation: The Political and Social Beginnings of Our Time*, m. Gaganakis K., Athens: Nisides
- Poupos, H., (2010), *The Social Capital in Greece*, Athens: KEPE



- Rifkin J., (1996), *The End of Work and Its Future: the Occupation of the World Labor Force and the Post-By-Age Era*, Athens: Livanis Publishing House.
- Standing, G., (1978), *Labour Force Participation and Development*, Geneva: International Labour Office
- Standing, G (2011), *The Precariat: The New Dangerous Class*, London: Bloomsbury Academic
- Stasinopoulou O. (2006), *Welfare State, Historical Evolution, Contemporary Theoretical Approaches*, Athens: Gutenberg
- Stasinopoulou O. (2002), *Issues of Modern Social Policy - From the Welfare State, to New Welfare Pluralism*, Athens: Gutenberg
- Solidar: Schneider E.M., Laino E. (2014) (Briefing #64) "Promoting the Social Economy as a driver for Inclusive Growth and Social Progress", Brussels: Solidar
- Sweezy P. (1977), *Contemporary Capitalism and Other Essays*, Athens, Boukoumani Publications
- Tsobanoglou G., O., (2008) collective work, *The Emergence of the Social Economy, The Road to Sustainable Employment in a Europe of Active Citizens*, G. O. Tsohanoglou, Athens: Papazisis (2010)