Introduction

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In the last decade of the twentieth century, it seemed as if Europe was about to rediscover itself through the eyes of an American legacy. What Tocqueville had detected in the formative process of the United States – the role of freely founded associations formed by active citizens – became an important point of reference in Europe for a broad debate on the history and role of a ‘third sector’, and the notion of a ‘non-profit sector’, a label that had been coined in the United States, became a buzzword for both research and public debate. Furthermore, in an increasingly internationalized academic sector, US-led comparative empirical research gave the concept of the non-profit sector a much higher profile.

Obviously, Europe has its own legacy of research on third sector issues, but such research has commonly been linked to national discourses and therefore, in contrast to the more recent US-led research, has had little significance at the European level. The diversity of labels and approaches mirrors the broad and different traditions of non-profit organizations in Europe – mutuals, cooperatives, associations, charities and voluntary organizations.

Bearing in mind this plurality of movements, organizations and notions, and the new European interest in what has for some years been widely referred to by the neutral term ‘third sector’, the influences from the United States have been of mixed utility. First, the theoretical concepts underlining US contributions to the debate mirror a history that does not correspond to contemporary European reality. In many regions in Europe, organizations with a not-for-profit orientation working within a social economy tradition have always made profits or a surplus. Furthermore, many US-led studies and debates were dominated by an economic approach that explained the so-called ‘non-profit’ organizations as a result of market and state failures. According to this understanding, consumers realize an institutional choice in their preference, under certain conditions, for the third sector over private business or public service. This theoretical current exemplifies an extension of neoclassic reasoning by which rational choice and methodological individualism are central and where clear frontiers are established between the three sectors, private business, public service and non-profit.

In contrast, the growing European academic interest in the third sector took, for the most part, a sociological and political science perspective. And there

were reasons that had to do with developments in Europe itself for the fact that specialized studies about the third sector struck a chord and found an increasingly international public. The main points of reference for studying the third sector have been increasing concern with the structure and quality of public services that took shape in the first decades after the Second World War, and with the pioneering of new forms of services by new groups and movements; subsequently these concerns have overlapped with problems of social exclusion and the crisis of the traditional welfare state. These developments have led to questions being raised in regard to the third sector in terms of clients as 'co-producers', 'social inclusion', 'subsidiarity' and 'partnerships' which aim at the use of non-state resources and at curbing the costs of public spending. Public concern has grown more recently in view of the perception that 'old-style' social democracy has reached its limits, and with an appreciation of inequalities that have been accentuated by neoliberal globalization. Debates about a 'third way' and 'another globalization' have opened up a space for general questions about the changing relationship between the public, the market and the third sector, as well as between the state and its citizens.

In the course of these debates about the future of welfare and the contributions to be made to it by a third sector, the academic debate has also become more conscious of special national and regional legacies, the role of different welfare regimes and the different roles the third sector has to play as a part of these developments. Summing up, one can say that both in the face of and stimulated by US-led initiatives to 'measure' the European third sector according to their criteria, a debate has opened up that analyses the history and potential future of the third sector within a specifically European context.

This book is not the first to present findings about the third sector in Europe; but it is the first to present such findings within a common framework that seeks to integrate conceptually two debates that have been previously separated: the debate about a special 'social economy' of cooperatives and mutuals, and the debate about the social and political phenomena of voluntary and not-for-profit organizations. The book also brings together contributions from some of the most internationally recognized authors in the field.

In parts I and IV, theoretical concepts are debated and developed, constituting what could be seen as a specifically European contribution to an increasingly international debate.

In part II contributors recapitulate the specific history of the tight relationship between the development of national societies, public welfare and the third sector.

Part III, the third sector is debated with respect to the crucial role of the state and of public policies, including concepts and measures that have taken shape at the level of the European Union.

Within this structure there is considerable diversity in approaches. It may,

for example, take some time for the reader to come to grips with the fact that there is no clear and fully shared convention as to whether to use the word ‘non-profit’ or ‘not-for-profit’; furthermore it has to be appreciated that sub-sectors as diverse as the voluntary sector, mutuals and cooperatives all fall under the rubric of the third sector, as do many organizations that are at the margins of the discourse in this book: advocacy organizations without any service-providing role. Finally, not even recurrent key words such as ‘hybrids’ or ‘social enterprises’ always mean the same. For some authors, only some third sector organizations are hybrids; for others hybridism defines what third sector organizations essentially are. For some authors, social enterprises are the inheritances of the cooperative movement; others use the label for service providers across the third sector; the widest definition that is offered (in the last chapter of the book) uses this label for all service-providing organizations outside the core area of the business sector that manage to stabilize a multi-goal and multi-resource system which entails a strong component of social capital due to strong roots in civil society.

What an introduction can and must do in the face of such diversity is to highlight the points of convergence that constitute the central theme of this book. This may be formulated as follows: there is a special European legacy of developments and approaches that should fertilize an international debate and challenge other approaches, and this legacy should not get lost or be denied. Such communalities within the contributions to this book can be loosely categorized with respect to historical developments, theoretical concept building and the political challenges ahead.

NATIONAL SPECIFICITIES AND CHALLENGES: A HISTORICAL PERSPECTIVE

Chapters 2 to 7 consider the historical backgrounds for the development of the third sector. These encompass a Nordic country (Sweden), three Central European countries (France, Germany and the Netherlands), the United Kingdom and Italy, as a Southern European country. Besides the empirical information that is provided by these contributions, and without denying the differences in theoretical background and style of argumentation, they highlight three specific points that are featured in more analytical terms below and also in the later theoretical chapters.

First, throughout Europe, the formation of a third sector has benefited from special *contributions by organizations other than charities, voluntary organizations and foundations* that are also a part of the legacy of US society; these organizations are mutuals, cooperatives and other associations constituting a ‘social economy’. The country studies in this book are the first ones to bring together historical evidence from these two parts of the European third sector,

the social economy and the voluntary sector, that, until now, have always been discussed separately. Marilyn Taylor, for example, with regard to England, shows that only such careful wording as ‘the broad and narrow voluntary sector’ can help to keep these two strands under one heading. Victor Pestoff, in his discussion of Sweden, is perhaps most explicit about the consequences of measuring the third sector of one country alongside criteria taken from a different context (that of the USA). Carlo Borzaga on the historical development in Italy, Philippe Chanial and Jean-Louis Laville on the historical development in France and Ingo Bode and Adalbert Evers on Germany all demonstrate that the European third sector cannot be equated either with the narrow concept of the voluntary sector or with the US notion of a non-profit sector.

Second, the contributors highlight the specific historical and political embeddedness of the European third sector and its evolution. Besides the impact of markets and public policies and faith-based organizations or charities established by the ‘better off’ classes, the role of social movements, such as labour movements and popular movements as found in the history of Scandinavian countries, has to be underlined. These latter components in particular have shaped concepts, paths and organizations in ways which differ from the US legacy. At the same time, the emergence of new social movements and forms of association building reported in the contributions from all these countries point to many aspects that are shared across the Atlantic: to civil society as a point of reference, to new understandings of voluntary commitment and solidarity, but also (see Chapter 5, by Ingo Bode and Adalbert Evers) to a new entrepreneurial spirit. This raises questions of rupture and continuity between the past and future of third sectors in Europe, a point that is well reflected in Jacques Delors’ chapter about his motives for putting the third sector on the agenda of the European Union, more than a decade ago.

Third, all of the contributions underline the special *importance and role of the European welfare states* for the third sector, and vice versa. This relationship has brought competition, rejection and incorporation, but besides that there has been a long history of mutual stimulation. The third sector has been built into models of welfare, and the more central role of the welfare state in the present ‘welfare mixes’ (as compared to the USA) can by no means simply be equated with a lesser importance of the third sector. These historical observations convey a warning for theories of social policy and of welfare regimes: the ‘conspicuous absence’ (Jane Lewis) of the third sector is one of their weakest points.

THEORETICAL ASPECTS

There are at least two particular theoretical innovations stemming from the European debate that are featured throughout in this book. First of all, the

European debate on the third sector, especially by including cooperatives and mutuals, has brought onto the agenda the issue of *the economic dimension of the third sector*. This is something totally different from measuring the economic impact of third sector services, or from explaining this sector – like all the others – using tools and concepts that stem from market theories. Acknowledging that moral and political dimensions are to be found in associations which provide goods and services and that these constitute specific social and solidarity-based economies opens the way to a huge theoretical challenge: to reconstruct the specificities of a third sector economy as part of a plural set of economies. Chapter 2 by Carlo Borzaga and Chapter 4 by Jean-Louis Laville and Philippe Chanial are especially instructive with respect to this pluralist vision, which has a strong overlap with concepts that have been developed in the European debate, such as ‘welfare pluralism’, the ‘welfare mix’ or ‘the mixed economy of welfare’.

A second distinguishing feature of much of the European research is the emphasis placed on the fundamentally open, pluralistic and *intermediary nature of the third sector*, instead of seeing it as a kind of ‘independent’ sector, a special ‘box’ where organizations take either a residual or an alternative role with respect to state and market. Thinking in terms of ‘intermediarity’ means more than just acknowledging that the lines between the sectors are blurred. Paul Dekker mentions in his contribution that thinking in terms of sectors is alien to the whole history of the public debate in his country and he gives good reasons for the alternative concept of a ‘social midfield’ and its intermediary functions. Some authors (for example Adalbert Evers and Jean-Louis Laville in Chapter 12) take the intermediate character as an explanatory element. According to them, associations are not different by nature but have to be seen as kind of ‘hybrid’ (a recurrent topic in the contributions), held in a tension field, where it can never be guaranteed that state links and market elements can be outweighed by the associations’ roots in civil society.

These two points provoke a theoretical question that, perhaps not by accident, has been sharply delineated in the first instance by an American scholar (Ralph Kramer) with extensive research experience on the third sector on both sides of the Atlantic; this question is: does sector matter?

The question is taken up here by the US contribution of Ralph Kramer, and by such others as Paul Dekker, Marilyn Taylor, Adalbert Evers and Jean-Louis Laville. In their respective contributions, they all raise the issue of *the degree to which sector might matter* when it comes to analysing the reasons why some organizations develop distinct and different styles of action and services. The answer that emerges is that organizations develop according to the varying impact of building principles such as democratic participation, cooperation with users, the degree of embeddedness in local spaces of civil society – or vice versa, to the degree that, for example, pure commercial and managerial

principles override principles of social and professional action that had shaped social services in the public and third sector. From such a viewpoint, it becomes clear that the rationales and values that nourish civil society and the principles related to it cannot be restricted to one sector. There is no 'civil society sector', nor are the links of the third sector with values such as activating volunteers or user involvement exclusive. Municipal and state public services can demonstrate similar characteristics if they develop within a more civic society, and contrariwise, both sectors may, in part, be colonized by bureaucratic or commercial principles.

POLITICAL CHALLENGES

Considering the role of the third sector in future politics, issues of governance and concepts for recasting models of welfare in Europe there are once again three points of convergence. The first point concerns the general vision. Concepts for the future should entail *a basic 'compact' concerning the status and the contributions of third sector organizations*. Between professional politics and state administrations on the one hand and third sector organizations and their representatives on the other, visions of partnership are needed that reject instrumental attitudes towards one another. Neither the public authorities nor the contributions of third sector organizations should be reduced to a mere financial or economic dimension. A partnership has to acknowledge the moral and political value of third sector organizations, as well as the fact that those providing goods and services on such premises are not (just) economic actors like the more usual for-profit organizations. The need for such future partnerships is very well argued in Chapter 8 by Jane Lewis, while various other contributions underline the second aspect: the importance of policies that accept the intertwining of political, moral and economic concerns, the basis for the different, 'social' kind of third sector economy.

The second point prioritized in this book is the challenge of *developing a clear picture of the impact of and overall balance between values, goals and criteria that lead to support or rejection of third sector organizations*, or to building a preference for specific corporate designs such as 'social enterprises'. These are basic, sometimes contradictory, values such as equality and diversity, or the need to activate citizens and social capital resources or to provide a quick fix by well-managed services. Furthermore, there are special criteria concerning service quality, the role of the users or accountability. Third sector organizations will not manage to respond to all these forces to the same degree and, while they can develop different profiles, some of these criteria will tend to work against them. Paul Dekker explicitly discusses this.

This leads to a final point that is raised throughout the book: that *in many instances third sector organizations need rules and legal frameworks, appropriate forms of governance and networks of interaction that acknowledge and respect their special added value*. Carlo Borzaga, for example, in Chapter 2, makes it very clear to what degree the success story of Italian cooperatives has been due to the establishment of supportive legislation. And in Chapter 12 Adalbert Evers and Jean-Louis Laville present an argument for policies and legal frameworks that give more room for social enterprises both in the ‘public’ and in the ‘third’ sector. With an eye to some of the policies related to the third sector that have been carried out by the European Union, Peter Lloyd, in Chapter 9, shows how difficult it is to build stable programmes and perspectives which activate and encourage the special abilities of third sector organizations rather than reducing them to an instrument fit for just one purpose. Ralph Kramer finally, points to the fact that in various policy fields there are approaches where private business, various state authorities and third sector organizations develop interactive, mixed and intermeshed policy networks and where service systems are at work. Consequently, what counts is not the size of a sector or a single type of organization, but the ability to cultivate, by a networked governance of welfare, this kind of precarious ‘ecology’.

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