



The Francqui International Conference 2014

Brussels, Palais des Académies, 8-9 May 2014

THE EU'S FIFTH PROJECT: TRANSITIONAL GOVERNANCE IN THE SERVICE OF SUSTAINABLE SOCIETIES

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Framing paper

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The Francqui International Conference aims to explore whether the European Union could launch a new project for European integration, supporting the transition to sustainable societies in Europe. In accordance with the 1987 Brundtland Report *Our Common Future*, sustainable societies are societies in which the needs of the present are met without jeopardizing the ability for the next generations to meet their own needs (United Nations 1987). They are societies, therefore, whose trajectories take into account the long term consequences of the choices that are made today. But because the future cannot be fully anticipated or predicted, sustainable societies are also resilient societies: they seek to mitigate the risks associated with future crises; they prioritize diversity, as a means to ensure that internal and external shocks can be absorbed with as few negative consequences as possible; and they emphasize the ability of social systems to learn, in order to cope with changing circumstances.

In the past, the projects by which European integration proceeded were always combined with specific forms of governance, that were considered to be best suited to attain the objectives they had set for the EU. Thus, the establishment of the internal market in the 1980s relied on the adoption of harmonization measures at European level, combined with the mutual recognition of national measures. The project of the economic and monetary union launched in 1992 with the Treaty of Maastricht was accompanied with the introduction of "broad economic policy guidelines", with a view to ensuring at least a minimal co-ordination of macroeconomic policies. The establishment of the area of freedom, security and justice inaugurated in 1999 was based on mutual recognition of judicial decisions, together with the approximation of national laws in certain limited areas. And the Lisbon strategy launched in 2000, to which the "Europe 2020" project succeeded in 2010, relied on the introduction of "open methods of coordination" in a range of areas that were considered relevant to the attainment of the objective the EU had set for itself, from combating social exclusion to reforming healthcare systems, and from promoting research and innovation to modernizing social protection. **The hypothesis of the EU5P conference is that the transition towards sustainable societies will require the introduction of new forms of governance, encouraging social**

innovations and participatory democracy at all levels, combined with improved multi-level coordination to facilitate local experimentation.

This framing paper first provides an overview of the main challenges facing the European Union. It discusses how the financial and economic crisis of 2008-2010, which snowballed into a crisis of public debt in the eurozone after 2009, was addressed (section 1). It summarizes the debate on the redefinition of social protection, which now increasingly aims at encouraging investment in human capital and at "activating" both beneficiaries of social protection and social services themselves (section 2). It briefly addresses how the ecological challenge is addressed at the current juncture (section 3). The paper relates each of these challenges to different temporalities which, it argues, they are associated with: whereas the economic and financial crisis is treated as an immediate concern, to be addressed in the short term, the design of viable social policies is seen as a mid-term preoccupation -- a priority, perhaps, but one that is less urgent than dealing with the economic and financial crisis; as to the environmental pillar, it guides a number of initiatives, to reach a number of targets by 2020 -- namely, to reduce greenhouse gas emissions by at least 20 per cent compared to 1990 levels, to increase the share of renewable energy sources to 20 per cent, and to achieve a 20 per cent increase in energy efficiency (European Commission 2010: 11).

The paper suggests that meeting the various challenges outlined requires a number of changes to the current governance of the EU. In particular, it suggests the need to reconcile the different timeframes mentioned above (section 4.1). It offers to move to a choice of indicators of progress that escape the fiction represented by GDP growth. As a measure of progress, GDP is doubly unsatisfactory: it conflates into a single measure all economic activity, without distinguishing between economic activities that improve well-being without accelerating depletion of resources and the production of waste, and activities that erode the ecosystems on which we depend; and without including activities that are not commodified but could make significant contributions to well-being (section 4.2). The paper also proposes to make the reduction of inequalities

a priority, as a substitute for “growth” alone (section 4.3). Finally, it suggests to invest more on social innovations (section 4.4).

Section 5 develops further the importance of supporting social innovations that can accelerate the social and ecological transition that our present circumstances calls for. Such social innovations are often territory-based. They rely on hybrid forms of governance, in which public authorities, private enterprises and the “third sector” join forces to support initiatives that are often led by citizens at a local level. They lead to the invention of solutions that are suitable for the particular context in which they emerge. Section 5 puts forward four propositions illustrating why social innovations matter, and why they could play a key role in the future in supporting the transition towards sustainable societies. The paper closes in section 6 with a brief discussion of the implications, for the understanding of governance in the EU, of paying greater attention to such social innovations.

1 THE SHORT-TERM EMERGENCY: ADDRESSING THE FINANCIAL AND ECONOMIC CRISIS

The Francqui International Conference is convened at a time when the European Union is struggling to overcome the worst economic and social crisis it have ever faced. At the end of 2013, more than 26 million men and women in the European Union were unemployed, representing 10.7 per cent of the active population (Eurostat 2014a). According to the most recently available data, 124.8 million people, or 24.8 per cent of the population, were at risk of poverty or social exclusion : 17 per cent of the population in the EU-28 in 2012 were considered at risk of poverty, with a disposable income after social transfers below their national at-risk-of-poverty threshold; 9.9 per cent of the population was suffering of material deprivation, with living conditions severely affected by lack of sufficient resources; and 10.4 per cent of the population were in households with very low work intensity, in which the adults worked for less than one fifth of their total potential during the previous year (Eurostat 2014b).

The current economic and social crisis has led to a variety of prescriptions, falling under two broad groups. One approach favors austerity measures as a means to reduce the public deficit and, thus, to reduce the tensions within the 18 members of the eurozone and to allow the EU member States to borrow at lower interest rates on international markets. This to a large extent reflects the philosophy underlying the adoption, in 2012, of the Treaty on the Stability, Coordination and Governance in the Economic and Monetary Union. The Fiscal Compact requires the 25 Contracting Parties¹ to adopt a “golden rule” guaranteeing that annual government budgets be balanced: they must ensure that the annual structural government deficit does not exceed 0.5 per cent of GDP, and they are committed to introduce binding provisions within the domestic legal order, ‘preferably constitutional, or otherwise guaranteed to be fully respected and adhered to throughout the national budgetary processes’, ensuring that they will maintain a balanced budget (Art. 3(2)).

Another approach sees austerity not as the solution, but as the problem. It argues that austerity policies aiming at low inflation and balanced public budgets reduce demand and thus have procyclical impacts: instead, many insist, what is needed is to restore the confidence of households in their economic future, and increase the purchasing power of the middle class to boost the economy and increase public revenue from taxes (Coriat et al. 2013; Blyth 2014). Moreover, this alternative approach notes that the Fiscal Compact imposes fiscal constraints on the States concerned (including the 18 eurozone members) because of the need to combine the adoption of a single common currency, the Euro, with the no-bail-out clause stipulated in Article 125 of the Treaty on the Functioning of the European Union: in other terms, the imposition of austerity and the constitutionalization of the requirement of balanced budgets function, in effect, as a substitute for greater solidarity across the EU Member States. Instead, what would be required is to improve convergence of the economies and to allow the EU to

¹ The Treaty was signed on 2 March 2012 by twenty-five out of twenty-seven Member States; the United Kingdom and the Czech Republic chose not to join the Fiscal Compact. The Treaty entered into force on 1 January 2013.

function as an insurance mechanism allowing each State to be supported by the other States if faced with a temporary crisis.

The recent financial and economic crisis, therefore, has not only tested the stability of the eurozone, and the economic resilience of the EU as a whole; it is also the very legitimacy of the EU that was questioned. The crisis shed light on the imbalances in the architecture of the eurozone, inherited from the political compromise struck with the Treaty of Maastricht preparing the economic and monetary union. The crisis of public debt that developed since late 2009 demonstrated the need for an economic governance of the eurozone: it is because of the lack of such economic governance that, over the past decade, severe gaps were allowed to emerge between two groups of countries, increasingly drifting apart. On the one hand, in the most competitive economies, wages were not increased in proportion with improvements to labor productivity, and neo-mercantilist policies led to considerable trade balance surpluses. In the economies of the second group on the other hand, growth could only be artificially supported by the massive, and ultimately unsustainable, accumulation of private and public debt. To bridge the gap between these two groups, it was generally agreed, economic governance had to be strengthened. Steps that have been taken towards this objective, with the improved coordination of the eurozone that the Treaty on Stability, Coordination and Governance should allow. Paradoxically however, these reforms have posed another problem to the legitimacy of the EU. It reinforced the impression of many that the EU is driven by technocratic considerations; that it impoverishes democracy by removing from national parliaments their prerogatives over budgetary choices; and that it favors orthodox, neoliberal solutions, which in the short term at least may worsen social exclusion and inequalities. The EU was criticized for having failed to do enough to prevent the crisis from developing; it is now criticized for doing too much.

The financial and economic crisis facing the European Union, therefore, is at its heart a crisis of governance. The main lesson that emerges is that, in a range of areas (including, albeit not limited to, the implementation of macroeconomic policies), the EU

Member States have become too interdependent not to deepen European integration further. But further steps towards integration present their own risks. They increase the likelihood of fragmentation within the EU, as not all Member States will be willing to move forward -- resulting in the temptation of enhanced cooperation in a number of fields, as a substitute for the search for a consensus across the Union. They also reinforce the perception of democratic self-determination being further emptied of its content, at national level -- the level where most people see democratic rights as easiest to exercise.

To some, the only solution to the present predicament is a federal leap, a radical move towards the United States of Europe. This project would include the transformation of the European Commission into an elected government accountable before the European Parliament, the development of a European public sphere and the gradual shifting of citizens' loyalties from the national level to the European level (Ferry 2000; Habermas 2011; Cohn-Bendit and Verhofstadt 2013). This would mean a shift away from the original ordoliberal conception of a supranational technocracy enforcing the conditions for well-functioning markets and based on a neat separation, characteristic of the original economic constitution of the European Union, between a depoliticized economic sphere on the one hand, and party politics on the other hand. This original conception based the legitimacy of the EU on outputs -- on what results the EU delivers. The new, federalist idea of a repoliticization of Europe, would insist instead on a form of legitimacy built on inputs -- on the possibility for citizens to influence the choices that are made in their name (Scharpf 1999).

That federal project too faces a number of obstacles, however. Considerable differences exist between the EU Member States, making it increasingly difficult to define the European public interest and to reach agreement on common policies. The most basic indicators suffice to highlight the importance of these disparities. During the early years of European integration, the ratio between the poorest and the richest Member State was 1:3 in GDP per capita. It reached 1:20 with the accession of Bulgaria

and Romania; and it is now around 1:18 following Croatia's accession on 1 July 2013. Moreover, in part as a result of the tendency of national governments to impute to the EU the responsibility of reforms that are unpopular at home, the proportion of the EU's population that trusts the EU and that, we may assume, would be ready to consent to further transferrals of powers, has been narrowing in recent years: a 2012 Eurobarometer poll showed that, across the EU-27, only 42 per cent of the population "agreed" or "tended to agree" with the statement that "the interests of [their country] are well taken into account in the EU", whereas 50 per cent either disagreed (15 per cent) or tended to disagree (35 per cent). And in only eight EU member States was the proportion of the respondents agreeing (or tending to agree) with the statement that the interests of their country are well taken into account in the EU larger than the proportion who found themselves in disagreement.² Whether it would be desirable or not, the federal leap seems therefore unlikely, as a result of both the increased differentiation within the EU and of the scepticism towards the European project within a significant part of the public.

In the debate about the federal future of Europe, all too often, the allocation of power within the EU is seen as a zero-sum game: any transferral of powers to the EU level is perceived as reducing the powers that can be exercised at domestic level. This is largely a misconception. It does not take into account that, in the current context, Member States are in fact already semi-sovereign (Leibfried and Pierson 2000). Self-determination at national level is already severely constrained by the interdependence between States who share the same economic area. By enhancing the capacity to act collectively, therefore, we may in fact increase, not reduce, the ability for each State to choose. But the perception remains that any further step towards integration will reduce the space for democratic self-determination, and that, unless far-reaching changes are made to the European architecture, it may even further reinforce the power exercised by institutions that are unelected or unaccountable, and

² The Member States where more respondents felt that the interests of their country were adequately taken into account by the EU than the opposite were Belgium, Denmark, Germany, France, Luxembourg, Malta, The Netherlands, and Sweden (Eurobarometer 2012 (QA21a.2)).

may work towards a vision of the future that many Europeans do not share. To those who believe in the need for more Europe, the challenge is to dispel that perception. **This could mean to imagine forms of governance that, while facilitating collective action at EU level, at the same time strengthen democracy at local and national level -- creating the conditions for a high-intensity democracy rather than undermining local and national self-determination. The ability of societies to act upon themselves is not given in a fixed quantity: it can be increased. This paper argues that by supporting innovative solutions at a local and national level, while creating the conditions for local experimentation to be informed by the range of solutions developed elsewhere, could strengthen local democracy while at the same time clearly demonstrating the added value of the EU in accelerating collective learning.**

2 THE MID-TERM CONCERN: VIABLE SOCIAL POLICIES

In addition to relaunching the debate about the future of Europe and to making salient the debate about the need for a new federalist covenant, the financial and economic crisis raised the question of the time horizon of politics in the European Union. Whether they fall in the liberal camp or in the social-democrat camp, the responses to the crisis were generally formulated independently from the need to address certain mid- and long-term challenges that the EU is facing. Yet, a number of major challenges emerge, that must be addressed as a matter of urgency.

A key mid-term challenge is to adapt the European Social States to their new landscape. Economic globalization and the new international division of labour, combined with technological innovation, have resulted in a shift from industry to services. The de-industrialization of Europe went hand in hand with the destandardization of employment relations and the emergence of new social risks, primarily attributable to the acceleration of skills depletion -- i.e., the fact that skills must permanently be rebuilt

in order for workers to cope with the technological change. In addition, over the past fifty years, life expectancy has increased by about ten years: in 2009, life expectancy at birth averaged 79.7 years in the EU-27, with a slight advantage to women (82.6 years) over men (76.7 years), though this gap is narrowing down; over the period 2002-2009 alone, life expectancy increased by 1.7 years for women and 2.1 years for men (Eurostat 2014d). At the same time, the fertility rate has strongly declined throughout the past decades, and even taking into account the slight increase in recent years, the current fertility rate of 1.59 live births per woman in 2009 for the EU-27 remains significantly below the replacement level of 2.1 (Eurostat 2014d). In other terms, without migration, the population in the EU would be in slight decline, even taking into account increased life expectancy; the population is ageing and the ratio between people in working age and people over the age of 65 is rapidly declining³; and the skills that workers must acquire to meet the demand of the labor market are changing at an unprecedented speed.

These challenges have been recognized since a number of years (Esping-Andersen et al. 2002; Hemerijck 2013: chap. 3). They were at the basis of the open methods of coordination launched in 2002-2002 in the areas of social protection and social inclusion, and they were again central to the Europe 2020 Strategy for smart, sustainable and inclusive growth (European Commission 2010). Most recently, these challenges -- together with the more immediate concern that the financial and economic crisis might make it more difficult for some Member States to adequately finance social policies -- led the European Commission to propose a new "Social Investment Package" (European Commission 2013a). This builds on the recognition that welfare systems should fulfil three functions: to protect people from shocks, especially in times of economic downturn (the social protection component); to stabilize the economy (the macro-economic stabilization component); and

to strengthen people's current and future earning capacities and to improve their ability to confront life's risks (the social investment component).

Whereas the first function is at the heart of the very idea of social protection as a tool for social inclusion and whereas the second function corresponds to the classic Keynesian justification for strong social policies that can operate counter-cyclically and mitigate the impacts of economic crises, the third function represents what is truly novel about the idea of "social investment". This idea is based on the realization that interventions that are *ex ante* and equip individuals to be productive agents are both more cost-effective and more effective at combating social exclusion than measures that are *ex post* and seek simply to compensate individuals for the loss of employment or to support them through social protection if they have no income. More efforts should go, therefore, to training and re-schooling, in particular, but also to child care and pre-primary education, which is decisive for later educational achievements. If social protection can not only protect individuals from temporary shocks, but also improve their ability to find employment and increase productivity growth, this would not only make it fiscally sustainable; it would also truly transform social protection into an "investment" for the future, an ingredient of economic progress rather than a burden on the economy. Indeed, both the preventive (*ex ante*) dimension of social investment and its focus on encouraging the shift from welfare to work lead the Commission to insist on the need for a full life-cycle approach, in which support should begin with childhood, youth and the transition from school to work, include parenthood, and accompany the individual from the beginning to the end of one's career to the promotion of 'active ageing' in old age (European Commission 2013b; European Commission 2013c: 13). Thus, 'integrated services, cash benefits and assistance [should be provided at] the critical moments in the life of a person, and preventing hardship from materialising later' (id.).

Despite its laudable intentions, the "social investment" approach has been criticized on a number of grounds. A first and most common critique is that, in its eagerness to reconcile more effective and 'modernized' social policies with fiscal

³ The European Commission has noted that 'from 2013 onwards, for the first time, the size of the population of working age in Europe will shrink, whilst the proportion of older people will expand rapidly. There are now four people to support one person over the age of 65, and this ratio is set to halve by 2040' (European Commission 2013a: 4).

sustainability, the idea will be hijacked by a social retrenchment agenda. It is indeed striking that, in the “Social Investment Package” communication, references are made to the need for ‘better targeting and considering conditionality when designing policies’, or to ‘making the tax structure more growth-friendly, avoiding negative impacts on labour demand’ (European Commission 2013a: 8-9). Such statements may feed the perception that ‘social investment’ will become a codeword for the dismantling of the Social State. The ‘activation’ of social protection (European Commission 2008; European Commission 2013c) or of employment policies is typical in this regard (Eichhorst et al. 2008; Serrano Pascual and Magnusson 2007; Vielle et al. 2005): it is almost inevitable that the introduction of conditionalities in the provision of benefits that were hitherto granted unconditionally, as well as the ‘contractualisation’ of unemployment benefits (Handler 2003), shall be perceived as socially regressive.

While in part inevitable, not least due to the difficulty to interpret statistical data in this regard (Dejemeppe and Van der Linden 2014), this first critique should be put in the right perspective. The references to fiscal sustainability and to activation are part of a larger project, and should not be taken out of the context in which they are made. Indeed, this larger project can also be seen as a bold enterprise to rescue social protection systems that are at risk due to a number of structural developments, including the generalization of austerity policies following the crisis of public debt. It can also be seen as an attempt to contribute to the realization of the right to work, through its insistence on increasing the rate of participation in the labour market and in improving ‘employability’ by building human capital. The social investment agenda is also a means to strengthen the specific ‘European Social Model’, by ensuring that the future position of the EU in the global competition will be based, not on lower wages and low-value jobs, but instead, on the contribution of a highly qualified workforce to the production of high-quality, technologically advanced products and services: it is a choice, in other terms, on how the EU should define its comparative advantage in a dynamic perspective. Finally, while the social investment agenda sees investment in human capital, at least to some extent, as a responsibility of the individual, it is also the responsibility of the

collectivity and of employers: social services and employment services are expected to ‘activate’ and ‘individualize’ the search for opportunities and to better equip individuals with the qualifications required; and companies are asked to play a role in favoring the integration of the unqualified segments of the workforce by providing training and individualized coaching on the job. ‘Activation’ therefore is, in principle, reciprocal, rather than an imposition on the individual social beneficiary or job-seeker alone (Layard 2000).

Three other critiques are both more complex and more relevant to the EU5P project. The second critique is that, whether deliberately or not, the ‘social investment’ approach is premised on the idea that unemployment has individual rather than social causes: its explanation is micro-economic, not macro-economic. The theoretical justification for this approach lies in a series of papers published since the mid 1980s by Richard Layard and Stephen Nickell, together with some others (Layard and Nickell 1986; Layard and Nickell 1989; Jackman, Layard and Nickell 1996; Nickell 1997; Layard and Nickell 1999). These authors argue that the flexibilisation of labour markets has a limited impact on reducing unemployment, in part because, whereas the removal of regulations protecting workers may encourage employers to hire, it also makes it easier for them to lay off workers in more constrained times, and the second impact generally cancels out the first. But they also argue that it is essential to link benefits to active labor market policies, in order to move people from welfare to work. They list the following key factors as explaining persistent high rates of long-term unemployment in the EU: generous unemployment benefits that are allowed to run indefinitely, and the absence an “activation” both of the unemployed (to motivate him or her to search for work) and of the social services (to ensure that they intervene to promote his or her “employability”); high levels of unionization and the decentralized collective bargaining of wages, in the absence of adequate coordination across employers; high levels of tax on labour; and a lack of qualifications in the lowest segments of the workforce.

These authors do not see unemployment as the result of too generous unemployment benefits *per se*, nor do they favor the relaxation of employment protection

legislation. At the same time, however, they quite deliberately do not adopt the Keynesian view that unemployment is the result of macroeconomic policies that fail to support demand by generous levels of redistribution (through progressive taxation and high levels of social protection): the key obstacle they see to a durable reduction of unemployment is in the failure to build human capital in a way that corresponds to the exigencies of the labour market, and in the availability of generous unemployment benefits for long periods of time without such benefits being made conditional upon the active search for employment and/or retraining. In that sense, at least insofar as it relates to the conditions attached to the provision of unemployment benefits, 'social investment' is not neutral. It conveys a message: that the 'problem' is located in the individual, or at least in the mismatch between the individual's efforts and qualification and the demand side of the labour market, rather than in the macroeconomic choices made by society as a whole. This may be problematic where jobs are scarce, especially where this scarcity is not simply the result of a lack of qualifications, but also of growing inequalities lowering the demand for goods and services: it may be a source of discouragement for the job-seekers, as well as exercising a downward pressure on wages.

A third critique questions the strong focus on the "productive" and growth-enhancing segment of the labor market in the emphasis of the 'social investment' strategy on employability. This may be a missed opportunity to acknowledge the value, both to the economy and to society, of activities that are not commodified and are therefore not 'valued' as part of the GDP: they include the care parents provide their young children (although this may mean interrupting a career or moving into part-time work), accompanying the elderly, or a range of activities that can contribute to the sharing economy -- as the social innovations on which the sharing economy depends require forms of collective action that are time-consuming and may be especially difficult to develop where support is made conditional upon actively searching for remunerative employment.

A fourth critique concerns the impact of social investment on gender roles. On the one hand, social investment aims to improve the rate of employment

of women, in particular by social services that can relieve women from the burdens that they still mainly shoulder, related in particular to childcare. This can be a source of economic independence. It is empowering to women: it encourages them to seek to improve their qualifications and it encourages parents to invest in girls. On the other hand however, the insistence on increasing the participation of women in the labour market has led in certain countries, Germany in particular, to the development of part-time employment, and it has not always been accompanied by the de-segmentation of the labor market. It has also been noted that it may result in female workforce being co-opted in the capitalist process of accumulation, especially where the generalization of double wages within the family is invoked as a justification for not raising wages in line with improved labor productivity (Fraser 2009). Finally, social investment may not challenge the idea of social integration through becoming a productive agent of society: it seeks to promote the economic independence of women by making them more like men, in other terms, without questioning the neutrality of this male norm of what makes a successful life. The hegemony of masculinity, in other terms, remains unchallenged (Carrigan et al. 1985). This is linked to the fact that gender analyses of social policies generally focus on policy recipients, whereas in reality, as noted by Hearn,

gendering occurs throughout, including in policy design and delivery. Dominant features of the gender order privileging men and men's agendas also apply to governments, policy managers and senior state officials. Gender relations constitute governments and policy-making institutions: policy institutions are, or rather produce, both social policy problems and solutions. In such situations much of how 'men' are or are defined and what men do is dominantly not seen as gendered at all. Much of men's practices in social policy, in policy work, politicking, lobbying and so on is not seen as gendered, as contributing more or less to gender equality, or inequality. They are generally done and perceived as (if they were) 'normal'. (Hearn 2010: 175; see also Hanmer and Hearn 1999).

It is in this sense that Bourdieu notes that the current division of gender roles also imprisons men: 'the man "truly man" is the one who feels compelled to grasp the possibilities he has to increase his honor by seeking glory and distinction in the public sphere', so that men -- Bourdieu citing Marx -- appear 'dominated by their domination' (Bourdieu : 76). This branch of the fourth critique is linked to the third critique mentioned above: is social investment a true source of emancipation, if it leaves untouched the norms of achievement set by men and for men, simply supporting women to better conform to the norm?

3 THE LONG-TERM VISION: LOW-CARBON AND RESOURCE EFFICIENT SOCIETIES

The Europe 2020 strategy recognizes the importance of the ecological challenge that the European Union is facing. Each person in the EU, on average, consumes 16 tonnes of material annually, of which 6 are wasted, with half going to landfill. The European Commission notes why this is unsustainable, noting that «the era of plentiful and cheap resources is over»:

Businesses are facing rising costs for essential raw materials and minerals, their scarcity and price volatility are having a damaging effect on the economy. Sources of minerals, metals and energy, as well as stocks of fish, timber, water, fertile soils, clean air, biomass, biodiversity are all under pressure, as is the stability of the climate system. Whilst demand for food, feed and fibre may increase by 70% by 2050, 60% of the world's major ecosystems that help produce these resources have already been degraded or are used unsustainably. If we carry on using resources at the current rate, by 2050 we will need, on aggregate, the equivalent of more than two planets to sustain us, and the aspirations of many for a better quality of life will not be achieved (European Commission 2011b: 2).

The EU has not remained inactive in the face of the unsustainability of our current use of resources. One of the flagship initiatives under the Europe 2020 strategy is focused on resource efficiency (European Commission 2011a).

There are limits, however, to how much growth can be «decoupled» from resource use. To many commentators, a scenario in which growth would continue without accelerating the depletion of resources and the associated impacts on climate change seems increasingly implausible. Historically, the reduction of energy consumption and increased resource efficiency by the diffusion of cleaner technologies have been largely offset by increased consumption, especially if we take into account the «rebound» effect -- i.e., the higher consumption of other items encouraged by savings from reduced energy use and waste (Jackson 2009: chap. 5; CLIP 2013: 5). As noted by Wilkinson and Pickett (2009: 223), to the extent «energy-saving innovations means that we can buy more, they are like economic growth». We have moved gradually towards a form of «greener» growth that is both more resource efficient (as we produce more with less and improve «resource productivity», measured as the ratio between GDP growth and domestic material consumption (European Commission 2011b: 20)) and less carbon intensive (as the amount of greenhouse gas emissions per unit of GDP growth gradually decreases). Such «relative» decoupling, however, is not sufficient: what would be required to reduce our ecological footprint is «absolute» decoupling -- a form of growth in which the use of resources and greenhouse gas emissions would be lowered, not simply *in proportion to the growth of economic output*, but in *absolute terms*.

To illustrate this, consider the simple operation of transforming natural capital into man-made capital. As explained by Herman Daly: «A tree is cut and turned into a table. We gain the service of the table; we lose the service of the tree. In a relatively empty world (...) the service lost from fewer trees was nil, and the service gained from more tables was significant. In today's relatively full world, fewer trees mean loss of significant services, and more tables are not so important if most households already have several tables, as in much of the

world they do» (Daly 1996: 87). It is of course to be welcomed that, with improved technologies, we have managed to optimize resource efficiency in how we grow (maximizing P/B, or production per unit of biomass stock). But taking into account the fact that the resource base on which we depend is not infinite, we now shift the focus on maintenance efficiency (maximizing the reverse ratio B/P, or how much biomass we maintain per unit of production). This is absolute decoupling: production as a means to «replace the stock pile into which consumption continually gnaws» (Boulding 1945: 2). It relates to a strong version of sustainability, aware of the lack of substitutability between different forms of capital (natural, human, financial), rather than to the weaker version of sustainability with which «relative decoupling» is associated.

It follows that the search for resource efficiency cannot function credibly as a substitute for lifestyle changes (Myers 1997). Yet, very little is currently being proposed to effectively change the patterns of consumer behaviour. Such behavior is sometimes seen as beyond the legitimate of public policies. For some, this may be because any attempt to influence it would violate consumers' sovereignty. This is a particularly weak argument, however: choices of consumers are influenced in a innumerable ways, whether by prices, by advertising (Lears 1994), or by prevailing social norms, and it would be deeply naive to suggest that, by abstaining from attempting to influence such choices, public authorities would be respecting some untainted and absolute «freedom»: only choices made in a vacuum, in a literal utopia, could be considered «free». Another reason why changing consumers' preferences is seen as problematic is because of the limited range of tools that are available for this purpose. Traditionally, this has been achieved by a combination of regulation (backed if necessary by sanctions) and economic incentives (taxes and subsidies). More recently, «nudging» choices has been presented as a third option. This consists in influencing the «choice architecture» of the consumer, without either forbidding any options or significantly changing economic incentives: this often relies on «signalling» devices or on technological innovations improving the ability of consumers to make informed choices and allowing for some form of social pressure to be exercised to reward the most

responsible forms of behaviour (Thaler and Sunstein 2009: 6).⁴ Eco-labelling, an approach favored by the European Commission in its resource efficiency Europe 2020 flagship programme, falls under this category.

These approaches face a number of limitations. First, with the exception of some forms of «nudging», they are based on a narrow understanding of what makes people behave the way they do. To a large extent, they rely on «extrinsic» motivations -- the fear of sanctions or the hope of rewards --, rather than on the values that individuals hold. As a result, as noted by social psychologists who developed the «self-determination theory», they are fragile and may only influence change in the short term (Moller et al. 2006; Ryan and Deci 2000a; Ryan and Deci 2000b): in contrast, where government interventions are perceived as autonomy-enhancing rather than as constraining individual choices, so that individuals feel that it is their own values that they express by adopting pro-environmental behavior, such behavior is more robust in time (Lavergne et al. 2010).

Second and more importantly, these attempts face an objective limit, which may explain why they have not been pursued more decisively either at Member State level or by the European Union. Discouraging consumer behaviour that is wasteful or irresponsible is seen as bad for the economy: lower consumption means lower growth, lower investments, and ultimately fewer jobs in the private sector of the economy. This goes at the heart of the contradiction between the current attempts to address both public debt and large-scale unemployment through growth, and to pursue an agenda aiming at an

⁴ The second edition of *Nudge*, the bestselling book co-authored by Richard Thaler and Cass Sunstein, includes examples of «nudging» choices that contribute to saving energy and making a more efficient use of resources: the examples include allowing people who volunteer to do so to wear (visibly) a small lapel pin that would keep track of their carbon footprint, turning to red if your footprint is high and to green each time you take measures that reduce the footprint; «smarter» meters and thermostats to allow people to regulate heat and air conditioning with much greater precision; or using «Home Electricity Reports» comparing each household's energy performance with that of its neighbours in general as well as with that of the most efficient neighbours, and presenting each household with an estimate of the cost to its electricity bill of not improving its energy use.

ecological transition. Whereas «green growth» holds the promise of jobs being created in the «green economy», and whereas some parts of the resource efficient Europe agenda may create markets and stimulate employment -- for instance, for the recycling of waste --, lowering consumption levels does not: in fact, it does the exact opposite.

To address the challenge resulting from the depletion of resources, the resource efficient Europe initiative bets on the ability for technological innovations, stimulated by economic incentives -- including in particular mending the taxes and subsidies in order to ensure that the negative externalities are internalized and reflected in the price of products, and that the environmental services provided by the ecosystems are better valued --. In contrast, social innovations are comparatively neglected. Apart from a reference to entrepreneurial models where products are leased rather than sold, encouraging producers to build more robust product with a longer life cycle (European Commission 2011b: 5), and from an acknowledgement of the need to provide better information to consumers in order to encourage them to act more responsibly, little is said about the required changes in lifestyles. **The hypothesis of the EU5P conference is that this may be a missed opportunity. Social innovations, it will be suggested, represent an important potential for change -- but one that requires to be supported and facilitated, if such potential is to be reaped.**

4 HOW TO GET THERE?

4.1. The role of a long-term vision: reconciling different timeframes

The coexistence of different time horizons poses three separate problems. A first problem is that of cross-temporal consistency: how to ensure that the long-term goals will not be sacrificed for short-term gains, and that the discount rate applied to future losses resulting from the satisfaction of present needs will not be too high? A second problem is that the (relatively longer) time horizon of politics may not correspond to the (significantly shorter)

time horizon of markets: how to ensure that market actors will integrate long-term considerations, including the need to provide workers with a working environment that allows them to improve their qualifications and to flourish in the context of employment, and the need to reduce the ecological footprint of economic activity? A third problem is the need to maintain an appropriate balance between (on the one hand) the setting of goals to be achieved within certain timeframes, and the need (on the other hand) for approaches that are flexible, recognizing that transition strategies must be permanently adapted in the light of changing circumstances.

The first challenge the coexistence of different timeframes confronts us with, then, is how to avoid that different temporalities result in an implicit hierarchization of objectives. It is striking for instance, that part at least of the policy prescriptions associated with the «social investment» agenda are guided by the imperative to encourage the largest proportion of the active population to move from welfare into productive employment, as such increase in the rate of employment holds the promise of faster economic growth and appears more fiscally sustainable. This concern is entirely understandable in a context in which fiscal margins are narrow, in which austerity policies are becoming the norm throughout the EU, and in which at least part of unemployment may be explained by a mismatch between the demand for qualified workers and the levels of qualifications within the workforce. But it begs the question of whether more growth, implying ever greater pressure on resources, can still constitute the answer to unemployment in the face of the ecological limits we face.

This implicit hierarchization also tends to crowd out the discussion of alternatives to the current pathway, in which austerity policies are combined with incentives to work longer and retire later in order to facilitate the rebalancing of public budgets. For instance, many would argue that work time reduction -- chosen and shared across sectors and workers, rather than concentrated amongst the least qualified workers in the form of unemployment or involuntary part-time employment, as it is today --, has been a key ingredient of the high employment

rate that was achieved after the economic crisis of the 1930s, and that the current and expected rates of GDP growth make it unrealistic anyway to assume that growth can absorb all the surplus labour that there is. Moreover, work time reduction may make a significant contribution to allowing us to meet environmental targets. Juliet Schor puts it succinctly: «Countries that work more pollute more. That is both because their scale of production is larger (the GDP effect) and because time-stressed households and societies do things in more carbon intensive ways than societies in which time is more abundant. Longer hours of work lead people to travel, eat, and live faster-paced lives, which in turn require more energy” (Schor 2011).

Others would argue that we must question the centrality of work in people’s lives. We continue to organize the response to mass unemployment, the mechanical result of productivity gains which result from technological change, as if access to productive employment were the only pathway towards social integration and individual flourishing. In contrast, other sources of integration and felicity appear hardly encouraged and supported. Indeed, this too is an argument in favor of reducing working time. As Schor, again, argues, «short hour lifestyles allow people to build stronger social connections, maintain their physical and mental health, and engage in activities that are creative and meaningful. Time is especially valuable in rich countries where material needs can be met for everyone, and deprivation is caused by mal-distribution of income and wealth” (Schor 2011).

In other terms, the current responses to the challenge of how to rescue social policies appear to some extent pre-determined by the answers given to the economic and financial crisis. This is clear where austerity economics are prescribed; but it would be true also for the alternative, Keynesian pathway, which sees the stimulation of demand and consumerism as the way out of the crisis. The problem lies as much with the implicit hierarchy of aims, as with the minute policy prescriptions that follow the different responses to the crisis.

A similar implicit hierarchy leads to the *de facto*

subordination of the environmental objectives recalled above to fiscal constraints. This is true, first, because of the paucity of budgetary commitments going to finance a true ecological transition. The kind of investment required for such a transition -- probably around 3 per cent of the EU’s GDP, or between 350 and 400 billion euros per year for the next ten years (Harribey 2013: 47) -- is made *de facto* impossible in the absence of a European budget worthy of the name and with the current macroeconomic constraints imposed on the EU Member States. But it is also true insofar as macroeconomic considerations lead to dismiss lifestyle changes -- towards greater chosen sobriety -- as part of the solution to the ecological challenge. **The idea that “green growth” (or “relative decoupling”) can be a solution to this challenge is nothing short of delusional. But it takes political courage to recognize this, and it requires a different hierarchization between short term imperatives and the long term vision to move to something else.**

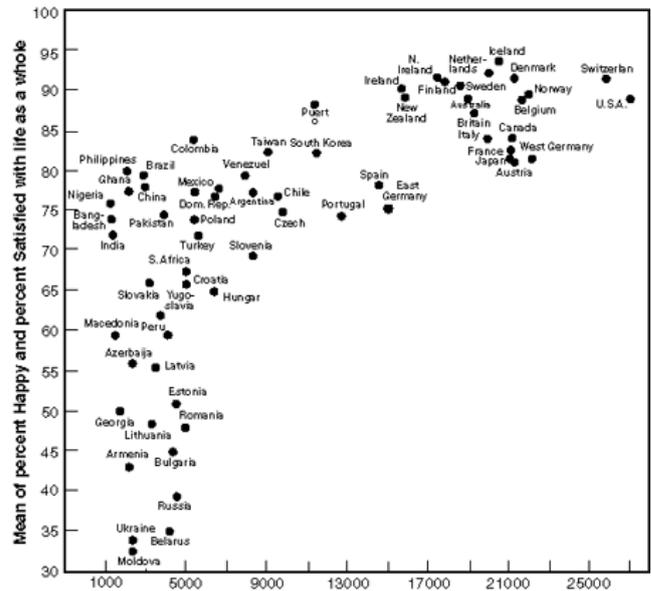
4.2. The role of indicators: a different measure of success

The choice of a well-designed set of indicators to guide policy-making is one tool that may counter the myopia of markets and electoral politics. As was noted recently by Mohieldin and Cameron, «data related to issues that directly affect the wellbeing of people and the planet are essential for effective policymaking. Making such data open and accessible should be viewed as a basic condition of ensuring people’s ability to hold governments accountable and thus participate in decisions that affect their lives» (Mohieldin and Cameron 2013). With this conviction in mind, various calls have been heard in recent years to move beyond the growth of GDP per capita as a measure of progress (Ger 1997; Offer 2000; Bérenger and Verdier-Chouchane 2007). In the early 1990s, the UNDP pioneered the use of a “Human Development Index” to move beyond a vision of development focused on the increase of income per capita alone (UNDP 1990). The OECD’s “Better Life Index”, developed more recently, is based on 11 indicators deemed essential to well-being both in terms of *material living conditions* (housing, income, jobs) and *quality of life* (community, education, environment, governance, health, life

satisfaction, safety and work-life balance). In 2008, at the initiative of the French government, the Commission on the measurement of economic performance and social progress was established. Chaired by Prof. J. Stiglitz, and supported by Prof. A. Sen as Chair Adviser and Prof. J.-P. Fitoussi as Coordinator, the Commission presented its final report in September 2009 (CMEPSP 2009). It noted the importance of what we measure and define as “success” on the design of policies, and its members agreed on the need to “shift the emphasis from measuring economic production to measuring people’s well-being”, and to measure well-being in a context of sustainability. Similarly, the report on “positive economy” submitted to the President of the French Republic includes detailed proposals on a “positive economy indicator”, allowing to measure the contribution of public and private organizations to an economic system that does not systematically sacrifice the long-term to the short-term, and that is therefore more sustainable (Attali et al. 2013).

There is a broad recognition of the need to move away from classic measures of economic progress in order to focus more on well-being. GDP growth per capita as a measure of progress is especially criticized, but indicators such as the rate of employment or the low level of inflation, also classic measures of economic “success”, have also been subjected to various critiques. Indeed, the more society moves to higher levels of affluence, the weaker the correlation becomes between economic growth and well-being. This is illustrated in this well-known graph, which shows that beyond a certain level of per capita income, “happiness” or “life satisfaction” do not increase with higher levels of income:

Fig. 1. GDP per capita and happiness / life satisfaction



Source : Inglehart and Klingemann 2000 (fig. 7.2.)

This graph in fact underestimates the potential mismatch between economic growth and well-being. It illustrates that the correlation between these two measures may cease being positive beyond a certain point, that most societies in the EU have reached many years ago. In fact however, the correlation may sometimes turn out to be *negative*. For instance, the more cars are put into circulation, the more traffic jams increase and the more air is polluted in cities: beyond a certain point, these negative impacts cancel out any benefit may accrue to the individual consumer from acquiring a car, thus *decreasing* the utility each individual car-holder derives from his possession. In such a case, not only is «more» not «better»: it is «worse». The same is true for all growth that depletes resources, or increases waste beyond the absorptive capacity of the ecosystems, thus reducing general well-being.

We can expect three benefits from a EU-wide discussion on which indicators of well-being should guide policy-makers, and from the choice a set of indicators that reflect more than GDP growth per capita. First, the organization of such a debate itself encourages a greater reflexivity about the goals that we pursue collectively. It is notable, in particular,

that the weight of GDP growth per capita as the key measure of economic progress leads to undervalue the contributions of social innovations to well-being. As noted in 2010 in a study of the Bureau of European Policy Advisors on social innovations: 'Social innovations do not easily respond to a classic cost-benefit analysis. Social return, when measurable, is often long to develop, but also inputs (e.g. care, attention) and outputs (well-being) are not measured in national accounts, either because they traditionally belonged to the informal economy (e.g. childcare, care for the elderly, education, i.e. goods and services produced for free in the household, or by charities and churches), or because the needs have only recently emerged (e.g. environmental concerns). Many of them do not respond to a supply/demand price setting. Moreover, those benefits of the process that are often the most important as they produce a change of behaviour (e.g. patients who are empowered to be active receivers of care recover faster) are often forgotten. Accounting for the process is only starting as the concept of social capital has recently emerged on the radar screen of economists' (BEPA 2010: 56).⁵

Second, the systematic use of indicators of well-being may improve consistency across different sectoral policies in the EU. This would be true, especially, if such indicators become a central component in the impact assessments of the legislative proposals made by the European Commission: this has become a standard practice since 2002 (European Commission 2002), and the content of such assessments has been revised in 2005 and 2009 (European Commission 2005; European Commission 2009a). Were further revisions to integrate indicators of well-being, that would include a strong dimension of sustainability, could favor a greater alignment of EU regulatory and policy initiatives on the objectives of sustainable development.

Third, indicators are a tool that improve accountability, and thus the quality of democratic debate. As noted by the Stiglitz commission: 'Information is a public good; the more we are informed about what is happening in our society,

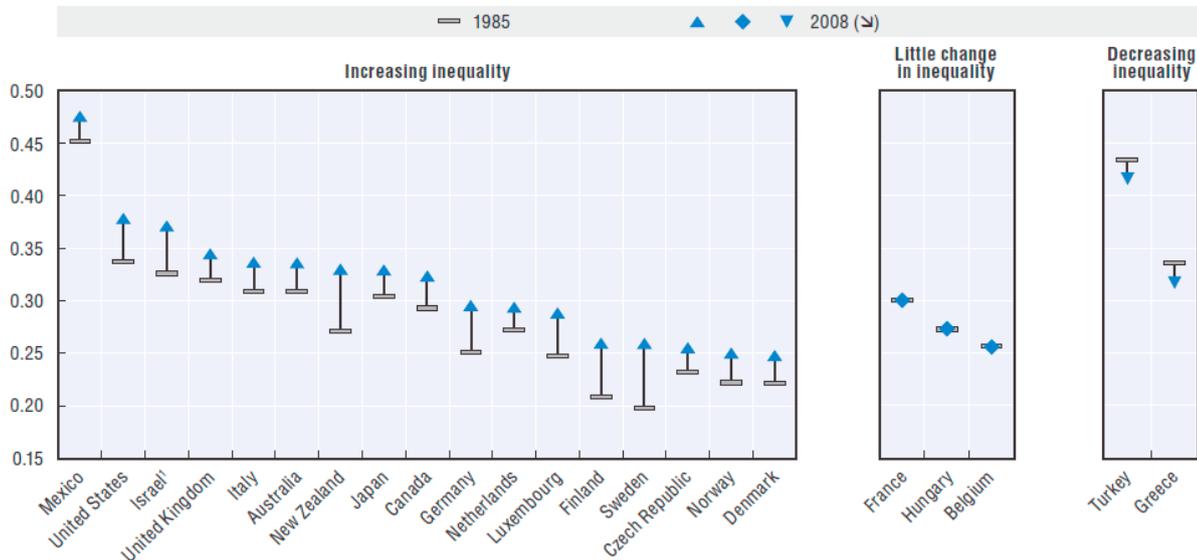
the better will our democracies be able to function' (CMEPSP 2009: 10). A move away from GDP per capita growth to other measures of economic performance and social progress is therefore related in two ways to process-based values of empowerment, participation and agency: alternative measures would not only allow to value progress in the improvement of these dimensions of well-being; they also would improve existing opportunities for participation to be exercised more effectively, by building the required capacity.

The European Commission built on the findings of the Commission on the measurement of economic performance and social progress in a 2009 communication on "GDP and beyond: Measuring Progress in a Changing World" (European Commission 2009b), and subsequently in the drawing up of the Europe 2020 strategy. This strategy, adopted by the Heads of State or Government in June 2010, defines a set of targets for a number of indicators that go beyond GDP. A number of questions remain open, however, including whether GDP growth can continue to be part of a broader set of indicators without holding back the transition to sustainability, and what would policy frameworks would look like if they were no longer centered on achieving GDP growth.

4.3. The role of equality: its contribution to sustainable societies

Inequalities have been increasing in significant proportions since the early 1980s across OECD countries almost without exception (OECD 2011). The Gini coefficient rose by almost 10 per cent in the two decades that preceded the recent financial and economic crisis. This widening gap is particularly to be attributed by the ability for the best-paid workers to increase their revenues (as wages account for about 75 per cent of household incomes in the OECD), although part of it also results from the lowest segment of the workforce being paid less. The result is the highest levels of inequality witnessed since the 1970s: in 2011, the average incomes of the 10 per cent richest households were nine times those of the poorest 10 per cent; within the EU, the highest levels of inequality were registered in the United Kingdom and in Italy.

⁵ Indeed, the SIX and Young study on which the BEPA report builds provides a suggestion, in the form of an alternative measure, to overcome this difficulty (SIX and Young 2010: 102-105).

Fig. 2. Gini coefficients of income inequality, OECD countries, 1985–2008

Source: OECD (2011), based on data from the OECD Database on Household Income Distribution and Poverty.

International agencies and researchers have been voicing concerns about the consequences of such growing inequalities: the most vocal group among academics were economists or public health specialists (Wilkinson and Pickett 2009; Stiglitz 2012; Galbraith 2012). The growth in inequalities, it has been noted, has been one of the major factors causing the economic crisis. The lack of progress in real wages led to unsustainable levels of household debt in the United States, as borrowing money became a substitute for the raising of wage levels during the past twenty years. In Europe, one major factor that led to the public debt crisis was the fiscal competition between the EU Member States, as this led to gradually lower levels of taxation on corporate profits as well as on the wealthiest households, who are also the most mobile and the best equipped to resort to strategies of fiscal optimisation. Thus, growing inequalities are both a cause of the financial and economic crisis, and make it more difficult to address the crisis, due to the pressure States face to reduce taxes on the most mobile factors of production, even where this must be compensated by taxing households more heavily. Making up for the loss of revenues from direct taxes by increasing revenues from indirect taxes such as value added taxes only further contributes this vicious cycle: VAT are of course socially regressive, increasing

inequalities, because it is the poorest households who spend the largest proportion of their incomes.

Here, we are especially concerned with the relationship between the pursuit of income equality and the attainment of sustainable development objectives. Equality is not simply an end which is valuable in itself, as a component of social justice that all schools of political philosophy recognize at some level (Sen 1992); it is also a means to accelerate the transition to more sustainable societies. This positive, mutually supportive relationship between equality and sustainability can be broken down into three arguments.

First, status competition is stimulated by inequality. We «want» material things, for the most part, not because of the comfort they provide alone, but for the message we send to those around us by owning or using them. This was a key insight of Veblen in his *Theory of the Leisure Class*: «the standard of expenditure which commonly guides our efforts is not the average, ordinary expenditure already achieved; it is an ideal of consumption that lies just beyond our reach, or to reach which requires some strain. The motive is emulation -- the stimulus of an invidious comparison which prompts us to outdo those with whom we are in the habit of classing ourselves» (Veblen 1994 (1899): 64). Since «each class envies and emulates the class next above it in

the social scale, while it rarely compares itself with those below or with those who are considerably in advance» (id.), unequal societies lead to a permanent race for status through consumption: social psychology has demonstrated that we attach more importance to our position in comparison to others against whom we rank ourselves, than to our absolute levels of consumption alone (Dolan et al. 2008; Solnick and Hemenway 1998). The consequence, as noted by Tim Jackson, is that unless it is combined with greater equality, income growth is a 'zero-sum game': a growth in average incomes that would leave people as wide apart from one another would hardly satisfy their desire to compare favourably to those around them, and the gains in life satisfaction would be, at best, minimal (Jackson 2009: 53).

Conversely, if we achieve greater equality, or if we move towards a society in which social positioning can be signalled by means other than consumption, growth becomes less necessary (Wilkinson and Pickett 2009: 226). This is also recognized by the Stiglitz Commission on the Measurement of Economic Performance and Social Progress, which noted that the failure to value the reduction of inequality appropriately in our classic measures of progress could explain, in part, the gap between official statistics focusing on the aggregate level of performance of the economy and the subjective perception of well-being: 'When there are large changes in inequality (more generally a change in income distribution), gross domestic product (GDP) or any other aggregate computed per capita may not provide an accurate assessment of the situation in which most people find themselves. If inequality increases enough relative to the increase in average per capital GDP, most people can be worse off even though average income is increasing' (CMEPSP 2009: 8). In other terms, **inequality both fuels status competition through consumption and widens the gap between classic measures of economic progress that focus on income growth and life satisfaction.**

Second, the pursuit of greater equality would mean putting a brake on the most unsustainable lifestyles, that only the richest segments of the population can afford. A study shows that in France, taking into

account not only direct energy consumption (in electricity, gas and fuel), but also the material goods consumed, the total energy consumption of the 20 per cent wealthiest households is 2.5 times higher than the total energy consumption of the 20 per cent poorest households. At the same time, it would be inequitable to answer to the ecological challenge simply by increasing the price of energy or of goods produced through highly polluting methods: because the wealthiest quintile in France has revenues that, on average, are 3.5 times higher than those of the poorest quintile, the richest families spend only 6 per cent of their budget on direct energy consumption, whereas the poorest families spend 15 per cent (Global Chance 2013: 11). **Greater equality means both putting a brake on the runaway consumption of the most affluent parts of the population, and mitigating the socially regressive impacts of fiscal measures or subsidies that would lead to a net increase the price of energy for households in the name of mitigating climate change.**

Third, support for climate mitigation policies depends on such policies being perceived as fair (Wilkinson and Pickett 2009: 221-222). If the ecological transition imposes sacrifices on people, it will be resisted unless the richest parts of the population, who are responsible for a disproportionate part of the greenhouse gases emitted, are made to contribute accordingly. In that sense, policies furthering greater equality should be seen as part of the package deal that will allow climate mitigation policies to gain widespread support across the population: 'Greater equality can help us develop the public ethos and commitment to working together which we need if we are going to solve the problems which threaten us all' (Wilkinson and Pickett 2009: 233). Unfortunately, the current levels of inequality are such that they allow certain actors, who benefit most from the current patterns of distribution, to exercise a veto power on any significant redirection of the system, especially when they have most to lose from such change. Thus, **whereas greater equality is a condition for change, it is also what makes it appear threatening to certain powerful actors, who often occupy dominant positions allowing them to block, or delay, the needed transformations.**

This is in part because these actors act guided by their self-interest. It is also because information about the need for a shift, given the current rate of resource depletion that results from our lifestyles, is grasped less easily by those who intuitively perceive such messages as threatening. Our current patterns of growth are unsustainable, and nothing short from significant lifestyle changes shall reverse: this message, unfortunately, is literally inaudible by those who have most to lose in the process. Social psychologists call this phenomenon (provocatively though not entirely unjustifiably) the «white male effect» in the perception of environmental risk (Kahan et al. 2007). As explained by Kahan et al. (2007: 467): 'individuals are disposed selectively to accept or dismiss risk claims in a manner that expresses their cultural values. It is natural for individuals to adopt a posture of extreme skepticism, in particular when charges of societal danger are leveled at activities integral to social roles constructed by their cultural commitments. The insensitivity to risk reflected in the white-male effect can thus be seen as a defensive response to a form of cultural identity threat that afflicts hierarchical and individualistic white males'. Privileged groups within society are less fearful of risk not only because they are, objectively, less at risk than others: they are also less fearful because they have more to lose than others from the lifestyle changes that are required for development to be made compatible with the preservation of the natural resource base on which we depend. **Equal societies are better equipped to transform themselves: the more a society is equal, the fewer and the least powerful are the groups who will have strong reasons to oppose change.**

4.4. The role of social innovations: empowering people to invent local solutions

Transitional governance is about linking the short-term responses to the crisis with the long-term vision of low-carbon and resource efficient societies. The hypothesis of the EU5P conference is that social innovations -- in addition to technological innovations, and often in combination with them -- have a major role to play in this breed of governance.

Examples of social innovations that support the transition to sustainable societies abound. They often are local and territory-based. They typically are based on hybrid governance structures, bringing together municipalities, the private sector, the «third sector» and non-governmental organizations or citizens' groups. They sometimes rely on innovative financial mechanisms, such as the introduction local currencies. One famous example are the Catalyst projects developed in Totnes in the United Kingdom since 2006, such as 'Transition Streets', in which neighbours work together towards improving energy efficiency, community building and domestic micro-generation installation, as part of the UK Government's Low Carbon Communities Challenge ; TRESOC, the Totnes Renewable Energy Society, which encourages projects that result in the profitable supply of energy from renewable resources for the benefit of the community ; the Transition Homes Trust, which aims to develop low-impact, low-cost homes integrating access to housing, sustainable food production (by integrating homes with gardens and shared growing areas, thus helping residents to produce food in a sustainable way), energy efficiency, renewable energy and the use of local, natural materials. All these "Catalyst projects" are integrated for the benefit of the local economy through a local currency, the Totnes pound.

The example of Totnes, which was a pioneer in this regard, is far from unique. Copenhagen, for instance, a city of about 550,000 inhabitants, adopted in 2007 a strategy for urban resilience and sustainable development called 'Eco-metropolis - Our vision for Copenhagen 2015', based on four pillars: encouraging the use of cycles; becoming a carbon-neutral capital city; a green and blue capital city; and a clean and healthy city. This fourth pillar includes the sourcing of organic foods in public purchasing programs, including by school canteens, which was facilitated by a 10-years conversion programme to organic production led by the Copenhagen House of Food and by a EAT campaign launched in 2009 to develop the taste for healthy food choices in schools. In Freiburg, a city of 230,000 inhabitants in South-Western Germany, 9 urban gardening projects have emerged in the past two years, with the support of the local municipality; these projects are now developing into a reflection about how to shift to the establishment

of sustainable food systems on a regional scale. Transition Leicester, a network of volunteers from the Leicester area in the United Kingdom, developed a range of projects including a co-operatively owned apple press, a local sustainable food producers, or a cooperative promoting investment in sustainable and affordable energy; an advisory initiative has been set up to help households reduce their carbon footprint. In Ireland, Cloughjordan was developed into an ecovillage since 1999, with the aim of creating «a supportive social community living in a low-impact way, and to create a fresh blueprint for modern sustainable living» (AEIDL 2013: 8). About 50 low-energy housing and working units were created, many with rainwater harvesting systems, as well as a large farm based on Community Supported Agriculture (CSA) model. A range of these local initiatives were recently described in the 2013 report *Europe in Transition: Local Communities Leading The Way To A Low-carbon Society*, which provides a survey of community-based action on climate change and sustainability in Europe (AEIDL 2013). The report provides a low estimate of about 2,000 local low-carbon initiatives across 13 EU Member States, most of them part of the Transition movement, the Permaculture movement, or the Global Ecovillage Network.

Local initiatives such as those listed above have been studied since the late 1990s by researchers who see them as a key tool in support of sustainable development (Camagni and Gibelli 1997; Lafferty 2001). The role of social innovations in meeting the challenges outlined above is now recognized by a growing number of commentators (see, among others, MacCallum et al. 2009; Moulaert et al. 2010; Moulaert et al. 2013; Grandjean and Le Teno 2014). They are also central to two research projects launched in 2014 (with conclusions expected to emerge in 2016), that shall explore pathways towards more sustainable lifestyles and a greener economy: EU-INNOVATE intends to examine how 'end users' (consumers) play a role in promoting sustainability through innovation, either by participating in company-led processes or by user-led processes, in certain domains where the environmental impacts of consumption patterns are particularly high (food, living, mobility and energy); GLAMURS examines the emergence of sustainable lifestyles at regional and European levels, seeking to understand

which policy interventions are most effective at encouraging the emergence of such lifestyles.

Social innovations also play an increasingly important role in the diagnosis proposed by the European Commission in the area of social policy reform. In the Communication introducing the "Social Investment Package" for instance, the European Commission provides the following summary: 'Enabling individuals to live up to their full potential to take part in social and economic life in society entails supporting people at critical junctions in their lives. This starts with investing in children and youth, and continues thereafter. *Social innovation must be an integral part of necessary adjustments by testing new policy approaches and selecting the most effective ones*' (European Commission 2013a: 8 (emphasis added)). 'Innovation', the Commission continues further in the communication,

is an essential element of social investment policy since social policies require constant adaptation to new challenges. This means developing and implementing new products, services and models, testing them, and favouring the most efficient and effective. Social policy innovators need an enabling framework for testing and promoting new finance mechanisms, for instance, and measuring and evaluating the impact of their activities (European Commission 2013a: 11).

Indeed, 'social innovation' appears among the key recommendations that the communication addresses to the Member States, which are urged to '[d]evelop concrete strategies for social innovation, such as public-private-third sector partnerships, ensure adequate and predictable financial support, including microfinance, and provide for training, networking and mentoring in order to support evidence-based policies', *inter alia* with the use of structural funds, and to '[p]rioritise social policy innovation in the implementation of relevant CSRs and report this through the [National Reform Programmes]' (European Commission 2013a: 12).

The contribution of the European Commission to the discussion of social innovations goes beyond *ad hoc* references in policy documents, however. The European Commission's think tank, the Bureau of European Policy Advisers, convened a workshop on social innovation on 19-20 January 2009. Based on the workshop and at the request of the President of the Commission Mr. Barroso, they then commissioned a report on social innovations, following a call for tenders, from the Young foundation and Social Innovation eXchange. The report was presented in February 2010. It defined social innovations as «innovations that are social in both their ends and their means», and as «new ideas (products, services and models) that simultaneously meet social needs (more effectively than alternatives) and create new social relationships or collaborations. In other words they are innovations that are not only good for society but also enhance society's capacity to act» (SIX and Young 2010: 17-18).

Of course, other definitions are available and have been proposed. But this definition usefully highlights the two characteristics that link social innovations to the search for sustainable societies. Social innovations are new ways of doing things that can contribute to the attainment of objectives that define the direction of this transition. In particular, social innovations can contribute to the emergence of alternative economic models that either integrate other objectives than the maximization of profits, as does the social economy or solidarity economy, or redefine the relationship between the satisfaction of society's needs and the natural resources mobilized to satisfy such needs. But social innovations are also empowering people and communities, allowing them to invent new solutions that are suited to their local conditions by reimagining the respective roles of the State, the market, the «third sector», and communities. The following section develops these contributions of social innovations to sustainable societies.

5 SOCIAL INNOVATIONS: REINVENTING THE ECONOMY AND RE-ENERGIZING DEMOCRACY

The empowerment of social actors, by supporting the innovations they initiate, is both a means and an end. It creates the space allowing for the search for solutions that, in specific contexts, can accelerate the transition to sustainable societies, and it favors collective learning, as local experiments in one place can inspire other, similar experiments elsewhere. But its democratizing effects are also beneficial in their own right: as people are encouraged to reshape the environment they inhabit, they move from being passive purchasers of goods and services (as consumers) and of political programmes (as voters), to becoming co-designers of solutions. This goes beyond both consumer activism and participatory democracy: as social innovators, individuals and communities are redefined as co-authors of the solutions that concerns them, in the specific contexts in which they operate.

Social innovations thus conceived have a central role to play in the transition to sustainable societies. This general statement may be broken down in a number of propositions.

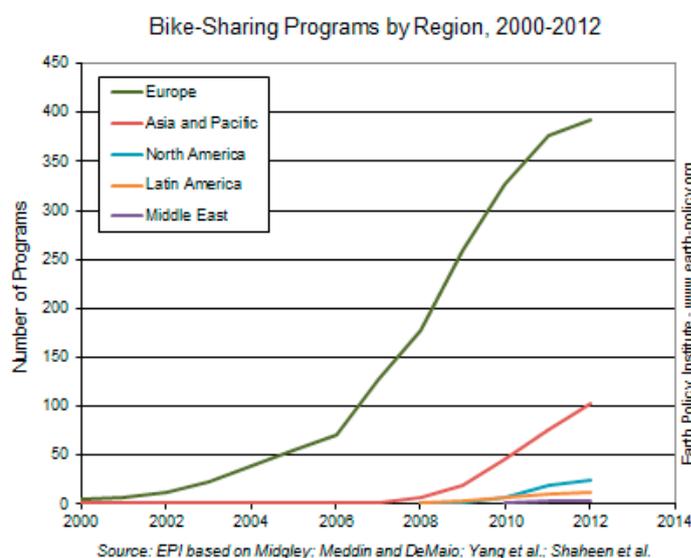
5.1. Proposition #1: Social innovations can promote new economic models based on the economics of sharing

The classic economic models we have inherited from have essentially omitted the implications of seeing economy as a sub-system within the world we inhabit. They have been oblivious, in particular, of the impacts of growth on the exhaustion of the natural resources on which we depend, as well as on the environment generally: never did they see the carrying capacity of the ecosystems as the limiting factor, which it has now become (Perrings 1987; Daly 1996). A redefinition of these economic models is thus urgently needed. Two such redefinitions are worth highlighting in particular. Under the *circular economy* paradigm, the waste produced by some production processes are recycled as inputs in other production processes. This presupposes that appropriate linkages are established within specific territories, requiring forms of collaboration between

different economic actors and different sectors that are not reducible to market-based relationships, and often with an active, facilitating role of the public authorities. It has been estimated that improving the reusing of waste produced by some firms as inputs for other firms (a process sometimes described as «industrial symbiosis») could save €1.4bn a year in the EU and generate €1.6bn in sales (European Commission 2011b: 6). Indeed, the Commission proposes that, with its support, Member States should gradually take measures «to extend producer responsibility to the full life-cycle of the products they make (including via new business models, through guidance on take-back and recycling schemes and support for repair services)» (European Commission 2011b: 7).

Social innovations can also favor the emergence of a *functional economy* (sometimes referred to as a service economy) (Stahel 1986). One famous example of this shift is the choice of Xerox to bill the user of photocopiers by the number of photocopies made rather than for the acquisition of the photocopying machine itself. The functional economy is also illustrated, for instance, by the expansion of car-sharing programmes, or by the growth of bike-sharing programmes. This last example is particularly impressive by its recent rate of growth, which shows the promise of this model: bike-sharing programmes now exist in more than 500 cities across 49 countries in the world, a figure that doubled in a period of only two years between 2011 and 2013 (Larsen 2013). The uptake of such programmes, launched initially in Denmark and in The Netherlands in the mid 1990s (Shaheen et al. 2010), was particularly impressive in European cities, as the following graph prepared by Columbia University's Earth Policy Institute illustrates:

Fig. 3. The growth of bike-sharing programmes by region, 2000-2014



Source: Larsen 2013.

Under the functional economy paradigm, the use of products is maximized during their life-cycle, so that each product shall deliver the highest use-value to the largest possible number of users while using as few material resources and energy and possible (EESC 2014: para. 4.3). Such a functional economy generally emerges by making use-rights the object of the economic transaction, rather than ownership of the product itself. This encourages the manufacturer of goods to produce high-quality products with a longer life, and to provide products that can be improved across time, in particular through the feedback from users. The principle was that each bike rider should own his or her bike. It now becomes that each bike should serve as many riders as possible during its lifetime. This leads to a dematerialization of the economy, which is focused on creating value by providing services (mobility) rather than material outputs.

Many developments that contribute to this shift towards a functional economy are part of a broader movement, referred to as the *sharing economy* (or the «collaborative economy») (EESC 2014). However, while the circular economy and the functional economy are social innovations

(often facilitated or even made possible through technological innovations) that can remain within the logic of the profit-oriented economy, the sharing economy questions this dominant logic in two ways: first, by substituting a logic of sharing and open access to the logic of monopolization and profit; and second, by encouraging citizen-led innovations, that emerge from the bottom up, and that are therefore empowering to people who create their own solutions. It is in this regard that the models of collaboration contributing to the emergence of the sharing economy paradigm reclaim the original idea of «social innovation» as a set of solutions that emphasize participation and horizontal collaborations in the production and consumption processes, away from the top-down and hierarchical organization of the technostructures that dominate modern economic life (Chambon et al. 1982).

With social innovations thus conceived, what emerges is what F. Moulaert and J. Nussbaumer called a «deprivatization» of access to goods, services and knowledge (Moulaert and Nussbaumer 2007). As noted by the European Economic and Social Committee, in collaborative or «participatory» consumption models, «supply and consumption are ... viewed not simply as the ownership of goods but as shared access to their benefits, in order to meet real needs and secure the personal fulfilment that is worlds apart from symbolic consumption and the pursuit of artificially created desires» (EESC 2014: para. 2.6). The classic division of labour between producers and consumers also breaks down. «Users» contribute to shaping the solutions that will be «shared» with others: by thus inventing solutions, they become in turn «providers», inspiring other «users-providers» to play the same role. This model relies on strong connections between people, which the new information and communication technologies now allow. This dimension is appropriately highlighted by a report commissioned to PwC by the European Commission's DG Enterprise and Industry, which identifies a company as using a collaborative economy-based business model as one for which the "value proposition consists of creating a match between a consumer owning a certain resource (property or skill/competence) and a consumer in need of that resource, at the

right time and against reasonable transaction costs" (Dervojeda et al. 2013). **Because it encourages each user of services to be at the same time a provider of solutions, the promotion of social innovations can encourage the transition to a sharing economy in which the division between producers of goods, providers of services and owners of knowledge, on the one hand, and the users, on the other hand, breaks down, and in which each individual or community of users may play roles on both sides of this divide.**

5.2. Proposition #2. Social innovations can transform how public administration, market actors, and the «third sector» understand their relationships to the communities in which they operate

Social innovations can also be distinguished on the basis of where they originate -- from the public sector, from the private sector, from the so-called «third sector» of the social or solidarity economy, or from local communities or people. From within the public sector, governments at different levels have been increasingly interested in testing new solutions to old problems, and in designing governance mechanisms that will allow the permanent adaptation of solutions to changing circumstances. «Social innovation» in this regard can be understood vaguely, referring to little else than as a call to policy-makers to be innovative in the approaches they experiment with. For instance, the general references to «social innovation» in the European Commission's communication introducing the "Social Investment Package" which were quoted above are, on their face, compatible with the classic approach to public administration in which policy-makers design solutions based on their expertise, in a purely technocratic mode, albeit with the proviso that they are encouraged to reexamine such solutions in the light of answers provided by others to the same problems, and to broaden the repertoire of institutional mechanisms they rely on.

In order to clarify what is specific to the notion of "social innovation" that is explored here, it may be useful to contrast the classic technocratic approach to public administration with other approaches,

that have been proposed and sometimes tried in various settings. New Public Management, a form of public administration that emerged from the deregulation and the down-sizing of the public sector in the 1980s and 1990s, under both conservative and New Left governments, presumed that by encouraging a greater competition in public services (either by privatization or by disaggregating public administration into smaller sub-units, and allowing them to compete against one another) and by allowing greater autonomy to public managers while measuring the results they achieve, efficiency gains could be achieved -- in particular, the needs of the public would be better satisfied even with fewer resources at the disposal of the State. A third approach might consist in seeing the public not as "clients" whose demand is to be satisfied by introducing elements of competition in the delivery of public services, but as "stakeholders" whose views should be sought at various stages of policy design and implementation: this, indeed, characterized many of the reforms to European governance since the publication in July 2001 of the European Commission's White Paper dedicated to this topic (European Commission 2001).

A fourth approach, finally, corresponds to what public administration based on "social innovation", in the more precise meaning of the expression retained here, would require. This approach would define the public as the "searchers", who "invent" solutions that can then be supported, built upon, and replicated by the public administration. The idea of "collaborative innovation" captures what is specific to this understanding: Nambisan sees it as a form of innovation in which government "relies on harnessing the resources and the creativity of external networks and communities (including citizen networks as well as networks of nonprofits and private corporations) to amplify or enhance the innovation speed as well as the range and quality of innovation outcomes (or solutions)" (Nambisan 2008: 11, cited by Lévesque 2013: 34). This refers to shaping solutions to societal problems by involving people who are not treated merely as «beneficiaries» of public policies, nor as «clients» whose demand needs to be satisfied as in New Public Management (NPM) (Osborne and Gaebler 1993; Hood 1991),

nor even as «stakeholders» to be consulted and involved in decision-making, but as «actors», or «searchers», who make an active contribution to designing solutions, to implementing them in various contexts, and to assessing them.

Thus understood, putting social innovation at the heart of public policy-making substitutes co-design for simple feedback as in NPM, or for consultation as in multi-stakeholders approaches. The following typology emerges (partly inspired by Lévesque 2013: 33):

Table 1. Various approaches to public administration and various understandings of the role of innovation

| | Traditional public administration | New Public Management | Stakeholders Approach | Social innovations Approach |
|------------------------|---|--|---|---|
| State | Interventionist, provider of public services and of market-correcting regulation | Limited (privatization and deregulation) | Open to dialogue with citizens | Facilitator of social experimentation, favoring the emergence of local solutions |
| Public | Beneficiaries of services and addressees of regulation | Clients expressing a demand through mechanisms mimicking the market | Citizens involved through participation / consultation | Actors / searchers, empowered to co-design new solutions |
| Public interest | Defined (vertically) through traditional electoral processes and principal-agent relationship between elected governments and public administration | Defined as the most efficient use of public resources, through cost-benefit analysis and by favoring choice of the public as a means to reveal their preferences | Defined (horizontally) through participatory means | Emerges bottom-up through local innovations that can be replicated and scaled up |
| Innovation | Technocrats in public administration come up with new ideas | The public rewards new solutions that satisfy its wants by "voting with their feet" | New ideas emerging from the top are "tested" by consulting with people, in focus groups or participatory fora | New ideas emerge "from below", at the initiative of citizens themselves or local-level governance units |

Social innovations can also be supported by the private sector. Here again, however, caution is required in order to avoid giving the concept such a broad meaning that its emancipatory potential, and its potential to contribute to sustainable societies, will be lost. Market actors innovate all the time: the drive to innovation may be said to be at the heart of the process of «creative destruction» that Schumpeter put at the heart of capitalism itself (Schumpeter 1942: 83; for a contemporary perspective, see, among many others, Scherer 1986).

Social innovation, however, is not simply the part of this process of permanent obsolescence and renewal that is not limited to technological developments. Indeed, such «innovations» can be the result of research and development within the firm, without any involvement of other actors, in order to satisfy changing demands of the market or to improve efficiency. In contrast to such a «closed» innovation model, «open» innovation, as championed within

the Berkeley Haas School of Business by Henry Chesbrough (Chesbrough 2003), aims to increase the inflows and outflows of knowledge between the firm and the outside world, both in order to allow the firm to use ideas that are developed outside its remit (but that the firm may be well positioned to develop and to bring to the market) and to allow others than the firm where an idea has emerged to take the idea to the market. As such,

The open innovation paradigm treats research and development as an open system. Open innovation suggests that valuable ideas can come from inside or outside the company and can go to market from inside or outside the company as well. The approach places external ideas and external paths to market on the same level of importance as that reserved for internal ideas and paths to market in the earlier era. (Chesbrough 2006).

«Open» innovation redefines how knowledge flows towards and from the firm, to maximize the links between innovative ideas (wherever they may originate) and product development (by whichever firm, and through whichever business model, will be best suited to bring the product to the market). This model of innovation in firms is opposed to the classic proprietary model of innovation by R&D departments within firms, where talented individuals work to design new products, some of which the company will end up selling if, and to the extent that, this fits its business model: this «closed» model of innovation, strictly internal to the firm, is opposed to the «open» model of innovation just like the classic, hierarchical view of public administration populated by benevolent technocrats is opposed to New Public Management or to the «stakeholders approach», both of which are more «open» to feedback from the public. However, just like these alternative approaches to public administration do not empower the public -- as they lead to *exercise power differently* rather than to *share power* --, «open» innovation remains trapped in a narrow understanding of what deserves to be treated as «relevant» knowledge. In contrast to older models of innovations, «relevant» knowledge in «open» innovation is considered to be widely distributed across firms (rather than being treated as relevant only if it originated within the firm interested in developing it). But the selection of knowledge that «counts» will still be made by the firm, based on its calculations as to whether a business model can be designed that will make it profitable to develop.

In contrast, the role of market actors may be conceived of as one in which they support social innovations, designed by people themselves who would turn to firms to encourage them to develop certain technologies or to provide certain services as may be required for such innovations to prosper. Consider again the examples referred to above, where «nudging» was advocated as a means to encourage a shift to more sustainable lifestyles: devices such as those that signal one's carbon footprint to the outside world, or that allow each household to better measure its energy consumption and to minimize losses, aim to encourage «norm bandwagons» and to favor behavioral change across

society (supra, fn. 4). But these innovations may only be possible if appropriate technologies are developed, and firms, with their unique research and development capacities, the networks they can mobilize, and the economies of scale they can achieve, may be particularly well positioned to respond to such societal demands. Or consider the situation of an agrochemical firm specialized in the production of nitrogen-based fertilizers: it would be one thing to practice «open» innovation by identifying promising techniques to produce fertilizers that are developed by universities or by other firms; quite another, to transform itself into a firm delivering services by teaching agroecological techniques, allowing farmers to minimize the use of fertilizers, thus responding to the societal demand for more sustainable types of agriculture.

However, market actors still generally need to deliver a certain rate of return to the investors. To the extent that the bottom line of the private firm may be an obstacle to its ability to respond to societal demand, actors of the social economy or the solidarity economy may be better placed to support social innovations. Indeed, consistent with the idea that social innovations call for a «deprivatization» of access to goods, services and knowledge (Moulaert and Nussbaumer 2007), these actors have an especially important role in facilitating such innovations, in particular by linking social innovations to technological innovations and by setting up the business models that will allow such social innovations to be economically viable. Whereas the design and management of a system of bike-sharing provides an example where technological solutions were identified to allow a social innovation to develop, examples of new business models that can support social innovations include local exchange trading systems (including by the introduction of local currencies), fair trade, commons-based peer production, open-source initiatives, or platforms for exchange and barter. The social and solidarity economy, it has been remarked, goes beyond the idea that development consists in economic growth combined with social protection: instead, going beyond 'the «add-on» syndrome whereby elements of social and environmental protection are bolted onto a policy portfolio that does not fundamentally address the structural

underpinnings of unsustainable development', it 'simultaneously fosters economic dynamism, social and environmental protection and socio-political empowerment in an integrated, holistic and balanced way' (Caborn Wengler and Utting 2014). Instead of the social and environmental concerns being compensatory -- taming the pressure exercised by markets in the mainstream for-profit economy --, the social and solidarity economy (as illustrated by cooperatives or solidarity finance for instance) can represent a genuine alternative, that is empowering and transformative of social relationships.

5.3. Proposition #3: Social innovations can be transformative of social relations, thus allowing us to address not only the entropic threats that we face, but also the anthropogenic threats

There is a growing consensus that, whereas technological progress had provided humanity with an unprecedented ability to domesticate nature and to control its environment, the accumulated power this represents will contribute to improve well-being only if it is not mobilized exclusively to grow material output and accumulation. Until the middle of the past century, growth was seen as promising greater felicity, and a condition for human flourishing -- and it still is essential today in many poor countries, that lack behind in terms of development. But in affluent societies, we have come to realize that only by a transformation of social relations and of our understanding of the sources of happiness shall it be possible to tap into the potential provided by technological progress in order to improve well-being. This is at the heart of the Convivialist Manifesto, which places rivalry between human beings and the 'potentially self-destructive accumulation of power over humanity and nature' at the heart of the challenge of sustainability (The Convivialist Manifesto 2013). The convivialist approach insists on the need to redefine how we relate to one another across a common humanity and how we partner with Nature: the re-establishment of the art of living together (*con-vivere*) is an attempt to move away from the current tendency to seek solutions by an ever greater domination and exploitation of Nature and by the expansion of an instrumental rationality to include also all social relationships.

Consistent with this intuition of convivialists, social innovations are a way to stimulate a redefinition of what shall truly matter to each of us. They may achieve this in three ways. First, if, as noted above, much of current consumerism is driven by our quest for the approval by others, by our desire to impress through our consumption choices, then providing to people an opportunity to relate to one another by other means may be an important escape route. Because they favor direct interactions between people, social innovations contribute to this: the gain in reflexivity that social innovations entail is a means to escape the consumerist trap. As noted by Wilkinson and Pickett, the shift to more sustainable societies depends on «our impressions of each other [being made to depend] on face-to-face interactions in the course of community life, rather than on outward appearances in the absence of real knowledge of each other. [...] The weakening of community life and the growth of consumerism are linked» (Wilkinson and Pickett 2009: 230). **Social innovations thus provide ways to relate to one another, and to value each other, that are different from valuations based on our roles as producers or consumers.**

Secondly, social innovations may lead to question the centrality of productive work in our lives. Just like people rank each other, whether consciously or not, by how they consume, they rate lives as more or less successful depending on how productive such lives have been. But this is in part also due to a lack of imagination, a form of boredom with leisure, that comes from the lack of alternatives to work that are considered equally fulfilling (Scitovsky 1976). Bertrand Russell once remarked that «while a little leisure is pleasant, men would not know how to fill their days if they had only four hours of work out of the twenty-four. In so far as this is true in the modern world, it is a condemnation of our civilization; it would not have been true at any earlier period. There was formerly a capacity for light-heartedness and play which has been to some extent inhibited by the cult of efficiency... The pleasures of urban populations have become mainly passive: seeing cinemas, watching football matches, listening to the radio, and so on. This results from the fact that their active energies are fully taken up with work; if they had more leisure, they would again enjoy pleasures in which they took an active

part» (Russell 1904: 11). This anticipated the famous remarks by J.M. Keynes about the state of depression in which society would fall as labor productivity will have increased, since we have unlearned since many generations how to enjoy leisure (Keynes 1978 (1930)). **Social innovations may provide the way out of a work-centered society, in which the alternative is not between work and boredom, or between production and consumption, but between work and various other equally fulfilling activities through which one can obtain social recognition, develop skills, and find enough stimulation to derive pleasure from performing them.**

Thirdly, social innovations can encourage us to build the transition not only on cleaner technologies and greater efficiency in the use of resources, but also on lifestyle changes. In addition to presenting massive differences between affluent and poor countries, levels of consumption differ widely even across industrialized (OECD) countries, both between different countries and from individual to individual within any polity (State of the World 2004). This confirms the considerable potential for the ecological transition of behavioral alternatives, towards what the United Nations Environment Programme calls «sustainable lifestyles» (GSSL 2011). Sustainable lifestyles is about production and consumption practices, but it goes beyond that: it includes 'rethinking how we organize our daily life, altering the way we socialize, exchange, educate and build identities' (GSSL 2011: 6). There are, of course, considerable obstacles to lifestyle changes, not least the social construction of needs and the lack of solutions that facilitate the choice for alternative consumption or reduced consumption patterns. But the Global Survey on Sustainable Lifestyles led by UNEP demonstrated, at the same time, the very important support for innovations that allow individuals to act in conformity with their concerns for social equity and the environment (Autio et al. 2009), without having to renounce their autonomy: solutions such as city bicycles, urban gardening, or urban composting have very high levels of support across the 8,000 young adults (aged 18-35) from 20 countries who were surveyed for the study (GSSL 2011). Consumers' preferences in particular should not be taken as «revealed» by their purchasing practices unless the environment

is reshaped to create a range of alternatives allowing individuals to make real choices between lifestyles, including lifestyles that involve less material consumption. **Social innovations expand the range of alternatives open to individuals, allowing them to act on the basis of the social and environmental values they cherish, but may find difficult to express unless such alternatives are created for them.**

5.4. Proposition #4: Social innovations can contribute to a new form of participatory democracy

Research on the various cultures of activism that are emerging across progressive movements in Europe highlights a strong correlation between the ability to influence European-level debates and the belief in the European project. On the one hand, «expert activists» such as those of the Roosevelt Initiative 2012, the Tax Justice Network or the collective of the *Economistes atterrés* are equipped to provide a «counter-expertise» on European issues. They can build links with institutional politics in the EU: they seek to influence the balance of political forces in the institutions, and they are explicit about their hope to redeem the European project. On the other hand however, a range of social movements -- including the «Indignados / Occupy» movements, the transitionists or partisans of «voluntary simplicity» (Elgin 1981), or the «mobilizers» who seek to energize mass movements of protest against what they perceive as the neoliberal bias of EU-led policies -- have lost faith in the project itself: to them, the EU is at best irrelevant, and most often seen as captured by interests hostile to progressive proposals and to the ecological transition (Fletcher and Cox 2013). A recent analysis of the relationship to the EU of these different movements concluded that «the perception of the possibility of social agency at the European level is the main factor in explaining progressive activist stance towards the EU. The more an activist perceives the EU as a public space open to political debate and civil society arguments, the more they assert a European identity and consider Europe as an important scale of action. Conversely, the sense of being politically blocked at the European Union level lead activists to focus their action at the national (mobilizers) or local (indignados and local activists) scale» (Pleyers 2014).

Attempts have been made in recent years to strengthen participatory democracy in the EU, particularly since the Convention on the Future of Europe that proposed a Treaty establishing a Constitution for Europe in 2003. The introduction by the Treaty of Lisbon of the “citizen’s initiative” under Article 11(4) of the Treaty on the European Union, now implemented by Regulation (EU) No. 211/2011 of 16 February 2011 on the citizens’ initiative, is perhaps the most significant advance in this regard. The “New Deal 4 Europe” European Citizens’ Initiative (ECI) for a European Special Plan for Sustainable Development and Employment illustrates how this new tool could be used for the social and ecological transition explored in the EU5P conference.⁶ Social innovations open up a new space for participatory democracy, that could be even more promising. If the EU were to invest in the promotion of social innovations and facilitate the diffusion of successful innovations across the Member States, it would break down the classic distinction between «output legitimacy», achieved by delivering results for people, and «input legitimacy», which is gained by providing people with opportunities to participate in decision-making (Scharpf 1999). Social innovators, including in particular local activists and “transitionists” who invent new ways of producing, consuming, and relating to one another, are neither simply benefiting from benevolent initiatives taken for them but without them, nor simply exercising democratic rights to participation: they combine the two, by inventing solutions that, in the specific context in which such solutions emerge, enrich the institutional repertoire and expand political supply. As such, social innovation ‘mobilises each citizen to become an active part of the innovation process’ (BEPA 2010: 30), and encourages ‘reshaping society in the direction of a more participative arena where people are empowered, learning is central which make policies more effective» (BEPA 2010: 42).

The local and small-scale dimensions of many social innovations constitute an asset in this

⁶ At the time of writing, the ECI is seeking to collect the one million signatures required to impose on the European Commission to set out its conclusions on the proposed initiative, as well as “the action it intends to take, if any, and its reasons for taking or not taking that action” (Art. 10 of Regulation (EU) No. 211/2011).

regard. Local levels of decision-making, it has often been remarked, may be more appropriate for designing solutions that represent true alternatives: the number of veto points is smaller, and the possibilities for synergies across sectoral policies (such as energy, mobility, food, and education) are greater (McKibben 2007). “Micropolitics” thus conceived, in which the exercise of democratic rights takes the form of setting up of new solutions at local level, can be deeply transformative of society as a whole, once the possibilities of replicating such solutions from community to community are realized. A high-intensity politics can develop on that basis, as the distinction breaks down between the roles individual occupy as consumers and producers, as members of their families and their communities, and as citizens. **The various innovations that emerge from the search for sustainable solutions in areas such as energy use, transport, or food, are at the same time proposals to expand the range of alternatives people may choose from. What emerges is a participatory society that includes, but goes beyond, both participatory democracy and consumer activism.**

6 A NEW ROLE FOR THE EUROPEAN UNION

The European Union’s Fifth Project (EU5P) conference proposes to explore whether and how the EU can recast itself into a facilitator of social innovations thus conceived, in order to improve its chances to meet the challenges it faces and to succeed in achieving the social and ecological transition large social movements across Europe call for. It is suggested here that, if they are to succeed and to have a lasting and society-wide impact, local-level innovations should be supported in the multi-level governance system of the EU. The Member States should be encouraged to favor experimentalism through social actors, and to favor the emergence of new solutions to the challenges of the transition to sustainable societies.

Basing the social and ecological transition on social innovations means developing tools that, at various stages of the innovation cycle, can support such

innovations. Innovation does not simply “happen”: the environment may favor it, or it may act as a deterrent. The BEPA study on social innovation that was referred to above offers a typology of tools that the EU could deploy in order to facilitate such experimentation (BEPA 2010: 54; see also Jouen 2008). Similar attempts have been made in literature on how to achieve gender equality and support women’s empowerment through social innovations (Malhotra et al. 2009; Vale 2009). There is a strong convergence across these different attempts. All seem to search for a balance between destabilizing existing routines, on the one hand, and nurturing experiments so that they can be tested and developed on a large enough scale, and later replicated if successful. It is necessary to create new spaces, and hybrid structures of governance, to encourage role-shifting and the development of new alliances between social actors that can co-design innovations. As noted by Schumpeter long ago, however, innovation is inherently risky because of the uncertainty any experiment involves, and risk-taking must therefore be encouraged (Schumpeter 1934: 86). Moreover the standard ways of doing things are generally more comfortable and economical in the short term, because the different elements of the environment have co-evolved to support the existing routines: technologies, regulations, cultural habits and social norms, have been developing incrementally in ways that are convergent and mutually supportive (Perez 1983; Nelson 1994; Grin et al. 2010: 4). Therefore, beyond the facilitative role that public authorities may play to favor the emergence of social innovations, they may need to provide active support to such innovations in order to ensure that they are viable.

A number of conclusions emerge from the above-mentioned studies on how social innovations can be stimulated, supported, and replicated from context to context. First, social innovations often emerge from the breaking down of institutional boundaries, where different actors meet without previous experience of working together, and confront their perspectives to imagine new solutions, bringing different resources and networks to the table. The creation of such fora or the encouragement of new partnerships, may thus stimulate the identification of synergies, especially in a territory-based perspective. ‘Different players

— government, private sector, civil society — lead innovations, and no single sector has the unique pathway to success. The broader reach and resources availed by partnerships yield wider, larger-scale results. The wider the strategic alliance, the stronger the transformative impact in the well-being and empowerment of citizens’ (Malhotra et al. 2009: 57). This what the study by Ana Vale refers to as the establishment of «social learning spaces», the establishment and encouragement of which she sees as ‘one of the key missions of a new governance responsible for and committed to maximising learning capacity and innovation’ (Vale 2009). The BEPA study is also explicit on this requirement: ‘building bridges and exploiting synergies between unrelated systems, institutions or actions of support’, it notes, may be helped by establishing ‘new forms of partnerships between key stakeholders and governments’ (BEPA 2010: 54).

Second, participatory mechanisms allowing for citizens to express their views about the solutions that might work best in specific contexts and correspond to the values they hold, will favor the uptake of social innovations and will contribute to empowerment: ‘Solutions must focus on the beneficiaries and be created with them, preferably by them, and never without them’ (Vale 2009). This may require project support to build capacity for participation.

Third, the social actors whose perspectives are combined, with a destabilizing impact on each of the separate perspectives that they project, should be encouraged to search for solutions that «de-sectorialize» problems, in other terms, that address more than one problem at once. Vale suggests to develop ‘a holistic approach rather than fragmented responses to people’s diverse problems’ (Vale 2009): this is a way to move away from the routine answers given to societal problems so long as these problems are treated as discrete and separable from broader questions of sustainability.

Fourth, once a social innovation has emerged, it should be evaluated and the feasibility of it being replicated in other contexts must be assessed. This requires a form of reverse engineering, in

which its various components are disassembled and the factors of success examined with a view to the possible duplication of the innovation in other contexts. Of course, for a social innovation to be evaluated, it is important to list the various levels to which it may contribute. A social innovation may (i) 'respond to social demands that are traditionally not addressed by the market or existing institutions and are directed towards vulnerable groups in society' (BEPA 2010: 37); (ii) respond to a societal challenge, such as the ageing of society or the depletion of resources (BEPA 2010: 38); it may, finally, (iii) contribute to bringing about «systemic changes» at the level of 'fundamental attitudes and values, strategies and policies, organisational structures and processes, delivery systems and services, methods and ways of working, responsibilities and tasks of institutions and linkages between them and different types of actors' (BEPA 2010: 38). These various approaches to social innovation typically 'are not mutually exclusive, but rather interdependent: the first approach is the foundation for the second which creates the conditions for the third — an innovation that addresses a social demand (e.g. care of the elderly) contributes to addressing a societal challenge (ageing society) and, through its process dimension (e.g. the active engagement of the elderly), it contributes to reshape society in the direction of participation and empowerment' (BEPA 2010: 43). A comprehensive evaluation should include these various levels, though the contribution of any particular social innovation to responding to a social demand will typically be easier to assess (has it worked in the view of its beneficiaries?) than its contribution to a broader societal challenge (does it hold the promise of addressing a society-wide issue?) or its transformative potential at the level of fundamental attitudes and values (does it have the potential of bringing about lifestyle changes?).

Fifth, successful social innovations can be a source of inspiration for contexts other than that in which they initially emerged. At universal level, the Outcome document of the «Rio+20» Conference on Sustainable Development mandated the United Nations Secretariat to establish and maintain a comprehensive registry of voluntary initiatives to promote sustainable development and poverty

eradication, thereby clearly recognizing the importance of knowledge transfers and exchanges of experiences in the search for solutions (United Nations 2012: para. 283). The challenge is, here, to allow for a transfer of experiences that is empowering rather than disempowering: one in which local initiatives are stimulated by examples developed elsewhere, but without such examples being defined as a 'model' to be followed. Learning is encouraged, of course, but the aim should not necessarily be convergence on a limited set of solutions: it should be, instead, to stimulate the exploration of a diverse set of answers, broadening the repertoire of proposals around which democratic deliberation can be organized.

This approach has significant consequences for the understanding of the EU's role and its relationship to the Member States. In the classic understanding of what the European integration project was about, diversity was a liability, an obstacle to the adoption of solutions that are uniform across the Union. Instead, once seen as a source of learning across sub-units, diversity becomes an asset: the wider the range of solutions developed to face certain challenges, the more countries with different sensitivities and confronting different circumstances can benefit from exchanging about their respective experiences.

This combination of diversity and local self-determination with the promotion of collective learning through systematic comparisons is, to a large extent, the ambition of democratic experimentalism. In a series of contributions, Charles F. Sabel and Jonathan Zeitlin identify under this label the emergence of a new form of decision-making in the EU, in which broadly defined framework goals as well as indicators for measuring success in achieving them are agreed between the Member States and the EU institutions, but in which '[l]ower-level units (such as national ministries or regulatory authorities and the actors with whom they collaborate) are given the freedom to advance these ends as they see fit. Subsidiarity in this architecture implies that in writing framework rules the lower-level units should be given sufficient autonomy in implementing the rules to be able to propose changes to them. But in return for this autonomy,

they must report regularly on their performance, especially as measured by the agreed indicators, and participate in a peer review in which their results are compared with those pursuing other means to the same general ends. Finally, the framework goals, metrics, and procedures themselves are periodically revised by the actors who initially established them, augmented by such new participants whose views come to be seen as indispensable to full and fair deliberation' (Sabel and Zeitlin, 2008: 273-274; see also Sabel and Zeitlin 2010).

Democratic experimentalism helps us understand that greater freedom to act within lower-level units is not incompatible with the successful attainment of goals set at EU level; and that autonomy at the level of the sub-units is enhanced, rather than reduced, by the duty to provide feedback on the success or failures of local experimentation, since such a duty forces the sub-units to become more reflexive -- to take into account the panoply of solutions developed elsewhere and to assess whether and how such solutions could be transposed in their specific context. Democratic experimentalism thus defined remains agnostic, however, as to how each State proceeds to define the solutions that it sees as most appropriate, given the particular set of conditions it faces, to advance the framework goals agreed between the Member States and the EU institutions. The EU5P conference's focus on social innovations as a tool to move towards the social and ecological transition, in contrast, suggests moving towards a new way of exercising power: one in which power is diffused across society, rather than transferred from "the People" to their representatives, and monopolized by government tasked with defining the public interest.

Traditional conceptions of democracy see the People as the principals, and government as the agent fulfilling the mandate of the electorate. Between two elections, the elected representatives are left a broad margin of appreciation to define what is in the best interest of the polity. The public interest is defined in a unitary fashion, as if it were the product of a single mind. It is the unity of the policy that is emphasized, rather than the diversity of options that coexist within the polity: the role of

government is to express such unity, to condense power and strike the appropriate balance between conflicting interests. Instead, **a polity encouraging social innovations and nurturing them should espouse and encourage diversity, rather than fear it. Sociodiversity -- the coexistence of diverse ways of organizing production and consumption, and of developing community life -- should be seen both as an enrichment for democracy and as a source of resilience, since a plurality of solutions shall be available, and shall have been tested, to respond to future threats.**

Fundamentally, societies that reward and encourage social innovations are pluralistic societies that have an enhanced capacity to learn. The more the context is dynamic and the more the replication of routine solutions is an obstacle to the ability for society to respond to the new challenges, the more this capacity matters. Theories of innovation in firms note that, whereas a 'unified homogenous leadership structure' may be 'effective for routine trial-and-error learning by making convergent, incremental improvements in relatively stable and unambiguous situations, [...] this kind of learning is a conservative process that maintains and converges organizational routines and relationships towards the existing strategic vision'. Such learning, they note, though it may be 'viewed as wisdom in stable environments, [at the same time] produces inflexibility and competence traps in changing worlds' (Van de Ven et al. 1999: 117). What is true of firms is true also of political leadership: just like firms which allow (and indeed actively promote) the coexistence of a variety of competing perspectives are better equipped to learn, polities that favor social experimentation at a decentralized level may accelerate their ability to design new ways of linking actors with one another to come up with solutions that can favor the transition.

This presents a direct relationship to the key challenges facing the EU that have been outlined above. Indeed, taking seriously the potential of social innovations to contribute to the transition towards sustainable societies, means that how we address the economic and financial crisis and how we reform social policies in order to take into account the new social risks of skills depletion in an ageing society

(two challenges described respectively in sections 1 and 2 above), must favor social innovations that provide the best combined answers to the different challenges the EU is facing -- including moving towards the longer-term vision of a low-carbon and resource-efficient society (section 3). Among some implications are the following:

① In the assessment of the public budgets of the Member States, a clear distinction should be made between simple expenditures and «investments» that can contribute to improving the qualifications of workers (thus building «human capital») or that serve the ecological transition: distinguishing, between different sources of public expenditure, which expenses do or do not contribute to more sustainable societies, would go a long way towards avoiding to fall into the trap of sacrificing the adoption of reforms that can achieve long-term aims to the satisfaction of macro-economic objectives defined for the short term. Such objectives, therefore, should not be an obstacle to supporting social innovations that contribute to social inclusion or to the ecological transition.

② Perhaps more importantly, social innovations should be recognized a greater role in the way success is measured at making progress towards certain objectives that are agreed to be desirable. Measures of success traditionally focus on society-wide achievements or macro-economic indicators. As a result, smaller-scale initiatives, though they may present a considerable potential, tend to be dismissed as insignificant and not to give rise to systematic cross-country comparisons. This represents an important missed opportunity. Instead, the establishment of a platform for learning about successful social experimentations that reconcile the different dimensions of sustainability, particularly through local-level initiatives, could provide important benefits, making visible the most promising initiatives and stimulating a EU-wide debate on such innovations.

③ Specific efforts should be dedicated to connecting social innovations with one another, in order to accelerate learning across the EU. Such connec-

tions are already being made between the various local initiatives supporting social innovations that have emerged in recent years. ECOLISE, for instance, the European COmmunity Led Initiatives for a Sustainable Europe, brings together the Transition Network (and Transition hubs from 13 EU countries), The Global Ecovillage Network (European branch), GAIA Education, ICLEI (local governments for sustainability), AEIDL (the European Association for Information on Local Development), and the Permaculture Association, among others. Municipal-level initiatives are also connected through the design of common frameworks such as the Reference Framework for Sustainable Cities (RFSC), which offers a tool for the establishment and assessment of sustainable development strategies at municipal level. The RFSC grew from the 2007 Leipzig Charter on Sustainable European Cities, which emphasized the need to move to integrated urban development approaches supporting the inclusion of deprived communities, and later developed to include a concern for building resilience against climate change.⁷ A reference framework was subsequently developed on the basis of the experience of over 70 cities across Europe in designing and implementing integrated sustainable development plans (CERTU, 2009a and 2009b). It was then tested with the active support of the European Commission in 2010-2012 in 66 cities across 23 Member States, and is now entering into its mature phase. These networks and joint initiatives provide for the possibility of horizontal transfers of experiences. They accelerate the establishment of platforms for joint initiatives between local authorities, the private sector, the “third sector” of the social or solidarity economy and non-governmental organisations. They encourage the search for alternative pathways to sustainable development, beyond the usual tools of regulation and economic incentives.

④ A specific percentage of public budgets throughout the EU could go to supporting social innovations that reconcile the different dimensions of sustainable development. One study suggested the

⁷ The Leipzig Charter on Sustainable European Cities was agreed on the occasion of the Informal Ministerial Meeting on Urban Development and Territorial Cohesion in Leipzig on 24-25 May 2007.

figure of 1 per cent for such a requirement (NESTA 2009); that same study, as well as the BEPA study on social innovation, recommend “challenge funds”, or dedicated financial instruments to support social innovations, as part of what may allow such innovations to emerge and to prosper (BEPA 2010: 54). Innovative financing methods in support of the transition could be further explored, including “green bonds”, micro-credit schemes for small-scale social innovations, or crowdfunding.

⑤ Because of the importance of a territory-based approach to social innovation, allowing to identify synergies and complementarities between actors at local level, with local public authorities acting as intermediate organizations facilitating such interactions, “social innovation zones” could be created, where low-income neighborhoods are concentrated, with devolved budgets to facilitate innovative solutions in those zones (NESTA 2009).

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