

THE ROLE AND IMPORTANCE OF SOCIAL ECONOMY IN THE DEVELOPMENT OF
LOCAL COMMUNITY AND ECONOMY AND REGIONAL CONVERGENCE

Gábor JUHÁSZ^a

Abstract

The development of local economy cannot be separated from national economic policy: it is important that government should encourage and support local initiatives, at the same time the cooperation of local actors must contribute to accomplish the aims of national economy. Social economy is a segment of national economy with a supplementary function. It undertakes lobbying activities related to social integration, equal opportunities and environmental sustainability. By means of these, social economy attempts to enforce the eco-social model under the conditions of market economy. Social economic actions require long-term cooperation of actors, based on common interests. Additionally, they provide opportunities of employment and income earning even for “non-competing” groups. The role of local communities (local societies) is essential in working social economy. Employment-oriented social economy (alternative or community employment) is based on local needs and incorporates the following characteristic areas: social services, urban management, IT and cultural services, farming and landscape maintenance, processing of agricultural and forestry products, traditional handicrafts and services associated with rural tourism and eco-tourism. Apart from their economic performance, local social enterprises have an essential role in value creation, mediation and preservation.

Keywords: convergence, local cohesion, Local Agenda, Social Agenda, eco-social basis, locality-based social policy, local economy, local communal economy-development, regional sustainability, social economy.

The concept of convergence

High unemployment rate, demographic processes of the aging society, increasing migration, the growing number of refugees, deepening financial and economic problems of the member states, negative effects of climate change, increase of pollution and lack of biodiversity are all global challenges of contemporary Europe. They can generate measurable local, environmental, social and economic effects, thus individuals, groups and communities might face long-term crisis and multiply disadvantaged conditions. This growing deficit of societies and the problems that haven't been solved for generations hinder development and lead to permanent shortage in resources. Long-term deficit of actual opportunities and perspectives raises the risk of marginalization.

Consequently, the concept of convergence raises important and acute questions both in the European Union and in Hungary. It responds unsolved problems of several target groups, such as people who are permanently unemployed, who live in

^a Ph.D., Dr. habil., associate professor of the University of Pécs

multiply disadvantaged conditions, with disabilities, with low qualification or belong to Romaethnic minority. Other target groups can be underdeveloped regions, local units or segregated areas inhabited by the above listed social groups. Convergence policy can be successfully carried out when it incorporates different areas (social policy, employment policy, labour-market policy, housing policy, development policy, education policy, health policy or funding policy) to approach the problems and unfavourable conditions of the above listed target groups and regions. Hereafter I am going to discuss the major questions and concepts of convergence policy. (Krajner 2006)

Local and regional convergence

The concept of regional cohesion is an important segment of local and regional convergence. The Treaty of Lisbon declared regional cohesion the third pillar of cohesion policy, besides economic and social cohesion. Regional cohesion comprises the mechanism of different policies in a complex way in order to promote the development and convergence of certain regions.

As a result of the first Territorial Agenda of the European Union (TA2007) a budget was founded to launch regional cohesion and represent regional aspects in different policies. As a result of consecutive consultations, under the coordination of Hungarian EU presidency the regional dimension was introduced in politics by the establishment of Territorial Agenda 2020, which targets the integration of regional aspects into each regional policy. Its further objectives include putting more focus on local demands and necessities. On this basis concepts of development can be worked out to facilitate the complex improvement of regions, areas and communities, as well as the realization of local cohesion relying on different local characteristics. Regional approach helps to develop proper solutions and – based on these – to implement specific measures in those regions where multiple disadvantages restrain development. The transformation of cohesion policy is still in progress, since the previously mentioned global challenges and their effects repeatedly generate the necessity to changes (eu2011.hu)

The convergence of rural areas by transforming CAP

The first pillar of Common Agricultural Policy (CAP) targets contribution in the support of farmers by means of facilitating agricultural production, as well as implementing direct payment and market support measures. The second pillar focuses on supporting agricultural environment protection and rural development, as well as the development of rural communities.

In the past few years CAP has been revised and major part of the first pillar's budget has been cut and added to the second pillar. Consequently, the Common Agricultural Policy changed to Common Agricultural and Rural Policy for Europe (CARPE). Hence a bigger proportion of the grants paid from the second pillar can be spent to improve rural areas and communities in order to improve life quality and population retaining ability of the region by providing sufficient infrastructure and services. In addition, other conditions of public weal, such as biodiversity, providing clean water and environment, promoting renewable energies can also be improved. The second pillar of CAP incorporates the grants donated to enhance the diversification of activities that provide new opportunities of rural labour division and employment.

The progress of ecosocial approach can significantly contribute to the compensation or elimination of regional and social disadvantages, to regional and social convergence. The development of rural communities by means of different methods is inevitable for the improvement of life quality and population retaining ability.

Social convergence

It is widely known that rural-regional characteristics have a major role in generating, maintaining or – on the other hand – eliminating different social disadvantages. Thus there is direct correspondence between the run-down conditions at city areas where slums and ghettos develop, the inadequate infrastructure and the disadvantaged population that lives in these areas, the low economic and investment activity, decreasing real estate prices, as well as the lack of local employment, income-earning opportunities and public service.

The practical applicability of social and employment strategies and guidelines in several cases has been recently undermined in the European Union and Hungary. Based on the experiences it is obvious that policies by themselves are unable to cope with complex social problems and eliminate different kinds of deficit. As a result of this, decision was made to encourage integrated, complex problem solving methods in the European Union. Significant improvement or change in coping with social exclusion and poverty can only be attained by incorporating the so-far distinctly implemented measures of different policies into a more comprehensive strategy and integrated management system.

The Announcement of the European Commission in 2008 on the renewed Social Agenda was a significant milestone: the implementation of so-called “open method of coordination” was legitimized in social issues. The renewed Social Agenda is based on three main principles: opportunity, access and solidarity. Its main achievement is the concept of “active inclusion” that corresponds with the requirements of the integrated approach recommended by the Lisbon Strategy.

“Locally based social policy” was first highlighted at the event “Round table on poverty and social exclusion”. The conference held in 2009 urged significant practical innovation. It was recommended that standardized “location-based” and “individual-based” approaches should be introduced in the problem-solving procedures and systems of different policies. It was suggested to take place as a part of the above mentioned open method of coordination and Cohesion Policy. The important social issues raised by poverty and exclusion were also defined at the conference. These are as follows: support the social acceptance of disadvantaged groups and give them access to labour market; guarantee the adequate housing for each individual; termination of child poverty by doing away with poverty that is passed on from generation to generation; eliminate the discrimination of different ethnic groups; enhance the integration of different disadvantaged groups, such as people with disabilities, national or ethnic minority groups and immigrants; as well as to overcome the indebtedness of individuals and families.

In spite of the development policy measures that have been taken recently, there is a relatively great difference between the social and economic development of certain regions. In order to manage the still unsolved problems and negative tendencies it is necessary to create a new development policy. It is essential to emphasize the local potentials, characteristics and resources of the developments. (<http://www.rtop.hu/horizontalis.htm>)

Local economic development: the essential component of rural and regional development

Local economy is the lowest operational level of economy, where production and consumption are directly interrelated. Local economy, organized and operated like this, is traditional on one hand, since it still exists in several places in the world. On the other hand it is a current term used in the globalizing world meaning an alternative of market economy. It is also widely used as a model to develop the economically disadvantaged areas.

Local economic development is a complex process with a wide range of purposes and methods. Based on the definitions local economic development is a communal intervention to influence social, economic and environmental processes to support sustainable development. In the course of local economic development local, regional characteristics, potentials and resources are used by applying new aspects and methods. Local economic development can focus on a town, village or certain parts of them, as well as a micro-region or an area where several towns and villages are situated. (Lengyel – Deák 2002)

The general, overall purpose of local economic development incorporates objectives of communal and social development: the primary aim of the intervention is to improve the life conditions and life quality of local population. Thus the term “local communal economic development” is more accurate than “local economic development”. The representation of social and economic interests can be supported by encouraging and developing local enterprises and by the establishment of local markets. Local markets do not work effectively without those community organizing and developing initiatives that aim to change the customer awareness and behaviour of local population. In this sense local economic development can be regarded as economy development based on local interest: by means of connections between actors of production and consumption and by different community organizing actions people can be aware of and take the opportunity to improve and preserve their own environment. These community actions are organized and realized by local actors and are based on local interests, their achievements can be experienced locally, and they also provide further inspiration and motivation for the actors. The cooperation generates local product and service, local market, locally available workplace and income. As a basis of these, a set of common interests can develop and also a strong community of interest representation, which has the capacity of constant value creation, value preservation and lobby. (<http://www.rtop.hu/helyigazdasag.htm>)

Basic sectors of local economic development are the production and marketing of local products, local money, use of renewable resources, development of local micro- small and medium enterprises, as well as the establishment of social economy. These all contribute to the foundation and maintenance of workplaces related to local products and services, to the decrease of local unemployment and migration from these areas. By enhancing these, local traditions and customs can be preserved; area-specific motifs can be re-established to help local population keep their identity. When these areas and activities properly function the energy dependence of the communities and regions can be reduced, the income of local enterprises can be increased, the range of touristic attractions can be widened and the pollution caused by manufacturing and transport can be decreased. Based on these social advantages it is possible to provide the opportunity for people with disadvantages to earn a living and to improve life quality.

Based on the above described facts local economic development can be suitable to improve underdeveloped or disadvantaged regions and communities by the establishment or strengthening of social and economic interests. According to one of the most important experiences of rural development in Hungary developments carried out merely from external resources do not provide sustainable solutions for local problems. Internal resources are much more important for enforcing the interests of local communities. These internal resources still have not been utilized at all or they were not used in a proper way, in the right proportion or in sufficient quality. Internal resources include local human resources (the available local workforce, the accumulated knowledge, values and traditions, the potential of individuals, groups and communities to cooperate and develop), as well as natural and economic resources. The National Rural Development Concept (Országos Területfejlesztési Koncepció, OTK) insists on the balance of internal and external resources in the course of different development programs and projects. The OTK relies on the feasibility of regional sustainability in order to protect and develop regional resources. Local economic development, based on regional sustainability, focuses on internal resources, and provides perspectives of local development and can bring forth benefits outside the region. (Horkay 2010)

The economic recovery generated by local economic development incorporates local incentive of investments and developments, the creation of new jobs. It contributes significantly to the development of local communities by strengthening cooperations, forming local identity, and by protecting values and traditions. The social and economic development functions of local economic development are in correlation and complement each other and they are important factors in rural and regional development as well as in convergence policy.

Social Economy

Unemployment is one of the most significant among the above mentioned global problems, which remarkably influences the international competitiveness of the European Union. Lack of job opportunities, as well as ageing society contribute to the decrease of individuals living on earned income in Europe.

According to the International Labour Organization (ILO) the significant decrease of work volume is a negative effect of the economy which is based on profit maximizing and aims almost exclusively at economic interests. It is generally expected that a solidarity-based economy should be implemented as a response to the increase of unemployment, social problems, social disadvantages, limited development and the lack of equal opportunities. The economic model that is based on the principle of solidarity relies on the responsibility that economic and social actors take for each other, as well as on the emergence of environmentally conscious attitude and behaviour. As opposed to self-oriented and profit-chasing economy, this bottom-up model supports the implementation of conditions and mechanisms that can be utilised to fulfil social demands and necessities. Complying with the principle of solidarity includes the following: the reduction of debt stock on the grounds of new considerations, the promotion of trade that is based on mutual advantages, the implementation of more ethical financing, aiming at more significant participation of social enterprises represented by civil bodies, the promotion of equal opportunities, the enhancement of consumer awareness and the impartial distribution of resources. This economic model is called social economy

and it is characterized by the promotion of social objectives, demands and necessities based on the principles of justice, equity and solidarity. It incorporates mainly third-sector economic activities that function as an additional economy within the conditions of market economy. These activities directly aim the convergence of non-competing, marginalized groups, as well as disadvantaged areas and regions by offering different alternative solutions. (Csoba – Frey – Fekete – Lévai – Soltész 2007)

Thus, civil organisations of local communities are inevitable actors of social economic initiatives. Their non-profit economic activities, aiming to fulfil local needs, are representing basically employment and social objectives. The alternative or community-based employment of social economy incorporates the following areas: local social and cultural services (e.g. child care or care for the elderly, as well as organising programs to preserve cultural heritage) certain tasks of urban management (e.g. the maintenance of public premises), environmental protection activities (taking care of natural environment, such as forests or rivers in rural areas), farming and landscape maintenance (agricultural and horticultural activities carried out on the basis of nature protection in family and small enterprises, local processing and marketing of agricultural and forestry products), re-implementation of traditional handicrafts and the establishment of services associated with rural tourism and eco-tourism. (Based on The White paper on Growth, Competitiveness and Employment of the European Union).

Social economy provides employment and income earning opportunities in the above listed areas for disadvantaged, socially marginalised people who are excluded from primary labour market (based on the European Employment Strategy). Social enterprises, which provide alternative employment opportunities, are founded along local civil and community interests and cooperations that – beside their measurable economic performance – represent essential social integrating function, from which convergence can originate. (<http://www.tudasklaszter.hu/node/22>)

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ÖSSZEFOGLALÁS: A SZOCIÁLIS GAZDASÁG SZEREPE ÉS JELENTŐSÉGE A HELYI
TÁRSADALOM ÉS GAZDASÁG FEJLESZTÉSÉBEN, ILLETVE A TÉRSÉGI-TERÜLETI
FELZÁRKÓZÁSBAN

JUHÁSZ Gábor^a

A helyi gazdaság fejlesztése nem választható külön a nemzeti gazdaságpolitikától: fontos, hogy a központi kormányzat ösztönözze, támogassa a helyi kezdeményezéseket, míg a helyi szereplők által kovácsolt együttműködés hozzá kell, hogy járuljon a nemzetgazdasági célkitűzések teljesüléséhez. A szociális gazdaság mintegy „kiegészítő” funkciót képviselő szegmensként működik a nemzetgazdaság részeként. Felvállalja a társadalmi integrációval, az esélyegyenlőség megteremtésével, valamint a környezeti fenntarthatósággal kapcsolatos érdekek érvényesítését egyaránt. Mindezek révén a szociális gazdaság az ökoszociális modell érvényre juttatását kísérli meg a piacgazdasági feltételrendszerben. A szociális gazdasági tevékenységek közös érdekeken alapuló, hosszú távú együttműködést igényelnek a szereplőktől, s a „nem versenyző” csoportoknak is foglalkoztatási és jövedelemszerzési lehetőséget teremtenek. A helyi közösségek (helyi társadalmak) nélkülözhetetlen szerepet játszanak a szociális gazdaság működtetésében. A helyi szükségletek kielégítésére épülő, foglalkoztatási célú szociális gazdaság (alternatív vagy közösségi foglalkoztatás) jellemző területei lehetnek a szociális szolgáltatások, a településüzemeltetés, az informatikai és kulturális szolgáltatások, a tájfenntartó gazdálkodás, a mezőgazdasági és erdészeti termékek feldolgozása, a hagyományos kézműves mesterségek felélesztése és a falusi turizmus, illetve a zöldturizmus keretében történő szolgáltatások működtetése. A helyben működő szociális/ társadalmi vállalkozások gazdasági teljesítményük mellett nélkülözhetetlen értékteremtő, közvetítő és megőrző funkciót is betöltenek.

Kulcsszavak: felzárkózás, területi kohézió, Területi Agenda, Szociális Agenda, ökoszociális pillér, hely-alapú szociálpolitika, helyi gazdaság, helyi közösségi gazdaságfejlesztés, térségi fenntarthatóság, szociális gazdaság.

^a Ph.D., Dr. habil., egyetemi docens, Pécsi Tudományegyetem