

# Chapter 9

## New Urban Services: Toward New Relations Between Economy and Society

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**Abstract** The concept of “smart city” insists on the importance of new urban services, and two key questions have been identified in this direction. The first concerns the interplay between urban forces and the urban and microlevel governance mechanisms, and the second concerns the interactions between physical structures and digital information infrastructures.

This essay tries to introduce a historical perspective, showing that the idea of new urban services has its roots in the evolution of economies from industry to services, which occurred in the late twentieth century and led to a new strategic position for local initiatives. The specific dynamics of such initiatives have to be understood through a comprehensive methodology, allowing them to conceive innovative policies at local level that generate and enlarge institutional diversity. When such conditions are met, social enterprises are able to improve well-being because they adopt a public dimension and a hybridization logic, as explained by the ideal type of solidarity-based services.

Difficulties have to be clearly faced: to provide a new synergy between public authorities and citizen initiatives requires not only technological tools but also a new perception of the socioeconomic and political dimensions of civil society, far beyond the usual sectorial approach. Some experiments as well as some theoretical currents in Europe have provided a number of resources to reframe the links between economy and society. They have to be mobilized in human smart cities. Such phenomena have to be understood in depth because the cooperation between citizens, experts, and elected representatives is not obvious and a harmonious development of contemporary cities calls for huge changes that this chapter tries to present both empirically and theoretically.

**Keywords** New urban services • Civic entrepreneurship • Social enterprises • Social economy

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## 9.1 Local Initiatives and Social Enterprises

At a European level, the public interest for local initiatives began with the *White Book* dedicated to the challenges and ways forward into the twenty-first century (Commission of the European Communities 1994). It concluded that meeting new needs and creating new jobs was a key issue for the future of our European lifestyles. A survey was therefore conducted to look at this issue in greater depth and it produced a European Commission working document, *Local development and employment initiatives* (Commission of the European Communities 1995). The document corroborated the importance of new activities and pinpointed supply areas likely to meet new needs: day-to-day services, services to improve the quality of life, cultural and leisure services, and environmental services.

### 9.1.1 Local Initiatives: Collective Involvement and Civic Entrepreneurship

In general, local initiatives tend to give priority to the service relationship within economic activities. Although everyone agrees that new jobs will, in the future, come chiefly from the service sector, it should be borne in mind that the range of services covered by local initiatives is relatively independent from the industrial system and the supply of goods. It takes the form of specific relational services, such as services based on the direct interaction between the provider and the user, whether this is a result of the nature of the activity (e.g., health and personal care) or of operating choices (such as types of environmental protection geared toward making citizens more responsible).

There is therefore a clear dividing line between these services and other services, such as services that can be standardized (banks, insurance, telecommunications, etc.), which deal with information that can be readily encoded, can consequently follow an industrial-type path, and work toward substantial productivity gains.<sup>1</sup>

At a time when the industry and standardizable services that provided a basis for expansion up to the 1970s are faced both with the need to compete in international markets and with large-scale changes in information processing technologies (that prevent them from continuing to generate jobs as they have done in the past), local initiatives are therefore a *way of exploring a European channel for the creation of new relational service activities and jobs*. This is what makes them important and paves the way for a better understanding of their characteristics and the dynamic that leads to their creation.

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<sup>1</sup>On the difference between relational services and services that can be standardized, see Baumol (1987) and Roustang (1987).

The first component of creation for local initiatives involves the types of mobilization generated by idea-to-project transition. What is striking about local initiatives, in comparison with other forms of enterprise creation, is their ability to gain backing from social support networks. Local initiatives are able to rally partners from different backgrounds.

While the profiles of the people involved are very disparate, the fact that their own experience has made them *demand-side stakeholders*<sup>2</sup> is a common feature. It is this common feature that enabled these support groups to genuinely invent services because their starting point was their implicit or explicit perception that there were no suitable answers to the problems that they were encountering. This approach differs from standard approaches shaped solely by market studies or needs analysis. Their local character is paramount in this respect since their creation is shaped by a dual notion of proximity, i.e., *objective proximity* shaped by a local area and *subjective proximity* shaped by the relational dimension of the activity.

Creating a local forum for dialogue based on interactive exchanges makes it possible to match supply and demand in a way that avoids imposing stereotyped answers on the identified needs. This kind of *local public space* helps to move away from the coproduction inherent in all services toward a *joint construction of supply and demand*, in which users play a key role, either through their direct initiative, through the intervention of professionals who have become aware of unsatisfied demands (because they are immersed in the local fabric), or through their association with other partners, who become concerned about the issue in question for personal reasons.

If social networks are active components of local initiatives, they need the indispensable catalyst of an entrepreneur if they are to be successful. It would seem, in this respect, that risk-taking is not just motivated by material interests. While financial considerations are undoubtedly important, they build new ways of "living together" through their shared concern for a common good. A feature of entrepreneurs is their desire to promote a sense of social responsibility at a local level through economic activity. It is for this reason that entrepreneurs who build up local initiatives can be called *civic entrepreneurs*, because their economic action is shaped by a model of society based on sustainable development and social justice.

### 9.1.2 From Local Initiatives to Social Enterprises

If local initiatives share common features in their emergence, the forms of institutionalization differ. The first one is the for-profit private enterprise that sells goods and services through the market. The second one is the public enterprise that uses public funds to meet general interests.

<sup>2</sup>Using the term "demand-side stakeholders" as put forward by A. Ben Nér, T. Van Hoomissen, 1991: 519-549.



These two forms are not surprising, but what is more surprising is the importance of a third form, in which monetary and nonmonetary resources are combined. It seems essential that social enterprises are not dominated by market or state logics.

Not only do the social enterprises jointly shape supply and demand in public spheres for local services, but they also consolidate their position by *combining monetary and nonmonetary resources*.

As far as nonmonetary resources are concerned, although they help the established structures to survive, they will certainly not be enough to guarantee the future of these structures, because activities which are too reliant on voluntary help tend to be nothing more than temporary phenomena dependent on favorable circumstances. For these reasons, hybridization between resources is a way of consolidating social enterprises, as it is precisely the balanced combination of monetary and nonmonetary resources which can guarantee both their autonomy of services and their economic viability.

Obviously, a combination also implies the reinvestment of earnings in the activity and the lasting collective ownership of these earnings, so that the profits made cannot be privately appropriated. This specificity explains why social enterprises adopt legal status like associations and cooperatives, presenting a nonprofit constraint or providing limits to the investors' profit. However, the social enterprises that present characteristics which have been a feature of the third sector for a very long time are original in two respects. Firstly, they form part of a new process of tertiarization of the economy, which is making their formation more complex than traditional third sector organizations. Groups of different categories of players (users, professionals, voluntary workers, etc.) are being formed around social enterprises, whereas associationism in the nineteenth century more often took the form of groups within one particular category (workers, consumers, or farmers). If their initial impulse comes from demand-side stakeholders, their development leads to a "new organizational form" which "may be called a *multi-stakeholders* or a *multi-membership organization* in order to emphasize that it is characterized principally by the composition of its social membership" (Borzaga and Mittone 1997, p. 13). Secondly, they maintain relations with the public authorities which are, by definition, different from those which characterized the period of spread of the welfare state. The concept of *hybridization* denotes not only the use of three types of resources, which is something that nonprofit organizations have been doing for a long time, but also the balancing of these resources in agreement with the partners and in accordance with the nature of the projects, whereas it used to be possible for socially useful work to be financed predominantly by redistribution.

Here, the rules governing exchange meet those governing production through the use of various forms of work. Whether it is done by users or activists, voluntary work does not replace employment creation. On the contrary, it can increase employment opportunities by lowering the price of services and helping to maintain a close and lasting link with users and other local partners. This use of voice rather than exit (Hirschman 1972; Pestoff 1994) is of great value in services to people because it makes it possible to lay down the quality criteria on the basis of a dialogue between providers, voluntary workers, and users (Pestoff 1994). The aim is to find



the organizational arrangements which make it possible to deal with the problems of asymmetric information by maintaining this regular dialogue, which is considered to be the main source of information on the experience gained with the service.

What is revealed by the social enterprises which have gone far beyond the experimental stage is how the major problem of trust has led to an institutional innovation. This innovation is not merely the result of market mechanisms, but is based on co-construction which goes beyond the coproduction inherent in all services to take employment out of a domestic sphere and to enhance the standing of the tasks performed by employees. Moreover, it points the way to a limited rationalization which seeks to find the right balance between paid time and given time.

Social enterprises initially call into question the division in economic theory between *personal* and *collective services*, according to which personal services are services whose use is divisible (i.e., those in which users and use can be clearly identified), whereas collective services are indivisible because their use is "noncompetitive" (one person using the service does not impede others using the service as well) and "nonexclusive" (it is impossible or very costly to stop part of the population from gaining access to the service).

Some of the social enterprises are undoubtedly developing collective services in the traditional sense of the term, especially when they set up services intended to provide a solution to environmental problems by improving the management of natural resources.

Alongside these collective services, social enterprises also offer services that, although personal because their consumption can be divided, provide just as much collective benefit to the community. It is possible in this respect to speak of social usefulness or of *quasi-collective* services. The public regulation to which they are subject highlights the fact that their expected benefits do not just concern the private consumers who use them, because social justice criteria are involved or the external impact that they have on other operators has to be taken into account as well (Laville and Nyssens 1996).

Childminding is a typical example of services that go beyond the distinction between personal and collective. Childminding practices are very closely linked to the conception of the role and place of women in society. While these services have an impact on individual lifestyles, it is also true that the community influences the way in which apparently highly individual choices are made. Public authorities are thus entitled to intervene in the financing of childminding for reasons of equity that include the desire to make this service accessible to as many people as possible and to exercise control over the quality of services and because of the positive impact that these services may have on the community at large (for instance, increasing the availability of women in the labor market and the educational and preventive role played by childminding facilities). The same is true of other personal services.

Over and above the personal services that normally come to mind, other social enterprises may take on a quasi-collective dimension by providing services whose consumption is divisible, whether their objective is to offer a readily accessible cultural facility or to integrate disadvantaged people into a paid activity.

Even when services are personal, social enterprises consequently have a collective dimension. This is what gives them their overall consistency even though they are active in different fields. In overall terms, the dynamics that lead to their creation take two forms.

In the first dynamic, new services are set up *to meet an unsatisfied social demand*. Faced with a lack of appropriate answers to some problems from both private and public services, social enterprises have set up services as diverse as local community transport, cultural facilities, or day-to-day services.

Another dynamic that leads to the establishment of social enterprises is shaped by an initial desire *to integrate local populations and local areas*. For instance, development workers who are not local to districts can use their skills to locate the know-how which could lead to local economic development. The aim of these strategies is to bring about local development by locating and making use of local forces. In their concern to understand the actual situation of a region and to be accepted by residents so that these residents can be encouraged to play their part in economic projects, these strategies may require time. Comprehensive in-depth studies in several European countries (Fraisie et al. 2000; Laville and Gardin 1999) lead to the hypothesis of an ideal type of solidarity-based services to more precisely characterize these local initiatives and social enterprises.

## 9.2 The Ideal Type of Solidarity-Based Services

The initiatives which have just been mentioned differ from a commercially based approach, but have nevertheless proved their ability to establish relations based on trust between the parties in the services because of the guarantees they provide to both employees and users. If these initiatives are put into context, the result is the establishment of a hypothesis of ideal-type<sup>3</sup> "proximity services" in the context of a civil and solidarity-based economy, because economic initiative is founded on the desire to promote social relations based on solidarity.

This ideal type of solidarity-based services has two main characteristics:

- The services are designed through corresponding public spheres, which make it possible to shape supply and demand together.

<sup>3</sup>As expressed by Weber, who introduced this concept, "an ideal-type is obtained by emphasizing unilaterally one or more standpoints and by linking together numerous isolated phenomena ... arranged according to the previous, unilaterally chosen viewpoints in order to form a homogeneous framework of thought" Weber (1918, French translation, 1959, p. 180). This framework of thought is not an exact representation of reality, but emphasizes certain features for the purposes of research. The ideal type is not the same as reality, since it works out its constituent parts in order to define hypotheses more accurately and to characterize phenomena. In this way, the ideal type is a means of gaining knowledge, rather than an end in itself.



- Once the solidarity-based services have been established, they are consolidated by hybridization between the different types of resources involved, i.e., market, nonmarket, and nonmonetary resources.

### ***9.2.1 Public Spheres for "Proximity Services" in Order to Permit the Joint Shaping of Supply and Demand***

The idea of solidarity-based services implies breaking away from the situation in which those who require services are obliged to accept one of the formal services on offer or resort to moonlighting. Instead of each person attempting to privately solve, on an individual basis, the daily problems with which he/she is confronted, a determined effort is made to offer a solution by dealing with them collectively in the public sphere. In a gender perspective (Leira 1992; Lewis 1992), the fact that the civil and solidarity-based economy is located in the *public space* distinguishes it radically from the family-based economy. There is no intention of encouraging a return to the family through the civil and solidarity-based economy. The rural exodus or the increasing number of women in work show that the move away from a domestic economy has been a form of emancipation and reversing it is out of the question. Naturally, solidarity-based services are based on family resources, but they are designed to strengthen them rather than to confirm the isolation which can be faced by, say, women who care for elderly parents. For instance, the main objective of structures providing home help is therefore to preserve family stability. Professional assistance eases tensions by involving the elderly and their families in the preparation of a common project through discussions between these different stakeholders. The triangle formed by the association, the users, and the employees gives families an active role while at the same time encouraging more objectivity by having all those involved give thought to the question. As noted by Ben Ner and Van Hoomissen (1991), it is the position of users which is the key factor in determining which services are offered, be it on their own initiative, by their involvement with social entrepreneurs, or by the action of professionals who have become aware of unsatisfied demand through their experience with the provision of services.

Solidarity-based services have as starting point the daily practices of populations, the relations and symbolic exchanges which make up the daily fabric of local community life, and the aspirations, values, and desires of the people who use them. It is by considering these many aspects of reality in public forums for discussion (organized locally for this purpose) that supply and demand can be made to match. Service relevance in the eyes of the users can be explained by the fact that they go beyond the relationship with needs and requests as defined in market studies or needs surveys. Innovation in solidarity-based services is based on the use of a different economic principle from the market and redistribution, namely, the principle of reciprocity, which governs the process of interaction through which the services are organized. This *reciprocity* corresponds to the relationship between



groups and individuals by means of services which derive their meaning from the desire to show a social link between the parties involved (Mauss 1950; Polanyi 1957, p. 19). As shown by Polanyi (1957), by identifying three economic principles to characterize the patterns in the relationship between economy and society (market, redistribution, and reciprocity), the reciprocal impulse is therefore different from market trading because it cannot be dissociated from the human aspect, which is tied up with the desire for recognition and power, and is distinct from redistribution because it is based on symmetry rather than centralization.

That is why solidarity-based services can, under certain circumstances, succeed where the market and the state have failed – they manage to reduce the asymmetric information problems between providers and seekers of services and to establish a relationship of trust with the user. Through the attention given to their form, these services can overcome the users' fears that their privacy will not be respected, thereby helping to formalize an extremely diverse demand while at the same time organizing supply. In this way, they can be said to jointly shape supply and demand.

### ***9.2.2 A Hybrid of Various Resources***

Not only do the solidarity-based services jointly shape supply and demand in public spheres for local services, but they also consolidate their position by combining monetary and nonmonetary resources.

Services which make use only of monetary resources, be they market or nonmarket monetary resources, have limitations in their activities when it comes to generating mutual confidence between users and providers in activities and commitment that include a dimension of intimacy. But nonmonetary resources, although they help the established structures to survive, will certainly not be enough to guarantee the future of these enterprises, because services which are too reliant on voluntary help tend to be nothing more than temporary phenomena dependent on favorable circumstances. For these reasons, hybridization is a way of consolidating services whose identity has already been asserted, as it is precisely the balanced combination of monetary and nonmonetary resources which can guarantee both the autonomy of services and their economic viability.

Obviously, such a combination also implies the reinvestment of earnings in the activity and the lasting collective ownership of these earnings so that the profits made cannot be privately appropriated. However, solidarity-based services that present characteristics which have been a feature of the third sector for a very long time are original in two respects. Firstly, they form part of a new process of tertiarization of the economy, which is making the formation of associations more complex. Groups of different categories of stakeholders (users, professionals, voluntary workers, etc.) are being formed around solidarity-based services, whereas associationism in the nineteenth century more often took the form of groups within one particular category (workers, consumers, or farmers). Secondly, they maintain relations with the public authorities which are, by definition, different from

those which characterized the period of spread of the welfare state. The concept of hybridization denotes not only the use of three types of resources, which is something that associations have been doing for a long time, but also the balancing of these resources in agreement with the partners and in accordance with the nature of the projects, whereas it used to be possible for socially useful work to be financed predominantly by redistribution. This concept also expresses a combination between the market, nonmarket, and nonmonetary economies, which, by breaking down the barriers between them, internalizes the various externalities created by the services.

Here the rules governing exchange meet those governing production through the use of various forms of work. Whether it is done by users or activists, voluntary work does not replace employment creation. On the contrary, it can increase employment opportunities by lowering the price of services and helping to maintain a close and lasting link with users and other local partners. This use of voice rather than exit (Hirschman 1972) is of great value in services to people because it makes it possible to lay down the quality criteria on the basis of a dialogue between providers, voluntary workers, and users (Pestoff 1994). The aim is to find the organizational arrangements which make it possible to deal with the problems of asymmetric information by maintaining this regular dialogue, which is considered to be the main source of information on the experience gained with the service.

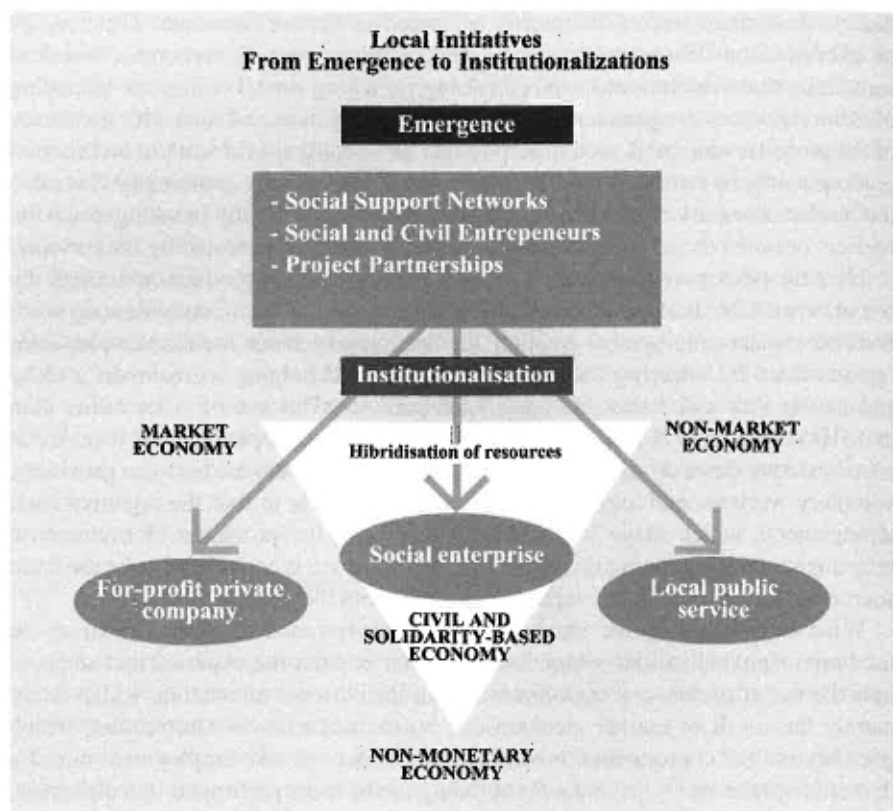
What is revealed by the ideal type of solidarity-based services, drawn up on the basis of real situations which have gone far beyond the experimental stage, is how the major problem of trust has led to an institutional innovation, which is not merely the result of market mechanisms, but is based on co-construction, which goes beyond the coproduction inherent in all services to take employment out of a domestic sphere and to enhance the standing of the tasks performed by employees. Moreover, it points the way to a limited rationalization which seeks to find the right balance between paid time and given time and between effectiveness and affection (Hochschild 1983).

The identification of the ideal type of solidarity-based services on the basis of practices shows the need for a socioeconomic analysis which does not merely mention the strong points of organizations resulting from their nondistributing profit constraint, but which takes a comprehensive look at the way in which they operate. The importance of the experiments referred to by this ideal type should therefore be evaluated simultaneously in three areas: social, economic, and political (Fig. 9.1).

### **9.3 Proposals for Reframing the Debate: Plural Approach and Theoretical Choices**

This ideal type of solidarity-based services raises institutional questions which were not previously included in the nonprofit sector approach, limited to an organizational dimension. They refer to a plural economy and democracy, as well as welfare. They lead to theoretical choices, preferring the principles of solidarity and public action rather than the notion of sector.





**Fig. 9.1** Local initiatives. From emergence to institutionalization

### **9.3.1 The Socioeconomic Dimension**

The synergism between state and market had derived from the possibility of job-rich economic expansion. But when growth could no longer ensure full employment, the welfare state was to undergo a deep crisis. As unemployment mounted, the state not only was deprived of part of its revenue but was called upon to commit funds to support the productive system, reduce joblessness, offer incentives for certain categories of the population to leave the labor market, and support vocational training. The dilemma in which the welfare state found itself magnified criticism of the principles that underpinned it.

What emerges from the analysis of strategies based on either free market or social democratic principles is that the debate is still obsessed with the respective roles of state and market. Trapped within these confines, it cannot lead to socially acceptable solutions. When the wage-earning society falters, proposals that rely on market mechanisms end up deepening social inequalities, while those that involve new roles for the state evoke fears of a latter-day managed economy under the guise



of social service. New models can be found only by exploring the economy's hidden face, which is neglected by all the approaches that center on the state or the market.

To transcend the dilemmas arising from today's socioeconomic transformations, it is necessary to break loose from the conceptual framework in which the economy is identified exclusively with the principles of market forces and institutionalized redistribution as it was conceived in the nineteenth century. Indeed, this restrictive view masks the persistence in the modern economy of a third mode of exchange, *reciprocity*, as shown by Polanyi (1957). This third economic principle, different from the market and from redistribution, refers to the relationships established between groups or individuals via services that are meaningful only insofar as they reflect a determination to assert a social tie between the parties involved. They refer to a third component of economy, a *nonmonetary economy*. The social enterprise has to be placed inside this broader, tripartite economy to be fully understood.

The social enterprise achieves a mixture between the sense of local economy and the reference to more civic principles of equity and equality, what we in Latin European contexts express through the word *solidarity*. For this reason social enterprises can be considered as expressions of a *civil and solidarity-based economy*.

It is possible to say that the idea of a civil and solidarity-based economy is up to date because a large number of social enterprises have shifted the conventional boundaries between the economic and social spheres by limiting their scope to neither market economies nor state-sponsored solidarity. Despite their extreme diversity, all these social enterprises share common features with respect both to the parties involved and to their activities.

People are getting involved of their own free will to help carry out actions that contribute to the creation of economic activities and jobs while at the same time strengthening social cohesion. The entrepreneurial drive of the promoters of these schemes cannot be explained by expected returns on investment, but is based instead on a quest to forge new relationships of social responsibility through the activities that are carried out.

Such new economic activities that are successful show that they can thrive and flourish when they are supported by a *balanced combination of different types of resources* (market resources obtained through sales revenue, nonmarket resources derived from redistribution, and nonmonetary resources from voluntary contributions) and manage to establish complementarity between conventional employment and various forms of volunteer work.

The impact of social enterprises is therefore not confined to job creation. They also represent new interactions between the economic, social, and political spheres:

- Economically, they do not remain trapped by a "halfway house" conception whereby their sole function would be to facilitate reentry into mainstream employment for groups of people who have been shut out of it – they seek to broaden the economic domain via a wider range of action. While they can provide temporary jobs as a springboard for getting people back into work, they do not neglect permanent jobs as a means of entry into ordinary sectors of activity, and, above all, they create employment by starting up new activities.

Most importantly, however, employment is not treated as an end in itself, but only as part of a more comprehensive process which enables economic activity to be put back into a more meaningful context, in which the people employed have a genuine sense of belonging to a group. Services are produced not by hiring people in intermediate capacities or as household workers, in what are considered fill-in jobs, but by structuring activities in a collective framework which alone can guarantee not only the quality of services and jobs but the continued involvement of volunteers and customers alike. Rather than to defend employment at any price, whatever the pay and benefits to the employed, the idea is to institute complementarity between voluntary commitments and genuine jobs.

- Socially, schemes like these make it possible to nurture various forms of social networks via projects freely designed by their creators. Such solidarity gives impetus to networks whose growth is fostered by the increasing erosion of standards and values, withdrawal, and loss of identity. And yet networks like these do not signal a return to a kind of localism born of a denial of the social gains of modern times. On the contrary, they are joint undertakings whereby people interact to formulate solutions other than those offered by either market or state. They are rooted in a feeling of belonging; they seek to extract certain matters from the private domain and handle them in a public space with a view to remedying the inadequacies of both the private and public sectors.
- Lastly, on a political level, social enterprises get people directly involved in public affairs and help make democracy more vigorous because they are the result of ordinary citizens speaking out on the real problems they encounter. In addition, participants commit themselves to long-term relationships based on the freedom and equality of each member of the group, since all are encouraged to share their views and to get involved, regardless of status (as wage earner, volunteer, customer, etc.). Moreover, participants formulate projects that aim to achieve institutional change and not merely to produce; such schemes, because they constitute a "dimension of the public space in civil societies" (Evers 1993), emerge as new manifestations of democracy.

### 9.3.2 *The Political Dimension*

Civil and solidarity-based economy practices have begun to be identified in Europe as well as in America (Laville 1992, 1994). Challenging the institutional architecture, these practices reflect a quest for another relationship with the political sphere – one in which solidarity can be built through actions in which civil society and the state work hand in hand – and another relationship with the economic and social spheres, one in which economic initiative can pride itself on serving social aims as well.

Participants feel very strongly that democracy cannot be achieved solely by making a number of social corrections to market trends. For them, democratic relationships need to be promoted through economic initiatives. When market



and state dynamics are not enough to create activities providing work for the active population as a whole, they need to be associated with complementary dynamics shaped by the citizens' reciprocal commitments so that the economic sphere becomes less selective.

In other words, one of the features of local initiatives is their desire *to further democracy at local level through economic activity*. This concern is reflected in a number of ways, for instance:

- By internalizing those social or environmental costs which are externalized by other enterprises. The goals of local initiatives mean that they take responsibility for functions such as the integration into employment of disadvantaged people and the long-term unemployed, as well as long-term development strategies for the maintenance of local heritage and the protection of the environment. In other words, they produce *positive collective externalities*.
- By respecting criteria of equity such as occupational *equality* between men and women or *accessibility* to the goods and services produced.

In this way, these initiatives are more than a simple reserve of jobs. They have a role to play in a development model that combines objectives of social cohesion and citizen participation since job creation within these initiatives is shaped by social and societal concerns.

The question that then arises is how to reshape government intervention in order to systematize support for economic activities that perform a social service and how to do it in a manner that reconciles initiative and solidarity. This means moving away from policies that "target" people and shifting toward project financing. This also means that it cannot be obtained by the good results of a few experiments – it requires sociopolitical pressure from civil society and needs to work with public bodies.

The contribution of the civil and solidarity-based services approach is indeed linked to the political dimension. In the nineteenth century, the extension of market-generated reactions on the part of society, among which the establishment of associations, was followed by the construction of a protecting welfare state. Associations were indeed "the first line of defense" (Lewis 1997, p. 166) elaborated by society before being relayed by the state.

One of the original features of the European point of view consists in integrating these initiatives of civil society into the public space of modern democratic societies. The relations between these initiatives and public authorities are then determining because they are linked to both political issues, the one that stresses the potential for action of the members of the political community as a whole and the one that is more centered on the exercise of power (Maheu 1991). Associations concern these two dimensions of politics – on the one hand, noninstitutional politics, centered on the potential for citizen action and which supposes that citizens make use in practice of the positive freedom to which they are formally entitled, and, on the other hand, institutional politics, centered on the exercise of power.

All the interactions between public authorities and civil society initiatives translate into mutual effects whose intensity and modalities greatly vary over time.



On the one hand, the initiatives of various social actors, through their very existence, contribute to the evolution of forms of public regulation. On the other hand, rules enacted by public authorities influence the trajectories of initiatives. Isolating organizations without grasping their relations with the public sphere amounts to forgetting their institutional dimension.

### ***9.3.3 Theoretical Choices: Beyond a Sectorial Approach***

The European approach replaces the reference to a sector by highlighting the structuring power of the principle of solidarity and by the study of the close relations between associative action and public authorities.

Contrasting with the hypothetico-deductive approaches which are characteristic of the neoclassical economy, a significant number of research works adopt more comprehensive methodologies. The main finding of these researches relates to a relativization of the notion of sector and to a mobilization of the concept of solidarity, to explain various social practices which can be grouped under the generic term of "civic associationism." Although they are not exclusively European, since quite similar orientations permeate the production of other continents, as evidenced by South-American literature (Larraechea and Nyssens 1994; Razeto Migliaro 1988; Ortiz Roca and Muñoz 1998; Cattani 2003), it is nevertheless worth noticing that European contributions to the analysis of associations are largely represented in this trend of research. In Europe, as a matter of fact, the recognition of human and civic rights destabilized the former social order without eliminating the differences of conditions inherited from traditional societies. With the apparition of the social question, as soon as the nineteenth century, the compatibility between citizenship and economic development consequently generated heated debates in the context of which associationist emergences occurred.

The second European originality consists in linking associationism and public action, since they have their roots in the resistance to the utopia of a market society and are deeply intertwined, whereas the diverse variants of theories of institutional choice considered associations as organizations intervening in case of market or state failures. A more historical analysis leads to highlight the fact that associative organizations "are not only producers of goods and services but important factors of political and social coordination" (Seibel 1990: 46). This is what the promoters of the international Johns Hopkins research project recognized when they passed from the notion of "nonprofit sector" to that of "civil society sector" (Salamon and Anheier 1997). This opening, which bears testimony to a rapprochement with the European view, is interesting as it accounts for the embedding of associations into society, but has, as its corollary, a too rapid assimilation of the associative sector with the whole civil society and does not sufficiently analyze the interactions with the state and the market.

As a matter of fact, a strictly sector-based vision fails to take into account the intermediary dimension of associations, which can be envisaged as spaces ensuring

the passage from the private sphere to the public sphere. Associative action, born from the encounter among persons, opens up to the public space, i.e., it gives these persons the possibility to contribute to the construction of a common world which is necessary for democracy, through a voluntary commitment respecting the plurality of opinions, the conflictuality of interests, and the difference of perspectives. The mediation between private and public space, which happens in many different ways, and the mixture of resources and logics of action to which it refers, are poorly traduced by representations which suppose well-separated sectors, with clear-cut boundaries. The analysis of the genesis and institutionalization of associations underlines the scope of the interdependencies between associative action and public action.

If, following Cohen and Arato (1994), we define civil society as a sphere that is distinct from the state and the market, associations belong to an organized civil society, because they influence the configuration of the public space through innovations and dissensions that they manage to express in this public space, including their socioeconomic production. However, as rightly expressed by Barthélemy (2000, pp. 15–17), “the activities of the civil society cannot be dissociated from the political society,” and associations are not only the expression of civil society, they are also implied in relations of power because they “publicize ideological conflicts of the global society, contribute to the formation of elites and to the structuration of local power and participate in the definition of public policies while legitimizing the political and administrative sphere.”

Briefly stated, as Walzer (2000) notes, civil society, if it recognizes interpersonal links, is marked by inequalities (Chanial 2001). As far as the state is concerned – since it results from universalist orientations – it guarantees social rights while establishing general rules and standardized procedures which correct inequalities but also neglect the contribution of social relations of proximity. The real question does thus not concern the substitution of the state with civil society nor the dissolution of civil society in the market, but the mutual reinforcement between the democratization of civil society and the democratization of public institutions.

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