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European Social Co-operatives:
A Survey and Analysis of Current Developments

Lloy Wylie,
Researcher British Columbia Institute For Co-operative Studies

BC Institute for Co-operative Studies
University of Victoria
University House 2--Rm. 109
PO Box 3060 STN CSC
Victoria BC V8V 3R4
Canada
Tel: 250.472.4539
Fax: 250.472.4341
rochdale@uvic.ca
http://web.uvic.ca/bcics

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The British Columbia Institute for Co-operative Studies will periodically publish research papers on co-operative subjects, particularly those concerned with the co-operative movement in British Columbia. The papers will be by both scholars within the academy and interested members of the public. The Institute hopes these papers will increase understanding of, and discussion about, the co-operative movement and ideas, past, present and future.

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PO Box 3060 STN CSC
Victoria BC V8W 3R4
Tel. 250.472.4539

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Preface

The British Columbia Institute for Co-operative Studies, among its various activities, is engaged in the preparation of studies into existing and new co-operatives of use to the people of British Columbia. Whenever possible, it seeks to help students and faculty interested in expanding their research interests to include consideration of the application of the co-operative model within the province.

Dr. Ian MacPherson,
Professor of History,
Director, British Columbia Institute for Co-operative Studies

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Introduction

Europe is the birthplace of the modern co-operative movement and has had two and a half centuries of experience with official co-operative organisation. An analysis of the co-operative movement in Europe provides important insights for co-operative development elsewhere. Co-operatives in Europe exist in diverse sectors of the economy and have experimented with a multitude of organisational forms. The extensiveness of this experience provides a wealth of resources. There are many lessons offered regarding the types of problems and solutions that co-operators are likely to face in the course of co-operative development.

The European co-operative movement spans many countries and sectors, which allows for a broad range of experiences, providing a significant repertoire of organisational forms and practices. The movement has had a particularly strong presence in the provision of social services, which is an important area to be considered in co-operative development in British Columbia today.

In this report, I aim to assess the development of the European co-operative movement and how this movement has responded to general political, economic, and social changes over the years. In this study, I cover such things as:

- Theorising the social economy;
- Co-operative values and motives;
- The historical development of the co-operative movement;
- Co-operatives and the delivery of welfare services;
- Co-ops in a changing economic climate;
- A survey of co-operative organisations and activity in

Europe across such sectors as community co- ops, day care, elder care, care for people with disabilities, health care, and housing co-ops;

- The potential for further co-operative development and how to assess this potential.

One of the key themes of this report is that the co-operative form is particularly well suited to the provision of social services, especially given the recent changes in this area throughout the world. The need to rationalise expenditures and service provision in the area of social services has led to a decentralisation of many areas of welfare provision in European countries. The same imperative exists here in Canada.

The co-operative response to this change has been to develop more efficient service provision strategies that are simultaneously more cost-effective and responsive to the specific needs of the communities within which they operate.

Throughout this report, I provide examples of co-operative strategies that will have increasing importance for co-operative development in sectors such as health care. The current challenges facing British Columbians require new responses, and, as the European example has shown, the increasing presence of co-operative forms could be an effective reaction.

Theorising the Social Economy

Defining the Social Economy

The definition of the social economy is currently a subject of debate in the co-operative sector. Some argue that the social economy includes volunteer societies and other organisations that operate along the principles of self-help and social solidarity, while others argue that volunteer and charitable societies are not part of the social economy. Edgar Parnell and Tony Gill, for example, argue that co-operatives make up the social economy and are primarily competitive businesses, which trade for a social purpose (Parnell, 2000).

Whichever definition one chooses, the fact remains that co-operatives and the social economy are unique economic structures. "The distinctive feature of Social Economy entities is, firstly, that they are in some way different from private profit-oriented enterprises as well as from state-owned enterprises" (Pfaller, Bussi, & Reuss, 1991, p. 4).

The Social Economy…fulfils specific functions, which the 'mainstream' economy does not fulfil adequately or for which it even creates the need. These functions are:

1. Substitute for market relations;
2. Substitute for large enterprises;
3. Substitute for the capitalist enterprise; and
4. Substitute for individual self-interest.

(Pfaller, Bussi, & Reuss, 1991, pp. 4-5)

Social Co-ops

Social enterprise can mean different things to different people. In a recent study by Borzaga and Santuri (n.d.), social enterprise was defined as:

> An undertaking which attempts to combine the production of merit or collective goods with private-sector legal forms and managerial models, but nevertheless with statutes and organizational forms that stress the social purpose of the initiative. (pp. 75-76)

According to recent research into the social economy, there are two principal forms of social enterprise in Europe:

> • Firms whose principal goal is the work integration of the disadvantaged, and which therefore employ a mix of normal and disadvantaged workers in the production of non-social goods and services;
> • Firms whose principal goal is the production and supply of social, and more generally, collective services (also for a specific community or group of people). (Borzaga & Maiello, n.d., p. 76)

Co-operatives that provide social services to both their members and their clientele are considered social co-operatives. There are many types of social co-operatives in Europe. A number of co-operatives operate in the provision of social services like health care, while others concentrate on meeting the social needs of their members, for example, creating employment.

Social enterprises offer unique services that are less commonly found in other forms of private services. Social enterprises, created specifically for the needs of the local community, are better able to guarantee the quality of services and to create a system of trust between the consumers and the producers (Borzaga & Maiello, n.d.). Co-operatives are active members of the community and contribute to the social health of the community in ways that private or public sector enterprises are not able to do (UN, 1997). In this sense, social co-operatives embody the essence of co-operativism in that they aim to improve the lives of those with whom they work.

Why People Co-operate

> Co-operation…is a social process of working and thinking together to achieve mutually advantageous goals. A co-operative is a voluntarily created organisation of people, formed for the purpose of meeting their common needs through mutual action, democratic control and sharing of economic returns on the basis of individual participation. (Shaffer, 1999, p. 39)

Co-operative models emerged in Europe in the mid-1700s, in response to the problems confronting farmers and workers in the wake of the Industrial Revolution. Developing co-operative theories complemented these organisational structures and aimed to "make coherent sense out of changing social and economic conditions" (Shaffer, 1999, p. 40).

The motivations for developing co-operatives have been similar throughout history: people fretting about the state of the world and deciding to do something about it. Social and economic

changes have continually provided an impetus for a reinvigoration and re-creation of the co-operative model. The practices of social co-operatives have developed throughout Europe, over an extended period of existence.

Social enterprise has been the strongest in countries where there is a lack of state-offered public services. The imperative for independent provision of social services in the weaker welfare states has provided the environment within which innovative forms of social organisation can offer genuine solutions. Yet the relation toward the public sector as well as the particular form of co-operative associations have changed alongside alterations in the structure of social relations and state institutions.

The current economic restructuring and the privatisation of social services throughout Europe, even within the traditionally strong welfare states in the Scandinavian countries, have heightened the imperative for the development of independent social services. The co-operative is a feasible model of pooling economic and social resources to allow communities to increase their self-sufficiency in service provision.

Co-operative Ideologies and Values

Co-operativist theorists (the majority of whom were originally from France, Britain, and Germany) often wrote on the basis of their practical experience with co-operative organisations and with the aim to set up structures based on their theoretical principles. Many theorists examined "how co-operatives could serve as an organizational structure for releasing the 'ideal good' in human nature, which, they posited, could be brought about most fully in a co-operative environment" (Shaffer 1999, p. 41).

Co-operativist theory and practice comes from a variety of ideological perspectives. As George Melnyk has argued, co-operatives take on the values of the environment in which they develop. A range of ideologies has supported co-operative development including religion, socio-biology, human solidarity, mutualism and the social economy, socialism, and Marxism (Shaffer, 1999).

Co-operativism is seen as a social process through which to overcome social inequality and to reduce class exploitation. In many cases, co-operatives emerged as a response to the inequalities brought about by the industrial revolution. Other marginalised groups have continued to see the co-operative model as a means to collectively overcome systemic injustices. As Craig (1993) shows in his study of co-operatives:

> Various groups suffering from unequal treatment have attempted to alter their dependent relationship with others by increasing their collective power through co-operating in economic and political endeavours. (p. 187)

This is reflected in the proliferation of co-operative organisations, such as those for people living with disabilities and those for the un- and underemployed.

One of the defining characteristics of co-operative organisation is the goal of establishing relationships of trust based upon common principles and reciprocity. These relationships help to build up social capital in co-operative societies, which in turn strengthen the broader civil society (Spear, n.d.).

Co-operatives have been an important organisational model

for offering services and employment to people in situations where these opportunities were not otherwise available. Co-operatives have also been central in maintaining services and employment in smaller communities in a socially responsible manner. The co-operative principles of equality, democracy, and concern for community offer a positive, if challenging, experience in organising economic and social ventures.

Despite the good intentions behind co-operative development, there have often been problems in realising the goals of equality, democracy, solidarity, and community concern. When co-ops emerged, the overwhelming goal was to liberate people from the impact of capitalist tyranny during the industrial revolution (Craig, 1993). Currently, the impact of co-operatives is not quite so clear. According to Craig (1993), some co-operatives reduce the class impact, while others actually increase them. For example, co-operatives should be egalitarian and opposed to racism, yet this is not always how it plays out in practice. The agricultural co-operatives of South Africa and the Israeli Kibbutzim were built upon expropriated lands, and facilitated racial segregation.

Empowerment has also been an important notion in co-operative theory. The original intent of co-operativism was to empower individuals by bringing people together to achieve something they could not manage alone. Yet in some of the older consumer co-operatives, for example, the members feel powerless due to the development of management practices, whereby all the decisions regarding the functioning of the co-op are centralised into the hands of a few individuals (Craig, 1993).

Instances of gender inequality in co-operative organisations present another example of the difficulty in realising the goals of

co-operative theory. Women have become increasingly involved in co-operative operations, yet often there are limitations to the extent of their role in this area. These include traditional constraints, where women are seen as incapable and unsuited for roles outside that of the traditional "caring" role; legal constraints that disregard women's personal rights (for example, women have lower participation rates in business training programs) and allow for lower wages for equal work; and, most significantly, time constraints brought about by women's continued role as primary care-givers in the family, limiting their ability to participate in co-op activities (Craig, 1993).

These examples indicate the importance of recognising that, despite the co-operative ideal, the context in which co-operatives form and operate is important for defining the characteristics of the co-operative.

The Co-operative Advantage

Regardless of the problems that can emerge in any organisational structure, there are distinct advantages to the co-operative model. Roger Spear (n.d.) outlines these in his discussion of the co-operative advantage:

1. Co-operatives are effective in responding to market failures and state crises;
2. Co-operatives provide a trust dimension in the provision of goods and services, and operate along ethical lines;
3. Co-operatives are participatory and empowering and possess flexibility and resilience;
4. Co-operatives build upon self-help and solidarity within the

community and enhance social capital; and
5. Co-operatives have greater social efficiency. (pp. 9-10)

The co-operative model has great potential in providing a strong alternative to community economic development. Yet certain conditions enhance or impede the co-operative's ability to realise this potential. I will address favourable factors for co-operative development later in this paper.

Criteria for Success

There are different ways to measure the success of co-operative organisations. Social enterprises are unique in that they aim to be economically viable organisations and, at the same time, have social aims to their business. Often the social goals are to improve the economic well being of their membership, while meeting the needs of the community within which they operate. In this way, they "fulfil a twofold function of promoting a solidaristic culture and enhancing the overall efficiency of the system… through the development of proximity services" (Borzaga & Santuri, n.d., p. 35).

The competitive challenges facing co-operatives today have led to debate concerning the primary imperative of co-operative organisations. This challenge has led some to stress that co-operatives are primarily business enterprises, not social enterprises, and need to operate under a competitive imperative. Yet the ability of the co-operative to maintain its market share is likely to be dependent upon acquiring consumer loyalty, which is often secured by the capacity of the co-op to show that it is distinct.

Measuring Economic Success

Some theorists suggest that co-operatives and the social economy are not an alternative to the market or the state, but rather they operate best within the market economy (Parnell, 2000). Yet a number of co-operative associations have been heavily dependent upon the nation state for funding and for delegation of social service provision. Developing full independence from state funding has proven difficult for a number of co-operatives throughout Europe.

Social co-operatives are also able to operate more efficiently based on the following factors:

- The involvement of interest groups in the management of the co-operative, and the frequent involvement of consumers as co-producers;
- The ability to attract human and economic resources through volunteers and donations;
- The high level of effort put in by the people involved;
- The flexibility of the workforces in the structure of working hours, the delivery of services and the greater variety of tasks.
- The level of wages offered in social enterprises is lower than those paid by public institutions – pay is set to the budget that is available. (Borzaga & Maiello, n.d.)

Measuring Social Success

The co-operative model offers a number of unique attributes that are not seen in other forms of economic organisations. Shaffer has argued that co-operatives offer group harmony in problem solving, democratic participation, social equality, development

of leadership, and solidarity (Shaffer, 1999). "New Wave" co-operativism has emphasised the social side of co-operative activities, such as the promotion of healthy living alternatives, environmental responsibility, and services for social services disadvantaged groups.

As well as being a more feasible model for social service development, co-operatives offer an additional feature that cannot be understated: responsiveness to the needs of the community. Most co-operative organisations are borne of a desire among members of the community to provide a service they do not have access to. Co-operatives are a model through which to identify community needs and provide those services, while at the same time offering meaningful economic/employment opportunities for members of the community.

Co-operatives offer economic democracy through the principle of a common sharing of power. This model allows for equal participation on the decision-making process, regardless of the economic position of the various members involved. The focus on developing group solutions to economic problems is an empowering experience for people facing common problems.

Historical Trajectory of Co-operativism in Europe

Co-operatives have an extensive presence in the social and economic terrain of Europe. They have been around as an alternative means of organising social and economic life of Europeans since the mid-18th century. Some of the earliest co-operatives were producer and insurance co-ops, organised in European countries in the 1750s. Also, during this second half of the 18th cen-

tury, co-operative theories and communities based upon these theories began to emerge, such as New Lanark, organised by Robert Owen in the UK, and Le Phalanstère, founded in France by François Fourier (Shaffer, 1999).

In the nineteenth century, co-operatives and mutuals were primarily concerned with forms of social security, with some health and social care offered mainly through consumer co-operative societies (UN, 1997). Many co-operatives were formed during this period by producers, wanting to maintain their trades, and by consumers, wanting to lower the price of goods for their members. In 1850, the first credit society was formed in Germany, representing the beginning of the urban credit co-operative movement, which has remained as one of the strongest sectors of the co-operative movement (Shaffer, 1999). The 1800s also saw the expansion of co-operative theory and the formation of national and international co-operative associations. Yet it wasn't until the 1900s that the proliferation of publications on co-operativism began, along with the development of co-operative organisations and research associations.

The development of welfare systems throughout Europe altered the functioning of many co-operative societies. Some co-operatives were replaced by state agencies and thus, no longer had a purpose for existence. Others were incorporated into partnerships with government institutions. The course of co-operative history shows how co-operatives are a response to the economic and social conditions of the times.

In his book, *The Nature of Co-operation,* John J. Craig (1993) outlines co-operative development in the following five stages:

1. 1817 to 1840 – the development of the co-operative vision and attempts to establish co-operative communities. This stage put comprehensive and segmental co-operation to the test – which they failed.

2. **1844 to World War I –** the founding of the Rochdale Society of Equitable Pioneers in 1844. This stage saw the dominance of consumer co-ops over other forms of more comprehensive co-operativism.

3. **World War I to the 1950s –** the supremacy of the consumer co-ops was challenged, but the ideology of a new world order in co-operative commonwealth was still weak throughout the movement. There was considerable ideological division and individual co-ops went their own way.

4. **1950s to the 1970s –** this stage is marked by the extension of government-directed co-operation, as part of the rapid pace of development and welfare expansion of the post-war era. Yet these co-ops were not able to maintain member loyalty, as they were dominated by the government's logic. Co-ops also faced increasing competition, and carried out mergers in order to compete, which resulted in a loss of their distinctiveness. The movement appeared to be in decline.

5. **1980s to the Present –** Co-ops were growing in developing countries. Co-operative development increased as a response to the privatisation of services by governments in the 1980s. The use of participatory action research and community development techniques provided a new community centred approach to co-operative development.

The reduction and inadequacies of public social services became increasingly apparent in the 1980s and led to the expansion of the co-operative alternative to social service provision. These newly developed co-operatives were more diverse than the pre-welfare state co-operative societies (UN, 1997).

Current Changes in the Provision of Welfare Services

Research of the co-operative movement reveals that co-operatives have recently suffered a loss of markets and retrenchment. There have been a number of dramatic changes throughout Europe over the past few decades that present challenges as well as opportunities for the social economy in Europe. Changes in the international economy have subjected co-operatives to increasing competitive pressures that many have not been able to withstand. Numerous changes in political and social institutions in Europe have altered the terrain for social relations. Many would argue that the provision of welfare services is in a state of crisis across the globe.

Yet, as Roger Spear argues, that is what co-operatives are made for. Traditionally, co-operatives have developed to respond to market failures and states crises. So, despite the challenges of this current state of affairs, the recent changes in the international economic order provide a number of opportunities for the "reassertion of the co-operative advantage" (Spear, n.d., 1-2).

Institutional theory suggests that the institutional structure of welfare states will determine the relationship between the public sector and the co-operative sector. As I will show in the following section, there are considerable differences in the role that co-

operatives play in welfare provision throughout Europe.
Co-operatives tend to be acutely aware of the lack of services offered, as they are often created in an attempt to fill the vacuum left by the inadequacies of the state and market. The gaps in goods and services that co-operatives identify are very contextually specific. The provision of services by the state and market dramatically shift with the realignment of social forces and the restructuring of institutional structures that tend to follow.

The changes in social relations and institutional structures also tend to be accompanied by a transformation in the ideological basis of society and ideas toward policy preferences for economic organisation. From the laissez-faire period of the early twentieth century, through the various stages of national planning and Keynesian economic policies, to the current phase of "globalisation" and "free-market policies," social relations and national and international institutions have gone through a number of transformations.

These transformations alter the social and economic fabric of societies on which the co-operative movement develops. During the post-war period, the expansion of the welfare state was combined with an ideology of a socially responsible society that was collectively responsible for the well being of the population as a whole. This provided two important and supportive institutional frameworks for the co-operative movement:

- Economic support of co-operative organisations through the social provisions of the welfare state; and
- A supportive societal sentiment for some of the principles of co-operativism.

At the same time, a number of co-operative social service organisations were displaced or brought into government agencies as states took over the provision of social services.

Social enterprises exist in countries throughout Europe, both highly developed countries and those with less extensive welfare states. Social enterprises have a more significant presence in countries with weak welfare systems; particularly in the Mediterranean countries where the culture of co-operation and strong extended family networks have existed for generations (Borzaga & Maiello, n.d.).

The recent growth of social enterprises throughout Europe is linked to the changes taking place in the structure of welfare provision in these countries. The post-war settlement of welfare expansion collapsed under the economic crisis of the late 1960s and early 1970s. The principles of social responsibility were replaced by market responsibility hailed by the financial sector. The spread of conservative free market politics throughout the governments of Western Europe changed the economic and social organisation of society that was built in the post-war reconstruction.

Under the market mechanism, there was no more room for government expenditures on expanding socially responsible non-profit services to the population. All sectors of society are being increasingly subjected to competition, which undermines the ability of non-profit organisations to maintain their social principles while still ensuring economic sustainability (Restakis & Lindquist, 2000).

Since the beginning of the 1980s, social enterprises have been on

the increase throughout Europe. This was the result of increasing demand for social services and the downsizing of public welfare systems (Borzaga & Maiello, n.d.).

Co-operatives play a role in the privatisation of services, since they partner with the public sector and can offer these services at more economically efficient levels, through lower wages, benefits, reliance on volunteer labour, and through the ability to be more demand-based service provision. They can be more responsive to the community needs and better able to maintain or improve the quality of services than a large centralised welfare state institution. Co-ops are also better set up to provide preventative health care and get communities actively involved in promoting healthier living (Spear, Leonetti, & Thomas, 1994).

Co-ops develop in areas where there are gaps in service provision (Ullrich, 2000). Co-operatives have been able to increase employment in areas where jobs in the public sector provision of services are declining (many former public sector workers are forming co-operatives). This is a trend throughout the industrialised world, not just Europe. The health care and social service sectors have grown significantly over the past decade. Co-operatives have responded to this growth by setting up to provide service in these sectors. (Ullrich, 1998; 2000) The health care and social service sectors have grown significantly over the past decade, and co-operatives have responded to this by setting up to provide service in these sectors (Ullrich, 1998; 2000).

Yet co-operatives are still quite dependent upon state funding and regulation. Many co-operatives are specifically contracted by the state to carry out social service provision and are paid via state social insurance funds. A common view in Europe is that

privately supplied welfare services, particularly those replacing public services, should be publicly financed, as well as partially managed and/or publicly regulated (Borzaga & Maiello, n.d.). This can offer the necessary support to the development of social service co-operatives, but at the same time can threaten the long-term stability of the co-operative in the context of continually contracting public sector expenditures.

Social Co-ops in Europe – A Brief Survey

During the 1990s, changes in legislation throughout Europe decentralised the provision of welfare services, giving control over welfare service to local authorities. In turn, local authorities have more autonomous control over how these services are to be provided. At the same time, the amount of funding available for these services has declined. These changes could "lead to a plurality of welfare services" where co-operatives could fill the gap in the provision of these services (Miettinen & Norlund, 2000, pp. 42-43).

Co-ops can either remain private or can become para-governmental organisations if they are financed by tax money. The relationship between co-ops and the public sector vary from country to country (Birchall, 1997). In some cases, the state provides financing to co-ops by offering them public sector contracts (Miettinen & Norlund, 2000). A high percentage of co-operatives (as high as 90% in Sweden) have some type of contract with the public sector (Miettinen & Norlund, 2000).

In this section of the paper, I begin with a survey of co-operative profiles of a selection of countries across Europe, followed by a

survey of the different sectors of co-ops in Europe.

Country Profiles

Austria:

Austria has a sizable social-economy, but co-operatives have not been very numerous. Co-operatives formed in Austria in the mid 1800s, with co-op legislation first being brought in, in the 1870s. Credit co-operatives among farmers and other agricultural co-ops were prominent in the Austrian movement. Housing, consumer, and insurance co-operatives appeared in the early 20th century. Construction co-operatives developed in the latter half of the century. In Austria in the 1980s, as a response to the crisis of the provision of welfare services, an increasing number of private organisations provided social services. Social employment also provided educational and training opportunities that had previously been organised by state agencies. Since this initial expansion of social enterprise, the sector has been diversifying and expanding its scope of services and its use of organisational forms. Most social enterprises in Austria adopt a mixed organisational model.

Belgium:

Co-operatives emerged in Belgium in the mid 19th century. Producer and consumer co-operatives, as well as agricultural credit and insurance societies were among the more common forms of co-operative organisation. Federations are an important aspect of co-operative structure, and co-ops tend to be grouped into the socialist, Christian, and neutral wings of the movement. Home services and caring associations have seen strong growth in recent years (Borzaga & Santuri, n.d.; Shaffer, 1999).

Czech Republic:
Co-ops emerged in the mid 1800s in what was, at the time, part of the Austro-Hungarian Empire. Agricultural, consumer, producer, credit, and housing co-ops were among the more common types of co-ops. National federations were formed, and co-ops assisted the social and economic interests of a state-planned economy. The fall of the communists has changed the face of co-operativism, but co-operators seem to be adjusting quickly to the new political arrangements in the country (Shaffer, 1999).

Denmark:
Denmark has a strong presence of consumer, producer, agricultural, and credit co-operatives, which first emerged in the 1850s. Housing and insurance co-ops are also well established in the country. The Central Union of Urban Co-operative Societies has been a strong promoter of the role of co-operatives throughout Danish society (Shaffer, 1999).

Finland:
Co-operative activity began in the latter half of the 19th century in Finland. Credit, consumer, and agricultural co-ops were among the most strongly represented sectors. The University of Helsinki hosts a co-operative studies department. Finland has seen substantial co-operative growth in social sectors in the 1990s (Shaffer, 1999).

France:
Co-operatives were first established in France in the mid 1700s, with the formation of mutual societies. France was also an im-

portant centre of the development of co-operative theory. The traditional sectors of agriculture, credit, consumer, producer, and insurance co-ops were common in France. Associations at regional and national levels were organised early in the 20th century (Shaffer, 1999).

Germany:

German co-ops first emerged in the mid 1800s. Housing, producer, and consumer co-ops were important, but Germany is most often credited with founding the credit and banking co-operative form. Germany has no significant co-op presence in social services. They are currently experimenting with quality circle co-ops of doctors to improve efficiency of health care provision (Ullrich, 2000; Shaffer, 1999).

Italy:

In Italy, co-operatives have been around since the beginning of the 1800s. Co-ops were originally formed as mutual aid societies. Co-operatives in Italy are brought together in one of the national federations of the socialist/communist, Catholic, or Liberal movements. Co-operatives have traditionally responded to the crisis of the welfare state, to cover care areas that were neglected by public services. In many cases, co-operatives are provided with government contracts for welfare service provision. Italy has three main co-op models: the integration co-op that provided employment to people with physical or mental disabilities; the social services co-op, made up of professional care-workers that offer services on contract; and community or social co-ops that provide welfare services and employment projects to disadvantaged groups (Ammirato, 1996; Ullrich, 2000).

Social care co-operatives are particularly well developed in Italy. In 1995, there were approximately 2,000 social co-ops, employing 40,000 people, with 15,000 volunteers, providing services to more than 200,000 people. Close to 13% of public spending on health and social sectors was spent on social co-operatives. Clients of these co-ops included people with disabilities, drug addicts, children and young people, people with AIDS, ex-prisoners and prisoners, and immigrants (UN, 1997).

A survey carried out in Italy of 660 social co-ops in 1992 by the Consorzio Nazionale della Cooperazione de Solidarietà Sociale Gino Mattarelli showed that 422 of the co-ops were involved in providing social, educational, and health services; 110 created employment for people with disabilities, and 128 provided both sets of these services. Most of the co-ops were set up for people who could not pay for the services, so funding came from government agencies or other grant providers. Founders of these co-operatives had the primary goal of more effective participation in the management of the enterprise, hence the selection of the co-op model (UN, 1997).

The Netherlands:

Co-operatives began to emerge in the Netherlands in the mid 1800s, with legislation on co-operatives appearing in 1855. Agricultural, consumer, producer, housing, and credit co-operatives were among the more common types of co-operatives. Co-operatives in the Netherlands tended to ignore the principle of religious and political neutrality, as they were organised along the traditional “pillars” of Dutch society: Protestant, Catholic, Socialist, and Christian Democratic ideologies.

Poland:

The first co-operatives in Poland began in the early part of the 1800s. Agricultural, credit, consumer, and industrial co-operatives were common in the latter half of the 1800s. In the 1920s, a research institute was formed. Cultural co-operatives grew during the interwar period. Another prominent form was the producer co-operative for people living with a disability, mainly war veterans.

Spain:

Co-operatives formed in the first half of the 1800s in Spain, with agricultural, worker, and consumer societies being the most numerous. A national federation for the co-operative movement was set up in the early 1920s. The Mondragon industrial co-operatives have given Spain a strong co-operative identity. There are also national networks of co-operative schools, pharmacies, and health co-ops (Shaffer, 1999).

Sweden:

Co-operatives developed in Sweden in the mid 1800s in the areas of agriculture, consumer, producer, and credit associations. In the early 20th century, co-operatives expanded rapidly and covered a wide variety of sectors including insurance, fisheries, crafts, and childcare. In the latter half of the 20th century, numbers of small consumer co-operatives joined together into large co-operative enterprises. Co-operative provision of welfare in Sweden is a relatively recent phenomenon. In Sweden, the role of co-operatives in welfare provision has been developing over the past two decades, and childcare co-operatives have represented a significant part of this growth (Shaffer, 1999; Miettinen & Norlund, 2000).

United Kingdom

Co-operative organisation in the UK dates back to the mid 1700s, most notably as specialised friendly societies in the 1800s. Most were consumer co-ops and building societies, but many also offered health care and health insurance to their members. Robert Owen set up the co-operative community of New Lanark in 1799. In the early 1800s, producer and consumer co-operatives increased their presence and a co-operative newspaper began publication. The Rochdale Society of Equitable Pioneers was established in 1844, which was seen as inaugurating the modern co-operative movement, including their development of a list of co-operative principles (Shaffer, 1999).

Before the development of the welfare state in 1948 in the UK, friendly societies, co-operatives, and trade unions provided social services. The establishment of the welfare system interrupted co-operative operations. The current expansion of co-operative development is in response to the decline of public social service provisions. Many of the newer health co-operatives are provider-owned, with such features as multi-practice or alternative health therapies. Changes to regulations in community health care, that require the local authorities to ensure vulnerable members of society are provided with care, has led to the increase in community-based care co-operatives (health and social care for the elderly and people with disabilities (UN, 1997).

Since the 1990s, the number of co-ops in the UK providing health and social services has grown significantly. Policy shifts in the UK aimed to reorganise the provision of health and social services, in order to decentralise control to the community level and

privatise the provision of these services. Co-operatives have taken up this opportunity by focussing on these service areas. In particular, co-operative growth in the UK has centred on childcare and the care of people with mental illnesses and physical disabilities. In many of these areas, service co-ops have partnered with housing co-ops to offer a more complete care service (Ullrich, 2000).

Sector Studies

Community Co-ops

A number of co-operatives develop in order to meet community needs that are not being met by either the public or the private sector. *Gaeltacht* (Irish speaking) communities in Western Ireland have witnessed the evolution of co-operatives under circumstances where other businesses would not survive. Although these are not necessarily "social co-ops" they play a social function of enabling remote communities to live more self-sufficiently. These co-ops also play an important role in maintaining the unique cultural heritage and language (Briscoe, McCarthy, & Ward, 1999). Other community co-ops aim to provide employment and training for people who have been out of the workforce for an extended period (CREW, 1984).

Daycare

Parent-owned day cares have been the most rapidly expanding welfare service co-operatives in Sweden since the late 1970s, when co-operatives in general saw rapid growth. In 1995, there

were 1,600 parent-owned day care co-ops in Sweden. Employee owned day care accounted for 157 social enterprises. These co-operatives obtained approximately 64% of their incomes from government authorities as part of the health and social security insurance system (Miettinen & Norlund, 2000; UN, 1997). The prototype of these day-care centres was the anti-authoritarian kindergartens of Germany, where parents had a greater say over the type of care provided. Although the ideological goals were important, those were surpassed by the simple need for quality childcare. Even when space in the public day cares became available most parents chose to keep their children in the co-operative care centres because they were very satisfied with the quality of the care provided. In 1994 12% of children in Sweden were in co-operative care centres (UN, 1997).

In Finland there were six co-operative creches in 1995 (UN, 1997).

In the UK there were almost 40 childcare co-ops in 1993 (UN, 1997).

Elder Care

In Switzerland, Migros co-operative federation established an elderly care co-operative to enhance the ability of older people to live healthy active lives with self-reliance and continued participation in the community. A retail co-operative, Co-op Suisse, offered services specifically to meet the needs of elderly women by proving healthy life-style information and activities, as well as legal council and a solidarity fund for widowhood (UN, 1997). A number of the seniors' housing co-operatives have set up home help and other service provisions, so the extension into

full health care for elderly members seems a logical extension. In Finland, there is one co-operative residence for elderly persons identified (UN, 1997).

Care for People Living with Disabilities

In Eastern Europe, there is a significant presence of sheltered workplace co-operatives whose members are persons with disabilities. In Poland in 1980, there were 435 of these co-ops, employing 272,000 people. The goods produced in these co-ops were protected as state monopolies, so, since the collapse of the socialist economies, these co-ops have been facing significant financial difficulties. In Romania in 1992, there were 300,000 people (20,000 of who were people with disabilities) employed in handicraft co-operatives, which provided medical and social insurance, health treatment, and training for their members (UN, 1997).

In Sweden, there has been growth in the number of co-operatives (both user and consumer owned) providing psychiatric care. Residential co-operatives for people with disabilities are also being set up in Sweden. The Stockholm Association for Independent Living, founded in 1987, is a co-operative set up by people with disabilities, consisting of 100 members and employing over 400 care providers (UN, 1997).

In the UK, there are approximately 50 social co-operatives providing employment for persons with disabilities or mental illness. Daily Bread, Pedlar Sandwiches, Gillygate Wholefood Bakery, and Teddington Wholefood Co-op are some of the more prominent of these co-operatives in the UK (UN, 1997).

In France, parents of children with disabilities set up the Syndicat national des associations des parents d'enfants (UN, 1997).

In Portugal, co-operative associations were set up to meet the educational requirements of children with mental disabilities. The aims of these co-ops were to assist in effectively integrating young people with disabilities into society through occupational support, residences, employment centres, and shelters (UN, 1997).

Health Care

52 million people are users of health co-ops around the world.

Co-operatives have been discussed as a possible solution to the future of health care in Sweden. Health co-operatives could provide the services traditionally provided by the public authorities, as a way to complement the public system and as an alternative to profit-oriented social service providers. There are approximately 100 employee-owned co-ops providing medical and health care services in Sweden. They are geographically (community) bound and concentrate significant effort on preventative health care. The national insurance co-op, Folksam, and the national representative of housing co-operatives, HSB: Riksforbund, promoted the idea of user-owned co-operative health centres in a 1991 report. Unfortunately a number of these co-ops did not move beyond the planning stage (UN, 1997).

User-owned health co-ops were present in the former Yugoslavia in the 1920s and 30s. The movement was quite extensive and by 1938 there were 134 health co-ops, which had a membership base of over 65,000 households or 390,000 people. The movement was based on three principles:

- improving health conditions, particularly in rural areas, with the active support of the community;
- providing education was not enough to improve health, but material conditions needed to be improved and people needed access to medicines and other health goods;
- health problems could not be resolved in the rural areas in the same way as in the urban centres.

The Ministry of Social Affairs and Public Health supported this movement and user-owned health co-ops were authorised as partners of the public health service. These co-operatives formed the basis of the public sector health services in the socialist system brought in after WWII (UN, 1997).

In Barcelona, Spain, there is a user- and provider-owned hospital, the Sociedad Cooperativa de Instalaciones Asistenciales Sanitarias, which operates in association with numerous provider-owned health co-ops (UN, 1997).

In Belarus, most health services are privately offered, and parastatal co-operatives continue to be an important provider of health services (UN, 1997). In the Russian federation in 1995, Tsentrosoyuz, a national consumer co-op, provided health services for its members through a system of 210 hospitals, as well as rest homes and sanatoriums (UN, 1997).

In 1994 in Germany, there were three doctors co-operatives (UN, 1997).

Provider-owned co-ops appeared in Poland in 1945, often set up by health professionals employed in the public system. These co-operatives offered specialised services to complement the

public health system, particularly occupational health services for people with disabilities. Often these co-operatives set up office within a housing co-operative. At the end of the 1980s there were 27 provided-owned and 9 worker-owned health co-ops, which together operated 325 health centres with a workforce of 9,262 people, including 3,532 doctors and 1,100 dentists. With the fall of the socialist centrally planned system, these co-operatives faced an unfavourable environment and many of them became private, for-profit enterprises, or ceased to exist altogether (UN, 1997).

In Portugal in 1996, there were three health co-operatives, as well as the Higher Polytechnic and University Education co-operative that provided degree courses in the health sciences (UN, 1997).

In Spain, provider-owned health societies were set up in the 1940s and brought together a group of doctors who offered their services to clients based upon a prepaid contract, through the system known as igualatorio. The system's goals were to provide health services to people who were not covered by the limited national service and who were not able to afford the private health care services. These organisations operated as co-operatives, but they were not legally set up as co-operatives until the mid-seventies when the legislation changed. In 1988, a group of health care providers, interested in family medicine and community-based preventative health, set up a co-operative for this purpose. A hospital co-operative was established in Barcelona. By 1988, membership in the provider-owned health co-operatives had grown to almost 20,000, with approximately 800,000 policyholders. In 1982, the Office for the Study and Promotion of Health Co-operation was established in Catalonia (UN, 1997).

Retail Co-operatives

A number of retail co-operatives in Europe were founded on the principles of providing goods that improve the standard of living of their membership, which numbers up to 21.6 million households. These co-operatives not only provide nutritionally balanced foods, but also aim to educate their members on nutrition, household safety, and preventative health. They also aim to increase environmentally conscious consumer choices. Because of the high proportion of market share commanded by these co-operatives, they are able to pressure producers to improve the quality of their products (such as increasing organic foodstuffs) and require complete nutritional labelling of food products (UN, 1997).

In 1994 in Europe, there were 2,500 co-operative pharmacies, serving 30 million members, with 10% of the market share, operating in Belgium, France, the Netherlands, Switzerland, and the UK. These co-ops provided a broad range of health care services, including medical advice, background information, and preventative measures, on top of their primary goals of providing cheaper pharmaceuticals. Belgium has assisted the development of co-operative pharmacies in the Czech Republic (UN, 1997).

Mutual Aid Societies

Mutual aid societies were present as early as the Middle Ages in

France, and were first legally recognised in 1852. These organisations aimed to assist members and their families in cases of illness, injury, or disability; to establish retirement funds; to take out death or accident insurance; and to provide funeral expenses and grant assistants to the descendants, widowers or orphans. Mutuals also offered education and training, unemployment funds, health services, soup kitchens, and other programmes. When the state began to offer these insurance plans in the 1930s, many mutuals were contracted to manage these new programmes. By the 1990s, these mutuals held 60% of the complementary insurance plans, covering 27 million people. Mutuals also operate hospitals, health and social research centres, and run preventative health campaigns (UN, 1997).

Insurance Providers

A number of the co-operatively owned insurance providers offer a social dimension to their insurance activities. In Sweden, Folksam specialises in insurance services aimed at meeting the needs of women, including publishing informational material to increase knowledge in areas such as financial security and health (UN, 1997). Folksam is also involved in increasing automobile safety, through research on traffic safety and car design (UN, 1997).

The Mondragon Co-operative, in the Basque Autonomous Region in Spain, operates an insurance branch, Lagun-Aro, which provides its members with health and unemployment insurance and pensions (UN, 1997).

Housing Co-operatives

A number of housing co-ops provide social services to their members, particularly home care and nursing services, as well as day cares. There are also a high proportion of housing co-operatives dedicated to serving the needs of the elderly and people with disabilities (UN, 1997).

Analysing the Potential of the Social Co-operative Sector in Europe

Support for Co-operative Development

There are a number of factors that influence the extent to which co-operatives are able to engage in the health and social care sectors. The UN survey (1997) identified the following factors that influence co-operative development (both negatively and positively) in these sectors:

- The extent of public sector responsibility in these areas;
- The policy position of governments on co-operatives;
- Citizens' perceptions of co-operatives;
- Perceptions of the co-operative movement and the availability of capital;
- Perceptions and positions of other stakeholders in health and social care;
- Perceptions and positions of health and social care professionals;
- Perceptions and positions of other stakeholders in society, including employers; and
- Technical and organisational determinants. (pp. 88-90)

In most European societies, welfare states are under significant

transition due to both downsizing and the lack of responsiveness to the needs of communities. This has led to opportunities for co-operative forms to take up the responsibility of social service provision.

Governments are increasingly showing interest in the possibility of co-operatives as more cost-effective health and social care delivery models. Governments have begun to recognise the importance of community-based services with higher participation of the citizenry in improving overall health and social well being (UN, 1997). The European Parliament has promoted the development of co-operatives associations, particularly as a way for potential new members to meet the environmental and health regulations of the EU.

Populations have shown an increasing interest in co-operative enterprises as better able to promote community and individual responsibility in the provision of services. There has been a growth in interest in developing co-operative enterprises to respond to the crisis in welfare state services (UN, 1997). The response of health care professionals has been mixed, but there is a growing number of health care professionals, formerly employed in the public sector that are looking for employment opportunities with the aim of continuing the provision of quality care to communities. Co-operatives are becoming a salient option for a number of these professionals.

The small size of co-operatives is a disadvantage to their operational efficiency. Many co-operatives are set up by specialised individuals, who are unable to carry out the management responsibilities of a co-operative enterprise. Other co-operatives face problems of over-worked and under-compensated members. Both of these problems threaten the sustainability of new co-operative

enterprises. A potential solution for this problem is the establishment of new and the extension of current associations that bring together co-operative organisations. This would allow for co-operatives to pool their economic and social resources and delegate roles based on specialisation of skills while reducing redundancy.

Appendix 1 – Statistics

Country	First Co-op	First Co-op Law	Number of Co-ops (year)	Number of Members	Percentage population in co-ops
Albania	1946	NA	NA	NA	NA
Armenia	NA	NA	5,725 (96)	571,065	16.5
Austria	1794	1873	1,485 (96)	3,839,376	47.4
Azerbaijan	NA	NA	79 (96)	660,000	9.0
Belarus	NA	NA	147 (96)	1,927,100	18.5
Belgium	1848	1873	1,553 (96)	3,597,262	35.4
Bosnia-Herzegovina	NA	NA	70 (96)	NA	NA
Bulgaria	1863	1907	4,814 (96)	1,213,000	14.0
Croatia	NA	NA	1,211 (96)	NA	NA
Cyprus-Greek	1909	1914	690 (96)	515,352	69.2

Country	First Co-op	First Co-op Law	Number of Co-ops (year)	Number of Members	Percentage population in co-ops
Cyprus-Turkish	1909	1914	272 (94)	28,227	21.1
Czech Republic	1852	1873	2,185 (96)	1,381,583	13.4
Denmark	1851	NA	1,445 (98)	1,797,067	34.2
Estonia	1898	1917	30 (96)	53,528	3.7
Finland	1870	1901	1,664 (98)	2,337,374	45.8
France	1750	1887	23,573 (96)	17,485,573	30.1
Georgia	1919	NA	105 (96)	200,000	3.8
Germany	1845	1867	10,320 (96)	22,322,050	27.9
Greece	1780	1914	6,970 (96)	1,043,381	9.9
Hungary	1850	1875	3,497 (96)	3,013,000	29.6
Iceland	1844	1937	43 (87)	46,804	20.0
Ireland	1859	1893	723 (96)	2,123,576	59.5

Country	First Co-op	First Co-op Law	Number of Co-ops (year)	Number of Members	Percentage population in co-ops
Italy	1806	1886	39,02 (96)	7,624,430	13.3
Latvia	1860	NA	98 (96)	305,400	15.0
Lithuania	1869	1917	99 (96)	246,300	6.8
Luxembourg	1808	1884	63 (98)	17,627	4.8
Malta	1946	1946	21 (96)	5,016	1.3
Moldova	NA	NA	149 (96)	595,320	13.3
Netherlands	1860	1855	2,492 (97)	6,446,000	41.1
Norway	1851	1935	4,259 (96)	1,597,668	36.4
Poland	1816	1920	13,774 (96)	2,584,638+	NA
Portugal	1871	1867	2,966 (96)	2,134,670	21.9
Romania	1852	1903	NA (96)	6,165,000	28.5

Country	First Co-op	First Co-op Law	Number of Co-ops (year)	Number of Members	Percentage population in co-ops
Russia	1825	1907	54,149 (97)	14,122,628	9.5
Slovakia	1845	1873	1,108 (96)	782,966	14.6
Slovenia	1851	NA	174 (96)	220,334	12.3
Spain	1838	1885	23,481 (96)	4,336,502	11.1
Sweden	1850	1895	15,106 (98)	4,770,540	53.7
Switzerland	1816	1881	1,651 (96)	3,657,155	50.1
Turkey	1863	1867	50,150 (98)	8,081,100	12.9
Ukraine	NA	NA	4,717 (96)	6,189,815	12.2
United Kingdom	1750	1852	10,656 (96)	9,652,000	16.6
Yugoslavia	1870	1925	1 (88)	1,506,000	6.5

(Table adapted from Shaffer, 1999, pp. 437-439)

Appendix 2 – Case Study

Co-operative Name: Lehrerkooperative e.v.
Economic Sector: Service provision
Activity: Teaching and caring for people
Date of Formation: 1985
Country: Germany
Number of Workers: 230
Turnover: Approximately 8 million DM

Founding and Operations of the Co-op:
Due to poor employment prospects, a group of teachers and others in the social and educational sector aimed to create their own employment. Services provided include language courses for foreigners, school preparation classes, and child-care services. Other services and campaigns grew from the original framework of activities, in such areas as women's issues and literacy.

The co-op is both publicly and self-financed. Budgets are approved at workers' assemblies. It does not have shares, but instead collects membership fees.

The areas of work of the co-op are divided into projects, which operate independently, with decisions being made in team meetings. These project teams also discuss strategies for the organisation as a whole. Independent work units take on the tasks for the organisation. There are delegates' assemblies, where project workers advise the Board of Directors.

Relationship with Community:
The co-op offers services to foreigners and children in the communities, and has a close working relationship with City and

County councils. One of the aims of the co-op is to reintegrate the long-term unemployed into professional life. It works with similar organisations at both the national and European levels.

Structure:
The co-op has a journal to provide information and communication to the membership. There are various parallel bodies on different levels of the organisation. Decisions are taken by consensus in most cases, but if consensus cannot be reached majority vote is used.

Originally the wages were set at a standard rate for everyone, but the structure has changed recently. Wages are still the same, but there are extra payments based on length of time in the co-op, age, and the number of children the worker supports.

Learning Process:
Projects are developed independently, which provides an opportunity for skills building. All the projects provide a budget for vocational training and management skills development for employees who would like to participate.

The success of the co-op has, in good part, been due to the utilisation of the members' skills through promoting the independent development of new projects. This open environment has created a high level of member satisfaction and motivation and has allowed the co-op to effectively respond to changes in society.

(Case study information from FCECTA, 1997, pp.63-71)

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