

The Social Economy in
Central East and South East
European Countries

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INTRODUCTION

- Main goal of the presentation is to trace some possible trajectories of the development of social economy in the region of CEE and SEE.
- The outlining of past, present and emerging trajectories consider social economy as a component of the broader and more universal mechanisms of social inclusion. Consequently the coming into existence and the evolution of social economy, as a specific instrument of inclusion, is deeply embedded in the changes of the broader mechanisms of social inclusion.

SOCIAL ECONOMY PRIOR TO WWII

- A long lasting and diverse history of social economy in the region of Central Eastern, South Eastern Europe.
- The important role played by organized social economy institutions such as foundations, associations, credit cooperatives, cooperatives of the producers and consumers, agricultural cooperatives in the First Czech Republic, Hungary, Poland, Lithuania, Romania, the Kingdom of Serbs, Croats and Slovenians, Bulgaria.
- Their main roles have been representing the interest and developing survival strategies of the disadvantaged populations, such as credit cooperatives popular among poor farmers all over the region, spontaneous “softening” of economic crises, as well as fostering public good causes (building schools, hospitals, churches).

NEGATIVE IMPACT OF COMMUNISM

- Industrialization and its structures such as industrial enterprise work place have played a central role as a mechanism of social inclusion under communism.
- The negative impact of the communist period on the social economy has been manifold:
 - Distortion of a notion of philanthropy, charity, pluralism, mutuality and self-help, voluntary work and their endowment with a pejorative and contemptuous meaning,
 - A dramatic drop in the size of social economy institutions
 - Nationalization and incorporation of a part of civil society organizations into the state infrastructure
 - Forced and imposed quasi-cooperativism and participation, leading to a proliferation of quasi-social economy organizations (QUASEOs) and disregarding social capital.
- Consequently, process of disorganization, demobilization, fragmentation, with declining social capital and even distrust of social economy institutions.

IMPACT OF TRANSITION

In general, over the fifteen years of transition two stages of social economy re-development might be distinguished :

First period (during the 1990's):

- ✓ a shift from over-centralized forced mechanisms of inclusion based on industrialization to over-liberalization de-regulation and the consequent lack of new mechanisms of inclusion,
- ✓ over-individualization, fragmentation, commercialization, return to “infamilization” of coping strategies and lack of solidarity.

Second period (after 2000):

- ✓ a mild shift (“re-socialization”) of the civil society and “emancipation” of social economy organizations,
- ✓ enforcement of public-citizen partnerships,
- ✓ growing importance of locality/territories, community-based approaches, development of social capital and growing intra-group solidarity.

KEY INHIBITING FACTORS

- Favourization of the imitation strategy in reconstructing the national economies of the region: focus on commercialisation strategies of welfare regimes rather than on development of local financial and social capital, welfare partnerships and employee ownership structures
- Insufficiency of employees' ownership structures such as co-operative property (producer-owned, consumer-owned, non-profit owned). Prevalence of the traditional concept of market economy based on investor-owned enterprises.
- The lack/insufficiency of enabling environment at both national and local levels
- Scarce number of local social advisors, instructors, social economy leaders and managers, social entrepreneurs and paid staff of citizen organizations deeply rooted in their communities.
- Lack or insufficiency of capital within social economy institutions.

DEVELOPING THE POTENTIAL OF SOCIAL ECONOMY IN CEEC

- NEW POLICIES OF NATIONAL AND INTERNATIONAL INSTITUTIONS ARE NEEDED towards grass-root, territorial innovative initiatives and different local citizen structures as primary mechanisms of social inclusion and local development.
- Inclusion of local cultures of coping with social and economic problems of transition, as well as through building modern effective institutions and procedures locally.
- Strengthening the endogenous potential in the field of socio-economic survival and development.
- Promoting community finance through community foundations/trusts, community social economy funds and develop innovative local financial institutions supporting social economy goals.
- Well-developed social economy territorially rooted can successfully counterbalance the negative effects of globalization and protect local communities against pauperization.

EMERGING TRENDS AND MODELS

- Increase in the share of the citizen organizations providing services in Central Europe, stabilisation and specialisation of civil society sector in South-Eastern Europe.
- Increase in the scale of services provided by the civil society sector in both sub-regions.
- Re-emerging civil society sector versus lack of vision for the development of the cooperative component of the social economy
- Distortion in the structure of activities, with insufficient focus on service delivery
- Emerging citizen organizations in the field of work integration and local development
- 16 years after the breakthrough: partial political and „soft” socio-economic institutionalization.

EMERGING MODELS

Central East Europe (Poland, Hungary, Slovakia and the Czech Republic):

- ✓ Dominance of expressive organizations (trade unions, sport, culture, professional organizations) followed by core welfare areas and initiatives focused on work integration („assistance to employment”)

South-East Europe (Albania, Bulgaria, Macedonia, Romania):

- ✓ Focus on citizen organizations involved in social service provision aimed at alleviation of the problems generated by transition rather as opposed to expressive roles, preventive mechanisms and proactive instruments.