GILAIN, B., JADOUL, B., NYSSENS, M. and PETRELLA, F. (1998) 'Les services de proximité, quels modes d'organisation socio-économiques pour quels enjeux?', *Les Cahiers du CERISIS*, 98/6, Charleroi.

GUI, B. (1992) 'Les fondements économiques du tiers-secteur', *Revue des Études Coopératives, Mutualistes et Associatives*, nos 44–5: 160–73.

HANSMANN, H. (1987) 'Economic Theories of Nonprofit Organizations', in POWELL, W. (ed.) *The Nonprofit Sector, A Research Handbook*, New Haven, Yale University Press, 27–42.

HORMAN, D. (1985) 'Le logement social et les comités de locataires', *Alternatives wallonnes*, no. 32: 12–15.

LAUWEREYS, L., MATHEUS, N. and NICAISE, I. (2000) *De sociale tewerkstelling in Vlaanderen: doelgroepbereik, kwaliteit en doelmatigheid*, Hoger Instituut voor de Arbeid, Leuven.

LAVILLE, J.-L. and NYSSENS, M. (2000) 'Solidarity-Based Third Sector Organizations in the "Proximity Services" Field: A European Francophone Perspective', *Voluntas*, vol. 11, 1: 67–84.

'Lutter pour un toit' (1995) Report in the journal *Traverses*, no. 101: 3–8.

MERTENS, S., ADAM, S., DEFOURNY, J., MARÉE, M., PACOLET, J. and VAN DE PUTTE, I. (1999) 'The Nonprofit Sector in Belgium', in SALAMON, L.M. *et al.*, (eds) *Global Civil Society. Dimensions of the Nonprofit Sector*, The Johns Hopkins Comparative Project, Baltimore, 43–61.

MILGROM, P. and ROBERTS, J. (1992) *Economics, Organization and Management*, Prentice Hall International, Englewood Cliffs.

NOUVELLE-CORDIER, C. (1990) 'Solutions alternatives aux problèmes du logement social wallon', *Wallonie*, no. 7: 23–30.

NYSSENS, M. (1998) 'Raisons d'être des associations et théorie économique', Discussion Paper no. 9811, IRES, Université Catholique de Louvain.

—— (1996) 'Associations et services aux personnes âgées', Contribution to the 'Associations' CIRIEC working group, Liège.

PRICK, F. (1994) *Rapport sur les nouvelles initiatives de logement social*, Les Sans Logis Asbl, Liège.

Rapport général sur la pauvreté (1994) Fondation Roi Baudouin, Brussels.

SALAMON, L.M. (1987) 'On Market Failure, Voluntary Failure, and Third Party of Government Relations in the Modern Welfare State', *Journal of Voluntary Action Research*, vol. 16, 2: 29–49.

SALAMON, L.M., ANHEIER, H.K. and Associates (1998) *The Emerging Sector Revisited*, Johns Hopkins University, Baltimore.

SPEAR, R., DEFOURNY, J., FAVREAU, L. and LAVILLE, J.-L. (eds) (2001) *Tackling Social Exclusion in Europe. The Contribution of the Social Economy*, Ashgate, Aldershot.

TRIGALET, P. (1997) 'Les exclus ont-ils droit au vert?', *Traverses*, no. 119: 3–12.

WEISBROD, B.A. (1977) 'Collective-Consumption Services of Individual Consumption Goods', *Quarterly Journal of Economics*, vol. 78: 471–7.

3 Denmark

Co-operative activity and community development

Steen Bengtsson and Lars Hulgård

Introduction

In spite of the tradition of co-operative enterprises and of citizens' engagement in fields other than the social, the concept of 'social enterprise' has not been used so far in Denmark. However, there is a huge number of projects and initiatives, which have developed during recent decades, which could be taken into consideration when talking about social enterprises. They are often financially supported by experimental pilot and action programmes. Such programmes have had a considerable influence on social work practice and probably also on the modernisation of the welfare state. After presenting the main features of Danish social policy as a background for understanding the conditions for social enterprises today, we shall give a short outline of the two forms of co-operative enterprises.

1 The Danish system of social protection

The Danish welfare system is characterised by a sizeable public service sector in the social, health and educational fields. Danish welfare is primarily financed by income taxation and VAT. Social assistance and a great deal of social insurance benefits are financed by general taxation. Employers and insured people contribute only modestly to the overall social budget. Apart from this, Denmark has primarily a system of universal coverage, in which application of social rights is related to inhabitancy rather than citizenship. The only exceptions are unemployment and pre-pension insurance which are occupational[1] but heavily state supported.

The main characteristics of the Danish welfare system are thus universal coverage and public involvement in financing as well as in producing the services. Since the 1960s, social welfare in Denmark has been dominated by public authorities – primarily municipalities – which are also the main producers of social services. The basic structures of the local welfare system were defined in a comprehensive set of reforms starting at the end of the 1960s. The reforms started with amalgamations that reduced the number of municipalities dramatically to make them big enough to handle new social tasks (Villadsen 1996). In the so-called 'second decentralisation', which took place from the 1980s, the

municipalities have given their institutions freedom of action within the frameworks of finance and general policy.

This public, universal model is a rather new phenomenon. Before 1960, the Scandinavian social systems were not that different from other European models, but the conditions for developing universalism can be traced far back in history. The Protestant tradition, in which the church is part of the state, has no doubt produced a general political culture of consensus. The unusual degree of municipal freedom, which we find especially in Denmark, has links to a tradition from the 1800s of power-sharing between city and countryside. With the modern economic and social planning which was the ideology of the leading civil servants in the 1960s and 1970s, the municipalities were made the main public service producers in a decentralised political system (Knudsen 1995).

There were no confessional differences that could preserve a structure of welfare associations, and the sick-benefit associations had become formal structures in the framework of a health system which was generally considered to be public. In 1970, the sick-benefit associations were set aside and the full responsibility for paying health services taken over by the state.

Building up the welfare state has entailed a public take-over of some of the social work previously carried out by the non-profit sector. Most voluntary organisations still formally exist as private entities, but co-operate with public authorities so that most of their institutions are functioning exactly as if they were part of the public system. However, this has not meant the total disappearance of the third sector. The voluntary organisations have rather taken the role of cultivating new areas of welfare work, which thereafter have become the responsibilities of public authorities. But while innovative social works done by private voluntary organisations have earned widescale respect in society, charity work in general, and especially in areas which are already the responsibility of public authorities, is generally disliked.

2 Social enterprises

The Danish situation today is marked by social enterprise being almost non-existent as a concept in the general consciousness. But in spite of this conceptual absence, we will argue that the main ingredients of social enterprises have played a substantial role both in the historic formation of the Danish welfare state and in the more recent process of the soft modernisation of the welfare system. In the first period the workers' and farmers' co-operative movements were the most influential actors concerning social enterprises, but during the latest two decades we have seen a new type of social enterprise as an important feature in social work and the production of social services.

The traditional types of social co-operation

Traditionally there have been two distinct co-operative movements in Denmark: a farmers' movement and a workers' movement. The farmers' co-operative

movement has been of central importance for the protection of the economic interests of farmers, but it has not had any goals of serving more general interests in society (apart from its consumers' retail aspect). Workers' co-operatives, however, have had a number of goals of furthering social interests. These goals have been:

- retail sale of inexpensive quality products;
- production of inexpensive quality products and of inexpensive quality housing;
- establishment of working places for persons who have difficulties in finding a job;
- development of model workplaces; and
- development of an expert knowledge base concerning enterprise and business. The Co-operative Union is working together with the so-called 'Business Council of the Workers' Movement',[2] an agency making business and economic analyses for the workers' movement.

The first consumers' co-operative for retail sale of everyday necessities for common workers was initiated by a clergyman in 1866, and later in the century production of everyday necessities such as bread and oatmeal was taken up by workers' co-operatives.

Establishment of working places for persons who had difficulties in finding a job was an important purpose of workers' co-operatives. The difficulties that these co-operatives aimed to overcome, however, were related to class struggles. In 1899 a major labour-market conflict had occurred and many workers who had been active in strikes had been blacklisted. This inspired the trade union movement to establish its own firms, particularly in the building trades. In the summer of 1899, the first limited companies were formed by bricklayers, joiners, carpenters and blacksmiths. Later on, similar companies were set up in the painting, plumbing and electrical trades. In 1918 and 1927 further labour conflicts brought about, among other things, the opening of co-operative barber and hairdresser shops in Copenhagen. The unions were the owners of these companies through foundations established for this purpose.

From the thirties, development of model workplaces became another goal of the union-owned companies. Besides providing work for the members, they acted as spearheads for the union movements' fight for better pay and working conditions. In these companies, the labour movement was able to demonstrate that their demands were realistic and could be satisfied within the framework of a reasonable economy. These frameworks, however, had to be respected if the co-operative movement was to be able to continue. 'The co-operative should not become a milk-cow', as a book from the co-operative publisher put it (Vernerlund 1972).

Development of expert knowledge and a power base on business policy is the latest goal. In 1953 the Trade Union Federation, the Social Democratic Party and the Co-operative Union established a council for business policy related to

the Co-operative Union. This council conducts analysis of economic development for the unions and the Social Democratic Party, and in the 1970s it played a role in making proposals for a policy on economic democracy. These proposals, and the adjustment of the co-operative enterprises to economic democracy, were among the main points concerning the future in a book on co-operation of that time.[3] Although the proposals for economic democracy were never realised, the main function of the Co-operative Union and of the co-operative enterprises in the recent period has been to act as the economic laboratory of the workers' movement. The associated Business Council of the Workers' Movement makes its own economic forecasts and calculates the consequences of different political proposals, and thus plays a role in the political debate.

The development of the workers' co-operatives

The establishment of workers' co-operatives took place in waves and was partly determined by circumstances such as labour conflicts, war difficulties and state support. Many of the products were basic commodities – such as bread, beer, fuel – which were demanded by workers and the people at large. A number of other products could be produced because of the market niche created by the co-operative retail shops.

As mass consumption developed, a general concentration took place in production. This happened in the co-operative sector also. In most spheres rationalisation has led to mergers. The number of co-operative companies has been reduced in this way, but not their total volume. The enterprises of the co-operative sector – members of the Co-operative Union – most often are organised as limited companies, with trade unions, other co-operative societies or other parts of the labour movement as shareholders. Bager points to the fact that the workers' co-operative enterprises have been more and more dependent on the unions, which has weakened the autonomy of their workers *vis-à-vis* the enterprises (Bager 1992).

In recent decades, many of the traditional goals of the co-operatives have become redundant. It seems that the last goal, of being a power base on business policy, has now become the most important one. The old workers' co-operatives can no longer be considered social enterprises. They do not have the function anymore of providing work for persons who are unable to find employment in the ordinary job market because of union activities.[4]

In recent times, the consumer retail co-operatives of the farmers and the workers' co-operations have merged and renewed their social ambitions, and in the last decade they have played a leading role in the introduction of ecological food products.

Lately, the workers' co-operative movement has initiated activity in social services. A co-operative housing society for young people had developed during the 1980s, but the activities were badly managed and the society went bankrupt. This experience discouraged, for some time, an obvious line of development in social services. However, in the 1990s, the Co-operative Union began to investigate the possibilities of entering this area.[5] In 1993 the Co-operative Idea Centre was established with the purpose of creating new co-operatives to give employment to long-term unemployed and disabled persons, and it established a translation service and a telemarketing company with related training for blind people. In recent years, the Co-operative Union has been actively investigating the possibilities of establishing – in co-operation with a number of municipalities – companies for the provision of social services to the elderly. There have been at least two reasons for this. When unemployment rates were still high, the objective was to create working places for long-term unemployed union members who were about to lose their rights to unemployment benefit. In 1998, wage subsidies to persons with reduced working abilities were introduced, and now it is planned to use these means to create new co-operatives and give employment to workers who are difficult to place. The second reason is that the use of private – instead of public – service providers has been discussed in recent years. Even if few municipalities have so far contracted out social services, the commercial firms are prepared to go into this new market, and the Co-operative Union wants to participate. The special resources of these co-operatives consist of the support that they have in the Co-operative Union, and the support network of the trade unions and the Social Democratic Party.

Voluntary social work

The co-operative movement has served a number of social functions, but the thinking has mainly been economic and political. Functions such as the employment of people with disabilities have only quite recently been taken up, and social services are, for the moment, just in the planning phase. Earlier, charities and organisations of people with disabilities were alone in these sorts of activities. In the 1960s much of this work was taken over by the public system. In many cases the organisations remained formally private, but they now work in the context of an agreement making them in reality part of the public system. In the 1980s, however, new voluntarism marked a reversal of these trends. A new commitment to grassroots social work arose, and new types of social enterprises were formed, at first outside the established co-operative tradition.

3 New types of social enterprises

Since the end of the 1960s, a variety of new social projects and initiatives have developed. These new social projects largely conform to the social enterprise model, but in different ways. Though major differences are found among the new social enterprises, it is necessary to emphasise their common background in the cultural revolution sweeping through most liberal democracies in the late 1960s. The experimentation with life-styles in the wake of the 1960s involved new ways of living, but it also nourished the idea of connecting community to production. Since the 1980s, the above-mentioned experimental orientation in social protection has entailed a number of projects which could be considered

social enterprises. The experiments with life-styles have also led to major changes in the social work tradition. From the early 1970s, three types of social work initiatives have developed with links to the social enterprise tradition, viz. small social residences (*Opholdssteder*), non-residential folk high schools (*Daghøjskoler*) and production schools (*Produktionsskoler*).

In an article about the historical background of the experimental strategy within social policy and social work, Hegland (1990) stresses the link between life-style experiments and experimental social work. He emphasises the fact that some of the ideas in the life-style projects and the commune movement (*Kollektivbevægelsen*) in the late 1960s and the 1970s were channelled into the urban sector, the social sector and the educational sector. 'Alternative' was the new expression widely used. Social workers talked about 'alternative social work', educators talked about 'alternative education' and both talked about 'alternative institutions'. Hegland stresses the existence of a direct link from these bottom-up activities to the Social Development Programme (1988–1993) and to other types of experimental and developmental social work often concentrated on objectives similar to those of social enterprises (Hegland 1990).

The influence of pilot and action programmes

During the last decade, several pilot and action programmes within the field of social policy have played a crucial role in the dissemination of social enterprises. The programmes can be understood as a special Danish way of experimenting with the social enterprise model and the role of third-sector organisations in fighting social exclusion. Denmark has experienced pilot programmes and cross-sectional programmes as a way of renewing social policy in general, while developing strategies against social exclusion and urban policies with emphasis on social objectives. One important reason behind the decision to start the social innovation programmes was related to the general growth in the public sector and indeed the growth in social expenditure. A number of programmes are aimed at restructuring the social services by strengthening the role of local community, local partnerships and the participation of third-sector organisations. This type of social programme, with an emphasis on the pilot and experimental approach to social work and social service, has had two major consequences for social work.

The first consequence is that, during the last decade, professionals and citizens other than formally educated social workers, have gained influence in social work practice. A variety of professions, citizens and volunteers are mixing with frontline workers engaged in community work, partnerships at local level, and in empowerment projects fighting social exclusion.

The second consequence is that the social work profession is in transition. Many social workers, professionals and citizens engaged in social work and local community building are becoming change agents. Change agent is the classical Schumpeterian definition of entrepreneur. As an entrepreneur, the social worker becomes a crucial intermediary in a society marked by comprehensive transition.

It is our hypothesis that the above-mentioned structural changes in social work as well as the influence from pilot and action programmes are showing the importance of the social enterprise approach to social integration. These changes in social work and the production of social services have been backed up by a considerable number of pilot and action programmes. A few figures may illustrate this. The largest single initiative within the experimental orientation in social policy was the Social Development Programme (1988–93), usually referred to as the *SUM* Programme.[6] In 1988 the Parliament decided to spend 350 million DKK (about 47 million Euro) on the programme, which was set to run for a period of three years. The programme was carried out on the basis of a broad consensus in Parliament. The Social Development Programme is usually considered to be the cornerstone in the Danish pilot and action programmes with an emphasis on experimentation. The amount of money spent was large, and this programme has certainly been important. Even since the termination of the programme we have actually seen a broad variety of experimental programmes targeted at different user-groups and policy issues within the field of social policy.

Thus the amount of 350 million DKK is just a part of a much bigger sum used since the mid 1980s for pilot projects within the area of social policy and health. An estimation from 1997 showed that the Ministry of Social Affairs administered social innovation programmes with a total cost of 1,374 million DKK (about 184.8 million Euro) in the period 1994–97.

The Social Development Programme

The Social Development Programme has substantial similarities to the social enterprise strategy. The goal of the Programme was to promote the restructuring of social policy in the direction of strengthening preventive activities by enhancing the role of the local community and establishing cross-sector co-operation i.e. by reinforcing the role of third-sector engagement. The key elements of the Social Development Programme as formulated by the Social Committee in Parliament are the following:

- local communities must play a far more proactive role in social policy;
- local citizens shall be encouraged to become active and participate in decision-making concerning their own lives;
- solutions must be promoted across sector, administrative and professional lines; and
- the ability to find common solutions across the public–private barrier must be improved.

In practical terms this meant that social workers should change their functions from being primarily controllers and 'treaters', and instead become 'catalysts' in the process of helping people (clients and citizens) become active in their own lives by combating social problems as well as establishing networks and

reinforcing the local communities. The programme should have contributed to the solution of social problems by reducing and overcoming sector, administrative and professional boundaries which had been confining social policy through a lack of legitimacy. The development programme attempted to increase social integration (the citizens' participation in production of social welfare) as well as system integration (i.e. better co-operation within the public sector, between state, counties and municipalities as well as between public and private organisations).

To many local activists, civic entrepreneurs and professionals in third-sector organisations, the programme served as the legal background, making it possible to develop new, more responsive social institutions.

The Social Development Programme financed approximately 1,700 pilot projects all over the country. Special priority was given to projects:

- in the areas of activation and rehabilitation i.e. activity that provides people of working age, who have no contact with the labour market, with the opportunity to return to work or begin a more active existence;
- with a focus on new approaches in local society and local administration; and
- about children/young people and their families, elderly people, and special groups such as disabled, refugees, immigrants and excluded groups.[7]

Since the days of the Social Development Programme, several other funds with an emphasis on pilot and development work have developed. At least two programmes are interesting from a social enterprise point of view: (1) the Activity Pool[8] with an annual budget of DKK 30 million (about 4 million Euro), and (2) the *PUF* Fund,[9] which finances pilot and development work for DKK 50 million per year (about 6.7 million Euro) (Hegland 1997). The *PUF* Fund, which was previously called the 'Poverty Fund', gives financial support to voluntary organisations' activities and initiatives involving socially excluded people. The local voluntary job centres are examples of projects supported by the *PUF* Fund (Hegland 1997).

The Ministry of Social Affairs has established a database showing all projects funded by pilot and action programmes. The data collection started with the 1,700 projects supported by the *SUM* Programme, and since then all projects financially supported by the various social funds have been added to the database. According to the database for projects with 'activation' as one of their keywords, 643 projects were financed by different funds from the end of the 1980s and onwards. A search with the keyword 'job-training' shows 146 projects; while twenty-seven projects are registered with 'alternative workplaces' as a keyword. Several of these projects meet the criteria of social enterprise as defined for the purpose of this study. The projects presented below as new types of social enterprises are very often subsidised by the social funds. Typically the projects show a great creativity in getting financial support, and they are often subsidised from a variety of pools, programmes and funds – public as well as private.

Two projects from the database, financed by the *PUF* Fund and the Activation Pool, serve to illustrate this dimension of social enterprises:

- The Culture Swing, which will be described in more details later on, is financially supported by the *PUF* Fund. The aim of the Culture Swing is 'to create a working place where socially marginalised people can be integrated, and where personal development is increased through responsibility and active engagement. ... The project is organised in four self-governing divisions.'[10] The four self-governing divisions are all engaged in the twin activities of social enterprises, viz. production of service and production of social capital;
- The café and shop Jasmin is financially supported by the Activation Pool, the EU Social Fund and the municipality of Fakse. According to the database description, '[the] primary goal is to create a democratic unit governed by the participants and aimed at developing the whole human being. ... The secondary goal is partly to create a multi-cultural catalyst of social networks, partly to sell products and food produced by the unemployed in job training'.[11]

Four types of new social enterprises

Four types of initiatives in particular, which can be considered as social enterprises, have experienced significant development. The four types meet the economic criteria, and although there are some differences between them, they all produce, to some extent, goods or services. As far as the social dimension is concerned, social enterprises are, in some way or another, established from the bottom-up; they originate in the self-organisation of the people involved, and they seek the enhancement of the local community and democracy.

Production communes and collective workshops (type 1)

In their 1984 study, Nørrung and Kjeldsen investigated 117 'production communes' (*Produktionskollektiver*) and 'collective workshops' (*Arbejdsfællesskaber*) in Denmark. In both kinds of initiatives, people work together and, in the 'production communes', they also live together. The authors define the term 'production commune' as a community where at least three adults are living and running an enterprise together. Ownership and collaboration are shared by all members of the community, though not always formally, due to some legal restrictions (Nørrung and Kjeldsen 1984).

In the mid 1980s, these 117 communities were producing not less than ninety-nine different kinds of goods and services. The products covered a wide range of goods, including furniture, agricultural products, stoves, pottery and movies. A popular type of production and service was communication. The communes could be involved in communication in a number of ways such as publishing firms, printing-houses, magazines and bookshops and through

photography. Also, many communities were producing and selling a variety of services, such as auto-repair shops, restaurants, theatres, plumbing, radio-repair shops, groceries, or providing legal assistance.

The most famous alternative community is Freetown Christiania, which has been an intensively debated institution for almost thirty years. It was founded in 1971 by a group of squatters, who were offended by the existence of an abandoned military camp at a time when there was a serious lack of housing. In the winter of 1971, they occupied the area including a major part of the old rampart of Copenhagen and declared it to be 'Freetown Christiania'.

Several social enterprises have been established in Christiania over the years. Many have been functioning from the very beginning. In 1984 there were 850 people living in Christiania and approximately 400 self-established and self-organised jobs (Nørrung and Kjeldsen 1984). In 1997 approximately 1,000 children, young people and adults were living in Christiania. With its restaurants, bars, music-clubs, theatre companies and bands, Christiania has for decades made an important input to the cultural image of Copenhagen. Some innovative products have even been developed by Christiania's craftsmen, e.g. the Christiania bike and the Christiania oven. Christianits (the inhabitants of Christiania) proudly boast that the Christiania bike, an effective carrier cycle, has been exported to Mercedes Benz in Germany, where it is used for local transportation purposes in the factory.

Community work with production of goods or services (type 2)

This type/category is mainly an umbrella concept for social work projects with the goal of empowering the participants. Since the 1980s, Danish social policy has been marked, as already mentioned, by great experimental programmes, and in a small fraction of these projects some economic activity has taken place. The projects are generally involved with the production of a wide range of cultural, educational and social services for the local community. Two examples are presented here: *Kulturgyngen* (Culture Swing) and *Sidegaden* (Side Street).

The Culture Swing is a social and cultural project in Aarhus, the second largest city in Denmark. The project offers training and job practice in an enterprise which consists of a restaurant and a café, a music club (the 'Music Café'), a youth hostel ('City Sleep-in') and an advertising agency (*Kultursats*). The Culture Swing is aimed at activating people having difficulties in getting or keeping a regular job or training (where 'activating' is understood as providing a socially useful job which is a condition for receiving social assistance). Some lack identity and self-confidence, while others have had little or no contact with the labour market or with education/training and are uncertain about future possibilities. When the Culture Swing was founded in 1987, the idea was to form a project which incorporated social work and practice skills while offering people a social network. In the beginning, the only business was a restaurant. The production of other services was added later.

As a social enterprise, the Culture Swing offers a method where persons with different life experiences and resources collaborate in the production of services. There are ninety-six people involved in the project, made up of sixteen permanent workers who are the members of the association behind the enterprise, and eighty temporary workers. Of these temporary workers, sixty are in job-practice, ten in rehabilitation and ten are volunteers. The restaurant has a business of 237,510 Euro, the music club, 100,000 Euro and City Sleep-in, 200,000 Euro. The Culture Swing has received private and public funding, including 200,000 Euro from the EU Social Fund.

The Side Street is a community work and job training project in Copenhagen, which also combines entrepreneurial and social aspects. Johs Bertelsen, the founder of the Side Street, wanted to deal with two problems when he first had the idea of establishing the enterprise, back in 1986. The local area, a few blocks behind the central station, was distinguished by its many abandoned shops. At the same time, there were many unemployed young people in the area. By 1997 the Side Street consisted of eleven shops, run by forty young people in job-training activities. The Side Street receives public subsidies in return for job-training the young unemployed people, but the eleven professionals working in the Side Street are continuously concerned about keeping a high degree of autonomy in the enterprise. Consequently, although they receive public funding for their job-training activities, they are not managed – directly or indirectly – by public authorities. From the perspective of the Side Street, one way of maintaining and extending its autonomy has been to expand the activities and the funding. The EU Social Fund, the Ministry of Health, the Ministry of Social Affairs and several private foundations are among the main contributors to the enterprise.

There are three basic and interrelated ideas behind the Side Street. The first is that new initiatives must be developed from the bottom-up, which means that a close relation to the local community is a guiding principle for the enterprise. No experts from outside the area tell the local community what to do, and what kind of enterprise to get involved in. The second idea is that the enterprise must be based on the interpretation of the social processes in the local community and the group of participants. The third feature has been the hardest to put into practice, since it involves the process of transforming the individual empowerment of the participants into the collective or political empowerment of the local community.

Although these two projects are just examples, they illustrate an important type of social enterprise which is based upon the desire to develop jointly the local democratic culture and the autonomy of the enterprise. This type of project is continuously seeking to develop entrepreneurial (economic) activities with a social dimension, although constrained by legal restrictions specifying that it is not allowed to establish 'pure' market activities.

Social residences (type 3)

In 1997, there were approximately 300 social residences (*Opholdssteder*) in Denmark. They are rooted in the same ideological environment of the late

1960s and the 1970s as the working and living communities described above. Jørgensen stresses how 'the social residences developed as an alternative – a contrast – to the traditional residential homes for children and young people (*Døgninstitutioner*) which functioned more according to the needs of the planners, leaders and professionals than to the needs of the young people placed in the institutions' (Jørgensen 1997b: 1).

In the 1970s, many social residences were organised as communities combining production and living. Production of goods or services was integrated with social care and treatment in the social residence. According to Jørgensen, during the last decade there has been a growth in the number of social residences, but today the emphasis is more on education and treatment than on production.

The reason for including the social residences in this typology must be seen in the historical origin of the social residences and the practice of the residences in the initial period. For example, the institution 'Scorpio' was a typical social residence fifteen years ago. It was a production and residential community with pedagogical and caring functions integrated in the enterprise. In 1984 there were twenty adults living and working in Scorpio. They had a mix of resources, based partly on production in the workshops (auto-repair, plumbing, radio-repair, carpentry and bricklaying) and partly on the public funding of job-training activities in the various branches of the social enterprise (Nørrung and Kjeldsen 1984). The job training activities and the social care were aimed at maladjusted young people.

This way of running a social residence was quite common at the time. The above-mentioned evolution towards a less production-oriented functioning is linked, *inter alia*, to the fact that the youngsters placed in social residences by public authorities today are younger and in need of more care. It appears that less attention is paid today to young people above the age of sixteen or seventeen, who in the past formed the majority of people hosted by these residences, and who were only marginally maladjusted and did not need any treatment other than a simple community work experience.

Schools (type 4)

The original 'folk high schools' (*Folkehejskoler*) aimed at giving the young generation of farmers self-confidence through educating them in agricultural as well as in cultural matters – the latter in a folk-cultural style as opposed to the bourgeois academic culture, which they called the 'black school'. Non-residential folk high schools are schools based on the tradition of the residential folk high schools, but situated in the cities. The first non-residential folk high schools were established with the advent of mass unemployment in 1974; in fact they were set up to address the needs of the unemployed. In a similar way to their predecessors these new non-residential folk high schools aimed at giving the unemployed the self-confidence they had often lost.

In 1998, eighty-five non-residential folk high schools were members of the

Association of Non-Residential Folk High Schools in Denmark. According to an estimate by the administrative leader of the association, eleven of these conform to the definition of a social enterprise. Under specific circumstances, non-residential folk high schools are allowed to undertake enterprise activity, but it must be separated from their educational activity. The association maintains that only a small number of the non-residential folk high schools are engaged in such earning activities, which are most often local assignments with a cultural or service character. For example, the non-residential folk high school of Norddjurs (in East Jutland) acts as an historic cultural centre and takes care of local archive functions and tourist services.

Some residential high schools have also been engaged in enterprise activities. In the beginning of the 1970s, a group of school teachers founded a type of folk high school in Tvind, in Western Jutland, on a more or less Maoist basis, with a foundation called *Fælleseje* (Common Ownership) as owner. All teachers were to commit themselves to transfer a substantial part of their salary – which was paid by the state – to this foundation. The foundation bought a number of buildings over the years, and the schools in the group rented these buildings with other state subsidies. Therefore the construction was in fact a way to channel considerable amounts of money from state support to the foundation 'Common Ownership'. These folk high schools soon grew into a large group of residential schools of all kinds, named the Tvind Schools (after the location of the first school of the group). Many of these schools were known for their ability to take care of young people with social problems. The Tvind Schools, however, used the legislation of folk high schools and other forms of schools in a way that was not intended by law-makers, earning several hundreds of millions for their foundation, and in 1997 they were stopped by a special law. In 1999, however, the High Court decided that this law was unconstitutional, and because of this event, many folk high schools are now more cautious about engaging in too many enterprise activities.

4 The contribution of social enterprises today – strengths and weaknesses

Many of the production communities and working collectives from the 1960s and 1970s have disappeared, but some of the big ones – such as the production community of Svanholm or Freetown Christiania, in Copenhagen – still exist. Other social enterprises with roots in the youth rebellion of 1968, which had a great impact in Denmark, and the many activities stemming from the Students' Front in Aarhus or similar milieus are providing special residential places for children and young people. The dividing line between social enterprises and other social projects, however, is not very clear and it is difficult to estimate numbers.

One of the special resources of these types of social enterprises consists in the culture of 1968, which they have been able to capitalise on in the 1980s and 1990s to the benefit of young persons who are generally distrustful and

suspicious of grownups. This is a very positive development of the 1968 culture, especially when compared to other possibilities, such as creating a subculture of terrorism or a generation of disillusioned anomic persons. Other resources are the green principles that point to solutions other than high technology, and the ideology of solidarity with its ability to create enthusiasm and engagement in work. With this background, social enterprises not only create social solutions, but at the same time create meaning and a social place for marginalised groups. In this sense, it can be said that social enterprises are able to mobilise 'social capital' and turn forces, which could easily have become destructive, into constructive elements in the economy and society.

Although there are in Denmark, as we have seen, several examples of successful social enterprises, there is no common designation or public awareness of their existence. When hearing of enterprises in the social area, most Danes immediately think of commercial for-profit enterprises. If the reference is to social treatment areas, the warning lights are turned on. Besides the above mentioned social enterprises in these areas, there is a limited number of more commercial enterprises, but most often they are small and try to gloss over whether or not they earn a profit, because this is not popular with the financing authorities. Economic activities carried on by enterprises working in the field of publicly supported social services have been impeded by the trade unions, which have been afraid of unfair competition from such activities. In recent years, however, the unions seem to have become more tolerant of such activities.

In the case of social support areas, such as childcare or services for the elderly, the situation has been a little different. In these areas, an open debate has gone on for a couple of years about the advantages and drawbacks of public versus private commercial service providers. Until now, this debate has not significantly changed the overall picture of public service provision, but it has created a picture of for-profit enterprises as the only possible alternative to municipal social service, thus hiding the possibility of non-profit initiatives such as social enterprises. The unions of public social workers have been strong proponents of public sector social service, and consequently all leftist forces, including unions and the Social Democratic Party, have supported this line, and the co-operative solution has thus been without any basis of support.

The weaknesses of social enterprises are due to their lack of visibility and to the absence of a concept that describes this reality. As already underlined, the concept of 'social enterprise' is not used in Denmark, and whereas so-called 'voluntary' social work has maximum visibility and political attention in areas such as homelessness and drug and alcohol abuse, the commercial sector has concentrated on areas such as elderly care and childcare. The lack of visibility of social enterprises means that the use which is made of them and even their very existence often depend on the civil servants who happen to take the decisions. Politicians are seldom aware of their existence and potentials, and their users often do not know that they are something different from the ordinary municipal service. Social enterprises are dependent on the organisational cultures in the public authorities. The administrative culture in the municipality

of Aarhus, for example, which has been much influenced by the spirit of 1968, is more open to social enterprises than the culture in most other cities, especially the municipal administration of Copenhagen, with its more 'bureaucratic' and know-all attitude.

5 Prospective considerations and conclusions

The foregoing examples of social enterprises in Denmark present much evidence of the specific potentials of the social economy. The main problem, however, is the absence of the concept of social enterprise in the social consciousness. As a result, they are not taken into consideration, their strengths are not perceived and they are given little chance of developing at present. The field of social services, however, is at a point where it is open to new developments, and a search for new possibilities is taking place. So far this has meant an interest in voluntary social work, charities and commercial solutions. But it is still possible that social enterprises will come into the picture as a possible model for future social protection activities.

This depends, to a great extent, upon the course of societal development in the coming decades. The 'Europe scenarios 2010' (1998) envisages a number of possibilities for economic and social cohesion in Europe by 2010, the more prominent ones being:

- every one for themselves or the new-right style of reform;
- the creative society or the universal right to be useful;
- the partner state.

The 'new-right' thinking, which is known from Britain in the 1980s, is still quite influential in Danish social thinking.

The 'creative society' represents green and social values, and this scenario gives place to social non-profit enterprises with the purpose of employing the 10–15 per cent of the labour force who would be difficult to employ on pure market grounds. As green and social values are beginning to gain influence, it can be contemplated that a niche for social economy will open up here.

The last-mentioned scenario imagines that the public/private dichotomy will be softened up through a radical decentralisation and a widespread use of public/private partnerships in solving problems. This is a more structured and less bottom-up alternative than the creative society, but there should nevertheless be room for social enterprises to take part in solving the problems. It seems that this scenario is the more likely one in countries with a strong tradition of public leadership, such as the Scandinavian countries, because it gives the state and municipalities a role in the partnerships. At the same time it is a scenario that could be possible for the countries in the continental European tradition.

In contemplating the prospects for social enterprises, therefore, a decisive factor is whether the new liberal style will continue to dominate the thinking of

social development, or if green and social values and partnerships will become more influential themes.

This value-oriented reflection must however be reconciled with the real political situation where unions of municipal social workers are opposing any alternatives to public social services, the right-wing political forces are committed to introducing a commercial alternative to the public social services, and the only visible alternative to these is the so-called 'voluntary' or charity sector.

Notes

1 The unemployment scheme is optional for persons that have been employed for some weeks. Rights to the benefit are obtained after one year of membership of an unemployment fund with payment of contributions and a half year of employment.
2 Arbejderbevægelsens Erhvervsråd.
3 *Det Kooperative Fællesforbund* (1975).
4 Apart from this, it could be discussed whether this was social protection or protection of the right to organise.
5 Kooperativ Udvikling (1996); *Rapport* (1997).
6 Socialministerets Udviklings Midler, i.e. The Social Ministry's Development.
7 Jensen (1992)
8 Støtte til erhvervshæmmede i virksomhederne.
9 The *PUF* Fund, i.e. Puljen til udvikling af frivilligt socialt arbejde.
10 The Ministry of Social Affairs: Socialministeriets Projektdatabase.
11 The Ministry of Social Affairs: Socialministeriets Projektdatabase.

Bibliography

ALS, J., CLAUSEN, J. and OKSEN, A. (1979) *Arbejderkooperationen*, Soc., København.
BAGER, T. (1992) *Andelsorganisering*, Sydjysk Universitetsforlag.
BJØRN, C. (1986) *Andelsbevægelsen i Danmark*, Andelsudvalget, København.
Det Kooperative Fællesforbund (1975) *Kooperationen – i dag og i fremtiden*, Fremad, København.
'Europe Scenarios 2010. Partial Scenarios: Economic and Social Cohesion in Europe' (1998) (Working group no. 2), Discussion paper, Forward Studies Unit, European Commission, Brussels.
HEGLAND, T.J. (1997) 'From a Thousand Flowers to Targeted Development', Papers in Organisation, no. 24, Copenhagen Business School, Institute of Organization and Industrial Sociology, Copenhagen.
—— (1990) *SUM-programmet – en historisk sociologisk baggrundsanalyse*, SUMma Summarum, vol. 1, 1, December, København.
—— (1985) *Arbejds- og levemiljøer med socialpædagogisk sigte – en systematisk oversigt*, Aalborg Universitetscenter, ALFUFF, Aalborg.
HULGÅRD, L. (1997) *Værdiforandring i velfærdsstaten*, Forlaget Sociologi, København.
JENSEN, M.K. (1992) *Slut_sum*, Socialforskningsinstituttetrapport 92: 18, København.
JØRGENSEN, G. (1997a) *Børn, unge og voksne på opholdsstederne*, Forlaget Nordkysten, Silkeborg.
—— (1997b) *Opholdsstedsbogen 1997*, Ictus, Gilleleje.
KNUDSEN, T. (1995) *Dansk statsbygning*, Jurist- og Økonomforbundet Forlag, Gentofte.
KOLSTRUP, S. (1996) *Velfærdsstatens rødder*, SFAH, København.

Kooperativ udvikling indenfor social – og sundhedsområdet, ældreområdet, det boligsociale område (1996), Dialogpapir, Det Kooperative Fællesforbund, København.
KRAG, J.O. (1945) *Kooperationen, fremtiden og planøkonomien*, Det Kooperative Fællesforbund, København.
NØRRUNG, P. and KJELDSEN, J. (1984) *Produktionskollektiver og arbejdsfællesskaber*, Aalborg Universitetscenter, ALFUFF, Aalborg.
Rapport om udlicitering og kooperationen (1997) Det Kooperative Fællesforbund, 24 November, København.
SUMma Summarum 1. årgang no. 1, December 1990, Socialstyrelsen, København.
VERNERLUND, O. (ed.) (1972) *Kooperation – en idé!*, Aof / Fremad, København.
VILLADSEN, S. (1996) 'Local Welfare Systems in Denmark in a Period of Political Reconstruction: A Scandinavian Perspective', in Bent Greve (ed.) *Comparative Welfare Systems. The Scandinavian Model in a Period of Change*, Macmillan Press, London, 133–64.