

The Social Economy in a Context of Austerity Policies: The Tension Between Political Discourse and Implemented Policies in Spain

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Abstract Governments face the challenge of fostering the social economy in a context of economic crisis and austerity policies. Despite the high levels of institutional recognition for the considerable social and economic value added by the social economy (SE), government policies following this approach have been scarce during the latest economic recession. This article analyses the case of Spain, a country that has endured deep austerity policies and has a strong SE sector. Building on the SE approach that combines quantitative and qualitative data, this study examines the policies that promoted the SE during two periods: before and during the economic crisis. As a novel contribution, the study compares the political discourse with the policies implemented. The findings highlight a gap between the discourse and the policies implemented during the crisis, showing that the SE has not been prioritized by policymakers, and link that gap with the recent EU economic policy.

Keywords Social economy · Political discourses · Public policy · Austerity policies

JEL Classification P16 · H53 · J54 · L31

Introduction

The social economy (SE), the sector situated between the state and private for-profit businesses, has been featured in European institutions and United Nations public political discourses in the past decade.¹ The SE has been recognized as having a major social and economic influence on job creation, public well-being, citizen empowerment, local development and improvements in the delivery of social services, especially in contexts of crisis (Stiglitz 2009; Amin 2009; Monzon and Chaves 2012; Chaves and Demoustier 2013; Wilkinson 2014; Utting 2015). European Mediterranean countries like France, Greece, Portugal, Romania and Spain have passed national SE laws in recent years. In these countries, political discourses that favour government–SE partnership and policies that support this social sector have prevailed (Monzon and Chaves 2017).

The literature on this SE issue has studied policies in different countries, including the UK, Australia, Poland, Canada and Spain (Chaves 2002; Lyons and Passey 2006; Loxley and Simpson 2007; Rymsza 2009; Alcock 2012; Phillips and Goodwin 2014; OECD/EU 2017; Chaves and Monzon 2018a). However, there is a scarcity of studies concerning the impacts of the economic crisis and of austerity policies on the implementation of policies promoting SE. Salamon (1986) found out that, when social needs multiplied due to unemployment and poverty during the great economic downturn of 1977–1984, the political

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¹ Two major examples of this recognition are the European Union Council Conclusions (December 2015), Luxembourg Presidency. The promotion of the SE as a key driver of economic and social development in Europe, Brussels (15071/15 SOC 711 EMPL 464), and the introduction of the SE into the research agenda of the United Nations (UNRISD), following approval of a statement by its General Assembly (Chaves and Monzon 2018b).

discourse of American governments, based on the ‘return of civil society’, was at odds with their drastic cutback of public funding for the non-profit sector. Charities, foundations and other community organizations suffered from a shortfall of funds that were actually the result of austerity policies. Non-profit organizations (NPOs) became an endangered sector, part of which went bankrupt and the other shifted towards a market orientation (Solórzano et al. 2018). However, few studies have focused on the SE in its wide sense in European countries, and in the latest economic recession. The exceptions are Kerlin and Pollak (2011) and Pape et al. (2016, 2019), but they focus on non-profit organizations.

In this context, this study analyses the economic policy towards the SE during the period of economic crisis (2008–2012) in Spain, a country characterized by a long-standing tradition of policies that support this sector. The focus is twofold: on the one hand, the study examines the implementation of policies enhancing the SE in context of public policies promoting fiscal austerity coming from the EU. On the other hand, this research analyses the discrepancy between the political discourses and the reality concerning SE policy implementation.

The structure of this article is as follows: firstly, we present the theoretical framework. The following section is methodological. In the third section, we analyse the case of Spain: the economic downturn impact on the country and particularly on the SE, and the policies deployed to foster this socio-economic sector. We distinguish the policies applied in two periods: the one prior to the economic recession and the economic crisis period. We examine the evolution of the public budgets used to promote the SE and the new main measures adopted during the last years of the recession. We compare these features with political discourses during this period. Finally, we discuss the results in light of the shift in the EU economic policy.

Theoretical Framework

The Concept of the Social Economy and Its Social and Economic Added Value

Broadly speaking, the SE comprises private entities created for social purposes based on participative and democratic governance. Therefore, the values of those entities have inspired and outlined the main characteristics of the SE. From the academic perspective, currently, the main SE concept is that of CIRIEC, which incorporates other important scientific contributions such as those by Defourny and Monzon (1992), Vienney (1994), Demoustier et al. (2006), Bouchard (2010, 2015) and Chaves and

Monzon (2008, 2018b). It is defined by Monzon and Chaves (2017: 11) as follows:

“a group of private, formally organised enterprises, with autonomy of decision and freedom to join, created to meet their members’ needs through the market by producing goods and providing services, insurance and finance, where decision-making and any distribution of profits or surpluses among the members are not directly linked to the capital contributed by each member nor to any membership fee, each member having one vote. The social economy also includes private, formally-organised entities with autonomy of decision and freedom to join that produce non-market services for households and whose surpluses, if any, cannot be appropriated by the economic agents that create, control or finance them.”

This definition is in line with CEP-CMAF’s Charter of Principles of the Social Economy and with Social Economy Europe, the European umbrella organization, and meets National Accounting Systems’ criteria. However, national governments have their own definitions of the SE; therefore, from a practical viewpoint, understanding governments’ conception of the SE (which organizations they include) is necessary to identify SE policies’ target. In Spain, the SE comprises mostly three types of organizations: cooperatives, social enterprises (means sheltered employment centres and work integration insertion enterprises) and social third sector organizations (i.e. associations and foundations of the social action field—STSO).

Currently, other terms are employed for or linked to the SE, such as the third sector, social enterprises, the solidarity economy, the voluntary sector and the non-profit sector. It is worth stressing that, although these terms coincide in many aspects, they also differ in others (see Salamon and Anheier 1997; Kendall and Anheier 1999, for the non-profit sector perspective, and Nyssens et al. 2006, Wilkinson 2014, and Bassi and Vincenti 2015 for the social enterprises perspective; see Chaves and Monzon 2018b, for a comparative analysis of these approaches). According to Vidal (2010), this conceptual and theoretical diversity is based on different historical and political traditions, which refer to the Anglo-Saxon, Francophone or Latin theoretical approaches.

Within the European institutions, the mainstream term and conception are the SE. This conception appears in a number of statements and official EU documents that underline the official discourse and political narrative of the European Institutions (Gomez 2014; Monzon and Chaves 2017). Among them is the Social Economy Report approved in 2009 by the European Parliament (Toia 2009). More recently, in December 2015, an agreement called the ‘Luxembourg declaration—A roadmap towards a more

comprehensive ecosystem for SE enterprises' was reached by several European governments to create a workgroup and to encourage initiatives that boost the SE in Europe.

Taking different approaches, several theories argue that the SE performs macroeconomic functions in modern economies, all of which justify government promotion of this social sector.²

The participative economy theory (Weitzman 1984; Kruse 1994) argues that enterprises based on employee participation in profits have the potential to increase both macroeconomic performance, by achieving lower unemployment levels and thus mitigating economic cycles, and microeconomic performance, by increasing productivity and quality. This theory is especially useful to justify government–SE promotion in a context of economic crisis.

From a non-profit perspective, based on the institutional failures approach (Hansmann 1980; Weisbrod 1975), NPOs are more capable of meeting certain demands of public and private goods than the other two institutional sectors (government sector and private for-profit sector). This theory is based on the failures of the private for-profit and government sectors and stresses the greater economic capacity of the non-profit sector to supply certain public and private goods.

The socio-economic approach defends the system's regulatory function and sustains that the SE can complement the activity of the other two institutional sectors by providing new responses and social innovation through innovation in products, processes and forms of organization and by encouraging participation and control by workers and users (Chaves and Demoustier 2013). SE has three major contributions: firstly, it offers specific services, providing a different response by offering 'co-production of services' between producers and users, which should have a positive effect on quality and on relations with users. Secondly, it regulates the labour market both by increasing labour force flexibility (e.g. facilitating work integration of people with low levels of employability and providing training) and by favouring labour reorganization shifting (e.g. facilitating the switch from dependent to autonomous workers). Finally, SE regulates the capital market through both financial inclusion of people traditionally excluded from these markets and social/collective control of financial flows and investment.

The function of regulating the capital market is shown by the social economy's ability to achieve financial inclusion for large segments of the population who are excluded from the traditional banking sector, by its role as a prime path to public funding and subsidies for people with few resources, and by its collective control of the

financial flows generated by the work and organizations of the SE.

Government Policies that Foster the Social Economy

Government promotion of the SE organizations can be deployed in different ways. To analyse these public policies, Chaves (2002), Chaves and Demoustier (2013), European Commission (2016) and Chaves and Monzon (2018b) proposed a theoretical framework that identifies two groups of policies: soft policies and hard policies.

The aim of *soft policies* is to establish a favourable ecosystem for the emergence and development of these organizations. Soft policies may be subdivided into two groups: institutional policies and cognitive policies. The first aim is to institutionalize the SE within the legal and economic system, on several levels. Firstly, by recognizing in the legal framework their specific organizational traits and characteristics and their legal statutes (i.e. through a Law of the Social Economy). Secondly, by recognizing the ability of these organizations to operate in any economic activity field and thereby removing any legal barrier to operate there. Thirdly, by recognizing their capacity to be a co-partner in the public policy processes (e.g. as partners to co-design labour policies). Fourthly, by establishing specialized government bodies within the public administration to oversee and promote the SE. Finally, cognitive policies are intended to increase awareness, specialized training and research on SE.

On the other hand, *hard policies* are government interventions focused directly on the organizations' economic activity. Hard policies use measures both from the supply side, promoting the economic competitiveness of the entities in the different value chain fields (i.e. financing and consultancy), and from the demand side, improving their access to public markets (e.g. by including social clauses in public procurements for the delivery of social services).

Political Discourses, Social Economy and the EU Mainstream Cohesion Policy

The literature stresses how political discourses provide templates for orienting and acting on public policies. Policy narratives, as discourses and rhetoric, are stories that can differentiate positions and provide insights about the past, the future and how policymakers should act. Policy narratives do not need the support of scientific or factual evidence. Different interest groups, political parties and countries in international arenas generally have their own discourse (Dey and Steyaert 2010; Teasdale 2012). Political discourses are not always coherent with the reality concerning the government policy implementation. This is precisely less studied: when policymakers defend a

² An overview of these functions can be found in Archambault (1986) and Chaves and Monzon (2012).

particular political discourse but the policies actually applied are very different to the narrative. We mean by policymakers the governments responsible for the SE policy and the main political parties.

SE has been recently enhanced in the discourses of the policymakers in several international institutions, mainly at EU level (Monzon and Chaves 2012). Although the concept of the SE was already recognized in Spain in 1997–1999 (CIRIEC 2000; Demoustier et al. 2006), its reinvention arises principally with the rise of the economic crisis and with the implementation of austerity policies in some European countries. We will discuss if this new political discourse about the SE is linked with the shift in the EU cohesion policy in the recent period. According to Barca (2009) and Avdikos and Chardas (2016), the EU cohesion policy has deeply shifted from a redistribution and cohesion approach towards a place-based approach that prioritizes growth and competitiveness. If SE political discourse is in accordance with the new EU cohesion policy, it is expected that the promotion of SE will be based on prioritizing entrepreneurship, flexible markets and low level of government intervention and funding.

Methodology

The research purpose is to understand the mismatch between political discourses and government policies implemented to boost the SE in the context of crisis and austerity policies. Because government policies towards the SE are a complex social phenomenon with multiple dimensions, a mixed method approach that combines qualitative and quantitative data seems to be appropriate (Yin 1994).

For our research project, the case of Spain was chosen because it is a European country and its government has historically enhanced the SE. Additionally, Spain is one of the countries that has suffered the most due to the crisis and has applied significant austerity policies (Chaves and Zimmer 2017; Monzon and Chaves 2017). In a social and economic context such as the Spanish one, policies fostering SE can reach its maximum potential regarding macroeconomic benefits. This kind of policies is expected to be deployed.

The study focuses on cooperatives, sheltered employment centres, work integration enterprises and social third sector organizations. They are considered the core of the SE in Spain, as established in the scholarly literature (Chaves and Monzon 2008), in Spanish social economy Law 3/2011 and by the Spanish Social Economy Confederation (CEPES) and the Social Third Sector Platform (PTS), the two major platforms regarding the SE in the country. The period analysed is 2008–2012, which

corresponds to the severe and prolonged economic recession. Although regional and municipal governments have their own public policies towards the SE, this study focuses on the national government level. The reason is that previous studies have revealed that most of the policies in this field arise at the national level (Chaves and Savall 2013; Chaves et al. 2011), although a recent wave of government interventions has been applied at subnational levels (Chaves and Monzon 2018b). In order to analyse the overview of the country and its SE sector, the study employs data from statistics institutes and research centres (Monzon 2008; Monzon et al. 2013, 2014) but also reports of the main representative organizations (FAEDEI 2012, p. 1013).

In order to study the public policies deployed, a variety of secondary data sources were used to collect the information: official documents, opinions and statements by policymakers in official meetings, statistics institutes and research centres, web pages of government bodies (i.e. budget data from the Ministry of Labour and the General Intervention Board of the Spanish State Administration), legal texts, internal documents related to the measures examined and articles from specialized media. For soft policies, we focused on institutional/legal measures; for hard policies, the focus was on supply-side measures that need public funds and on demand-side measures such as facilities in public procurements. For political discourse analysis, we focused on the governments and political parties and studied how their political discourse is reflected in their political agenda in terms of political speeches, interviews, white papers, laws and official reports. We also gathered qualitative information from a set of three key informants in the SE field, eight representatives of the Spanish and EU representative organizations (CEPES, PTS, Social Economy Europe, EESC) and four policymakers responsible for the SE policy. Semi-structured interviews were conducted between June 2014 and July 2015 to get in-depth information on topics regarding government policy fostering the SE in the period studied. The output of the interviews, which lasted from 60 to 120 min, was transcript and shared with the interviewees in order to prevent misinterpretations. The information gathered from the experts or key informants was used as input to complete the analysis of the policies and the discourses and to validate the results, that is, the mismatch between policies and rhetoric.

Based on prior studies, our hypothesis is that a change in political discourse has favoured the inclusion of the SE in the policy agenda, mainly at EU level. This change in political discourse owes to factors such as the socio-economic situation that emerged with the crisis in Spain, heightened by the problems that private for-profit companies entail, or the new EU mainstream cohesion policy approach. We assume that the results that should have

occurred with the change in political discourse to foster the SE have not actually materialized or have been modest, so the political discourse is quite different from the policies that have actually been implemented to promote the sector.

Case Study: The Spanish Social Economy During the Economic Recession

The Context of Economic Recession

‘Economic crisis’ is a term that has been defined in several ways. Two of the most accepted definitions include the concepts of economic recession and depression. The conventional definition of recession used in Europe is ‘two or more quarters of declining real GDP’ accompanied by rising unemployment. A depression is also marked by high unemployment, falling inflation, stagnant or decreasing wages, decreases in investment expenditure, household income, business profits and bankruptcies. The NBER National Bureau of Economic Research defines recession as ‘a significant decline in economic activity spread across the economy, lasting more than a few months, normally visible in real GDP, real income, employment, industrial production, and wholesale-retail sales’ (www.nber.org).

According to the Spanish National Statistics Institute—INE—the economic context was the following: between 2008 and 2013, Spain experienced a severe and prolonged economic recession that is considered a depression. Real GDP declined from 2008 (Q3) to 2009 (Q4) and from 2011 (Q1) to 2013 (Q3) and the economic growth rate during 2010 was 0%, totalling 5 years of real depression. The unemployment rate increased from 11.2% in 2008 to 24.8% in 2012, with an unemployment rate of over 50% for young people. These rates had never been seen before. Concerning poverty and inequality, the at-risk-of-poverty rate (AROPE) rose from 23.8% in 2008 to 27.2% in 2012 and the Gini coefficient rose from 32.7% in 2008 to 35.7% in 2012. The inflation rate dropped to zero or negative values. Along with the unemployment problem, the crisis has led to increased poverty and inequality. The economic recession has generated a context of social, political and economic instability that affects all the social and economic sectors, including the social economy. Currently, the main problems in Spain are high unemployment rates and social exclusion and poverty, which are complex and intrinsically related problems (Fundación Encuentro 2015).

The Impact of the Economic Crisis on the Social Economy

To examine the weight of the Spanish SE and its evolution during the economic recession, three clusters are

considered: (1) cooperatives and labour companies, (2) WISE, that is, sheltered employment centres (CEEs) and work integration enterprises (IEs) and (3) the social action third sector organization (STSO).³ Based on data from several secondary sources (Monzon 2008; Monzon et al. 2013, 2014; FAEDEI 2012, p. 1013), Table 1 presents an overview of the figures of these three clusters for the years 2008 and 2012.

In 2012, the SE covered over 65,000 organizations and employed more than 1.1 million staff, that is to say, 6.46% of Spain’s total occupied labour force. SE employment fell by 4.5% during the economic downturn, a lower rate than that of the general economy, whereby the occupied workforce fell by 16% between Q3 2008 and Q4 2012. Interestingly, in the same period, STSO and IE display a growth trend, whereas cooperatives, labour companies and CEE display a slowing trend. The results are similar in terms of sales: cooperatives and labour companies saw their sales reduced by 8.14% during this period, whereas IE and CEE saw an increase of 30.47%. STSO budget diminished between 2008 and 2013 in 10.31%. Among the reasons that explain this is a higher exposure of labour companies to the crisis of the building sector and to the industrial crisis, while STSO and IE ‘benefited’ from the increase in social needs and solidarity emerged with the social crisis (Monzon 2013; Pape et al. 2016; Chaves and Zimmer 2017). In general, SE accomplished its expected macroeconomic function in this period.

The Austerity Policies in Spain

To tackle the crisis during its first stage (2009–2010), the period of global economic and financial crisis according to the G20 and the EU institutions, European governments deployed both financial policies to rescue national banks and Keynesian policies to revive the economy. In Spain, the name of this programme was *Plan E (Economic and Employment Stimulus Plan)*. The result was a modest growth in GDP accompanied by a great increase in public deficit and hence in government debt. During the second stage of the crisis (end of 2011–2012), Keynesian policies were replaced by austerity measures to stabilize public deficit and debt and by restrictive monetary policies to stabilize the currency.

The austerity policies applied caused drastic cutbacks in public funds. For instance, the national budget for ‘Support for active labour policies’ increased by 30.5% from 2008 to 2010 but was cut by 40.7% from 2010 to 2012. The total

³ Social action third sector organization (STSO) refers to non-profit and voluntary organizations that operate in the field of social services. Law 43/2015 on STSO has been passed recently in Spain to regulate them.

Table 1 Main figures for the social economy during the economic recession in Spain

	2008			2012			% Δ (2008/12) Employees (%)
	No. of organizations	Employees	Sales/ Budget ^a (€)	No. of organizations	Employees	Sales/Budget ^a (€ million)	
Cooperatives	24,738	456,870	66,286	22,045	360,979	63,204	– 21.0
Workers cooperatives	18,019	221,844	14,794	15,790	188,673	13,367	– 15.0
Other cooperatives	6719	235,026	51,492	6255	172,306	49,837	– 26.7
Labour companies (LC)	17,637	133,756	12,096	12,276	67,356	8799	– 49.6
Total (Coops and LC) (A)	42,375	590,626	78,382	34,321	428,335	72,002	– 27.5
Work integration enterprises (IEs)	136	2302	49	181	5141	64	123.3
Sheltered employment centres (CEEs)	1775	52,631	1067	1020	43,760	1393	– 16.9
Total (IE and CEE) (B)	1911	54,933	1116	1201	48,901	1457	– 11.0
Total (social action third sector) (C)	28,790	529,029	15,519	29,737 ^b	644,979 ^b	13,919 ^b	21.9
Total Social Economy (A+B+C)	73,076	1174,588	95,015	65,259	1122,215	87,377	– 4.5

Based on Monzon (2008), Monzon et al. (2013, 2014), FAEDEI (2012, 2013) and Ruiz (2015)

^aBudget only for social action third sector

^b2013 figures

Spanish national government budget only increased by 1.4% from 2010 to 2012 (IGAE—Spanish Ministry of Finance, see Table 2). Bankruptcy affected more than 20% of small and medium enterprises and more than 38% of construction companies in the 2008–2012 period (DIRCE—National Business Database of the Spanish National Statistics Institute). Another major feature of the Spanish crisis is the collapse of the saving banks, which made up half of the Spanish financial sector before the crisis and were traditionally the main private source of finance for associations and foundations.

Policies Fostering the SE Applied Before the Crisis

The general Spanish institutional framework is suitable for the development of SE organizations: Articles 22 and 34 of the Spanish Constitution of 1978 recognize the right of association and to set up foundations, while according to Article 129.2 governments are bound to foster cooperatives. Furthermore, specific legislation for each type of organization regulates and boosts them. It should also be highlighted that, since the 1980s, government bodies have emerged with the objective of fostering cooperatives and labour companies.

The following overview of policies fostering the SE introduced before the economic crisis refers only to national policies that are common to all the Spanish regions (Autonomous Communities). Policies are grouped by ‘families of SE entities’ and by typology (soft—

institutional/legal measures—and hard—supply-side measures/public funds and on demand-side measures).

Policies for Cooperatives and Labour Companies

The core of government policies to promote cooperatives and labour companies was laid out in the 1980s by the national government. At that time, these mechanisms were political innovations, but their main design has barely been altered since then, revealing a high degree of institutional inertia.

Three promotion mechanisms were deployed (Chaves et al. 2011): the first mechanism, an institutional soft policy, is a specific taxation for cooperatives. It imposes them a lower tax burden than that of private for-profit businesses (Law 20/1990, on Cooperative Tax Regime). The second one, a hard policy, is the capitalization of unemployment benefits for unemployed workers joining or setting up worker cooperatives and labour companies. This allows them to receive their contributory unemployment benefits as a lump sum for this purpose. The third one, a hard policy, is the SE promotion budget programme. The Ministry of Labour Order TAS/3501/2005 establishes the rules for granting subsidies to promote job creation and improve the competitiveness of cooperatives and labour companies. Such lines include subsidies for new cooperative or labour company members, investments in fixed assets, technical assistance, training, promotional and diffusion activities and, finally, for the expenses incurred in setting up

Table 2 Evolution of several national budget items in Spain, 2008–2012, in million euros Source: Own compilation based on IGAE (the General Intervention Board of the Spanish State Administration) statistics and the Spanish Ministry of Employment and Social Security's Statistics Yearbook

	2008	2009	2010	2011	2012	% Δ (2008/ 10)	% Δ (2010/ 12)	% Δ (2008/ 12)
Support for cooperatives and labour companies	18.32	11.66	12.59	17.14	9.40	– 31.3%	– 25.3%	– 48.7%
Support for active labour policies	456.66	480.88	595.83	556.13	353.51	30.5%	– 40.7%	– 22.6%
PIT fund	133.38	189.56	205.47	206.86	203.28	54.0%	– 1.1%	52.4%
National budget for 'labour, trade and general economic matters'	13,068.00	14,081.00	15,543.00	19,667.00	50,802.00	18.9%	226.9%	288.8%
National budget for 'Economic matters'	60,353.00	61,586.00	62,942.00	60,636.00	82,901.00	4.3%	31.7%	37.4%
Total Spanish national government budget	459,294.00	493,865.00	493,106.00	490,261.00	500,071.00	7.4%	1.4%	8.9%

cooperative federations (Chaves et al. 2011). This programme is decentralized and is managed by the regional governments.

Policies for Sheltered Employment Centres and Work Integration Enterprises

The main measures for sheltered employment centres (CEEs) were introduced by a legal soft policy: the Social Integration of Persons with Disabilities Act (Law 13/1982). In addition, hard policies were implemented: grants for support units and labour enclaves appeared in 2004 (Royal Decree 290/2004) and 2006 (Royal Decree 469/2006). Main promotional measures include grants for projects that create jobs, grants for retaining jobs in CEEs, grants for units that support professional activity (finance the salary and social security costs), and grants for collaborating companies that enter into permanent contracts with workers with disabilities from a 'labour enclave'.

For work integration enterprises (IEs), the main support measures are instruments that support the creation, launch and maintenance of IEs (Law 44/2007), such as grants for establishing, starting and undertaking their activity, rebates on social security payments, aid to help maintain jobs for socio-occupational integration purposes and for fixed investments and, finally, to help in creating and supporting IE networks.

Policies for the Social Action Third Sector

Economic mechanisms such as subsidies, agreements or contracts are used by governments in social action third sector organization (STSO)—for government partnerships or to foster STSOs. An outstanding programme for STSOs in Spain is the '0.7% of Personal Income Tax Fund' (PIT

fund). This fund gives subsidies for programmes of general interest carried out by STSOs for around €200 million a year (Chaves et al. 2016).

As institutional soft policy, regarding favourable tax treatment and tax incentives for sponsorship, STSOs in Spain enjoy a specific tax regime, established in the Tax System for Non-profit Organizations and Tax Incentives for Sponsorship Act (Law 49/2002 of 23 December), which imposes a lower tax burden on STSOs than on other private companies. This tax system law also includes tax incentives for sponsorship in the form of deductions from personal income tax (PIT) and corporate income tax (CIT) for donations and business collaboration with STSOs.

The Evolution of Existing Policies Fostering the SE During the Crisis and the Impact of Austerity Policies

Concerning hard policies, analysing the budgetary evolution of the main policies allows us to determine the extent to which the growing interest of governments in the SE has materialized in terms of the financial resources allocated to SE policies.

Regarding active employment policy measures to encourage cooperatives and labour companies, Table 2 shows that the portion of the budget allocated to these organizations is lower than that for other employment policies and suffered a progressive reduction.

Several lines of subsidies exist to promote cooperatives and labour companies, including one for incorporating new members, but they have suffered a great budget reduction (down by 48.7% between 2008 and 2012).

Grants to sheltered employment centres (CEEs) fell by 27.03% between 2010 and 2012 from €354.4 to €259.3 million. It is worth noting that the grants budget for job

creation projects suffered the greatest reduction, down by 81.28% (Spanish Ministry of Employment and Social Security's Statistics Yearbook).

For work integration enterprises (IEs), the total amount of money allocated increased from €13.9 million to €16.44 million during the analysed period (2009–2012). In relative terms, however, the trend slowed down, as grants per company fell from €102,262.63 to €90,857.31 (based on FAEDEI 2013).

Turning to the social action third sector, the PIT fund (a national fund based on the 0.7% of personal income tax fund) increased from €133.38 to €203.28 million between 2008 and 2012. However, most of the increase in 2009 was due to a change in the PIT Law. In addition, in the latest call for applications for subsidies to undertake programmes of general interest, the PIT funding allocated to this sector benefited only 486 STSOs, 1.67% of STSOs (486 out of a total of 29,000 according to the 2010 Tax Administration Report). Despite this being the most important national policy directly subsidizing STSOs, it only accounts for 1.41% of the STSO sector's total expenses (€14,500 million).

Social third sector organizations funding in Spain decreased by 17.2% in the period 2010–2013: from €17,467.5 to €14,470.6 million. The higher cut was in public subsidies and grants, which were reduced by 30.1%, and in public market sales (– 1.5%). Both represent 55.3% of the STSO total funding in 2013 (Ruiz 2015).

New Policies Towards the Social Economy During the Crisis

Two stages of general government policy implementation can be identified during the recession in Spain. During the first stage, from 2008 to the end of 2011, under the socialist government, the main policies were directed towards rescuing the banks and reactivating the economy through Keynesian measures and structural reform. The two main general policy measures approved were the Plan E of 2010, in line with other European countries, and the Sustainable Economy Act of 2011. The absence of explicit references in these policies to whatever SE entities, with few exceptions, is noticeable.

In the same period, two new measures in favour of the SE were approved: the Social Economy Act (Law 5/2011 of March 23), an institutional/legal soft policy, and Legislative Royal Decree 3/2011 amending the public sector procurement act, a demand-side hard policy.

The social economy Act 5/2011 was the first law on SE approved in Europe. It defined the concept of the SE and provided a broad institutional ecosystem for its promotion. This law established that national and regional governments must adopt policies to foster the SE through four

groups of policies that cover the wide range of soft and hard policies considered: (1) institutional measures to remove any legal barriers to the development of these organizations; (2) institutional measures acknowledging the SE as a social partner in the public policymaking process, establishing a specialized government body responsible for the SE promotion and setting up the Social Economy Promotion Council, and other institutional measures to include the SE explicitly in different policy fields (such as labour policies and local and rural development policies); (3) cognitive-type measures to increase awareness, training, research and innovation in this field; and (4) a compulsory statement for the national government to adopt, within 6 months, a proactive plan to enhance the SE.

By the end of 2015, none of the provisions of social economy Act 5/2011 had been implemented (Chaves and Savall 2013; Pérez de Uralde 2017). This law was considered a domestic 'soft law', that is, one without legally binding force or repercussions for governments (Pérez de Uralde 2017). 'In fact, despite the political discourses, there is a lack of political will to actually develop the social economy Law' (Representative of SE platform 1, June 2014); 'The government had other priorities during the crisis and the development of the social economy Law wasn't one of them' (Spanish Expert 2, March 2014).

In 2015, immediately after the worst phase of the crisis, a new law (31/2015), a legal soft policy, was passed to update the measures fostering the SE. This law finally recognizes social clauses for IE and increases grants for some unemployed people hired by cooperatives and labour companies.

Legislative Royal Decree 3/2011 established social clauses in public procurement to favour CEEs, IEs and STSOs. However, this regulation had a limited impact (Gizatea 2013). In fact, due to its lack of application, on the 29th of November of 2013, the Catalan parties' parliamentary group proposed a new bill to include social clauses in recruitment processes that was rejected by the governing majority party.

In 2009 and 2013, despite the urgent need to adopt active employment policies to maintain jobs and protect the unemployed, few measures were adopted to boost work contracts in IEs. Law 27/2009 aimed to encourage hiring unemployed workers at risk of social exclusion. Royal Decree 4/2013 established measures to support entrepreneurs and stimulate job growth and creation.

In addition, the mode of government intervention and the government–SE organizations relationship shifted in a reactive way, thus creating an institutional barrier to the development of the SE. Firstly, the government bodies responsible for promoting the SE were paralyzed, particularly the Social Economy Promotion Council, which did not meet once during the crisis. Secondly, besides the

quantitative austerity policy, a qualitative austerity policy was applied (Chaves and Zimmer 2017). Qualitative austerity policy means more than an increase in bureaucracy. It comprises difficulties in the government–SE organizations relationship such as long payment delays, unrealistic procedures and other requirements that complicated or even precluded SE organizations from applying for funds, from justifying the projects and even from collaborating with the government. Practitioners highlight it as follows: ‘The delays in government calls and in payments, the unrealistic procedures in comparison with the day to day of most of small SE entities turn non-viable for them to work with governments. These are in fact qualitative barriers, worse than the cuts in funding’ (Representative of SE platform 3, May 2014).

Thirdly, prominent SE platforms had to be vigilant of new legislative reforms because some might create legal obstacles to social entities. This was the case with Law 15/2014 on the rationalization of the public sector and other administrative reform measures, which modified Law 38/2003 on subsidies and threatened the financial viability of small- and medium-sized STSOs.

During the second stage of the economic downturn (from the end of 2011–2013), the prevailing policy was the budget adjustment, which meant a significant reduction in public funds for the SE. To sum up, the new measures introduced during the 2008–2012 period ignored the SE were ineffective or created new obstacles to its development.

Political Discourses Concerning the Social Economy During the Crisis in Spain

In Spain, the SE has been largely used in policy narratives since the constitution was approved in 1978.⁴ The generalized discourse recognizes the social and economic added value of this social and economic sector and defends its promotion. Governments over the last 30 years, both right and left wing, at both national and regional levels, have introduced plans and measures to foster the SE (Chaves et al. 2011).

This discourse was enhanced during the crisis. The political parties’ programmes during the regional and national elections in this period included explicit references to boosting cooperatives, the social third sector and the SE (Savall 2015). It should be stressed that the Social Economy Act (Law 5/2011) was passed with the agreement of all the political parties, including the conservatives and socialists. Political party leaders systematically upheld the

worth of the SE and the need for new measures to foster this social sector in their speeches, press releases, official reports and political programmes for elections.

This study has identified a dissonance between what policymakers say in their discourses and the government policies actually implemented. This mismatch points out an apparent paradox in the field of policies aimed to support the SE given people’s expectations regarding SE policies deployment.

Discussion

A key factor that can explain the discrepancy between rhetoric and policy outcomes in Spain is EU-level policies, which condition members’ policies. Since the beginning of the crisis in 2008, EU institutions have rediscovered the SE and the emergent concept of social enterprises. The SBI—Social Business Initiative—of the EU Commission is one of the new and major pillars of the new EU economic policy in this field (Monzon and Chaves 2017). This rediscovery of SE implies an internal incoherence between the EU institutions and the country members. On the one hand, the promotion of the SE could be considered as the ‘social face’ of the new EU economic policy: a social policy that compensates for the lack of ‘top-down’ public funding due to the implementation of harsh austerity policies in several Mediterranean countries. On the other hand, the promotion of the SE is also coherent with the new EU cohesion policy for structural funds, built on a ‘place-based’ approach (Barca 2009; Avdikos and Chardas 2016) that prioritizes growth, flexible markets and competition against the traditional redistribution approach of the EU cohesion policy. Indeed, the promotion of social economy/social enterprises makes economies more efficient in terms of freedom, lack of restrictions and flexibility of the markets. Of course, this approach neglects the other potential benefits of the SE.

Internal incoherence emerges when this new EU policy approach is confronted with the need for funding that a SE-enhancing public policy requires. In the context of austerity policies and, therefore, of a scarcity of resources, projects and policies promoting SE will have a very limited impact. In fact, the EU central position is against the increase in EU funds to promote SE in Europe. An expert points out its vision of the EU-level policy concerning SE: ‘Most of the SE and STSO entities have difficulties in accessing to EU funds for their projects. These funds are scarce, falling during the crisis and for big entities. We are also expecting favourable regulation on VAT and on public procurement’ (STSO expert interview, 2, May 2014).

Several recent official declarations of European countries, such as the ones in Luxembourg (December 2015) or Madrid (May 2017), demand activating a European action

⁴ As other Mediterranean European countries, Spanish Constitution includes explicit references about fostering cooperatives and social economy.

plan to foster SE. However, only the Mediterranean and eastern EU countries support those claims, which reveal the tension between the two groups of EU countries as regards the redistribution/place-based approaches. At the end of 2018, this European plan is still to be implemented.

Conclusions

This study reveals the mismatches between political discourses and government policies implemented in the SE field. The case studied is Spain, where the economic recession (2008–2012) had a deep economic, social and political impact. Social problems such as unemployment, poverty and inequality were highly intensified. On the other hand, SE has a potential for economic recovery because it fosters job creation, the rescuing of enterprises and poverty and inequality reduction (e.g. by providing products and services related to economic and social needs). In fact, during the economic downturn, Spanish SE employment fell by 4.5%, less than the economy, which fell by 16%, thus revealing its macroeconomic function.

The political discourse that defends the promotion of the SE through government policies has grown since the beginning of the crisis in Spain. This political discourse can be identified in public speeches of policymakers and in the Social Economy Act passed in 2011 with the agreement of all the political parties.

Regarding the facts of the public policies promoting the SE sector, the main measures in force during the economic crisis were set up in the 1980s and have been barely altered since. As to the evolution of funds allocated to promotion measures, the budget was reduced for all the policies that targeted the SE. Additionally, the new measures implemented in the 2008–2012 period to boost this social and economic sector were few and ineffective. Furthermore, new institutional barriers emerged, such as the qualitative austerity policy and threats of legal barriers.

This situation reflects that political discourse was at odds with the policies implemented to support the SE. In fact, despite the political discourse about promoting the SE, the main operating policies are those set up in the 1980s and the funds were hastily reduced in the same period. At the time, austerity policies became especially important in the political agenda, thus constraining the implementation of new promotion policies. The mainstream policy applied was austerity, welfare reforms with restrictive budgetary policies, and a profound labour reform. In this broader context, the SE was not an exception. A key factor that could explain this discrepancy between rhetoric and policy outcomes in Spain is the conditioning of the EU-level policy. Between 2008 and 2013, EU institutions rediscovered the SE, considering it useful for the EU cohesion

policy shift from the traditional redistribution approach to a growth and competition approach. However, the major limitation is that boosting SE needs government funds, which were not provided in the context of mainstream austerity policies.

Further research should investigate whether the gap between political discourses of policymakers at EU and national levels and the policies remains even after the austerity and economic crisis period, especially since 2015. At the same time, new policies fostering SE have recently emerged in some regions and big cities. Future studies should analyse the new political discourses, their potential links with the former discourses and the dominant EU policy as well as the features of the new tools used at regional level.

Compliance with Ethical Standards

Conflict of interest The authors declare that they have no conflict of interest.

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