

Department of Social Policy

**Third Sector European Policy:
Organisations Between Market and State,
the Policy Process and the EU**

Jeremy Kendall

June 2005



Number 1

Third Sector European Policy Working Papers

Background to the Centre for Civil Society

The Centre for Civil Society (CCS) is a leading, international organisation for research, analysis, debate and learning about civil society. It is based within the Department of Social Policy at the London School of Economics. Established initially as the Centre for Voluntary Organisation, the Centre has for over 20 years pioneered the study of the voluntary sector in the UK, development NGOs and civil society organisations throughout the world. The CCS is distinguished by its interdisciplinary and reflective approach to understanding whether and how civil society contributes to processes of social, political and policy change and continuity. Its core staff, research associates and visiting fellows cover a range of disciplines, including social policy, anthropology, political science, development studies, law, sociology, international relations and economics.

Objectives

Through research, teaching and policy analysis, the Centre adds to knowledge about the types, roles and contributions of civil society and social economic institutions in Britain, Europe and other parts of the world.

The Centre's four major objectives are to:

- Improve understanding of civil society and social economy institutions;
- Inform policy-making at local, regional, national and international levels;
- Provide academic and professional education; and
- Create a vibrant intellectual community for the study of civil society/the social economy.

Research

Research is one of the Centre's core activities. It maintains a highly active and diversified research programme, ranging from basic theoretical approaches and empirical work to organisational and policy studies to historical analysis. Many research projects are inter-disciplinary and comparative. Examples of current and planned research projects include:

- Mapping civil society;
- The culture of giving in Britain;
- The European Union and the voluntary sector;
- Civil society and value changes in Britain;
- History of housing associations;
- Foundations in Europe;
- Studying small, local organisations; and
- NGOs and development.

For general information about the Centre, please contact

Sue Roebuck

Tel: +44 (0)20 7955 7375\7205

Fax: +44 (0)20 7955 6039

Email: s.roebuck@lse.ac.uk

or Jane Schiemann

Tel: +44 (0)20 7955 7375\7205

Fax: +44 (0)20 7955 6039

Email: i.j.schiemann@lse.ac.uk

Third Sector European Policy:

Organisations between market and state, the policy process and the EU

Third Sector European Policy Working Paper 1

Jeremy Kendall

September 2003

Published as TSEP Working Paper with amendments June 2005

Executive Summary

Third sector researchers often talk about ‘third sector policies’, but studies of the third sector as an actor in the policy process *per se* are surprisingly rare. Studies of policies which cut across the ‘vertical policy fields’ which completely dominate the policy process in all countries are exceptional. At first sight, there seem to be a range of persuasive reasons why this state of affairs could be expected to continue. However, in this paper, an attempt is made to argue that pressures have been building up across the EU which makes ‘horizontal’ policy an issue worthy of attention. The third sector is being connected, with increasing regularity, to policy problems whose credentials as ‘European’ are now accepted: unemployment in the context of globalisation; social exclusion; and the wider overall problem of the EU’s systemic legitimacy. The precise content of this policy domain is now relatively open, and there is much to be contested. But it does seem to have found an increasingly firm place on the EU’s public policy agenda, and as such merits attention from the research community.

The first part of this paper examines linkages between the third sector literature and the policy process literature, proposing some guiding propositions and concepts. The second part of the paper examined one particular combination - European horizontal policy - and suggested that, contrary to first impressions, this is worthy of research effort as a space for policy development, even at the European Union level. The third part of the paper summarised the approach being taken by a new network, TSEP, to investigate this phenomenon. The paper also includes as an appendix a working glossary outlining some of the language being used by the network, which has built upon the concepts and categories suggested in this paper.

Acknowledgements

This paper is a slightly amended version of a paper presented at the European Group on Public Administration (EGPA) conference, Lisbon, Portugal, September 2003. The author would like to thank the Partners in the TSEP network, as the paper draws on preliminary discussions undertaken within the first months of the network. The financial support of the European Commission, and the Economic & Social Research Council, as part of the European Research Foundation's collaborative research programme, and the Charities Aid Foundation is gratefully acknowledged.

About the Author

Jeremy Kendall is Research Associate at the Centre for Civil Society at the London School of Economics and Political Science and Senior Research Fellow in the Personal Social Services Research Unit, LSE Health & Social Care at the London School of Economics and Political Science.

Jeremy Kendall: Email: J.Kendall@lse.ac.uk; Tel: +44 (0)20 7955 6147; Fax: +44 (0)20 7955 6131

Correspondence should be addressed to Dr Jeremy Kendall, PSSRU and CCS, Department of Social Policy, London School of Economics, Houghton Street, London, WC2A 2AE, United Kingdom.

**Third Sector European Policy:
Organisations between market and state, the policy process and the EU**

Jeremy Kendall

CONTENTS

1. Introduction.....	1
2. Characterising the third sector European policy process.....	1
3. The relevance of the EU dimension to horizontal third sector policy.....	7
4. Third Sector European Policy: an EU research network.....	14
5. Conclusion.....	18
References.....	19
Appendix 1: Working Glossary.....	22

**Third Sector European Policy:
Organisations between market and state, the policy process and the EU**

Jeremy Kendall

1. Introduction

This paper proceeds in three steps. It is widely understood that ‘the third sector’ and ‘the public policy process’ are both diverse and multifaceted concepts, so that taken together we have a topic of daunting complexity. In particular, the former construct has multiple and contested meanings, while the latter potentially refers to a range of stages, modes and relationships. This paper makes suggestions concerning categories and distinctions which may be useful in guiding us through this confusing reality. Against this background, the next section adopts a more narrow topical and temporal focus, by examining one particular aspect of this terrain: the current situation of ‘horizontal’ or cross-cutting policy as a problem or issue for Brussels-based EU policy institutions and other policy actors who perceive they have a stake in this domain.

An account is developed which suggests that despite extremely fragile institutional foundations, certain pressures for development are likely to countervail those for inertia or inaction. This does not mean that such policy can be expected to be coherent, consistent or consensual, but simply that the topic will stay alive, as a contested and fraught domain characterised by competing interests and ideas.

Based on this understanding, the paper then outlines the approach of a new research network - the Third Sector European Policy Network (TSEP). Premised on this calculus of sustained policy salience but contested policy substance, the network is seeking to offer a preliminary heuristic of the actors and institutions involved in shaping certain aspects of this domain at the national, subnational and European levels.

2. Characterising the third sector European policy process

Putting together ‘European public policy process’ and the ‘third sector’ suggests an extraordinarily wide range of potential subject matter. For the purposes of this paper, it should immediately be made clear that the primary focus is on the European Union, rather than on any wider geographical or institutional construct, although in an increasingly globalised world and widening EU, the

distinction's meaning is shifting. But what is 'EU policy'? A massive, multi-disciplinary and proliferating literature awaits the interested reader, but it is possible to discern from amongst this a body of work self-consciously focusing on policy processes and policy outcomes. By the former we mean scholarship which seeks to understand policy initiation, innovation, change or stasis. The intention is ultimately to explain policy change or inertia as a consequence of political, social, economic and cultural forces, where the interplay of these forces is reflected in the evolution of policy rhetorics and discourses and expressed through concrete practices and institutions.

An impressive and diverse body of analysis focusses on the functioning of Brussels-based and allied EU level institutions (Wallace and Wallace, 2000; Richardson, 2001; Warleigh, 2002a). This is increasingly being supplemented by those studies of 'Europeanisation' which attend to public policy issues. The latter seek to explore how Member State level policy institutions evolve as a result of their situation within the EU polity and policy environment (Cowles et al, 2001; Knill, 2001; Featherstone and Radaelli, 2003).

Research on 'the third sector' has emerged as a discrete topic or subject worthy of study in its own right only recently (rather than as a more incidental element in broader approaches). However it has a long tradition within disciplines and has grown at a remarkable rate in recent years. A significant proportion has been led by social and public policy analysts and political scientists. However, little in this literature explores the linkages to the literature on the policy process *per se*, and research on how the third sector relates to the European policy process has been limited to one modest study (see Kendall, 2003; Kendall and Anheier, 1999).

If our subject matter is to be the third sector policy process - how the third sector can be understood as a policy actor - what categories and distinctions might be helpful? How should we 'anatomise' our subject matter, and what 'ontology' should we put forward? The balance of this section will put forward six propositions which try to draw on a joint reading of the otherwise balkanised third sector and policy analytic literatures, which is referenced as appropriate. These propositions have in turn been 'tested' by discussions with Partners in their capacity as national experts in the TSEP network, and found useful in framing the research of the TSEP network, as later Working Papers in this series demonstrate. One important intermediate result has been the production of a working glossary, which has provided a common frame of reference for Partners. This glossary is included as Appendix 1.

Basic third sector definitions should be understood as politically constructed

If the purpose of research is comparative statistical mapping or economic description, then definitions and categories have to be agreed in advance and imposed in order for data compilation to proceed (Salamon and Anheier, 1997; CIRIEC, 2000). However, policy *process* analysts should be sensitive to the possibility that the choice not to use collective nouns, or to use certain ‘collective nouns’ rather than others, is a significant part of the agenda setting phase of the policy process. Decisions on who is recognised as ‘in’ and who is ‘out’ will determine downstream who is to be supported and funded or regulated and controlled. It is therefore scarcely surprising that definitions are an extremely contentious issue. The co-existence of several collective nouns may partly reflect a logically defensible differentiation or elaboration for purposes of clarification and simplification. But confusion and almost Byzantine complexity seems to be in evidence, implying that the process cannot be understood entirely as a scientific or ‘rational’ one. In third sector policy, even if in some countries a *dominant* collective noun can be identified - for example ‘voluntary sector’ in the UK case, *économie sociale* in France, or ‘popular movements’ in Sweden - such a construct tends to co-exist with other formulations, such as ‘social enterprise’, solidarity-based economy and *ideell* sector respectively. These multiple usages, sometimes complementary but often in conflict, need to be treated explicitly rather than suppressed, for policy analytic purposes.

The predominant policy reference point for most third sector policy actors is the ‘vertical’ policy field, although they can also be situated in a ‘horizontal’ policy field in some contexts

A ‘vertical field’ is used here to signify the domain in which the particular, substantive needs that third sector organisations seek to meet, interests they seek to promote, and activities they undertake are situated (analogous to an ‘industry’ in economic classification systems, recently adopted to third sector specificities through the International Classification of Nonprofit Organisations, or ICNPO, cf. Salamon and Anheier, 1997). These organisations’ arrangements for ownership and control - that is, their sector in terms of market, state or reducible to neither, in our shorthand ‘third’ - is logically distinct from this ‘industry’ affiliation.

Initial work on the policy process underway in the TSEP research network is beginning to show that the content of the ‘horizontal’ policy agenda typically includes such matters as sector-specific legal treatments and structures, the expression of citizenship through group activity, generic principles for managing policy inputs and relationships (such as consultation and funding codes of conduct), or the

general promotion of voluntarism through formal organisations. Direct specialist policy processing arrangements may or may not seem to co-evolve with specialist epistemic (knowledge based) communication and media recognition (Kendall and Pavolini, 2004; Kendall, 2005). In addition, in some countries and at EU level, the sector-specific agenda can be hard to separate from those public policy agenda items which inherently involve actions cutting across industries or fields, such as the overall design of the social welfare domain, social exclusion and social integration. Thus, although voluntary sector policy seems to refer to a particular structure and form of organising - while the latter social policies seem to have more to do with meeting needs and achieving social outcomes - policies can closely link the two (see also Appendix 1).

Within some European countries, the horizontal field (defined using one or more collective nouns) may be significant and involve a range of relatively well established sector-specific policies; in others, such institutions may be fragile and currently under construction - or be experiencing neglect or even de-construction (cf. Ranci et al, 2005); while in others still, the third sector functions with little or no *explicit* collective acknowledgement as a discrete 'sector' for policy purposes. The proposition that the vertical field layer is more significant than the horizontal layer of policy is based partly on the observation that horizontal policies do not exist, or are only embryonic, in most European countries. Even in the UK, where horizontal institution building has progressed at an exceptional pace in recent years, vertical institutions and practices still account for the vast bulk of resource flows and policy linkages. Moreover, in terms of change over time, recent remarkably high levels of economic growth in this sector have been driven by specific vertical policies (relating to social housing and social care) more than by generic horizontal support (Kendall, 2003: chapters 2-4).

The third sector policy space is in turn nested in a wider political environment, comprised of the 'systemic' institutions of the macro polity

Analysis of third sector policy actors' environment at field levels (vertical and horizontal) is a necessary but not sufficient condition for situating the third sector as an actor in the policy process. Generic policy development literature at national and EU level has shown how public policies are driven both by internal 'field' dynamics and wider macro political and social institutions and structures, which limit the possibilities for policy development. Included here are basic constitutional structures, fundamental cultural values, and aspects of the overall political system (Sabatier and Jenkins-Smith, 1993; Radaelli, 2003). Both formal and informal institutions matter. This is already implicit in many accounts of the third sector's policy situation. Indeed, some of the most innovative

comparative research on State-third sector relations in recent years has explicitly referred to the relevance of (some) systemic institutions for third sector development, although using different language (Kunhle and Selle, 1992; Kramer et al, 1993).

Most recently, the ‘social origins’ theory has sought to underline the path dependency of third sector development (Salamon and Anheier, 1998). On this account, the third sector’s economic contribution is interpreted as the outcome of historic State-third sector constitutional social policy settlements, reflecting the outcome of strategic bargaining between social classes, and subsequently frozen into ‘regimes’ of State-third sector relations. This is very useful in pointing to some important systemic features, and their potential for manipulation by powerful interests at critical junctures. However, there are numerous lacunae in terms of developing a systematic understanding of the third sector and the policy process. In particular the theory fails to allow for independent dynamics at the vertical policy field level (and, where relevant, at the horizontal policy field level); it overlooks the possibility that policy change proceeds significantly between episodes of constitutional design or crisis; and it is too reductionist in its understanding of policy actors in social class élite interest terms (Kendall, 2003: chapter 1).

Third sector policy actors engage at all stages of the policy process. Systematic analysis needs to account for the significance of these multiple involvements

The policy process can be thought of as constituted by different ‘stages’. This is theoretically defensible as long as this ‘over simplification’ is treated as a workable heuristic and not used to the exclusion of other frames of reference (Parsons, 1995: 77-80), in our case including the ‘framing’ suggested elsewhere in this paper. Linkages with the third sector literature can be tentatively made. Drawing heavily upon the foundational work emphasising the multiple social roles of the third sector (Kramer, 1981), Salamon et al (2000)’s anatomy of discrete ‘functions’ and ‘impacts’ can be related to a simple five stage ‘model’ of the policy process (Table 1).

Significantly, there is no simple correspondence, implying that caution is especially apposite in the third sector policy case. Indeed, the synergies that can result from the *joint* undertaking of these functions has long been stressed in accounts of the third ‘sector’ as a multivalent ‘tension field’ (Evers, 1995; see too Wolch, 1990). In addition, the ‘expressive function’ - following Kramer’s (1981) account of value guardianship - does not really sit easily in this characterisation, as its speaks

If the salience of the EU dimension of the third sector's policy environment is acknowledged, then the aforementioned ingredients - contested definitions, distinctive development within vertical and horizontal fields, the significance of macro political context, and multiple stage involvements - can all be important facets at this level, just as they will be at national and sub-national levels. However, the EU institutions are *sui generis*, configured politically somewhere between a 'State' and an 'international regime'.

Wallace (2000b) therefore suggests distinguishing between five variants in the policy process, named 'policy modes', to capture the particularities of EU policy method:

- The Community Method (EU-level institutions centre stage, with an emphasis on supra-national policy competence);
- The EU 'regulatory model' (as reflected particularly in how the single market and competition policy have been developed);
- Multi-level governance (most obviously expressed in cohesion and structural fund policies);
- Policy co-ordination and benchmarking (where EU institutions shape policy but with a light touch, in policy domains where problems' common European traits are explicitly recognised, but national policy competence is guarded);
- Intensive trans-governmentalism, where problems' common European traits are not explicitly acknowledged, the EU institutions role is relatively peripheral, relevant in Justice & Home Affairs, and Foreign policy.

To understand the relevance of this framing of the policy process for the third sector, we cannot really avoid engaging with the reality of the real world institutions of the EU. Based on an overview of the horizontal links with the third sector, inter alia, the next two sections will show that most of these 'policy modes' are actually or potentially relevant, as a result of a combination of *de jure* and *de facto* developments.

3. The relevance of the EU dimension to horizontal third sector policy

Initially, the possibility of any EU role at all in shaping 'horizontal' third sector policy - as defined above - seems politically and practically implausible, and therefore essentially a 'non issue' from a research point of view. First, most European third sectors' activities are concentrated in particular

fields which lie at or close to the core of 'welfare states' - social care, health and education in particular (Salamon et al, 1999). The intimacy of the relationship between the third sector and national and sub-national public authorities in welfare systems has been an established fact for over a decade (Kunhle and Selle, 1992; Kramer et al, 1993). This is a policy terrain that national political elites have traditionally jealously protected from EU competence.

Second, European public opinion is not demonstrably in favour of policy initiative towards the third sector on the part of EU institutions. In a small number of specific vertical policy fields, most conspicuously overseas development and relief, there are exceptions. In this case Brussels based policy elites have evoked this support to legitimise significant resource commitments to NGOs (see Anheier and Kendall, 2001: 141-144, 146-147). But generally there is simply no evidence that mass support can be found in electorates (at any level) for the development of more generic EU policies in this domain, and so one of the basic prompts for strengthening the position of the topic on the public policy agenda seems to be missing (Kingdon, 1995).

Third, the orientation of EU institutions currently seems to be towards conservatism, not change. In terms of the financial resources, a climate of austerity prevails in the context of enlargement. If the current political and resource climate does limit the capacity for EU institutional change in general, then third sector policy in particular seems poorly placed to evolve in existing structures. By its very 'horizontal' nature, it does not fit easily with the 'vertical' traditional policy fields and associated interests which structure the EU level bureaucracies.

Fourth, reflecting our first proposition, there is a basic lack of agreement as to what the third sector actually is, and therefore how the problems to which policy might react, should be understood at EU level. Not only do the interested parties refer to the third sector with different terminologies, but the institutions themselves vary in their usage over time and between divisions and individuals.

However, set against these four conceptual, institutional and political obstacles are five specific countervailing factors which, taken together, seem set to make it possible that a cross cutting EU agenda for the third sector (probably using the language of 'organised civil society' and/or 'NGOs' and/or 'social enterprise' at least in the short term) will evolve and develop in the years ahead. This does not mean that such policy can be expected to be coherent, consistent or consensual, but simply that the topic will stay alive, as a contested and fraught domain characterised by competing interests and ideas.

Why? First, although obscure and with vanishingly low policy visibility at the time, an agenda was *already* taking shape in the late 1980s and 1990s. The ontological confusion, inertial forces, and lack of an obvious institutional home for cross-cutting initiatives referred to were all characteristic of this period. Nevertheless, a combination of Brussels level and national level policy actors were sufficiently committed and powerful to set in place a range of declarations, official policy statements and financial opportunities explicitly designed to recognise, support or protect the third sector in a general way, and not just within narrow vertical policy fields.

The embryonic policy legacy that was *already* in place by the end of the millennium - now constituting a reference point for interested actors - included a proposed European Associations Statute; Declarations attached to the Treaties of Maastricht and Amsterdam; a 1997 Communication suggesting a general but not well specified need to support the 'role for associations and foundations in Europe' and to promote 'civil dialogue' (European Commission, 1997); and escalating engagement with the sector as a 'partner' in the implementation of structural fund policy (particularly the European Social Fund). Enlargement has served to keep this latter issue particularly prominent (Fric, 2005; Harvey, 2004). A small number of interviews with the leading policy actors involved in these developments (at both Brussels and national levels, and from within public authorities and the third sector itself), were undertaken by the author in 1997 and 1998. Inter alia, it was tentatively concluded that the policy situation could be understood as reflecting the combined influence of a small number of national actors proactively seeking to upload 'their' vocabularies, concepts and problem diagnoses onto the European stage, motivated by a mixture of national self-interest and more ideological beliefs about how to promote the public good; the development of rhetoric connecting the sector to the 'fight against social exclusion' using the politically attractive 'civil dialogue' construct, which is vague enough to appeal to organisations from across a range of social policy sub-fields; and joint policy entrepreneurship between the Commission and the third sector, involving the 'bending' of structural fund regulations to create new niches specifically with the sector in mind (Kendall and Anheier, 1999 and 2001; see also Geyer, 2001 and Armstrong, 2002 on the civil dialogue). The legacy of these initiatives is still alive, with 'civil dialogue' increasingly institutionalised and debated, the Statute revived for processing in early 2003, and the implications of regulation 'bending' in relation to global grants and local social capital funding schemes for small NGOs only now working their way through the system.

Second, the literature on the development of European social policy alerts us to the sense in which national welfare states are, in fact, '*semi-sovereign*', particularly as a result of activism by the European Court of Justice which leads to jurisdiction in previously ignored policy domains. In particular, as quasi-market type reforms are adopted in fields such as health and social care, and third sector organisations are the publicly contracted providers of those services, the European Court of Justice has potential competence in interpreting the relevance or otherwise of 'market compatibility' requirements (Liebfried and Pierson, 1995). The ECJ has already cast judgement on the legality of arrangements in one Member State for privileging non-profit over for-profit provision in a regional quasi-market in social services (nursing care for older people in Lombardy). In this instance, the Court held that the status quo - whereby the regional government limited its contracts to non-profit-making companies - was defensible under Community law, despite the Luxembourg-based for-profit plaintiff's claim that this violated the Treaty principles (European Court of Justice, 1997; see Hervey, 1998).

While this case relates to a particular vertical sub-field, the issue of whether, and to what extent, market compatibility requirements are to apply or not to public services involving third sector providers as contractors has more general significance. Experts on the German and Dutch welfare systems and the third sector have for several years pointed to the possibility of 'inappropriate' application of competition law to these organisations (Evers, 2001: 233-234 and references therein; Burger et al, 2001: 81-82). Moreover, it is not just outside commentators who are aware of the potential relevance of this issue as of cross cutting concern. The Commission's willingness to contemplate this topic's connection to the third sector in the context of the inter-related debates on 'services of general interest' and the 'Bolkenstein' services directive are key here (European Commission, 2000b; 2003; and 2004; Observatory for the Development of Social Services in Europe, 2004; TSEP Policy Workshop II, 2004). (Despite changes in Commissioner responsibilities, the proposed measure is still known by the name of the former Dutch competition Commissioner who presided over its initiation.) Both the 'services of general interest' proposal and 'Bolkenstein' contemplate policy development which deliberately transcends the specific details of vertical fields.

Third, because third sector organisations are significant economic actors (Salamon et al, 2003), they are also *de facto* affected by both EU labour market and fiscal policy. This is of relevance to all organisations as employers and resource consumers, whichever vertical field they inhabit. To a limited degree, this situation has been recognised by third sector organisations, and prompted them to lobby for specific reforms. In the UK, for example, multi level 'venue shopping' for influence takes

place, with pressure for VAT policy change applied simultaneously at UK and EU level through organised coalitions¹. In the labour law domain, other third sector actors favour an interpretation of EU anti-discrimination legislation which would, in principal, bring volunteering as well as paid employment in scope. In the latter case, the pressure for change comes from a group with a particular 'vertical agenda' - a charity for older people wishing to counter ageism - but the *application* would be horizontal. The aspiration (and it is just this at the present time) is that ageism in volunteering policies be curtailed by EU law across the full range of volunteer deploying agencies (which are heavily concentrated in the third sector), not just those specialising in care and support for older people. Fourth, the existence of supportive discourses is a critical ingredient in explaining whether EU policies flourish or perish (Greenwood, 2003). With this in mind, it is important to note that, despite setbacks and challenges over their legitimacy over the years, a variety of European practitioner, action-research, and more academic research communities have been founded and developed. Parallel and overlapping 'epistemic' and 'principled issue' networks, jointly fostering a European third sector discourse, are now an established fact (Haas, 1992; Keck and Sikkink, 1998). Much of the initial funding had been quite specific and supported initiatives on issues falling within the competence of Directorate Generals with vertically defined policy portfolios. However, in recent years, practitioner coalitions and networks within vertical policy fields have increasingly formed the building blocks for wider groupings.

In tandem, EU sponsored academic research has widened its remit, inventing or reviving inherently cross cutting categories to pose research questions in an explicitly horizontal form, while finding new ways to link these frames of reference to problems increasingly diagnosed as 'European' in the overtly political stream (see below). Three such European problems dominate: social exclusion (defined expansively); unemployment; and the 'democratic deficit'. The new order of general EU interest is reflected in the willingness of a generic Directorate General, DG Research, to sponsor research around these topics with an explicit third sector (using a mixture of collective nouns) focus in its Fifth and Sixth frameworks.

Are these networks merely ad hoc and ephemeral? Most is known about practitioner networks, coalitions and platforms, and initial research accounts stressed precisely these features (Geyer, 2001; Warleigh, 2001). This research emphasised coalitions' fragility and vulnerability, pointing to problematic resource dependencies, collective action and co-ordination difficulties, clashes in

¹ See <http://www.charitytaxinfo/default.aspx> and <http://www.eccvat.org>

agendas, ideologies and priorities, and destructive competitive tendencies. However, while not denying the magnitude of these problems, more recent scholarship suggests offsetting persistence, reflexivity and creativity (Cullen, 2002). This shows how a combination of ‘sociological’ institution building - involving learning and belief modification - and a capacity to react effectively to new external political institutions has paid dividends. The European Social Platform of NGOs has been notably successful in fostering intra-social policy organisational links (between its members, mostly European networks with vertical national member agencies) and sustaining a ‘transversal’ agenda successfully over time.

Most recently, this organisation has applied its expertise and experience to support the yet broader Civil Society Contact Group formed to feed a third sector agenda into the Convention on the Future of Europe’s agenda, but which has outlasted its deliberations. Moreover, the promotion of a cross cutting agenda is not dependant solely upon the activities of the European Platform of Social NGOs and the CSCG, but is also generated by other horizontal coalitions and networks claiming to engage with the sector more than as the sum of its vertical components - as with the ‘Liaison Group with European Civil Society Organisations and Networks’ recently encouraged by the European Economic and Social Committee (see <http://www.lse.ac.uk/collections/TSEP/usefulLinks.htm>; and TSEP Policy Workshop III, 2005).

Fifth and most importantly, the increasing emphasis on horizontality in network formation has not taken shape in a political vacuum. The relatively low visibility political decisions to fund a significant portion of the European practitioner and research network activity discussed above have been accompanied by much higher profile policy pronouncements and reforms. Of the relevant institutions, the aforementioned European Economic and Social Committee, which has been amongst the most active bodies, is certainly neither prominent, nor in command of strong and stable support at the European level. Indeed, its very weakness in part may explain its claims of constituting a ‘house’ for ‘civil society’ (Warleigh, 2002a; TSEP Policy Workshop III, 2005). But other, more powerful institutions have also had a stake in the process. The European Parliament had in a number of respects positioned itself as a third sector ‘ally’ since the mid 1980s - both via a specialist third sector/social economy intergroup, and more generally, other key institutions have raised the political stakes since 2000 too. The linkages the Commission is beginning to make between the agenda on services of general interest and the third sector have already been noted, but policy ambition has also followed from the ‘democratic deficit’ debate. In this context, the Commission’s 2001 *Governance* White Paper, with its apparently narrow and technocratic approach to reform, disappointed many

with ambitions for enhancing the participatory-democratic character of the EU (Armstrong, 2002; Schmalz-Bruns, 2002; Magnette, 2003). But drawing together a number of ideational strands, for better or worse, new cross cutting procedures and institutions have now been created, including minimum standards for civil society consultation, 'general principles' driven by an aspiration for 'coherence and consistency', and a new database. (Early normative scholarly commentaries have been mixed in their assessment of these developments, see Armstrong, 2002; Curtin, 2003; Greenwood, 2003.) The codes of conduct are voluntary and only applicable to relations with the Commission itself. But their existence means that the Commission's traditional approach of engaging, for consultation purposes, with civil society purely on a policy field-by-field basis with no overarching reference point has (theoretically) been supplemented with a horizontal component for the first time.

Finally, the reader might well be sceptical about the importance of the aforementioned Commission initiatives, perhaps because of that institutions' problematic resource situation mentioned earlier, because of proposals' limited reach, or conversely because they appear *over*-ambitious and seem completely infeasible politically. (The floated framework for approaching services of general interest, for example, could be in the latter category.) However, not all depends on the Commission. If one turns to the European Council - increasingly important as an agenda-setter in the current climate (Ludlow, 2001) - one also finds significant developments. The landmark Presidency here was Portuguese, with the 2000 Lisbon summit conclusions asserting that 'NGOs should be seen as 'partners' in implementing [the EU's] strategic goal of sustainable economic growth and social cohesion' (European Council, 2000: para 38).

This rhetoric is significant, but political will has also been expressed in concrete institutional, albeit soft law, form. The Open Method of Co-Ordination (OMC) implicates the third sector as an actor in addressing (or at least managing) two of the European policy problems mentioned earlier. In fact, the National Action Plans for combating unemployment were already identifying a role for the 'social economy' (Pezzini, 2000: 95-96) prior to the 'discovery' of the OMC as a 'generic' policy framework in Lisbon. The National Action Plans for social exclusion, with their Objectives including the vaguely specified 'mobilization of NGOs', are less well developed, and are just completing their second round at the time of writing (for useful preliminary analyses of these new policy modes, see European Commission, 2002a: 201-244; de la Porte, 2002; and Zeitlin and Trubek, 2003).

4. Third Sector European Policy: an EU research network

The developments outlined in the previous section provide a rationale for taking EU horizontal third sector policy seriously as a research topic. This section will outline the approach of the ‘Third Sector European Policy’ network, which draws upon the concepts and problem diagnosis set out in the previous two sections to mount a preliminary enquiry into the nature and functioning of this aspect of policy.

It is important to emphasise from the onset that the topic TSEP examines is simultaneously rather broad and rather narrow. If the claim that the third sector’s policy environment is primarily constituted purely at the subnational and national levels and overwhelmingly within vertical fields is accepted (section 1), it is immediately clear that a study focusing on the European horizontal policy process attends centrally to a single, comparatively small, segment of the totality of policy institutions and actions. On the other hand, some features of the network are quite wide in scope, including country composition; the attempt to attend to multiple policy modes and policy stages; and the aspiration to begin to identify some of the most important ‘multi level’ linkages between the EU institutional and domestic policy levels (symptoms of ‘uploading’ and ‘downloading’ dynamics, in the language of ‘Europeanisation’ scholars).

Individual members of the network share an expertise on the third sector in their countries, but come from diverse disciplinary backgrounds (including political science, sociology and policy studies). Countries included are the Czech Republic, France, Germany, the Netherlands, Italy, Spain, Sweden, Switzerland and the UK. Taken together, the countries cover different degrees of institutionalisation of horizontal third sector policy and apparent salience of, and form of interest in, the European dimension (assumptions made in proposing the network, confirmed in preliminary discussions since its formal commencement). The sample includes:

- Major geographical regions of the EU/larger as well as smaller countries;
- Old and new entrants to the EU;
- Different types of national constitutional structures and welfare systems;
- Seven established Member States, one new Member State and one ‘third’ state, Switzerland.

The countries chosen reflect extremely diverse national legal systems relating to the third sector (Salamon and Toepler, 2000); and different third sector - State relational 'regimes' (Salamon and Anheier, 1998; CIRIEC, 2000; Borzaga and Sanctuari, 2003). Also, they represent a range of welfare systems in terms both of level and balance of public funding, sectoral shares for welfare responsibility, and the extensiveness of quasi-market type reforms in recent years. In addition, there is significant variation in terms of the sector's economic significance as measured by share of national paid employment and scale of expenditures, and balances between paid and unpaid employment (CIRIEC, 2000; Salamon et al, 2003). These elements of variation are important because they imply different degrees of embeddedness in the public system, different extents of vulnerability to EU *de facto* influence (including market compatibility, fiscal and labour law requirements) and potentially contrasting degrees of 'goodness of fit' with relevant direct EU policies.

Theoretical Dispositions

As the above makes clear, as an exploratory network, the formal testing of hypotheses is beyond the scope of TSEP. However, all research on European policy, European integration and 'Europeanisation' involves 'theoretical dispositions', and it is wise to be as explicit as possible concerning their content (Rosamond, 2000). Three ingredients are particularly important.

Firstly, the network draws on the conceptual distinctions and assumptions set out in section 2 of this paper to limit the scope and focus. Significantly, the unit of analysis is not taken to be the third sector *per se*, but third sector policy networks or communities. The concept is operationalised empirically as a multi-level one by focussing on the development of a small number of carefully selected 'cases', including discrete events or episodes which act as focal points for policy actors' attention (see below).

Secondly, earlier work approached EU third sector policy as a highly complex and contested process shaped by multiple participants (including the third sector itself, public officials, politicians and academics). However, it also turned out to be a process in which regularities or patterns could be discerned based upon the joint influence of 'national scripts', domestic politics and independent EU level initiative (Kendall and Anheier, 1999). This theory borrowed concepts such as 'streams' and 'policy entrepreneurship' from J.W. Kingdon's model of agenda setting (Kingdon, 1995) in an attempt to capture both agency and structure. The current TSEP network builds upon this

understanding, attending to policy development as a multi-level process in which Brussels-based and national policy actors interact.

Thirdly, we recognise that the possibilities for third sector development at all stages are necessarily strongly shaped by the powerful political institutions that structure the policy environment. It is also important to recognise the significance of collective as well as individual policy entrepreneurship, as expressed through processes of coalition formation and perpetuation amongst participants. Finally, internal learning seems to be a characteristic of some policy interaction. Moreover, externally, some relevant policy modes seem to involve ‘soft law’ with a heavy emphasis on policy development through experience and lesson-drawing rather than external authoritative sanction. To accommodate these features in a systematic and coherent way, the TSEP network attempts to draw on the literature on ‘advocacy coalitions’ and ‘political opportunity structures’ as a heuristic point of departure (Sabatier and Jenkins Smith, 1993; Kubler, 2001).

Research stages

The collection of evidence and argument at Partner level is structured in three steps. First, each Partner develops an account of their countries ‘domestic’ horizontal third sector policy situation, guided by the heuristics set out above and the complementary language associated therewith (see Appendix 1). The most significant linkages between the domestic scene and EU actors are also identified.

In the second step, a small number of ‘core cases’ have been selected for analysis. These are intended to build upon earlier research on the substance of the third sector policy agenda at the EU institutional level (Kendall and Anheier, 1999), and the considerations set out in earlier sections.

- The processing of the European Statute of Association (the traditional Community Method policy mode);
- The piloting (EU led) and mainstreaming (Member State led) of the local social capital scheme of the European Social Fund, requiring special access for local NGOs (the multi-level governance policy mode);
- The development of those aspects of National Action Plans for employment and social exclusion which relate to the third sector, as part of the OMC (the policy coordination and benchmarking mode); and

- The third sector as policy actor in the Convention on the Future of Europe and the unfolding process of European constitutional design.

These ‘policy cases’ have the following advantages:

- involving a reasonably high degree of potential ‘horizontalness’, so of wider theoretical and policy relevance than if defined in a narrower, vertical frame;
- jointly capturing the different policy modes and policy stages that are relevant for the third sector as policy actors;
- relatedly, potentially involving different combinations of policy participants, and different drivers of policy development.

These cases do not exhaust the range of relevant research case subject matter, and indeed, the range of in-scope policies seems set to expand. For example, the OMC/policy co-ordination and benchmarking cases in relation to social exclusion and employment could be widened to include volunteering²; while the network’s cases have not captured Wallace’s (2000b) ‘intensive trans-governmentalism’ mode in relation to Justice and Home Affairs, and Foreign Policy, which is increasingly relevant to the third sector in the context of the debate on terrorism and money laundering³. But the cases in hand do capture much of the variety of in place in the first years.

In addition, the process of preparing for, running and following through to the United Nations Year of Volunteering (2001) is also being examined in all countries, to allow form an impression of how UN and EU ‘external shocks’ may compare, and allow for the inclusion of Switzerland in the comparative core (which otherwise necessarily focuses research effort on steps one and three).

For the third step, each country also has discretion to examine a small number of additional, ‘open cases’ of its own choosing, but restricted in terms of actual or potential horizontalness, and significance of the EU or European dimension. The topics that have emerged as most salient are quite predictable, given the considerations outlined earlier in this paper. First, one cluster of countries is considering

² The OMC is expected to figure prominently in efforts to encourage volunteering across borders specifically for young people (European Commission, 2005). But efforts to eliminate ‘barriers’ and foster policy learning are likely to affect all age groups, because many barriers to young people’s participation are general, and many of the involved organisations are not youth-specific.

³ Catalysed by the heightened threat of terrorism, relevant national ministers and third sector-specific specialists have begun to consider the appropriateness of greater joint action to regulate monetary flows mediated by the third sector (European Foundation Centre, 2004).

services of general interest and the impact of the EU's market compatibility agenda. Second, another cluster of countries is considering the influence of EU policy at the sub-national level, with an examination of the implementation of European Social Fund programmes.

5. Conclusion

Third sector researchers often talk about third sector policies, but studies of the third sector as an actor in the policy process *per se* are surprisingly rare. The first part of this paper examined linkages between the third sector literature and the policy process literature, proposing some guiding propositions and concepts. One suggestion was that the third sector policy space is comprised of sub-national, national and European dimensions, and involves both 'vertical' and 'horizontal', cross-cutting components. The second part of the paper examined one particular combination - European horizontal policy - and suggested that, contrary to first impressions, this is emerging as a space for policy development. The third part of the paper summarised the approach being taken by a new network, TSEP, to investigating this phenomenon.

The European third sector horizontal 'policy' inheritance from the 1990s was a fragile, disputed and relatively incoherent one. At first sight, there seem to be a range of persuasive reasons why this state of affairs could be expected to continue. However, in this paper, an attempt has been made to argue that pressures have been building up across the EU which may change this situation. The third sector is being connected, with increasing regularity, to policy problems whose credentials as 'European' are now accepted: unemployment in the context of globalisation; social exclusion; and the wider overall problem of the EU's systemic legitimacy. The precise content of this policy domain is now relatively open, and there is much to be contested. But it does seem to have found an increasingly firm place on the EU's public policy agenda, and as such merits attention from the research community.

References

- Anheier, H.K. and Kendall, J. (2001). (eds) *Third Sector Policy at the Crossroads: An International Nonprofit Analysis*, Routledge, London.
- Armstrong, K.A. (2002). Rediscovering civil society: the European Union and the White Paper on Governance, *European Law Journal*, 8(1), 102-132.
- Borzaga, C. and Santuari, A. (2003). New trends in the non-profit sector in Europe: the emergence of social entrepreneurship in OECD. In C. Borzaga and A. Santuari (ed), *The Non-Profit Sector in a Changing Economy*, OECD, Paris.
- Burger, A. and Dekker, P. with van der Pleog, T. and van Veen, W. (2001). The nonprofit sector in the Netherlands, Working Document 70, Sociaal en Cultureel Planbureau, The Hague.
- CIRIEC. (2000). *The Enterprises and Organizations of the Third System: A Strategic Challenge for Employment*, CIRIEC, Liege.
- Commission of the European Communities. (2000b). Communication from the Commission: Services of General Interest in Europe, COM 580 final, Brussels.
- Commission of the European Communities. (2002a). *European Governance: Preparatory Work for the White Paper*, Office for Official Publications of the European Communities, Luxembourg.
- Commission of the European Communities. (2003). Green paper on services of general interest, COM(2003) 270 final, Brussels.
- Commission of the European Communities. (2004). Communication from the Commission: White Paper on Services of General Interest, COM(2004) 374 final, Brussels.
- Commission of the European Communities. (2005). Communication from the Commission: on European policies concerning youth, Addressing the concerns of young people in Europe - implementing the European Youth Pact and promoting active citizenship, SEC(2005)693, Brussels.
- Cowles, M.G., Caporaso, J. and Risse, T. (2001). *Transforming Europe: Europeanization and Domestic Change*, Cornell University Press, New York.
- Cullen, P. (2002) Conflict and cooperation within the Platform of European Social NGOs, unpublished manuscript.
- Curtin, D. (2003). Private interest representation or civil society deliberation? A contemporary dilemma for European Union Governance, *Social & Legal Studies*, 12(1), 55-75.
- De La Porte, C. (2002). Is the Open Method of Coordination appropriate for organising activities at European level in sensitive policy areas? *European Law Journal*, 8(1), 38-58.
- European Council, Lisbon. (2000). Presidency Conclusions, retrieved from Press Release Library (<http://europa.eu.int>).
- European Court of Justice. (1997). *Sodemare SA, Anni Azzurri Holding SpA and Anni Azzurri Rezzato Srl v Regione Lombardia: Freedom of establishment - Freedom to provide services - Old people's homes - Non-profit-making*, Case C-70/95, European Court of Justice.
- European Foundation Centre. (2004). Prevention of the financing of terrorism and regulation of nonprofit/charitable organisations: overview of key recent developments, <http://www.efc.be/ftp/public/EU/CounterTerrorism/Oct2004OverviewActions.pdf>.
- Evers, A. (2001). Will sector matter? Welfare dynamics, the third sector and social quality. In W. Beck, C. van der Maesen, F. Thomse and A. Walker (eds), *Questioning the Social Quality of Europe*, Kluwer, London.
- Featherstone, K. and Radaelli, C. (eds) (2003) *The Politics of Europeanization*, Oxford University Press, Oxford.
- Fric, P. (2005) The third sector and the policy process in the Czech Republic, TSEP Working Paper 6, London School of Economics and Political Science, London <http://www.lse.ac.uk/collections/TSEP/>
- Geyer, R. (2001). Can European Union social NGOs co-operate to promote EU social policy?, *Journal of Social Policy*, 30(3), 477-493.

- Greenwood, J. (2003). *Interest Representation in the European Union*, Palgrave Macmillan, Basingstoke.
- Harvey, B. (2004). The illusion of inclusion: Access by NGOs to the structural funds in the new member states of eastern and central Europe. Report for the European Citizens Action Service, ECAS, Brussels.
- Haas, E. (1992). Introduction: Epistemic communities and international policy co-ordination, *International Organization*, 46(1), 1-36.
- Hervey, T. (1998). *European Social Law and Policy*, Addison Wesley Longman Limited, Harlow.
- Keck, M. and Sikkink, K. (1998). *Activists Beyond Borders: Advocacy Networks in International Politics*, Cornell University Press, London.
- Kendall, J. and Knapp, M.R.J. (1996). *The Voluntary Sector in the UK*, Manchester University Press, Manchester.
- Kendall, J. and Anheier, H. (1999). The third sector and the European Union policy process: an initial evaluation, *Journal of European Public Policy*, 6(2), 283-307; slightly revised and expanded in Anheier, H.K. and Kendall, J. (2001) (eds) *Third Sector Policy at the Crossroads: An International Nonprofit Analysis*, Routledge, London.
- Kendall, J. (2003). *The Voluntary Sector: Comparative Perspectives in the UK*, Routledge, London.
- Kendall, J. (2005). The third sector and the policy process in the UK: ingredients in a hyperactive horizontal policy environment, TSEP Working Paper 5, London School of Economics and Political Science, London <http://www.lse.ac.uk/collections/TSEP/>
- Kendall, J. and Pavolini, E. (2004). Developing indicators of third sector-specific horizontal policy, paper prepared for discussion in the Third Sector European Policy network.
- Kingdon, J.W. (1995). *Agendas, Alternatives and Public Policies*, HarperCollins, New York.
- Knill, C. (2001). *The Europeanisation of National Administrations: Patterns of Institutional Change and Persistence*, Cambridge University Press, Cambridge.
- Kramer, R. (1981). *Voluntary Agencies in the Welfare State*, University of California Press, Berkeley.
- Kramer, R. M., Lrentzen, H., Melief, W. and Pasquinelli, S. (1993). *Privatization in Four European Countries: Comparative Studies of Government - Third Sector Relationships*, M.E. Sharpe, Armonk.
- Kubler, D. (2001). Understanding policy change with the advocacy coalition framework: an application to Swiss drug policy, *Journal of European Public Policy*, 8(4), 623-641.
- Kuhnle, S. and Selle, P. (1992). *Government and Voluntary Organizations: A Relational Perspective*, Avebury, Aldershot.
- Leibfried, S. and Pierson, P. (1995). Semisovereign welfare states: social policy in a multitiered Europe. In S. Leibfried and P. Pierson (eds), *European Social Policy: Between Fragmentation and Integration*, Brookings Institution, London.
- Lowe, P. and Ward, S. (1998). *British Environmental Policy and Europe: Politics and Policy in Transition*, Routledge, London.
- Ludlow, P. (2001). A Commentary on the EU: 2004 and Beyond, Centre for European Policy Studies, Brussels.
- Magnette, P. (2003). European governance and civic participation: Beyond elitist citizenship, *Political Studies*, 51, 1-17.
- Observatory for the Development of Social Services in Europe. (2004). Conference 'Social Services of General Interest in the European Union - Assessing their Specificities, Potential and Needs, Institute fur Sozialarbeit und Sozialpadagogik e. V., Frankfurt.
- Parsons, W.W. (1995). *Public Policy*, Edward Elgar, Aldershot.
- Pezzini, E. (2000). European policies in relation to social economy and unemployment. In CIRIEC, *The Enterprises and Organizations of the Third System: A Strategic Challenge for Employment*, CIRIEC, Liege.
- Radaelli, C. (2003). The Europeanisation of public policy. In K. Featherstone and C. Radaelli (eds), *The Politics of Europeanization*, Oxford University Press, Oxford.

- Ranci, C., Pellegrino, M. and Pavolini, E. (2005). The third sector and the policy process in Italy, TSEP Working Paper 4, London School of Economics and Political Science, London
<http://www.lse.ac.uk/collections/TSEP/>
- Richardson, J. (ed) (2000). *European Union: Power and Policy Making*, Routledge, London.
- Rootes, C. (1999). The Europeanisation of Environmentalism, Paper prepared for the conference L'Europe des interets: lobbying, mobilisation et espace public europeen, Maison Francaise and Nuffield College, Oxford, October.
- Rosamond, B. (2000). *Theories of European Integration*, Macmillan, London.
- Sabatier, P. and Jenkins-Smith, H. (eds) (1993). *Policy Change and Learning: An Advocacy Coalition Approach*, Westview Press, Boulder.
- Salamon, L.M. and Anheier, H.K. (eds) (1997). *Defining the Nonprofit Sector: A Cross-national Analysis*, Manchester University Press, Manchester.
- Salamon, L.M. and Anheier, H.K. (1998). Social origins of civil society: explaining the nonprofit sector cross-nationally, *Voluntas*, 9(3), 213-248.
- Salamon, L.M., Hems, L.C. and Chinnock, K. (2000). The nonprofit sector: For what and for whom? Working Papers of the Johns Hopkins Comparative Nonprofit Sector Project, 37, Johns Hopkins Centre for Civil Society Studies, Baltimore.
- Salamon, L.M., Sokolowski, S.W. and List, R. (2003). *Global Civil Society: An Overview*, Centre for Civil Society Studies, Institute for Policy Studies, Johns Hopkins University, Baltimore.
- Salamon, L.M. and Toepfer, S. (2000). The Influence of the Legal Environment on the Development of the Nonprofit Sector, Center for Civil Society Studies Working Paper No 17, Johns Hopkins University, Baltimore.
- Schmalz-Bruns, R. (2002). The normative desirability of participatory governance. In H. Heinelt, P. Getimis, R. Smith and Swyngedouw (eds), *Participatory Governance in Multi-Level Context: Concepts and Experience*, Leske and Budrich, Opladen.
- TSEP Policy Workshop II. (2004). The third sector and the influence of EU competition law, <http://www.lse.ac.uk/collections/TSEP/Open%20access%20documents/TSEP%20Tilburgpolicyworkshop%20Version%2030Nov04.pdf>
- TSEP Policy Workshop III. (2005). The third sector and the policy process in Brussels, forthcoming at <http://www.lse.ac.uk/collections/TSEP/publicdocfind.htm>.
- Wallace, H. (2000b). The institutional setting: five variations on a theme. In H. Wallace and W. Wallace (eds), *Policy Making in the European Union*, Oxford University Press, Oxford.
- Wallace, H. and Wallace, W. (2000). *Policy Making in the European Union*, Oxford University Press, Oxford.
- Warleigh, A. (2001). 'Europeanizing' civil society: NGOs as agents of political socialization, *Journal of Common Market Studies*, 39(4), 619-639.
- Warleigh, A. (ed) (2002a). *Understanding European Union Institutions*, Routledge, London.
- Warleigh, A. (2002b). The economic and social committee. In A. Warleigh (ed), *Understanding European Union Institutions*, Routledge, London.
- Warleigh, A. (2003). *Democracy in the European Union*, Sage Publications, London.
- Wolch, J. (1990). *The Shadow State: Government and Voluntary Sector in Transition*, The Foundation Centre, New York.
- Zeitlin, J. and Trubek, D. (eds) (2003). *Governing Work and Welfare in the New Economy*, Oxford University Press, Oxford.

Appendix 1: Working Glossary

Version of 23 June 2005

Case refers to the TSEP unit of analysis in relation to public policy as a multi-level process: there are ‘closed cases’, being particular policy events/programmes chosen to capture a range of policy modes and stages in the policy process of relevance to the third sector in Europe; or ‘open cases’, which are more thematic and diffuse in character. The former include the European Statute of Association; Global grants for social capital; the Convention/Constitution; National Actions Plans for social exclusion and employment; and the United Nations Year of Volunteering; the latter include Services of General Interest; and the European Structural Funds and the third sector at the sub-national level.

Coalition refers to alliances of policy actors, who can be individuals or organisations, who come together to pursue shared values, concretely expressed in policy change or policy perpetuation goals. Understanding the functioning and roles of such coalitions in national, EU or multi-level contexts requires accounting for the nature of their values and goals; the economic, political and cultural resources they are able to mobilise, and the political opportunity structure within which they operate. In the TSEP network, research effort has been directed at describing and analysing coalitions formed and perpetuated by full or part time *specialist third sector-specific policy actors*

Collective noun refers to the language used by domestic or EU level actors to group organisations sectorally at a level higher than *vertical policy fields*, and involving some implicit or explicit reference to ownership and control not reducible to either the market or the state. In some countries the collective noun and associated expressions involves a relatively stable or dominant language supported by formal or informal institutions and practices, while in others there is a more open field, with competing concepts and formulations, often fluidly co-existing and interacting with one another. Examples in Europe at the EU and national levels of expressions sometimes used in this way (and sometimes also used in other ways) include associations, [social] [action] NGOs, non-profit sector, nonprofits, organised civil society, popular movements, social economy, social enterprise, solidarity economy, third system, voluntary [and community] sector.

Community method has been described by the Commission as ‘a procedure leading to decisions or Act, involving balanced participation [at the EU institutional level] between Council, the European Parliament and the Commission’. It was the ‘classical’ or ‘traditional’ method of processing EU policy in the second half of the twentieth century, but in the twenty-first is increasingly supplemented or displaced by the *Open Method of Co-Ordination* which rebalances control away from the EU institutional level, towards Member State level actors.

Cross-cutting is used as shorthand for third sector relevant cross-cutting, and refers to concepts/beliefs or policies/practices/actions which are not confined to within *vertical policy fields*, but which are (a) either held to be relevant or applied discretely but according to common principles within two or more vertical policy fields, especially in the social welfare domain; or (b) which are held to be relevant/applied as a matter of ‘generic’ policy. Policy development in relation to these processes typically involves *specialist third sector-specific policy actors* within and outside the State, forming relatively loosely coupled ‘policy networks’ and/or a more formally institutionalised and recognised ‘policy community’ nominally involving a core of shared values and beliefs expressed in political rhetoric and/or the technical codified discourse associated with specialist policy instruments. The result can be the creation and perpetuation of a policy space jointly recognised by these experts as constituting the subject matter of third sector policy (using some collective noun) which is not reducible to the policy contents of a particular vertical field.

Domain Used to specify the level of policy between vertical policy field and the macro system of policy and politics. In relation to the third sector, the domain which TSEP has demonstrated is of most (but not universal) relevance is the *social welfare domain*.

European problem set refers to the cluster of high salience European policy issues or problems with which the third sector has most consistently been linked by policy actors at European, national and sub-national levels. Included here are *governance*; *social exclusion*; and unemployment. Third sector organisations may be seen as ‘partners’ whose contributions can and should be mobilised as part of the process of problem management, or problem solving.

Governance has multiple and contested meanings; but at its broadest, it can be used to refer to institutionally ordered arrangements for shaping the processing of policy at the key stages of agenda setting, decision making, implementation and evaluation. It tends to be linked to steering or strategic - as opposed to tactical - processes; patterned as opposed to unstructured relationships and interactions; and to be associated with such values as accountability, transparency, and effectiveness. The ways in which the third sector is linked to governance varies significantly across contexts, but often considered in scope are issues both in relation to internal governance - the design and application of appropriate legal structures and micro-constitutional models in the light of third sector specificities such as voluntarism and non-profit-distribution; and issues in relation to external governance, including how the third sector can and should fit as an actor at each of the policy stages, wherein it is one policy actor amongst many.

Horizontal policy is synonymous with *cross cutting* policy. Note that there are ‘pure’ cases of horizontality, whereby policies or concepts are related to the entire third sector as defined in the relevant collective nouns. But we *also* include as ‘horizontal’ narrower-in-scope concepts or policies which cut across some but not all *vertical fields*. In particular, overarching social welfare regime policies and practices, social inclusion policies and community development policies can be considered in scope, even if not extending outside the *social welfare domain*, to the extent that they necessarily suggest, involve or imply, participation by the third sector and its stakeholders.⁴

Industry-specific policies that are relevant to a particular *vertical field* only.

Mainstreaming is shorthand for *public policy* mainstreaming and refers to a situation in which the mainstreamed policy issue or problem (here, the third sector) is not only supported by technical institutions, but has high political and social visibility, and is seen by systemically powerful actors as of high generic public policy salience.

Multi-level process refers to how the European, national and subnational levels of public policy are inter-related. The extent to which this constitutes third sector policies is examined in the TSEP network by policy *cases*. Note that this is not synonymous with multi-level *governance* - which is typically used as a framing concept to claim that substantive power is situated at more than one level. The extent to which multi-level processes involve a reconfiguration towards multi level governance is treated as an open question for research.

Open Method of Coordination is based on mutual agreement of policy objectives by Member States; the development of common guidelines, indicators, and targets; benchmarking of performance

⁴ Note that other writers use this term differently, often including *intra-vertical* policy field *multi-sector* initiatives as horizontal, while we do not consider *per se* as the core subject matter of our network. However, indirectly such policies may lead indirectly to our notion of horizontality, through spillover effects or *ex post* political construction of policy, as noted elsewhere.

and exchange of good practices, formulation of national action plans; and peer review and joint monitoring of implementation in an iterative multi-year cycle. It increasingly supplements and even displaces the *Community Method*.

Path dependency Refers to how historical policy decisions create a ‘policy legacy’, which can have long term consequences for the possibilities of current and future policies

Policy is used in TSEP as shorthand for *public policy*.

Policy entrepreneurship refers to actions taken either to deliberately change, or to deliberately protect, public policies - here, third sector specific policies. Such efforts typically involve the formation of coalitions between individuals or organisations, or both and are heavily constrained by national political opportunity structures. In the TSEP network, research effort has been directed at describing and analysing the entrepreneurship of full or part time *specialist third sector-specific policy actors*. Most horizontal third sector policy entrepreneurship takes place at the national level or below, but there are some individuals and organisations that specialise at the EU level, and some who operate on multiple levels.

Policy field is shorthand for *vertical policy field*.

Policy mode is a helpful way of recognising and analysing the different types of broad policy approaches that jointly constitute the highly complex EU public policy process. Examples of distinctive modes are the *community method* (relevant to the third sector in the European Statute of Association case) and the *open method of co-ordination* (relevant to the third sector in the case of National Action Plans for *social exclusion* and employment).

Policy learning refers to the impetus for policy change which occurs when actors adopt strategies, or various forms of policy belief, in the light of experience; or policy changes due to new information and analysis, generated by *policy entrepreneurs*, perhaps operating as part of *coalitions*.

Public policy comprises two elements. Unless otherwise qualified, ‘policy’ refers to intended courses of action which are explicitly and proactively articulated by actors with significant levels of political authority, and reflected in patterned policy discourse, events and institutions. If past policy decisions continue to be relevant because (due to *path dependency*) they shape current administration practices, resource allocation and the distribution of power, but they are *not* actively sustained and pushed as a categorical, proactive policy, they can be described as ‘latent’, that is implicit, policy. ‘Public’ refers to institutions and events involving ‘that dimension of human activity which is regarded as requiring governmental or social regulation or intervention, or at least common action’ (Parsons, 1995).

Social exclusion has been defined by the European commission as ‘referring to the multiple and changing factors resulting in people being excluded from the normal exchanges, practices and rights of modern society. Poverty is one of the most obvious factors, but social exclusion also refers to housing, education, health and access to services’.

Social welfare domain This corresponds to the ‘welfare state regime’ policy space. It is a ‘meso level’ concept nested within, and developmentally bound up with, the prevailing generic national political and public policy system, while being broader than a single *vertical field*. Within it are the family of ‘human services’ or ‘social [welfare] services’ whose vertical components include ICNPO groups 4 (‘personal’ social services, or social care, and income maintenance), group 6 (development and housing, including employment & training), part of group 7 (advocacy, to the extent it is geared towards social welfare; and excluding political parties); group 3 (health) and group 2 (education &

research). Many of these services are (jointly) implicated in tackling *social exclusion*. Note that this formulation is not limited to ‘service provision’ in the sense of ownership and management of establishments (as with provision of care homes, social housing) but inclusive also of social welfare oriented activities in addition to/separate from direct services, including social welfare oriented self-help and community based activities, advocacy (campaigning on social policy issues, and individual clients’ rights etc), involvement in social welfare and social policy design, monitoring etc.

Specialist third sector-specific policy actors are the carriers of purposive *third sector specific policy* who claim to hold relevant expertise and knowledge. They may be full time specialist individuals or organisations, but such actors are often part time, fulfilling this role separately and/or in conjunction with other contributions to the policy system (particularly in the social welfare domain). They operate within and outside the State, forming relatively loosely coupled ‘policy networks’ and/or a more formally institutionalised and recognised ‘policy community’, or ‘policy communities’. At a minimum they share a language involving third sector collective nouns (otherwise they cannot be specialists); they may nominally claim to share a core of values and beliefs in relation to the third sector, expressed in political rhetoric and/or the technical codified discourse associated with the relevant specialist policy instruments. The result can be the creation and perpetuation of a policy space jointly recognised by these experts as constituting the subject matter of third sector policy (using some collective noun) which is not reducible to the policy contents of any particular vertical field⁵.

Spill over effects Policy effects and actions designed to apply in one domain or field which have consequences once adopted - and thus implicitly or explicitly, shape policies in other domains or fields.

Third sector at the highest level of generality refers to organisations situated between the market and the state in terms of ownership and control. TSEP needed more specificity to initiate research into this construct as an object of policy: It was therefore provisionally taken to include those organisations which are self-governing and constitutionally independent of the state; do not involve the distribution of profits to shareholders; and benefit to a significant degree from voluntarism. This was an initial orienting working definition of the third sector - but in application, this has had to be sensitive to national conditions, since our unit of analysis has been the actual existing horizontal policy community or communities with its associated constructs. In other words, the specific ‘indigenous’ conceptualisation (or conceptualisations) deployed in practice was a question to be determined empirically, not *a priori* imposed. By referring to more than one collective noun, and the relative salience of each from the perspective of policy network or community members, we are also able to reflect differences within countries, where boundary disputes and the contest between competing definitions is itself part of the policy process (since notions putting the accent on ‘civil society’, ‘voluntarism’, and ‘social economy’ for example, typically co-exist).

Third sector [specific] policy is usually used either as shorthand for *horizontal* third sector policy; or to refer to the sum of horizontal cross cutting policies, policies which are partly horizontal and partly vertical. As used in this network, it is by definition concerned *only* with public policy that is horizontal to at least a certain extent. It thus can contain both ‘deliberate’ policy designed or

⁵ Policies may not be cross cutting *initially* if developed independently within vertical policy fields; but *become* cross cutting if *ex post* ‘joined up’ by significant policy actors coordinating across or (if powerful) able to authoritatively transcend vertical policy fields. These policies can then be viewed after, and only after, the formative, politically constructive event of ‘joining up’ by policy actors as jointly constituting a shared ‘horizontal’ policy; otherwise they are considered not to exist as ‘horizontal’, or only ‘latent’.

constructed for the third sector, and policies which are more accidental, *ex post* constructed as third sector policies, and therefore seen as relevant by actors who style themselves as third sector stakeholders. Third sector specific policies are sustained by policy networks and/or policy communities, where the latter are characterised by specialisation, involving claims-making in relation to expertise. In these specialist networks and/or communities, the third sector is often - but not always - coupled to problems and issues associated with the social welfare domain, particularly social exclusion and unemployment. The agendas of these policy networks or communities tend to include reference to the third sector's policy environment in terms of legal structures and wider governance arrangements; institutional processes for mediating third sector-public sector/State relations; arrangements for involvement across policy stages and policy modes; and the promotion of voluntarism, including volunteering.

Third sector stakeholders include actors who consciously have a significant role in third sector policy. It includes third sector organisations themselves, but also other actors including politicians, public officials, academics, the media, trade unions and (for-profit) business.

Vertical policy field Policies that are developed and apply essentially *within* a particular field or domain: here, horizontal institutions may differentiate between organisations but in the background or incidentally, rather than as the focal point of policy activity. To define 'field' boundaries, we follow the standard industrial classification adapted to account for the specificities of the third sector, as represented in the International Classification of Nonprofit Organisations (ICNPO). Policies which relate to a particular Group or subgroup of the ICNPO are considered 'vertical'; while those which relate to two or more fields may be considered horizontal, either 'narrower' or 'broader' according to the range of fields in scope. Empirically in Europe, relevant policies are often (but not always) closely linked to the *social welfare domain*.

Further Reading

- Kendall, J. (2003). *The Voluntary Sector: Comparative Perspectives in the UK*, Routledge, London.
- Kubler, D. (2001). Understanding policy change with the Advocacy Coalition Framework: an application to Swiss drug policy, *Journal of European Public Policy*, 8(4), 623-641.
- Parsons, W. W. (1995). *Public Policy: An Introduction to the Theory and Practice of Policy Analysis*, Edward Elgar, Aldershot.
- Wallace, H. and Wallace, W. (2000). *Policy Making in the European Union*, Oxford University Press, Oxford.
- Zeitlin, J. and Trubel, D. (ed) (2003). *Governing Work and Welfare in a New Economy: European and American Experiments*, Oxford University Press, Oxford.

General introduction to TSEP Working Paper series

Editor: Jeremy Kendall

Editorial Assistant: Catherine Will

This paper is part of the **TSEP Working Paper series**, and is based upon work conducted by the authors within the Third Sector European Policy (TSEP) network. The primary, overarching objective of the network is to describe and analyse the trajectory of 'horizontal' (industry cross-cutting) European policy towards the 'third sector', understood as a 'multi-level process' (see Appendix for a Glossary of terms).

All TSEP Partners are funded by the European Commission, Key Action 'Improving the Socio-Economic knowledge Base', 5th Framework Programme; while a subgroup of countries (Italy, the Netherlands, Spain, Switzerland, and the UK) are also financed by national funders under the European Science Foundation's European Collaborative Research Projects (ECRP) in the Social Science initiative. (The UK funder, for example, is the Economic & Social Research Council.) Charities Aid Foundation are also supporting the research effort in the UK, and overall. This financial support is gratefully acknowledged. More details, including research Partner identities and affiliations, can be found at: www.lse.ac.uk/collections/TSEP/

Individual members of the network share an expertise on the third sector in their countries, but come from diverse disciplinary backgrounds (including political science, sociology, and policy studies). Countries included are the Czech Republic, France, Germany, the Netherlands, Italy, Spain, Sweden, Switzerland and the UK.

The sample includes:

- Major geographical regions of the EU/larger as well as smaller countries
- Different types of national constitutional structures and welfare systems
- 7 established Member States, one new Member, and Switzerland

TSEP Working Paper 1

First published in 2005 by:

TSEP Network, Centre for Civil Society

Department of Social Policy

London School of Economics and Political Science

Houghton Street

London

WC2A 2AE

©2005 Jeremy Kendall

All rights reserved. No part of this paper may be reprinted or reproduced or utilised in any form or by any electronic, mechanical, or other means, now known or hereafter invented, including photocopying and recording, or in any information storage or retrieval system, without permission in writing from the publishers.

British Library Cataloguing in Publication Data

A catalogue record for this publication is available from the British Library.

ISBN 07530 1884 5

**For further information on this or any of the
CCS publications contact:**

Centre for Civil Society
Department of Social Policy
The London School of Economics and Political Science
Houghton Street
London WC2A 2AE

Tel: +44 (0)20 7955 7375/7205 Fax: +44 (0)20 7955 6039
email: ccs@lse.ac.uk www.lse.ac.uk/depts/ccs
