

Co-Production and New Public Governance in Europe: Victor Pestoff (2012, Institute for Civil Society Studies, Stockholm): Innovations in public services: Co-production and new public governance in Europe.

Source: [Towards Peer Production in Public Services](#)

Peer production is a way to produce goods and services that relies on self-organizing communities of individuals who come together to produce a shared outcome, i.e., the production of content by the general public rather than by paid professionals and experts in the field. In these communities, the efforts of a large number of people are coordinated to create meaningful projects. The information age, especially the Internet, has provided the peer production process with new collaborative possibilities and has become a dominant and important mode of producing information. Free and open source software provides an example of peer production. It occurs in a socio-technical system which allows thousands of individuals to effectively cooperate to create a non-exclusive outcome. Such collective efforts are informal and without traditional hierarchical organization. However, as in the case of Wikipedia, a large amount, if not most, of this collaborative effort is maintained by a relatively small number of devoted and active individuals. Peer production is often used interchangeably with the term “social production” or even “P2P” production (Wikipedia 2012).

Collaborative efforts by various parties to produce a common outcome, either in the form of a product or service, can assume different labels. Co-production is a common term for such collaborative efforts involving at least one hierarchical organized partner from either the public or private sectors. In business relations between firms collaborating to produce a common outcome, we can speak of Business-to-business (B2B) co-production. Here two firms collaborate in achieving a common product or service, like when the BBC co-produces the daily news together with National Public Broadcasting in the USA or other public broadcasting systems. It can also mean that one firm outsources the production of certain essential ingredients to another firm. Furthermore, certain aspects of service provision can be assumed by the consumers themselves, for Business-to-consumer (B2C) co-production. The spread of self-service shopping and use of automatic teller machines, also known as ATMs, provide clear examples of this.

Sometimes governments attempt to involve their citizens in the provision of goods and services, either for reasons of improving efficiency of public services, effectiveness of public policies, or to promote other important social goals, such as citizen empowerment, participation and democracy. Here we can speak of Government-to-citizen (G2C) co-production more generally or Municipality-to-inhabitant (M2I) co-production at the local level. [...]. However, note that this article focuses on partnerships between the public and third sectors that take the form of G2C or M2I co-production. Moreover, it does not discuss the role of information technology in co-producing public services, [...]

Today, many European governments are searching for new ways to involve their citizens in the provision and governance of public financed social services. There are both economic and political reasons for this development. At a general level the explanations are similar throughout Europe. First is the challenge of an aging population; second is the growing democracy deficit at all levels, local, regional, national and European; and third is the semi-permanent austerity in public finances, made more acute by the recent global economic crisis. The response to these three challenges will, of course, vary between countries and across sectors of service provision, but some general trends are nevertheless observable. First is the promotion of greater volunteering. Second is the growth of new and different ways to involve users of social services as co-producers of their own and others' services. Third is the

spread of new techniques of co-management and co-governance of social services, where the third sector plays a more prominent role in various European countries. Fourth is the development of user councils or other forms of functional representation at the local level to engage users in a dialogue about public services. Taken together they represent a major social innovation in the provision of public services and imply a different relationship for the third sector vis-à-vis the state.

Innovations in public services are not just new ideas, techniques or methods, but also new practices, and they not only involve physical artifacts, but also changes in the relationships between the service providers. [...] Nobel Laureate Elinor Ostrom and her colleagues analysed the role of citizens in the provision of public services in terms of co-production (Parks et al., 1981 & 1999). However, citizens in today's advanced welfare states have several different roles that represent diverse aspects of post-modern life. To name just a few, they are voters, taxpayers, employees, members of a family and usually two or more voluntary associations, consumers, etc. Sometimes these roles complement each other, but sometimes they can come into conflict with each other. Moreover, sometimes citizens play these roles as individuals, but other times they do so in close collaboration with others, i.e., in informal groups or in voluntary organizations.

More important, given major social changes in Europe and Scandinavia, particularly with the growth of the welfare state at the end of WW II, the very state they interact with has also changed significantly. In the immediate post- WW II period they faced a rapidly expanding, yet basically traditional public administration, with its hierarchical chain of command, where citizens were primarily viewed as passive clients of mostly public services. Later, with the spread of neo-liberalism and introduction of New Public Management, they were expected to become active consumers and exercise more choice between various providers of public financed services, be they public, private for-profit or nonprofit. Here the market replaced the state as the main governing mechanism for the expression of citizens' preferences. More recently, the spread of network society (Hartley, 2005) and New Public Governance (Osborne, 2006; Osborne, 2009) implies a more plural and pluralist model of governance and provision of welfare services, based on public-private networks. In these cases, where citizens are encouraged to take even more active roles as co-producers of some or many of the services they expect, demand or even depend upon, in order to fulfill a variety of their most important roles.

Thus, both the shifting roles that citizens play in their daily life, and the changing context within which they play them, place complex demands on the concepts and methods needed to study and understand such far reaching changes. However, it is necessary to explore both individual and collective aspects of such changing roles for citizens. First, as individual clients, consumers and co-producers of public financed services, how do they interact with the public sector, market and third sector to express and satisfy their needs, as well as promote their interests? Secondly, as members of third sector organizations, particularly of service organizations, how do they best promote their needs and interests to obtain the services they and others like them not only need, but may depend entirely upon? How can they become active in, and contribute to, the provision of crucial services they are dependent upon?

A. Co-Production: Some crucial conceptual issues

This section focuses on co-production, particularly of enduring social services. What is co-production and what are the crucial conceptual issues for better understanding its contribution to the renewal of public services? [...]

1. Definitions of co-production and levels of analysis

Definitions of co-production range from "the mix of public service agents and citizens who contribute to the provision of public services" to "a partnership between citizens and public service providers". Differences between them can express cultural

differences, various levels of focus, or both. They can also express different levels of analysis. We will contrast a few of them below, as there seems to be some notable discrepancy between the American, British, Canadian and European usage of the term co-production.

The concept of co-production was originally developed by Elinor Ostrom and the Workshop in Political Theory and Policy Analysis at Indiana University during the 1970s, to describe and delimit the involvement of ordinary citizens in the production of public services. Thus, they developed the term co-production to describe the potential relationship that could exist between the 'regular producer' (street-level police officers, schoolteachers, or health workers) and their clients who want to be transformed by the service into safer, better-educated or healthier persons (see Parks, et al., 1981 & 1999). Initially co-production had a clear focus on the role of individuals or groups of citizens in the production of public services, although their involvement also had some ramifications at both the meso- and macro levels of society. Co-production is, therefore, noted by the mix of activities that both public service agents and citizens contribute to the provision of public services. The former are involved as professionals or 'regular producers', while 'citizen production' is based on voluntary efforts of individuals or groups to enhance the quality and/or quantity of services they receive (Parks, et al., 1981 & 1999).

[...] However, Alford (2009) clearly distinguishes between volunteering and co-production. Citizens contribute resources when they volunteer, but do not personally consume the services provided, while co-producers both contribute resources and consume the services provided (ibid.). ... In the UK, the term co-production has also been used to analyse the role of voluntary and community organizations (VCOs) in the provision of public services (Osborne & McLaughlin, 2004). Therefore, it is sometimes contrasted with co-management or co-ordination between the public and third sectors in providing some public services, and with co-governance (ibid.) or co-construction as it is often called in Canada and Latin America. Such a multi-level perspective provides a more nuanced understanding than a singular focus on co-production at the individual level or using the same term for different levels. [...].

Co-production has also recently been introduced to the continental European discussion, where it refers to the growing direct and organized involvement of citizens in the production of their own social services (Pestoff, 1998 & 2005; Pestoff, 2006, 2008 & 2009; Vamstad, 2007). The continental perspective seems to adhere more to the US than to UK usage of the term co-production. For example, parents can participate in the co-production of childcare, both individually and collectively through parent associations, or co-operative preschool services in France, Germany and Sweden. We also find ample evidence of co-management and co-governance of public services in some European countries.

So, the term co-production has been used in different contexts and for different phenomena, [...]. Sometimes co-production is used as a general term to cover many different types of citizen participation in public service provision, and it also includes various ways citizens and/or the third sector participate both in policy making and policy implementation. Other times, it seems to focus on a different level or phenomena that involves citizen and/or third sector participation in policy making and/or public service delivery. It is necessary to keep these differences in mind for the sake of clarity. Co-production can refer both to direct citizen participation in the delivery of a public financed service, at the site of service delivery, as well as to group provision of such services. Citizen participation at the site of service provision is nevertheless different from the meso-level phenomenon of co-management, where the third sector participates, alongside other public and private actors, in managing the growing complexity of delivery of diverse public financed services, without any

direct citizen or user participation in such arrangements. The growing mix and diversity of service providers not only implies greater opportunities for citizen involvement in the provision of public financed services, but it also becomes necessary to manage and govern this growing diversity. Co-management, therefore, refers to the growing diversity or hybridisation of providers of welfare services, typically found in situations where different Non-profit organisations (NPOs) and/or For-profit organisations (FPOs) participate in the provision of public financed services [...].

It is worth noting that both co-production and co-management take place on the output or implementation side of the political system, once a public policy has been determined. Co-governance, on the other hand, is usually found only on the input side, and involves the third- sector and other private actors in the determination of public policy for a given sector. Co-governance refers to attempts to manage this growing diversity in a more democratic fashion, through the creation of citywide, provincial and/or national bodies where various providers are represented and given both a voice and vote in developing and deciding the future of a sector, i.e., in its governance. The appropriate site for co-governance structures will depend, of course, on constitutional differences between various welfare states. So, in addition to serving as a general term for citizen and/or third sector participation in many kinds of public service, co-production can also be distinguished from co-management and co-governance. Thus, I will employ the above terminology to distinguish between various phenomena. However, it should be noted that these three concepts are not mutually exclusive. [...]

3. Why citizens become involved in the co-production of social services?

Alford (2009) compares the engagement of public sector clients in using postal codes, long-term unemployment training, and filing their tax returns in Australia, the UK and the USA. He notes that it is usually assumed that most individuals' cost-benefit analysis will lead them to seek only extrinsic self-interest rewards. However, he argues that different motives exist for co-production in different contexts. The more public the value consumed by clients, the more complex the motivations for them to co-produce. He notes that: "eliciting co-production is a matter of heightening the value that clients receive from the services by making more explicit their non-material aspects through intrinsic rewards, solidarity incentives or normative appeal" (ibid., 187). He concludes that intrinsic rewards can also be powerful motivators, since people are not solely motivated by self-interest, but also by social values. The latter includes the enjoyment associated with interacting with other people, gaining their approval or avoiding their disapproval. Normative purposes are also important for motivating co-production, including values like participation, influence and democracy. Thus, there are three types of motivation—intrinsic, social and normative—in addition to material rewards that can elicit co-production. In order to prompt clients to co-produce, an organization must offer them something of material, social or normative value (ibid.).

In her seminal article on co-production, *Crossing the Great Divide* (1999), E. Ostrom compares the conditions for co-production in two developing countries, i.e., in condominium water systems in suburban areas in Brazil, and elementary education in Nigeria. In the latter she notes that villagers were actively engaged in several community projects, including building roads and the maintenance of school buildings. However, she documents the detrimental effects of centralization and frequent changes in government policy concerning primary education. She compared four Nigerian villages, two where parents valued education highly and focused on primary education, with good results in terms of pupils passing their school-leaving exams (85%). In the two other villages, parents valued education less, and contributed very little to the local primary schools. Without parental support the teachers were incapacitated and demoralized, and the children only obtained a scattered education, if at all. She concludes that when co-production is discouraged by the government

taking over schools that villagers had perceived as their own, as well as by creating chaotic changes in who is responsible for financing them, by top-down command administration, etc.; only the most determined citizens will persist in co-production activities (ibid., 357).

[...]The ease or facility of citizens becoming involved will depend on several things, for example the distance to the service provider, the information available to citizens about the service and its provision, etc. They are related to the time and effort required for citizens to become involved, and might therefore be seen as the transaction costs of participation. If and when opportunities exist for motivated citizens to participate actively in the co-production of a social service, lowering the transaction costs will make it easier for them to do so. By contrast, the greater the effort required of citizens to become involved, the less likely they will do so. A citizens' motivation to become involved as a co-producer will, in turn, depend on the importance or salience of the service provided. Is it a very important service for them, or for their family, loved-ones, a relative, a friend; or not? This will reflect upon how the service affects them, their life and life chances. Does it make a direct impact on their life and/or life chances, or does it only have an indirect effect? If and when a person feels that a service is very important for them, and/or their loved-ones, or vital to their life-chances, then they will be more highly motivated to get involved in the co-production of social services.

It is, therefore, necessary to make a distinction between enduring and non-enduring social services. Many social services belong to the former category, and, therefore, have an immediate impact on the life, life chances, and quality of life of the persons and/or families receiving them. The importance and impact of such services guarantees high client interest in their development, especially in regards to service quality. Enduring social services include: childcare or pre-school services, basic and higher education, elder care, handicap care, and housing, as well as preventive and long-term health care. Users of such services are 'locked-into them' for a longer period of time, and they can therefore not normally rely on an exit to provide them with influence or redress. The transaction costs of an exit are often prohibitive in such enduring services; so having a voice—rather than exiting—provides clients with influence and redress (Pestoff, 1998). [...]

Combining these two dimensions helps us to identify two types of service providers, as well as different types of clients, who range from passive clients to active co-producers. In between, there are active consumers and ad-hoc participants. In non-participatory modes of service provision—where the hurdles to participation are high, and the ease of participation is low—we can either expect to find active consumers or passive clients. The former (active consumers) are the ideal type for New Public Management, while the latter (passive clients) are the typical mode associated with traditional public administration. However, in more participatory forms of service provision—where client participation is encouraged, facilitated or even maybe required—we can expect to find both active co-producers and ad-hoc participants. The former (active co-producers) are the ideal type for New Public Governance (NPG), while the latter (ad-hoc participants) may sometimes participate in important matters. [...]

4. The cooperative gambit: why do citizens engage in collective action?

A cooperative gambit is the willingness of individuals to sacrifice their short-term personal interest, for the sake of the long-term individual and group benefits, stemming from collective action in order to achieve a group goal, or provide a social service. A social cooperative or social enterprise can create trust that helps to surmount the limits of the short-term personal interest of group members, or to curb "free-riding". This encourages them to contribute their time, effort, and other resources, to achieve the fruits of their collective efforts that can't be achieved by

isolated individuals. Of course not everyone is willing to participate in collective action, but there may be enough of them to make it worth considering why? Extensive research in experimental psychology repeatedly—and clearly—shows that in real world collective action situations there are two other types of norm-using players, in addition to rational egoists (Ostrom, 2000). The first group is comprised of “conditional cooperators”, who are willing to initiate or join collective action when they estimate that others will reciprocate, and they will continue such actions as long as others demonstrate similar behavior. The second group of cooperators, are called “willing punishers”. They rely more heavily on social control and punishment as the basis for collective action. However, research shows that many people combine both these traits. Both groups are prone to pursue the cooperative gambit, especially when certain institutional forms exist.

Ostrom also develops six design principles for the emergence of self-organizing collective action (ibid.). Several of them are relevant for understanding collective action, but only two of them will be considered closer here. The first is setting clear group boundaries to determine who uses a resource or service, and who doesn't. The second principle concerns the right of members to influence decisions concerning the management of a resource or service, i.e., they are self-governing groups. Thus, in addition to trust as a basis for a cooperative gambit, a social cooperative or social enterprise created to provide a particular service for its members must establish clear boundaries and they must be able to influence decisions through internal democratic channels. These two aspects are, of course, mutually reinforcing and taken together, they help to make a cooperative gambit more viable. Thus, Ostrom's research establishes that the rate of contribution to a public good is affected by various contextual factors, and that these design principles make self-organized collective action more robust.

Olsen (1965 & 1970) discusses, however, the failure of large groups to form voluntary organizations in the pursuit of public interest. This is primarily due to the costs of collective action, and problems of “free riding”. However, a small-scale group or organization allows individual members to survey and control the efforts and contributions of others, thereby avoiding or limiting problems of “free-riding”. Olsen refers to “the privileged position of small groups”, and argues that they are subject to the second logic of collective action (ibid.). Thus, it is easier for small groups to organize themselves than larger ones due to greater possibilities for social controls. These two phenomena, the cooperative gambit and small group control, help to explain the growth and the success of co-production and third sector provision of public services in Europe.

The cooperative gambit not only represents a ‘quantum leap’, in terms of the presumed maximization of individual short-term utilities. It also recognizes that individuals have different dispositions toward cooperation. Some persons appear more favorably disposed to cooperate than others. Moreover, it also suggests that ‘methodological individualism’ is not only biased toward short-term utility maximizing individuals, but it also ignores, or perhaps even denies, the existence of other dispositions, like ‘conditional cooperators’ and ‘willing punishers’. So, there is no longer any viable reason for maintaining this negative stance toward cooperation between rational actors, beyond ideology. Thus, collective action is not only possible when ‘selective incentives’ are present, as Olsen argued, but also when enabling institutions help to remove the hurdles facing ‘conditional cooperators’ and ‘willing punishers’. However, Ostrom warns that external rules and monitoring can also crowd out cooperative behavior (Ostrom, 2000).

Moreover, individual and collective self-regarding activities are not necessarily the same thing, nor can they easily be equated with each other, since they imply different social mechanisms. Self-help groups rely heavily on close personal ties that remain

stable for a long period of time. In collective self-help activities clients contribute their time, effort, and money, for the co-production of social services for themselves, but they do it together with others, and for others who are in a similar situation. The repeated face-to-face interactions of small self-help groups not only contribute to the creation of social capital, but they also promote solidarity and support for others in a similar situation, and facilitate the mutual reinforcement of their individual goal(s). There are both individual and collective benefits found in collective self-help efforts that are not available to the single, or solo individual volunteer. Thus, compared to the macro social trends toward greater 'checkbox' memberships (Skocpol, 2002) and 'required' volunteering (Hustinx, 2010), the development at the micro level of collective self-help groups that co-produce public financed social services is all the more important. However, given the dominant emphasis on methodological individualism, very little empirical research exists in this area, except for the pioneering work of Elinor Ostrom (2000). Therefore, this should be an area of priority in future research, in order to better understand collective participation in the co-production of public financed social services.

As already noted, the pursuit of self-interest can either be individual or collective. In the latter there is an element of common benefit, not found in the former. Collective action and even more collective interaction have the ability to transform the pursuit of self-interest into something more than the sum of individual self-interest. It makes possible the achievement of common goals that would otherwise be impossible for isolated, unorganized individuals. Such goals can include good quality elementary education, good quality preschool services, good quality health care, elder care, etc., at a reasonable cost to individuals and society.

Collective action can help solve some social and personal dilemmas created either by the lack of some important social services on the market, or by the variable quality of such services provided by the State. The lack of good quality childcare services is a prime example in many countries today. When the local authorities don't provide them, or enough of them, the market simply prices them out of reach of most citizens. Thus, many families struggle to combine their professional career demands with family needs, particularly for high quality childcare. Therefore, many of them reason that if they don't join hands with other like-minded persons to form an association, and provide the service themselves, then it simply won't be available to them. If the market cannot provide an adequate amount of the service, at affordable prices for most citizens, or if the quality of standardized public services is not acceptable to some citizens, then they can join hands to form an association, to provide it for themselves and others who lack such services. Thus, without collective action a particular service wouldn't be made readily available, [...] government understanding of this dilemma and acceptance of third sector alternatives may also prove crucial for success.

5. Co-production: individual acts, collective action - or both?

It is often argued that the analysis of co-production needs to distinguish between individual acts, and collective action, and either focus on one or the other. Are we mainly interested in individual or collective participation in the provision of public services? While this distinction may sometimes seem relevant or perhaps even a necessary part of a research design, 'in the field' there is often a mix of both of them within the same service delivery. Let's look, therefore, at the options available in terms of co-production. They are as follows:

- Individual acts of co-production that involve ad-hoc, spontaneous or informal acts done in public or at home. However, sometimes they are perceived as a necessary part of the service, or even a mandatory activity expected of all citizens. The use of postal codes on letters and the filing of individual tax returns illustrates this type of co-production (Alford, 2002). [...]

- Collective acts of co-production that involve formally organized and institutionalized activities done together with others. They often concern the provision of enduring social services discussed above. Such services produced by a small group at the micro level often imply more collective interaction than collective action, which can promote the development of social capital, mutualism and reciprocity (Pestoff, 2006, 2008 & 2009).
- A mix of both individual and collective action. Many acts of co-production combine both individual and collective action(s), often in a repeated fashion for a long time. This mix of individual and collective action is highly relevant when it comes to social services, particularly enduring social services. So the relevant question is not only how to elicit greater individual client co-production, but also how to facilitate more collective action in public service provision, and indeed, a greater mix of both. [...]

B. An Empirical Study: Breaching the “Glass Ceiling”?

Third sector co-production:

... we find traces of a ‘glass ceiling’ for citizen participation in public services that limits citizens to playing a more passive role as service-users: Those who can perhaps make some demands on the public sector, but who have little influence; who make few, if any, decisions; and take little responsibility for implementing public policy. Thus, it might be possible to speak of two types of co-production: Co-production ‘heavy’ and co-production ‘light’. The space allotted to citizens in the latter is too restricted to make participation very meaningful or democratic. Whereas, co-production ‘heavy’ is only possible when citizens are engaged in organized collective groups, where they can reasonably achieve some semblance of direct democratic control over the provision of public financed services, via democratic decision-making as a member of such service organizations. A similar argument can be made concerning user participation in for-profit firms providing welfare services.

We also note that service delivery takes quite different forms in pre-school services. Most pre-school services studied here fall into the top-down category, in terms of style of service provision. There are few possibilities for parents to directly influence decision-making in such services. This normally includes both municipal pre-school services, and for-profit firms providing pre-school services. Perhaps this is logical from the perspective of municipal governments. They are, after all, representative institutions which are chosen by the voters in elections every fourth or fifth year. They might consider direct client- or user-participation, in the running of public services for a particular group, such as parents, as a threat both to the representative democracy that they institutionalize, as well as to their own power. It could also be argued that direct participation for a particular group, like parents, would provide the latter with a ‘veto right’ or a ‘second vote’ at the service level. There may also be professional resistance to parent involvement and participation, including some misunderstanding about the extent of such client involvement and responsibilities, i.e., whether it concerns core or complementary activities.

The logic of direct user participation is also foreign to private for-profit providers. Exiting, rather than giving voice, provides the medium of communication in markets, where parents are also seen as consumers. So, this logic also curtails most types of direct user participation. Only the parent cooperative services clearly fall into the bottom-up category that facilitates co-production ‘heavy’. Here we find the clearest examples of New Public Governance, where parents are directly involved in the running of their daughter and/or son’s preschool centre in terms of being responsible for the maintenance, management, etc. of the pre-school facility. They also participate in the decision-making of the facility, as members and ‘owners’ of the facility. However, both these comparative studies of pre-school services also illustrate the co-existence of several different layers of public administration regimes in the same sector, and country. In Sweden, for example, most pre-school services are provided by

municipalities in a traditional top-down public administrative fashion, which may facilitate co-production 'light'. Private for-profit pre-school services seem inspired by ideas of greater consumer choice related to New Public Management.

It should, however, be clearly noted that not all third-sector organizations can automatically be equated with greater client participation. Whether or not they are depends primarily on their own internal decision-making rules. Many non-profit organizations are not governed in a fashion that promotes the participation of either their volunteers or clients. Most charities and foundations are run by a board of executives that is appointed by key stakeholders, rather than elected by their members or clients. Very few such organizations can be found among providers of pre-school services in Sweden. However, social enterprises in Europe usually include representatives of all or most of the major stakeholder groups in their internal decision-making structures, and they are often governed as multi-stakeholder organizations. In fact, participation by key stakeholders and democratic decision-making structures are two of the core social criteria applied by the European EMES Research Network, to define and delimit social enterprises .

C. Summary and conclusions: crowding-in and crowding-out?

[...]We then explored two comparative studies of parent participation in childcare in Europe. We found that there are four kinds—or dimensions—of parent participation in the provision of publicly- financed social services. They are economic, political, social, and service -specific participations. In the Swedish study, parent participation was clearly greatest on all four of these dimensions in parent co-op pre-school services. Then the influence of both parents and staff was compared in four types of service providers: Parent co-ops, worker co-ops, municipal services, and small private for-profit firms in Sweden. Both the parents and staff of parent and worker co-ops claim to have more influence, than those of either the municipal services or for-profit firms.

Thus, we concluded that neither the State nor market allow for more than marginal or ad hoc participation by parents in the preschool services. More substantial participation in economic or political terms, that can only be achieved when parents organize themselves collectively. to obtain better quality food, or different kinds of preschool services than either the state or market can provide.

Both public services and small for-profit firms demonstrate the existence of a 'glass ceiling' for the participation of citizens as clients of enduring welfare services. Evidence also suggests similar limits for staff participation in the public and private for-profit forms of providing enduring social services. Only social enterprises, like the small consumer and worker co-ops, appear to develop the necessary mechanisms to breach these limits, by empowering the clients and/or staff with democratic rights and influence.

Thus, co-production is a core aspect of New Public Governance and implies greater citizen participation in municipality and third-sector provision of public services. Third-sector provision of social services helps to breach the 'glass ceiling' for citizen participation that otherwise exists in both public and for-profit services. These findings can contribute to the development of a policy that promotes democratic governance (Pestoff, 2008) and empowered citizenship (Fung, 2004). However, it is important to emphasize the interface between the government, citizens, and the third-sector; and to note, that co-production normally takes place in a political context. An individual's cost/benefit analysis and the decision to cooperate with voluntary efforts are conditioned by the structure of political institutions, and the facilitation provided by politicians. [...]

The way in which the third-sector can deliver services, and have an impact on society, is both related to the global forces of marketization and privatization, on one hand, and the experimentation with new forms of citizen participation, co-production, and

collective solutions to social problems, on the other hand. In Europe, many welfare-states experienced extensive change starting in the early 1980s and will likely face even greater changes in the next 10 to 20 years in terms of providing welfare services. The growing division between financing, and the delivery of welfare-services is becoming more apparent. Ideological clashes over the future of the welfare state began with the appearance of neo-liberalism, and New Public Management (NPM). At the same time, in 2007, the Alternative Provision of welfare services was marginal in some countries, usually only found in specialized niches. However, by the first weeks of the 21st century it had grown considerably, with a varying mix of for-profit firms and third sector providers in different social services areas and countries. A continued public monopoly of the provision of welfare services seems therefore highly unlikely or ruled out by domestic political circumstances in most European countries. Thus, there appears to be two starkly different scenarios or trajectories for the future of the welfare state in Europe: either rampant privatization, with accelerated NPM, or the growth of New Public Governance (NPG), with greater welfare pluralism and more co-production. [...]

A public administration regime can 'crowd-out' certain behaviours, and 'crowd-in' others in the population. For example, a welfare reform policy inspired by New Public Management that emphasizes economically-rational individuals—who maximize their utilities and provides them with material incentives to change their behavior—tends to play down values of reciprocity and solidarity, collective action, co-production and third-sector provision of welfare services. By contrast, one that emphasizes mutual benefit, and reciprocity, will promote public services that are "truly owned by the citizens they serve and the staff on whose service and innovation they rely" (HM Government, 2010).

Moreover, one-sided emphasis by many European governments, either on the State maintaining most responsibility for providing social services, or turning most of them over to the market, will hamper the development of co-production and democratic governance. The state can 'crowd-out' certain behaviors, and 'crowd-in' others in the population. A favourable regime and favourable legislation are necessary for promoting greater co-production and third-sector provision of welfare services. Only co-production and greater welfare pluralism can promote New Public Governance, and more democratic governance of social services. Furthermore, the growth of peer-production, and the spread of information technology, will inevitably impact the space for networked governance and alternatives to both public and private for-profit provision of public services. As more and more informal and non-traditional organizations enter the public domain, the demand for greater third-sector provision of public services, and more citizen participation in the provision of such services will probably grow. However, again, the government sets the rules of the game, and it's support and understanding for such developments will make a substantial difference. Once again, the government and its policies can crowd-in, or crowd-out such developments in the future."

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