On Social Economy Concept

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Abstract. We often find in the specialized works the claim that Social Economy, as we understand it today, has three main conceptual sources, namely: the works published in the XIX th century by economists like Dunoyer, Mill, Walras; the vision of certain theoreticians and practitioners such as Owen and Fourier and the cooperatives established in Europe about two centuries ago such as the Rochdale Pioneers. But there are fundamental differences between the XIXth century’s acceptation with regards to the term and current definitions. The constancy which links all these concerns is the affiliation of the debates in the Social Economics field, a branch of economics that investigates the relationship between the economy and the society. At the same time, we can not deny the connections and similarities between the cooperatives and mutual associations of two centuries ago and of today. But, back in time, the concept of social economy, both theoretically and practically, was not limited to these types of organizations. The conclusion of the study is that today we can talk about a Neo Social Economy which gives up to utopian visions but is limited to the activity of a particular type of organization called Social Enterprises.

Keywords: Social Economy, Social Enterprise, Cooperatives, the Third Sector, Community Economy

JEL Codes: L31, L13

1. Introduction

The report Social Economy in the European Union (2012) conducted by CIRIEC stated: “The term Social Economy probably appeared in the economic literature for the first time in 1830. That year, the liberal economist Charles Dunoyer published the Treaty about social economy, advocating for a moral approach to economy.” The report mentions John Stuart Mill, Leon Walras, Frédéric among the first economists who use and analyse the concept of Social Economy. The XIX th century was marked by the effects of the Industrial Revolution that caused the society to radically change, with many visible consequences in the economic, social and political fields. The economic sciences are also included in a new stage of development together with the publication of the work of Adam Smith - The wealth of nations: research on the nature and its causes (1776). The sociology is born from the positivist vision of August Comte and the political philosophy proposes the most varied ideologies, from anarchic liberalism to utopian socialism, in an attempt to define the role of the state and how to ensure the welfare of a great number of people. All these branches of knowledge inevitably meet with the need to understand and explain the human behaviour resorts, individually or collectively, which are the key to many questions that everyone attempts to answer. In addition, the precarious situation of a large segment of the population has urged personalities from different fields but also from different social levels to seek solutions to rise the living standards of the masses. The sociology, the economics and the political sciences inevitably overlap in time, often using terms like political economy, social economy, social philosophy, political sociology.

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2. Material and Method

In order to compare and analyze the conceptual sphere of the term Social Economy over time until now, we used the bibliographic study of the three sources identified by the CIRIEC report as the first theories and experiments in the field: the work of economists such as Mill, Dunoyer, Walras, Le Play; the ideas and experiments of Owen and Fourier and the co-operatives established in the XIXth century such as the Rochdale Pioneers Cooperative. We made a documentation about the efforts of those who sought to reform the society or create new social models and we analyzed the monograph of certain emblematic associations which formulated cooperative organization and functioning principles which are still respected nowadays. We comparatively analyzed the results with the contemporary definitions of the Social Economy offered by researchers in social sciences and international institutions.

3. Results and Discussions

3.1. The Fathers of „Social Economy” Collocation

Charles Dunoyer was a French liberal economist and politician. In the center of his work is the concept of freedom which must accompany the industrial development and which should never be sacrificed, despite the emergence of an increasingly numerous class of poor workers. The Social Economy Treaty (1830) argues that the financial situation of each individual is the result of his work and of the morals he adopts. But he sees them as individual solutions and he is skeptical about the ability of the poor to become entrepreneurs or to associate. Dunoyer defines the social economy on one hand as a branch of the economic science, and on the other hand as an economic practice of the masses. He wrote: “What is the science of this economy if not knowing these forces and their capabilities, i.e. knowing all the occupations which form the economy of the society and the conditions they are subject to.”

Frédéric Le Play was a conservative French economist and politician. He founded the International Company of Social Economy Practical Studies which was based on monographic analyses with an economic character. In the work Social Economy he proposes the return of the society to the patriarchal model practiced in feudalism. In the cities, the role and obligation of the employers was, in his view, to provide workers and their families with homes, a decent income, and religious education. In the rural environment, he propose the return to pastoral tribes or agricultural communes, led by a head of the household, with the role of a father. As with regards to the forms of association between workers, he believes that these are only palliatives which prove that “the evil exists in the society” but they do not eliminate it. The social economy for this author means the practicing of the economy by the masses, under the guidance of an Employer who guarantees the compliance with the moral norms in the community.

John Stewart Mill was a member of the British Parliament from the Liberal Party. He believes that “the poor no longer needed to be treated like children” and “the concern over their fate should be left to their own abilities.” Once freed from the domination of the rich classes, “people had to learn to work for each other and together with others.” He supported the idea of replacing the subordination relations with “the association of workers under equal conditions, collective capital ownership, equity management and democratically elected management.” The political democracy was thus expanding through the democratization of the economy. The author studies the emergence and development of two types of cooperation which allow the incentives and the emancipation of the poor class: those based on the association between capital owners and the associations in which the workers invest their own capital and labor force, thus becoming entrepreneurs. The second model is considered to be superior.

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3 Dunoyer Charles, 1886, Oeuvres, Librairie Guillaume Publishing, Paris, pg 470
5 Ibidem, paragraph IV.7.8
6 Ibidem paragraph IV.7.21
The author rarely uses the term Social Economy. However, the phrase appears in *Book II, Chapter X. Methods of abolishing the Cottier trend* in which are proposed measures to improve the lives of Irish farmers. It is proposed to set up a Company to buy all the lands on sale, which is “a way in which the private capital could be used to improve the social and agricultural economy in Ireland, not only without sacrifices but also with considerable profits for the owners of that company.” The social economy also appears here as the practicing of the economy by the families. The cooperatives were only a segment of this economy, inspired manifestations which example could have been followed widely, but the social economy contained more forms of economic organization of the civil society at the time.

_Leon Walras_ (1834-1910) is a French economist and mathematician whose fundamental work, _Elements of pure economics_ was especially appreciated after his death, following certain discoveries and translations. In his view, the economic sciences are composed of three parts: “the study of the natural laws of the change value or of the change (the theory of social wealth, the economics theory or the Pure Economics), the study the most favorable conditions for agriculture, industry, trade, crediting (the theory of the wealth production or applied Economics) and the study of the best conditions on the ownership and taxation (The theory of wealth distribution or Social Economy.” Walras advocates for the freedom of the market mechanisms. He defends the private property but is in favor of the nationalization of the land and natural resources by the State. Thus, the latter would have sufficient resources to be able to waive the taxation of wages which condemns the employees to poverty. Freed of the tax burden, they would be able to gather capital which they could invest in their own cooperative enterprises. The author supports the idea of cooperative but the term _Social Economy_ is used in a broader sense, referring to macroeconomic principles of redistribution of the national wealth.

Most of the works of the above authors identify a social problem: the formation of an increasingly numerous class of economically vulnerable people. This class will constitute “the masses”, the majority, in opposition to the elite, which is the minority. Dunoyer, Mill, Walras, Le Play do not talk about workers, as we nowadays understand this professional category, but about all those who provide a paid work and depend on their own labor force to earn income (the employees). The masses were made up of workers from workshops, small farmers, the small bourgeois of the entrepreneurs and officials, their families: children who contributed to the social economy working by the age of 10 or even 6, women, housewives or employed. These masses will weigh increasingly more in the national economy, will cause or support revolutions, will participate in the government. The concern to find solutions to improve their situation, in other words to improve the situation of the majority of the population, was common at that time and the works mentioned above fall within these concerns. As a theory of the economics, all of these authors show that the poverty has both social and economic causes and effects. The state of material deprivation is caused and is accompanied by moral and educational deficiencies. For this reason, the work of Dunoyer, Mill, Le Play certainly belong to the “Social Economics” field, phrase that both in French and Romanian translates with the same words as “Social Economy”. On the other hand, from the above works, it results that the _social economy as economic practice can be defined as a way for the members of the economically and socially vulnerable classes to accumulate capital._ Their vulnerability arises particularly from the fact that they lack production factors such as capital and land. Their only chance is the proper capitalization of their labor force. The purpose of the debate was to ensure them a decent living. It was thus aimed to create a numerous and stable middle class that is no longer at risk of poverty. The accumulation of capital, be it in modest amounts, was a sign of adaptation to the capitalist society. It was a result of the compliance with the moral rules that included rules of economic conduct (avoiding waste, efficiency, foresight, prudence, saving). By learning and practicing these norms, in the minds of the employees would form an enterprising spirit which turned them into capitalist entrepreneurs. The detailed arrangements by which this result was achieved and the definition of

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8 Ibidem, paragraph II.10.11 available on http://www.econlib.org/library/Mill/mlP62.html#anchor_c60
decent living vary from one author to another. The latter referred not only to covering the basic needs: food, clothing, housing but it also included safety, health, the population’s access to education. It also means an added value that could be saved or reinvested. The mentioned authors do not advocate for non-profit organizations. The profit is the essence and the main purpose of the economic activity, it ensures their continuity and proves the success of the entrepreneurs. The discussion was carried out on the fair and responsible division thereof. In addition, the theoreticians and practitioners of the XIX th century are against charity. Their goal was to obtain the financial independence of individuals, to obtain revenues through the use of their own labor force, self-help, cooperation. “Income for work” and not for free is an ethical and economic principle that all these authors advocate for. The majority talks about the need to regulate the State influence on the economy practiced by the society. It is either called upon to intervene in order to ensure a part of the necessities of a decent life, or on the contrary, to limit itself to guaranteeing the social freedom through fair laws and the enforcement bodies thereof. They all talk about education and morality as indispensable for avoiding poverty. Therefore, a definition of social economy that emerges from the works of the authors in the XIX th century could be: “The social economy is the economic activity exercised by the masses who value their workforce in order to ensure a decent standard of living, in compliance with the moral norms of the society.”

3.2 Between Utopia and Practice

An interesting situation is the position of the bourgeoisie involved both in debates about social economy and in stimulating the cooperative movement. Unlike the cultural elite formed by theoreticians and politicians and the working class which is a practitioner of the cooperatives, its representatives combine the two aspects, trying to implement their own ideas in the social experiments.

Robert Owen (1771-1858) was born in Wales and is the sixth of the seven children of a merchant from Newtown. Although his family was rather part of the middle class, Owen was sent to work in a drapery at the age of 10. After several similar jobs his sharp and enterprising spirit allowed him at the age of nineteen to become the manager of a cotton spinning mill. He bought together with the British associates the Lanark spinning mill in Scotland where he implemented his first social reform project.

Upon his arrival, the spinning mill would use the work of children between 6 and 12, coming from the orphanages in the area, according to the Laws of the Poor, in force ever since the XVII th century. The 500 children would live in a shared house, they had food, clothing, healthcare and education. Under his management, the factory gives up his orphan disciples and the families established here are encouraged to send their children to the local school until the age of 10. It should be noted, however, that many children went to evening classes, after almost 12 hours spent in the spinning mill. The Institute for the Formation of Character (Owen school) did not charge tuition fees and provided the children with the knowledge of reading and writing, mathematics, dance and music, military training for boys and initiation in domestic work for girls (cooking, sewing, etc.). In the village especially created for the employees, near the spinning mill, Owen limits the alcohol consumption and gambling, combats the theft through fines and special education, forces the workers to contribute with a small part of their income to the creation of a social fund for pensions. In order to allow the women to return to work soon after childbirth and to prevent the children from appropriating wrong habits by mimicking the adults, he founded the first nursery in England.

The advocacy for education and the description of his experiment in Scotland serve the author to ask for a social reform from the State which would extend his initiative throughout the whole country. He asks it to guarantee the access to education for all children and also to create jobs for the unemployed. In order to fulfill the last objective, he proposed the State to take over the production of the “national utility goods” such as infrastructure works. In order to not distort the market laws in the free formation of the wages value, he proposed the quarterly preparation of reports by the local authorities with regards to the average price of the district labor, the number of unemployed, the jobs held previously by the citizens, etc.

Owen believed that the poor cannot break through by themselves because they are victims of wrong life principles that they are taught from a young age, by imitating the others. A New View of Society, or
Essays on the Principle of the Formation of the Human Character is first of all an advocacy for raising the living standards of the poor through education. Owen established a society based on the model he also believed in on the American territory. New Harmony, sponsored by him and led by one of his sons turns out to be a failure and it was dissolved within less than three years of its establishment.

François Fourier was a French philosopher, and like Robert Owen, was also associated with the utopic socialism. Although his ideas were often extravagant (he foresaw a future where lions and whales will work for people and the seas will turn into lemonade), he had supporters, founders and followers, inspiring the establishment of communities in Europe and America (40 Phalanges). Fourier considers the civilization to be a perversion of nature and the industry- a source of evil. He opposes the austere morals a passionate society, made up of communities in which each member performs the chores that make them happy. The members of the Phalanges should live all in the same building, the canteen, kitchen, school, sheds, stables, would have been common property. And for Fourier, the education is fundamental, it should begin at an early age, following natural laws, it should be pleasant and urge children to do useful things from infancy. His ideas have also reached Țara Românească where Teodor Mehtupciu (Diamant) persuaded Manolache Bălăceanu to establish a similar community at Boldești- Scăieni, Prahova. Like the other Phalanges in Europe or America, it was a failure and was dissolved within two years of existence.

Also for these ideologues of the XIXth century, the Social Economy is actually the practicing of the economy by most individuals, in order to ensure a satisfactory standard of living. The cooperation and even the joint ownership extend to the entire community. Their ideal was not the establishment of cooperatives within the society, but rather the entire transformation of the society.

The period in which are published the works of the mentioned authors coincides with an effervescence in the establishment and development of cooperatives, associations and mutual companies emerged among the poor or middle class. Both approaches aimed at providing the welfare of a large number of people but we talk about two separate phenomena, which develop individually, they meet at different points, inspiring each other, but which never completely overlap. The fact that all the mentioned authors talk about cooperatives, they describe and evaluate them, it means that they were already present when such works were written, in other words, they precede them. The fact that some authors agree with them and encourage them while others consider them to be inefficient is another proof that the cooperative movement is a movement which is parallel to the development of theoretical concepts of Social Economy and does not exhaust the concept, it is not mistaken by it. The social owenist or Fourierist experiments are different from the cooperative movements, even if they have common elements. Of course that the two dimensions of the era civilization overlap. The new philosophy and political economy currents have been popularized and spread rapidly due to the newspapers from that time and the increase in the number of those who could read. But let's not forget that Mill, Dunoyer, Le Play were part of a social elite, higher education graduates, with a satisfactory standard of living and occupying public or university positions. Their concern was to generate ideological models that could be transformed into economic policies with applicability and impact on the entire society. Their vision is theoretical, global, macroeconomic, their solutions are general. On the other hand, ordinary people would seek practical adaptation solutions, they constantly needed them in their daily life, at a micro-economic level. Helped and inspired by the theories of the intellectuals of that time, the members of the poor or middle class create their own models in search of a better life. The thinkers of that time see in their attempts possible models for illustrating their own theories, models that they appreciate or criticize. The founders of the cooperatives see in the intellectuals’ ideas a source of inspiration which they use, however, in their own original way, adapting to laws and realities of their time.

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10 http://www.britannica.com/biography/Robert-Owen
12 http://www.newworldencyclopedia.org/entry/Charles_Fourier
3.3 Emblematic Cooperatives of the XIX th Century

The Rochdale Pioneers remains in the history of cooperatives as a good example of association of which principles are still in force today. The company was legally registered in October 1844 following the model of another associations from Manchester called The Rational and Burial Society. Its stated purpose was to “improve the social and family condition of its members” by creating social stores, house building, the establishment of manufactures.\(^{13}\) Unlike other shops which lowered the sales price below the purchase price in order to eliminate competition, the Pioneers always sold in profit. The company was based on both voluntary and paid work. Of the total net income of the store, they deducted the management costs, the interest for subscriptions, dividends on capital, stock value reduction, the amount allocated to investments for merchandise or development, 2.5% for educational expenses.” The remaining profit was shared between the store clients, proportionally with the value of the purchases made\(^{14}\). The investments were made for the benefit of everyone. The company had clear principles for forecasting and risk counteraction such as the strict control of the expenses, the constitution of risk fund, the refusal to sell on credit- widely practiced at the time. The cooperative also helped other similar organizations with capital contribution and free consultancy services, and it was open to anyone who wanted to visit, explore it or imitate it, which granted it a great popularity at the time. From a shop with only four food items, opened only two evenings per week, the Rochdale Pioneers have come to own a corn mill, warehouses, various stores, a library, a school, an almanac. The cooperative lasted until 1991\(^{15}\).

One of the disciples of Fourier, Michel Derrion, established a social grocery in Lyons( Le commerce vérifié et social) about 10 years before the Rochdale cooperative, militating against the trading practices of the time “which would lead to the falsification of products, monopoly and price-fixing.”\(^{16}\) (1835) The German space provides the model of the credit cooperatives based on the models of Hermann Schulze and Friedrich Raiffeisen. The Eastern Europe also has, in the same period, notable examples such as the Common Society of Ampelakia (Greece) formed ever since the eighteenth century among the cotton growers. In 1770 it gathered producers from 22 villages, it had 6000 members, 24 plants and 17 branches in various countries (Russia, Great Britain, etc). “The company, however, could not cope with the taxation and new technologie costs”, and was closed in 1812.\(^{17}\) In Romania, the management and production system of the village communities, now recognized as a form of social economy, it was known since ancient times and resisted to change, surviving until today. The first modern cooperative was a credit one, founded in 1851 in Brăila: Infrâtiirea, followed by “The help house for workers and typographers.”(Bucharest ,1854) and the first craft cooperative “The footwear craftsmen Company” (Bucharest, 1879).\(^{18}\)

3.4 Modern Approaches

The CIRIEC study believes that “the term Social Economy was abandoned in the everyday language even by the families from the same sector of activity” after WWII until 1977, during which different forms of the Welfare State tried to apply the ideas of social reform launched by different ideologies.\(^{19}\)

Since 1970, the European Economic and Social Committee has relaunched the debate on cooperatives, mutual organizations and undertakings, organizing multinational conferences at the EC level. In 1980 CEGES published the Charta of the social economy. The document, however, does not give a

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\(^{13}\) http://www.rochdalepioneersmuseum.coop/about-us/about-toad-lane/


definition to the social economy but gives a definition to the Social Enterprises, all its 7 articles stipulate general principles for the functioning thereof: the social purpose of the activity, democratic management, voluntary accession, mutual trust and respect between members, the exclusive use of surpluses for the development of the organization and the fulfillment of its social purpose. This overlapping between the Social Economy and a certain type of organizations will become prevalent in our days. Although it is frequently stated that the Social Economy is rooted in the writings of the XIX th century economists, the broader sense that they had given the term will often be ignored. What could the Social Economy have today, distinct from other theoretical and practical fields, besides the existence of the Social Enterprises?

One answer comes from John Pearce who suggests in his 2003 book the diagram of the three sectors of the economy, highlighting the Private system profit-oriented (the First sector), the Public System sector with normative role (the Second Sector) and a system of Self-help, Mutual Social Purposes (the Third Sector). The latest, includes Social Enterprises, voluntary organizations and family economy. The three forms of economic and social organization can be divided into two categories: The Community Economy, comprising mostly the community enterprises and the social enterprises (cooperatives, mutual associations, market oriented companies organized based on cooperative principles) and the Self-Help Economy that generally includes the family economy, based on the work in their own household and/or revenues from Diaspora. If the social enterprises belong exclusively to the Community Economy and the Family Economy belongs entirely to the Self-help Economy, the voluntary organizations belong to both categories and include clubs, private loans, Time banking, charity organizations, voluntary organizations. Therefore, the family economy, the informal economy, which does not take the form of the legally constituted organizations is, according to Pearce, also part of the Social Economy, along with other social enterprises. This family economy is actually the starting point of all the writings and experiments of social economy in the XIX th century. At this level they had to reflect all their ideas for reform. Nowadays, the family economy that does not manifest within certain legally constituted forms of organization is not an integral part of the Social Economy as defined by the European Union. The definition provided by EMES and taken by the EU is as follows: “The social economy includes the enterprises of the cooperative movement, the mutual companies and insurance companies, the foundations and all the other non-profit organizations that have certain principles that make them fit into the “third sector” of the modern economies.”

**From the economic and entrepreneurial point of view**, they have in common: “a continuous activity of production of goods or services”, “a high risk” and a “minimum contribution of paid work.” These organizations are called Social Enterprises. **From the social point of view, these organizations are distinguished by**: “the explicit social purpose, including the development of the “sense of social responsibility at local level”, the collective and private character, “the lack of distribution or the limited distribution of profits to owners, thus avoiding a behavior oriented towards maximization thereof.”

It should be noted that the social inclusion cannot be done without financial inclusion which means in fact paid work, weather the payment is done in form of salaries or dividends. The purpose of the XIX th century cooperatives certainly targeted the ethical and social field, but obtaining a satisfactory income for the members was never neglected. The purpose of the members' participation in the development of the organization was to acquire material gains as profit sharing, discounts on products purchase, decent interest loans accompanied by social benefits such as education. The limited distribution of the profit would be made in the XIX th century also because such organizations had a reduced capital in the beginning. In order to continue with the activity and develop themselves, the pioneers of the cooperatives had to constitute investments reserves and risks reserves (stock depreciation, market fluctuations, resignation of members). The lack of total distribution of the profit is a measure a risk balance and a method of saving. This feature is also noticed in the case of private enterprises without social character which constitute reserves and provisions, some of them which are now mandatory by law (legal reserve). At the same time, in the absence of a social state insurance system, the coworkers of the XIX th century constituted funds to help the members

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22 Ibidem, pg 13
in getting social services. The introduction of compulsory health insurance and pensions turned the constitution of the social funds into obligation endorsed by the state and the large taxpayers in this system were the employees and the companies with a large number of employees, not the organizations based on voluntary work or the voluntaries.

The lack of distribution of the profit creates funds for social purposes, but the first social purpose of the cooperatives was to help their own members (not people outside the company) through a personal and also a collective effort. The risk funds and the funds for social projects, in the XIX th century were often smaller then the percentage of profit distributed to members like dividends in order to avoid their risk of poverty as a result of their contribution to the development of the organization.

The third dimension of the social enterprises is the participatory management characterized by a high degree of autonomy compared to the private or governmental financing, the decision-making system (1 person = 1 vote), making a joint decision by the stakeholders.\(^{23}\) The high degree of autonomy from private sources excludes from these categories the foundations and charitable associations funded by companies or by one single person. The independence from the governmental sources of income excludes the subsidies, state aids and grants that these organizations have benefited from lately. The participation of everyone in the decision can only be done if these groups really want to get involved which is difficult to achieve in the case of non-members stakeholders and also in the case of the organizations with lots of members.

In 2011, the European Commission issued a document entitled the Social Business Initiative, Building an ecosystem to promote social enterprises in the economy and social innovation. It defines "the social enterprise, a social economy actor, as a company which main objective is to have a social impact rather than generate profit for owners and partners. It is a supplier of goods and services using its surpluses mainly for social purposes".\(^{24}\)

### 4. Conclusions

Browsing the economic writings, the social experiments and the history of cooperatives considered representative of the XIX th century has led to the conclusion that this phrase defines today a different concept, which we might call Neo-Social Economy. It is true that mutual companies and cooperatives that are now part of the Social Economy concept are rooted in similar organizations of the XIX th century. These were some of the ways of manifestation which were developed along with the ideologies about Social Economy, they were inspired by them but they have also inspired them in turn. The economists of the era, namely Mill, Dunoyer, Walras, Le Play are either admirers of them, which proves that they precede their writings, or they criticize them which proves their concept of Social Economy is different from them. Many of these authors have considered them to be an incomplete manifestation of the projects to reform the society and they sought models that could be globally extended. Therefore they were not depleting the term Social Economy nor were they confused with it.

The cooperatives and mutual associations have declined during 1945-1980. Meanwhile, due to the ideological and economic failures of certain political systems but also due to the fact that certain ideas of the Social Economy were generally accepted by all government policies, the concept of Social economy has lost for a while its importance in the economic and political discussions. Utopias have been banished from the ideological landscape of the contemporary world after the failure of the totalitarian regimes. Democracy, even if imperfect, was accepted almost unanimously in Europe as the best political and social regime that we have ever known. The capitalism was changed after the State has imposed rules borrowed from the main political doctrines of our times. The idea to reform the society as a whole on the basis of an unique model imposed with moral, scientific or political arguments is now rejected in the name of individual freedom.


which prevails even at the risk of having a poor social class. But the concerns to improve the economic practices of the majority of the population and its standards of living had been always present. The cooperatives and mutual organizations were brought back on the agenda of the governments and international organizations due to economic, political and moral crises happening recently in Europe. They should be supported now based on the same old principles: encouraging people to take their destiny into their own hands and help themselves, based on personal work and cooperation.

While in the XIX th century, the Social Economy was part of the private sector, the current debates give it a special status, that of an independent sector, alongside the public and private sectors. However, the concept did not obtain a clear, concise and consistent universally accepted definition yet. The social enterprise includes cooperatives, associations and mutual organizations. However, the Social Enterprise appears sometimes as a new entity, the proof being that in some national legislation (ex: the Romanian one) it requires an additional certification. Therefore, the Social Enterprise can encompass older forms of association but does not automatically include them, nor is it limited to them.

The social economy in the XIX th century is mainly the economy practiced by most people, which was based on the own labor force in order to ensure a satisfactory standard of living, inside an organization or inside their own yard. Today, the social economy is mostly summarized by the types of enterprises formally and legally organized. In the XIX th century, both the theoreticians and practitioners of the social economy focus on profit. Sure that the social economy is not limited to this purpose, as all the cited authors explicitly say this, but nobody thought that the welfare of the classes threatened by poverty can be ensured by other means than by capital accumulation. It gave dignity to the poor, it helped them to be free, to become investors and entrepreneurs, to ensure a decent life. In Mill’s opinion, the interest of the workers was done through their participation in the profit. The cooperatives in Lyon and Rochadale had paid dividends to the members. Even Fourier spoke about the work done out of passion that led to savings, production surplus and finally capital surplus. So the main purpose of the social enterprise was the PROFIT, as in any capitalist enterprise! It was not about maximizing it at any cost, this was not the only purpose of the enterprise, the attitude towards it was different from that of the big capitalists but obtaining PROFIT was the proof of the success of the collective entrepreneurship. Today’s definitions diminish the importance of this factor favoring the social mission. But can an organization self-sustain itself in the absence of economically viable and therefore profitable activities? The change proposed by the Social Economy actually refers to the attitude towards profit and its division, not towards profit itself. It arises from the means for providing the social capital of these organizations, the collective participation in the decision-making process, the compliance with the principle 1 man one vote, sharing the responsibility among all the members of these forms of organization. This is where the social and moral side of them come across, which can be kept also under the conditions of profit distribution over the 10% limit. The examples cited, dating back in the XIX th century, generally reject the charity, the money received from sources other than labor and capital contribution of the members. For this reason the charitable organizations and foundations which today are part of the social Economy do not fall entirely under the old spirit of social economy. Educational institutions established by the foundations, often in order to avoid income taxation, do not fall under the spirit of the schools established by the cooperatives in the XIX th century, which used to have a deeply practical and pragmatic character, and which functioned around a capitalist production unit. The agriculture teaching farms, the Institute set up by Owen, would serve production and good assessment units. In Fourier's conception, the man was first a manufacturer and only after then he would become savant. The knowledge and the morality acquired in such schools were meant to turn into economic value and would support the living standards of the families though practical skills.

In conclusion, on one hand, we talk today about the concept of Social Economics as an economy branch that studies the economic results in terms of social interaction with reference and ethical rules. From this point of view, all the works of the XIX th century, including the monographs about cooperatives, are works of Social Economics. In Romanian (and in French, a language in which many of the cited works were written) there are no translation differences between Social Economics and Social Economy, which can lead to a confusion between the terms. On the other hand, in terms of the Third Sector in the actual European
paradigm it seems that we are dealing with a new concept of Social Economy, generally defined by a certain type organization, Social Enterprise.

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[18] https://www.marxists.org/reference/subject/economics/owen/ch01.htm