

Greek Social Economy Revisited

Voluntary, Civic
and Cooperative Challenges
in the 21st Century

Ioannis Nasioulas



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Frankfurt am Main · Berlin · Bern · Bruxelles · New York · Oxford · Wien

**Bibliographic Information published by the Deutsche
Nationalbibliothek**

The Deutsche Nationalbibliothek lists this publication in the
Deutsche Nationalbibliografie; detailed bibliographic data is
available in the internet at <http://dnb.d-nb.de>.

Cover Design:

© Olaf Gloeckler, Atelier Platen, Friedberg

ISBN 978-3-631-62355-8

ISBN 978-3-653-02824-9 (E-Book)

DOI 10.3726/978-3-653-02824-9

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Internationaler Verlag der Wissenschaften

Frankfurt am Main 2012

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Table of Contents

Introduction	9
PART A. EUROPEAN DEFINITION AND THE GREEK SPECIFICITY	13
The concept of Social Economy	15
The emergence of Social Economy	18
Voluntary, civic and cooperative dimensions.....	21
Contemporary Social Economy and entrepreneurship	37
Establishing the Social Economy in Greece.....	40
The identification issue	49
PART B. ENTERPRISES	61
Recollecting a promising cooperative past	63
Canceled cooperative visions.....	66
Law 4015/2011 on Rural Cooperatives and reform dynamics	71
Civil Cooperatives	77
Housing Cooperatives.....	80
European Cooperatives	81
Credit Cooperatives and Cooperative Banks	82
Limited Liability Social Cooperatives	85
Mutual Insurance Cooperatives	88
Sea Mutual Insurance Cooperatives	90
PART C. NON-PROFITS	91
Civic values and institutional order	93

Contemporary voluntary and civic challenges	108
An inglorious NGOs' spring.....	111
Ideal associations	114
Athletic associations	117
Students' associations	120
Farmers' associations.....	121
Workers' unions – Workers councils – Labour unions	122
Trans-Vocational Organizations	123
Hunting clubs	124
Charity clubs	125
Mutual-Help Associations and Mutual-Help Funds	126
Occupational Insurance Funds.....	127
Civil non-profit companies	129
Foundations	130
PART D. EXPANDING THE HORIZON OF RECOGNITION	135
Social Economy in the Systems of Accounts	137
Social Economy Business Groups	141
The paradigm and the Church.....	143
CONCLUSIONS.....	147
Bibliography	151

Acknowledgements

I would like to express my gratitude to Prof. Konstantinos Zoras, Sociology Department, University of the Aegean, Greece, for his contribution in co-editing the sub-chapter “Institutional order and the quest for legitimacy”. I would also like to extend my acknowledgements to Ms. Ute Winkelkötter at Peter Lang for her kind contribution and support in presenting an integrated camera-ready version of this work.

Tables

Table 1: Social Economy General Registry [47]

Table 2: Social Economy entities in Greece [51]

Table 3: Sources of statistical data and registers for the Greek Social Economy [55]

Table 4: The agricultural sector in Greece as of 2009 [69]

Table 5: Reforming “PASEGES” [73]

Table 6: The 2011 rural-cooperatives’ reform [76]

Table 7: Cooperative Banks (Foundations, Cooperatives, SAs) in Greece [83]

Table 8: Limited Liability Social Cooperatives in Greece [87]

Table 9: Mutual Insurance Cooperatives in Greece [89]

Table 10: Tax rates and exemptions of foundations in Greece [132]

Table 11: ESA 95 Institutional Sectors and Sub-Sectors [139]

Table 12: Social Economy entities in the ESA 95 [140]

Table 13: Voluntary sector and the Church – converging or conflicting paradigms? [145]

Figures

Figure 1: The civil society diamond [110]

Abbreviations

AIM: International Association of Mutuality
AMICE: Association of Mutual Insurers and Insurance Cooperatives in Europe
ASEP: Higher Council for the Selection of (public sector) Personnel
CEDAG: European Council of Associations of General Interest
CEFEC: Social Firms Europe
CIRIEC: International Centre of Research and Information on the Public, Social
and Cooperative Economy
EC: European Commission
ECB: European Central Bank
EFC: European Foundation Centre
EFEE: National (University) Students' Union
EP: European Parliament
EPEIA: Private Insurance Auditing Committee
ESA 95: European System of Accounts, 1995 version
ESEE: National (Technological) Students' Union
EU: European Union
GCC: Greek Civil Code
GSEE: Greek General Confederation of Workers
ICA: International Cooperative Alliance
ICMIF: International Cooperative and Mutual Insurance Federation
IMF: International Monetary Fund
KKE: Greek Communist Party
LD: Legislative Decree
LLSC: Limited Liability Social Cooperative
ND: New Democracy (Political party)
PASEGES: Greek Agricultural Cooperatives Confederation
PASOK: All-Greek Socialist Movement (Political party)
PD: Presidential Decree
RCU: Rural Cooperative Union
SA: corporation
SCE: European Cooperative Enterprise
SCE: Social Cooperative Enterprise
SEE: Social Economy Europe
SNA 93: System of National Accounts, 1993 version
USA: United States of America

Introduction

This work is an attempt to present the current state and evolving dynamics of the Greek Social Economy. Three major factors call for a revision of our existing viewings regarding the conceptual meaning, inner constitution and practical value of the Social Economy in Greece: the ongoing dramatic economic crisis, the introduction of a law on Social Economy and the rural cooperatives' reform of 2011.

It was in the year 2011 that Greece for the first time adopted a law specific to Social Economy and social entrepreneurship. It was interesting to investigate on the extent Greek legislation is compatible with the European conceptual tradition and mainstream research approaches. The European definition of Social Economy constitutes an ever-evolving and intrinsically open process of identifying all those economically significant activities undertaken by organizations which are voluntarily established, independent from the state, primarily focused on people's needs and utilizing profit-making only to the extent that this contributes to wider collective goals. Indeed now emerge two images: the *official* Social Economy as provided by legislation and the *dominant* conceptualization as shaped by the European analytical tradition. Are they compatible? To what extent official Social Economy identifies the plurality and inner diversity of the field? How would institutionalization affect future development prospects and what effects would it bear for institutions involved such as cooperatives, associations, mutuals and foundations?

Of equally substantial value is the 2011 rural cooperatives' reform. Cooperatives are at the heart of Social Economy and rural cooperatives especially constitute the backbone of social reproduction in the Greek rural space. The 20th century arrived with a promising vision for the cooperative movement but to the turning of the century a weak, fragmented and disoriented cooperative sector is what Greece bestows to its future generations. What are the lessons taught and how do they materialize into the newly introduced reforming legislation? Along, how conscious is cooperative policy of the Social Economy essentials and what specific steps have been undertaken by legislators, public administration and social partners towards a solid articulation of the two?

2011 has been a turning point for an additional reason. Institutional breakthroughs have not taken place in a socio-economic vacuum. Ongoing fiscal consolidation efforts, dramatic attempts to avoid uncontrolled default and deep recession also take part in this general revision of the Greek specificity. Greek economy, society and polity will never be the same. A series of standard assumptions is under great duress. And this revision of the dominant -and bank-

rupt- development paradigm eventually calls for an all-new envision of priorities for voluntary activism, civic engagement and cooperative development.

The intrinsically plural constitution of Social Economy reveals an intricate and evolving mixture of conventional voluntary, civic and cooperative activities, materializing the autonomy of society from the political system and the market. Institutionalization efforts regarding Social Economy as a distinct field will take time to structurate a coherent and operational environment. Cooperative reforms would need targeted and disciplined efforts to getting over with the bankrupt development paradigm deeply rooted in the Greek specificity. Nevertheless, live-or-die economic challenges for all partners involved are urgently present and the fiscal default percussions are expected to act as a decisive factor.

It is exactly this up-to-date and dynamics-oriented investigation of the Greek Social Economy that would be unfolded herein. Social Economy as primarily describing a group of institutions and a field of activities between the public and the private, articulates the coincidence of public benefit and private profit. Its more recognizable constituents -associations, foundations, mutuals and cooperatives- all separately possess a historical trajectory of their own. But Social Economy per se has only recently attracted research and administrative interest in Greece. The horizon between the public and the private is not clearly defined in the dominant grammar and Social Economy thrives in this fluid space; its expanse is vast and ever-evolving; it possesses historical depth, valuable social capital flows, variety and dynamism.

Greek Social Economy exists in that intermediate space between public and private, linking civil society, the non-profit sector and socially oriented entrepreneurship. Despite its expanse and significance, solid academic interest towards its recognition and systematic investigation of the inner linkages between its constituent parts are still not adequate. This intermediate social space has only recently emerged as a priority for central policy agenda. Peculiarities in institutional arrangements, backdrops on research dynamics and public administration deficiencies hindered recognition. Scarcity of statistical data and documentation is still discouraging.

Throughout the past years, we engaged in a committed effort to identify and evaluate Social Economy in Greece (Nasioulas, 2010, 2011). A methodological path was proposed, bearing promising results not only for the institutional identification of Social Economy but also setting the standards for its national-accounting recognition. Yet, the institutionalization challenge was still pending. Without the introduction of a solid regulatory framework specific to Social Economy, research efforts would be discouraged and considered futile. Indeed it was the introduction of a Draft on Social Economy in 2010 that gave a considerable push to the ongoing efforts of structuring the field. Already during the

public deliberation process, throughout 2010 and to the summer of 2011, it was made evident that the conceptual basis of Social Economy had still not been clarified in a sufficient extent: social partners on the one hand and legislators on the other seemed to approach the concept and practices of Social Economy in an extremely incompatible manner. Fears for an inconsistent or crippled institutionalization of Social Economy were voiced.

We would continue to insist on the conceptual clarification of Social Economy and this relates to its descent as a genuine product of European intellectual thought and civic history. This is why Part A of this book discusses the conceptual origins and the analytical foundations of Social Economy; the European definition and its deployment in our identification of the Greek Social Economy. What is really interesting was to compare the newly introduced law on Social Economy with this conceptual tradition. Through a preliminary evaluation, we are now in a position to discern between its strengths and potentially weak points.

Part B focuses on the enterprises of the Greek Social Economy. Rural cooperatives followed a disappointing fate to this day gravely undermining sustainability of the rural social locus. Civic cooperatives bear a more promising voltage, with cooperative banks and vocational cooperatives paving the way. Undertaking a cooperative form, social enterprises both in the rural and civil sector provide for general interest services in ways valuing social cohesion and community development. Introduction of Limited Liability Social Cooperatives over a decade ago has been the turning point towards a focused Social Economy capacity building. Yet, the diverse and fragmented regulatory framework and the variety of related entities is indicative of the way cooperative visions have materialized into applied policy in the Greek case.

Part C investigates on traditional non-profits active in the Greek Social Economy such as mutuals, associations and foundations. Generous EU funding for non-profits has triggered peculiar side-effects firmly related to the functions of atypical economy and clientele networks of the Greek civic space. The peculiar “NGOs’ spring” of the past decade, marked by an inflation of civil non-profit companies, and the crucial role of the Church, now entering general interest services in an isomorphic shift, reshape the image of non-profit activism in Greece. Along, policy reorientation towards new autonomous social insurance schemes is expected to act as a decisive alternative to the collapsing traditional public insurance framework.

Part D is an attempt to integrate the *sociological perspective* with national-accounting and economic methodologies. The need to expand the horizon of recognition is materialized by delving into the frontiers of Social, private and public economy. Increasing isomorphism and marketization facilitate the estab-

lishment of conventional commercials held by Social Economy entities. Both their structure and activities along with their social utility should be investigated. Expanding the paradigm of Social Economy would involve grounding dominant viewing in the local context: social research has for a long time underestimated or under-recognized the dominant role of the Church in general interest services' provision. But an eventual integration of the Social Economy paradigm would need to historize on the residual and complementary role of modern voluntary sector to the age-long traditions of the Church.

Focused effort was made to present a detailed institutional outlook related to Social Economy, its entities and functions. A register of all legal provisions was provided. Auditing authorities regulating the field were identified and registered, thus providing for a blueprint of the administrative architecture behind the scenes. Along, each entity of the Greek Social Economy was analyzed with examples and discussion of best practices. Since Social Economy combines a variety of voluntary, civic and cooperative elements, it was imperative to include extended references to the Greek political system, historical analysis of social reproduction throughout the 20th century, and economic evaluation where availability of data was facilitating.

Both laws on Social Economy and rural cooperatives create new potentialities but the overall economic environment is now more uncertain than ever before. A closer scrutiny unveils inconsistencies and lack of coherence between legislative initiatives. The public-sector deficit is a regrettably self-reproducing element of the Greek specificity. Social capital deficiencies pose serious questions as to whether society would respond positively to such innovations. Structuration of the Greek Social Economy will take time because crucial supportive mechanisms are missing. Would it be reasonable to expect giant leaps towards a modernization of the dominant development paradigm? On the other hand, would there now be any other way than decisively answering the emerging challenges?

PART A. EUROPEAN DEFINITION AND THE GREEK SPECIFICITY

The concept of Social Economy

The concept of Social Economy is a genuine product of the European cultural space, pertaining to a coherent field in which institutions, such as associations, foundations, mutual funds, cooperatives and similar entities, are active in response to community needs and promote social benefit. These Social Economy institutions present a minimum of characteristics which make for their shared identity and inner consistency of the field.

Voluntarism: Social Economy institutions are non-compulsory meaning that anyone willing to participate is free to do so and that participation is not imposed by state law or statutory regulations of any kind; though several restrictions or prior state permits may apply, this may be considered in light of upkeeping public interest.

Independence: Social Economy institutions are independent, meaning that decision-making is carried out by their administrative organs, with no external interference by the government, other public institutions or individuals. In case the later are represented in decision-making bodies, their participation would not extend as far as exerting decisive control or constituting majority. When general interest services or public goods are taken into account, Social Economy institutions may be subject to restrictions concerning state authority i.e. defense, public health, national security and territorial integrity.

Typical structure: Social Economy institutions are typically identifiable entities; organizations. Both juridical entities and collectivities are considered. Juridical entities are institutionally solid forms of organization, subject to public or private law. Public-law juridical entities are established by formal law whereas private-law juridical entities are founded by a private act in the form of a statutory document. It is not unusual that public-law juridical entities operate on the basis of private-law and vice versa. Both categories constitute what are usually referred to as mixed-law juridical entities. Now, in cases of organizations not bearing a juridical-entity status, a certain degree of stable organizational basis is needed. Such collectivities operate on the basis of institutional or administrative regulations which explicitly provide for their establishment and operation.

Collective benefit: Social Economy institutions adhere to fundamentally social statutory commitments, engaging in the production and provision of goods and services to their members and society. Though in some cases members or beneficiaries may be co-producers or participate in management, statutory aim of Social Economy institutions is not to create and allocate benefits for those founding or governing them.

Not-for-profit: Social Economy institutions are not conventional capital investments; primary or statutory aim is not the maximization of capital gains per

se; constraints on surplus or profit distribution to those founding, managing or financing Social Economy institutions may apply; in several cases where profit-distribution is allowed, this is regulated in ways upkeeping the priority of collective benefit over personal gains or capital maximization.

Participation: in institutional forms which are of collective nature and members-based, participation is not dependent to members' invested capital; each member has one vote.

The Social Economy common ground and core values have materialized in a European definition capable of finding wider consensus by referring to:

The set of private, formally-organized enterprises, with autonomy of decision and freedom of membership, 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 or fees contributed by each member, each of whom has one vote. The Social Economy also includes private, formally-organized organizations with autonomy of decision and freedom of membership 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 (CIRIEC, 2007, 20).

This definition presents an inclusive capacity of consolidating national particularities at least at the European level. It is abstractive enough to incorporate the minimum of existing conceptualizations on Social Economy. Several kinds of institutions are compatible to its standards. Even though national particularities are substantial, organizational forms compatible with the above definition usually undertake the denomination of "cooperative", "mutual fund", "foundation" and "association". In general, cooperatives are autonomous associations of individuals voluntarily joining to meet common needs and aspirations through a jointly owned and democratically controlled enterprise. Mutual funds mostly provide for common ownership of capital and usually resemble cooperatives, though in case of dissolution members cannot withdraw any capital contributed. Foundations are asset-based; usually capital trusts governed by boards of trustees. Associations of individuals are juridical entities usually of non-profit nature.

What is characteristic of the field and common to all compatible entities is a social and economic essence; social, in light of the primary goal of serving people and economic, to the extent that material means are involved. This particular emphasis on the economic quality of Social Economy activities should not be understood as an unfair bias in favor of the economic factors and disregarding the socio-political significance of the field.