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**The Logic of "Social Enterprise": The Big Issue Organization and New Labour Policy at the Millennial Juncture**

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**Recommended Citation**

Gupta, Suman. "The Logic of "Social Enterprise": The Big Issue Organization and New Labour Policy at the Millennial Juncture." *CLCWeb: Comparative Literature and Culture* 23.2 (2021): <<https://doi.org/10.7771/1481-4374.3780>>

This text has been double-blind peer reviewed by 2+1 experts in the field.

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**CLCWeb: Comparative Literature and Culture**

ISSN 1481-4374 <<http://docs.lib.purdue.edu/clcweb>>  
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**Volume 23 Issue 2 (June 2021) Article 4**

**Suman Gupta,**

**"The Logic of 'Social Enterprise': The Big Issue Organisation and New Labour Policy at the Millennial Juncture"**

<<http://docs.lib.purdue.edu/clcweb/vol23/iss2/4>>

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Contents of **CLCWeb: Comparative Literature and Culture 23.2 (2021)**

Special Issue: **A Return to the Bad Old Times. Ed. Fabio Akcelrud Durão and Fernando Urueta**

<<http://docs.lib.purdue.edu/clcweb/vol23/iss2/>>

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**Abstract:** This paper explores the emergence of and policies and practices underpinning 'social enterprise' in Britain: that is, the concept that businesses could provide social services and benefits while returning profits to those who have invested in them. This paper argues that, in Britain, the concept was massaged into existence and adopted as a business and policy model at a particular historical juncture, in the later 1990s and early 2000s. The process involved a careful interweaving of linguistic maneuvers with financial calculations both at the level of specific businesses and at that of political regimes. This process is traced here with reference to a specific organization, the Big Issue, and a particular policy regime, introduced by the New Labour government between 1997 and 2005. For the former, the transition from business activity focused on the *Big Issue* magazine to brokering activities for the "social enterprise" sector generally is tracked. The New Labour government's concurrent focus on "social exclusion" and rearticulation of terms denoting sectors providing public services are traced. Thus, light is thrown on the relationship between the strategic terminology deployed at the ground-level of business operations and the top-down level of governmental policy and welfare restructuring in this period.

## Suman GUPTA

### The Logic of 'Social Enterprise': The Big Issue Organization and New Labour Policy at the Millennial Juncture

Since the 1990s the phrase "social enterprise" has referred to businesses which putatively provide social services and benefits while returning profits to those who have invested in them (owners, shareholders). Those social responsibilities have traditionally been undertaken by public, cooperative or charitable bodies without profit-making as a guiding objective; net profits, if made, were expected to be reinvested into the further provision of benefits and services.

The advent of "social enterprises" as particular operations and gradually as a business sector in Britain, supported by a legislative framework and public resources, occurred under the New Labour government from 1997 to 2007. "Social value" or "impact" measurements to gauge such businesses were put in place. This process has usually been described in terms of policy changes and organizational implementations at governmental level (sketchily in Alcock 158-79; at length in Somers). Some such businesses (one is examined below) have also tracked this sector's development in terms of their own record, usually in periodic reviews. Useful as such accounts are, these have tended to leave certain grey areas. For example, the effectiveness of "social value" measurements has arguably been questionable, since providing them itself became an entrepreneurial activity with its own limitations and vested interests (see Barman 20-24). More to the point here, the relationship between ground-level operations and top-down conceptions of "social enterprise" have seldom been explored cohesively.

The view taken in this paper is that such accounts can be productively complemented by paying close—indeed precedent—attention to the language of government initiatives and of business operations. To a significant degree, this paper argues, the history of the advent and settling of "social enterprise" in Britain in the New Labour government period was operationalized through linguistic strategies. These strategies worked concurrently in governmental policy initiatives and in specific business operations. That the period saw "terminological change and debate" (Alcock 158) is oft noted in histories of New Labour's welfare restructuring. But terminology is usually understood as a matter of introducing new terms and definitions which thereafter enable operational changes; terms are considered a preliminary step in the process. This paper maintains that negotiating terms and massaging their usages and implications are in themselves operational changes; linguistic usage, so to speak, *enact* businesses and *perform* policy moves.

With regard to the advent of "social enterprise" in Britain this argument is made below at two levels: first, for a specific business group, the Big Issue organization; and second, for New Labour policy. To some extent the former could be thought of as exemplifying the wider thrust of the latter. More importantly, the two levels flow into each other: linguistic strategies resonate, correlate or coincide across particular business operations and broad governmental initiatives. A brief section next outlines the juncture at which the Big Issue organization and New Labour policy met — the "millennial juncture." Two subsequent sections are devoted to the Big Issue organization and New Labour policy respectively, before a brief Conclusion.

#### A Transitional Juncture

The Big Issue was incorporated as a private company limited by shares in May 1991. Its product, the *Big Issue* magazine, first appeared in September 1991 with a distribution strategy designed to enable homeless persons to earn a living. Following a decade of expansion, its producers evinced a sense of arrival as the new millennium dawned. In the interim, the magazine had attracted consistent and largely congratulatory media notice, aroused the interest of British politicians and celebrities, and established connections with similar initiatives in other countries. The Big Issue Foundation had been established in April 1995 as a separate company and registered charity to support the magazine's homeless vendors, and several regional companies (Scotland, North, Southwest) were set up. These developments were detailed in Tessa Swithinbank's celebratory account of the project in 2001 (Swithinbank). Swithinbank was then the magazine's Head of International Department, and had married John Bird, the company's main executive and most publicly courted director. Other key players, such as Gordon Roddick (bringing funding from The Body Shop) and Nigel Kershaw, kept a relatively low profile. Having both a magazine and its newsworthiness in hand, the Big Issue organization's managers were able to mold its story. A smattering of academic papers at this juncture contributed to that story, principally by using the magazine's homeless vendors as research subjects and examining their everyday encounters

(Fitzpatrick and Kennedy), addiction (Hunter and Power 57-69), interactions with customers (Hibbert, Hogg and Quinn 288-301), and experiences as women (Doyle 239-46).

In that decade then the Big Issue had become a *brand* indelibly associated with addressing homelessness and supporting the homeless. The punchy phrase with that definite article, "*the* Big Issue," could both evoke that association in everyday conversations and be used as a name redolent with good intentions for any operation. The power of the brand name proved constantly expedient for the organization since, and occasional departures have been short-lived. So the charitable company that was incorporated as Mutualnumber in 1995 became the Big Issue Foundation after two years, and the company set up as Biginvest in 2003 changed to Big Issue Invest after five years.

The decadal moment in which the Big Issue organization was celebrating its sense of arrival was a propitious one for addressing homelessness. After winning the 1997 elections, Prime Minister Tony Blair's "New Labour" government had set up several initiatives to counter "social exclusion." A unit to tackle such exclusion, especially to reduce the number of "rough sleepers" (homeless on the streets), was started in 1997, coordinated by Peter Mandelson, then officially Minister without Portfolio. Several important legal and policy developments came together in 2002. Notably, the Homelessness Act of 2002 (Ch.7) replaced several elements of the Housing Act of 1996 (Part VII): among other measures, making it obligatory for local authorities to develop a homelessness strategy and extending housing benefits to asylum seekers (Office of Deputy PM 8-9). Alongside those, several key policy-informing documents appeared which have a bearing on organizations like the Big Issue – these are detailed further below. Through these the concept of "social enterprise" became a central plank in government policy for addressing "social exclusion." The foregrounded phrase "social exclusion" attracted the attention of critical discourse analysts at the time, who found that it effectively passivized or blamed the poor and side-lined material estimations of poverty (Levitas Ch. 1; Byrne; Fairclough Ch. 2). The policy language of those New Labour documents derived largely from reports sponsored earlier by the Roberts Foundation in the USA (especially Emerson and Twersky eds.).

In keeping with the drift of the time, even as the Big Issue organization was celebrating the *Big Issue* magazine's success, the organization was also transforming itself into a "social enterprise" player in a larger way and at the expense of the magazine. Following stringent budget cuts from the magazine to fund a failed attempt to have a Los Angeles version and other directions of "social enterprise," and the effective closure of the London editorial base, eight senior editors took voluntary redundancy. One of them, Adam MacQueen, wrote a bitter article about the episode in 2002 in *The Guardian*. He observed that promotional schemes to keep the magazine afloat were rejected by Bird in a bid to diversify. "By contrast, those projects that did get off the ground—a series of web ventures with Tony Cook, the man behind Red Pepper, and their Social Brokers scheme which aims to marry the opposing concepts of ethical investment and venture capitalism—are loyally championed, and cross-promotion in the magazine is encouraged" (McQueen).

The Big Issue organization thereafter predominantly devoted itself to marrying those "opposing concepts of ethical investment and venture capitalism." By this time, in 2001, the Labour government had established a "Social Enterprise Unit" under the Department of Trade and Industry, and those key policy-informing documents of 2002, mentioned already, followed. Duly, the Big Issue organization evolved into a cluster of finance-sector companies which still carried the brand but had little connection to either the magazine or homelessness, working in synch with Labour and then Conservative "social enterprise" policies and in partnership with commercial corporations and investors. A series of Big Issue private limited or limited partnerships were incorporated thereafter, predominantly under the control of Nigel Kershaw: Big Issue Invest in May 2003, Big Issue Social Investments in May 2009, Big Issue Social Enterprise Investment Fund in December 2009, Big Issue Invest Corporate Social Venturing in July 2013, etc. By 2003 the *Big Issue* magazine itself, while retaining its association with homeless persons through on-the-ground vending, had been redesigned into a corporate organ. *The Guardian* accordingly carried another article in 2003, by Meg Carter, reporting that the advertising agency Publicis had been commissioned to reorient the magazine as "weekly provocation for independent minds and urban lifestyles," targeting "young urban radicals": "The Big Issue has failed to exploit its potential as a media owner. It has suffered from a belief that its mission should come first, its medium -- the magazine -- second. We're suggesting they reverse that -- that focusing on the latter will help the former," Jason Frost, Publicis Blueprint managing director says.

The distinction made between the mission (addressing homelessness) and the medium (magazine) was where the brand "Big Issue" extricated itself from both. To see where that led, it is expedient to look back. The next section looks back into the Big Issue organization and the political environment it

worked within in the 1990s and 2000s, the section after that turns to the evolution of New Labour "social-enterprise" policy in the same period.

### Magazine to Broker

The concept of the *Big Issue* magazine played adroitly in reorienting the nuances of "homeless" in the 1990s—not so much as naming the condition of being "homeless" as in referring to persons who are "homeless," *the* "homeless." Briefly, the idea behind the magazine was that only the homeless would be allowed to sell it; they would buy it at half its cover price from the magazine's producers (i.e. at the production cost), and sell it at cover price to readers (i.e. at the market cost), and keep the difference as their earnings. Half the cover price would cover the magazine's production and running costs, alongside income from advertisements and sponsorships, and may realize a profit if sales were good. The magazine would be sold by the homeless directly to customers on the streets, and not from shops or stalls (by a commercial retailer). As a business model, this differs from the standard business model of a magazine in the following respects:

- The difference between the production cost and the market cost, with a 100% mark-up in the latter (so, that which is produced at £1 is sold at £2) is somewhat higher than is usual; assuming that there's no wholesaler involved, the market cost as a rule involves a 50% mark-up on the production cost (that which is produced for £1 is sold at £1.50).

- Distribution is confined to homeless persons selling the magazines on the streets and does not involve commercial retailers; so, what would normally be wholesaler and retailer costs go to the homeless sellers, without any infrastructural investment involved in distribution.

In fact, the *Big Issue* magazine's business model does not differ structurally from any commercial magazine's. The two differences hinge around how the nuances of "homeless" are played with, and, more broadly, how the brand "Big Issue" could be capitalized.

The success of this business model depended on a complex set of dissociations and associations from the baseline identification of "the homeless" as such. In British policy and advocacy reports it is customary to put the homeless into two broad groups: those who literally live and sleep on the streets or are "rough sleepers," visible embodiments of poverty; and the "statutory homeless," who are precariously sheltered, whose experience of poverty is largely hidden from view. In fact, "rough sleepers" are criminalized in principle by the Vagrancy Act 1824; though the law has fallen into disuse, it has not been repealed. Questions about the Vagrancy Act were raised in parliament in 1990 (Hansard), a period in which significant increase in the numbers of rough sleepers was a matter of growing concern (for the *Big Issue* perspective on this see Swithinbank Ch.1; generally Burrows, Please and Quilgars eds.). The Housing Act 1996 clarified the remit of the term "homeless," including both rough sleepers and those in precarious housing:

175. – (1) A person is homeless if he has no accommodation available for his occupation, in the United Kingdom or elsewhere, which he –
- (a) is entitled to occupy by virtue of an interest in it or by virtue of an order of a court,
  - (b) has an express or implied license to occupy, or
  - (c) occupies as a residence by virtue of any enactment or rule of law giving him the right to remain in occupation or restricting the right of another person to recover possession.
- (2) A person is also homeless if he has accommodation but –
- (a) he cannot secure entry to it, or
  - (b) it consists of a moveable structure, vehicle or vessel designed or adapted for human habitation and there is no place where he is entitled or permitted both to place it and to reside in it.
- (3) A person shall not be treated as having accommodation unless it is accommodation which it would be reasonable for him to continue to occupy.
- (4) A person is threatened with homelessness if it is likely that he will become homeless within 28 days.

This could be considered the baseline meaning of being "homeless"—"the homeless"—that the *Big Issue* magazine's business model built upon.

The person thus legally identified as "homeless" is understood as falling outside a basic standard of living that it is the responsibility of the state to maintain. Somewhat against the grain of that identification, the *Big Issue* magazine's business model conferred some added nuances to that person's identity. As one who buys the magazine from its producers they become *consumers*, and as sellers of the magazine they become *vendors*. That homeless persons selling the magazine should be regarded as "vendors" is well known. It is the term that the *Big Issue* organization has used in all its reports, policy communications and publicity material—the sellers are encouraged to present themselves explicitly as "vendors" doing, so to speak, a job. The thrust of this characterization is obvious: as a

"vendor" this person takes responsibility for herself (has agency) whereas in being "homeless" this person appears to wait for the state to take responsibility for her. The "vendor" mitigates for the neglect of the "homeless" person; dynamic self-help replaces passive suffering; the earner replaces the beggar; and thus it might be tacitly suggested that the state need not own up to its responsibility too strenuously ... perhaps, eventually, at all. That homeless sellers of the magazine could be considered "consumers" by the organization was less obvious. But in Big Issue management circles this was a common way of referring to homeless sellers. One Big Issue manager was quoted by Swithinbank as clarifying the business model thus:

We could say, in pure business terms, that The Big Issue had a consumer demand amongst people who weren't even consumers, essentially homeless people. There was a latent demand, which The Big Issue brought out, for a product that they could bring to the marketplace.

We have two levels of consumers. The first is homeless people and the second is the public. [...] We created a consumer demand amongst the homeless and then they demanded it by coming in their droves. Then we have to go on to the marketplace and create consumer demand.

When we started we were selling social change; homelessness. We were selling the opportunity to engage in social change (55).

Another was quoted as follows: "We have always encouraged homeless people to think of themselves as consumers. We say, you don't have to accept that advice, or help, if you don't want to. If you don't like that approach, go for another one. The policy of making homeless people only have one offer of accommodation, and then if they don't accept it reject them, is wrong. They should have choice like anyone else"(16). The business model thus seemed to not merely make employed "vendors" of homeless persons, but also to seek their transformation into "consumers" with choices and demands.

Being identified as a "vendor" and "consumer" appears to work against the connotations of being a "homeless" person. However, in the *Big Issue* magazine's business model that was not quite the case: "vendor" and "consumer" had to be constantly associated with the "homeless" person for the success of the business. After all, the vendor was not only selling the magazine to the final line of consumers, but also, as one of the Big Issue managers quoted above observed, "selling social change." That final line of customers were buying both the magazine *and* the virtue of "engaging in social change." It was a double transaction, inextricably tied in with each other, each accentuating the other. That mutually enhancing but uneasy coalescing of commercial exchange with altruistic impulse, was carefully balanced in the interpersonal encounter between homeless vendor and customer. It was staged at the point where money and magazine changed hands, in the street setting. The magazine's substantive content was seldom particularly devoted to homelessness; the vendor's status as homeless was variously foregrounded in marginal self-publicity within its pages and more vociferously around it. The *presence* of homeless persons was tacit but explicit in encounters between vendor-cum-homeless persons and customers on the street. Otherwise, the homeless person existed in this business model as a purely brand-enhancing trope.

To be precise, in fact the homeless person was encountered less as *presence* and more in *foreknowledge*. The homeless person as vendor knows that her condition of homelessness is known to the customer in advance and the customer knows that the vendor she sees is aware of this. Given this mutual foreknowledge, however, the homeless person then performs as vendor in ways that do not make her homelessness obtrusive or gratingly visible. This homeless person's performance as vendor is at the expense of manifesting her suffering or want, so that the foreknowledge is abstract and the momentary encounter itself is commercial. The homeless person's presence is performed as concealed behind her performance as a vendor. That, at any rate, is the premise on which the success of the business model depends. Thus, the embodiment of homelessness is abstracted away and transformed for the customer's gaze, who nevertheless is aware of this transformation by foreknowledge. By this subterfuge, the condition of being "homeless" is both registered and muted. What appears instead is a curious moral amalgam, a performance of the *deserving* homeless: homeless but congenial, enterprising, grateful. This is someone whom customers feel virtuous enough to buy from and help but without feeling any responsibility for the existence of homelessness.

The investment into this performance was not merely or even predominantly the vendor-cum-homeless person's; it was the basis of the business model and therefore a central concern of the Big Issue organization. So, those interpersonal encounters needed to be regulated by the organization. The

kind of regulation that the organization undertook was indicated in a paper investigating how customers buying the *Big Issue* in Scotland respond to this interpersonal encounter, based on interviews:

With regard to the fact that consumers come face-to-face with beneficiaries when they are approached to buy the *Big Issue*, a number of issues arose. For the most part, consumers were very positive about the direct involvement of homeless people in the exchange, recognising the value of the process as empowering and as a sign that people were helping themselves. Consumers also derived personal satisfaction from being involved in the empowering process. [...] The *Big Issue* vendors are regarded by the organisation as being in an employee relationship with the company; albeit that they are working for themselves, they are in effect the front-line staff. It would appear that consumers are prepared to accept the role of the vendors as long as they do not cross over into requesting more than the agreed cover price, even though many consumers are prepared to give more. (Hibbert, Hogg and Quinn 299)

The obvious mode of regulation that the Big Issue organization employed was in getting vendor-cum-homeless persons to sign a Code of Conduct to cover actual encounters with customers (discussed in Swithinbank 37-38, full version given 223-24). This involved setting up a system of badging *bona fide* homeless vendors who would then follow certain rules, infringement of which could be punished by de-badging. The rules give a clear sense of the moral preconceptions governing the performance of being deserving homeless persons: no aggression, no bad language, no evidence of inebriation, no competing with other vendors for space, no vending outside designated spots and especially on public transport, no begging, etc.

The most interesting point about this regulatory function that the organization undertook was in implying another signification for the homeless person in question: not merely a "consumer" and a "vendor" but also, as the above quotation notes, an "employee." The organization in fact does not acknowledge such an employer-employee relationship with vendors. The later version of the Code of Conduct, now called a Vendor Agreement, states explicitly: "As a Big Issue vendor, you are not an employee of The Big Issue and you should not hold yourself out as being an employee of the Big Issue. Your relationship with The Big Issue is that of a wholesaler/retailer." (Big Issue website) However, an *employee-like* relationship is not unreasonably inferred from the Code/Agreement, which has the appearance of a contract. It is, by definition, an employer's part to enforce conditions of work for employees by contract and within the remit of the law, such as may regulate an employee's conduct or behavior while engaging in that work. Such a prerogative could not extend to any wholesaler or retailer in the ordinary sense. The producer of a magazine may put some strictures on how the product is represented by a wholesaler or retailer, but cannot regulate that party's personal conduct or movements. The disclaimer in the Agreement was no doubt inserted because acknowledging an employer relationship would entail legal responsibilities towards the employee. These are described, in Britain, by a cluster of acts and regulations: National Minimum Wage Act 1998; Working Time Regulations 1998; Employment Rights Act 1996; Pensions Act 2008; Equality Act 2010; Part Time Workers Regulations 2000; Agency Workers Regulation 2010; Small Business, Enterprise and Employment Act 2015; alongside EU labor law. Accepting employer responsibilities would naturally be expensive and detrimental to the *Big Issue* magazine's business model. So, while exercising an employer-like prerogative, the Big Issue organization explicitly refused any employer-like responsibility. This is slippery ground, and is ultimately managed at a predominantly linguistic level. Depending on who is addressed and in what context, the organization could switch between contradictory references to the homeless person as "vendor," "consumer," "employee-like," "retailer/wholesaler" and also, implicitly, "beneficiaries" (subjects of charity, as in the quotation above). In fact, the organization formalized the employer-like relationship without employer-like responsibilities to some degree. The homeless vendor was managed *as a vendor* in her commercial relationship with the Big Issue company incorporated in 1991 (not a charity) and *as a homeless person* in her beneficiary relationship with the Big Issue Foundation incorporated in 1995 (a registered charity).

On a related issue: it was not merely in relation to the Big Issue organization that the employment status of homeless vendors arose; it also appeared in relation to the state. This too hinged around the resonances of terms. In Britain, amidst growing xenophobia and rising nationalism through the 2000s (especially after the financial crisis and austerity measures from 2007 onwards), the normative ring of "homeless" flipped from guilty sympathy into anxious antipathy when attached to—or replaced by—"migrants" (particularly "Gypsies" or "Muslims"). Romania's and Bulgaria's accession into the European Union (EU) in 2007 was attended by removal of visa restrictions, but, extraordinarily, in direct contravention of EU's core principles, nine of the 26 member states imposed transitional restrictions on employment for their citizens. The British government decided that migrants from there had to apply

for "accession worker cards" and prove their employment status before becoming eligible for welfare benefits. Working as a homeless vendor of the *Big Issue* magazine could allow Romanian and Bulgarian migrants in this transitional period (second-class EU citizens then) to register "self-employed" status and claim some benefits. This possibility gave rise to a sustained wave of anti-immigrant reporting from 2008 onwards, as austerity measures sank in. This was targeted particularly against Bulgarians and Romanians, expanded at times to East Europeans generally, and focused with forthright prejudice against ethnic minority "Gypsies" or "Roma" (in fact, for a while, "Romanians" became synonymous with "Roma" or "Gypsy"). In one of the most fiercely xenophobic of mainstream British newspapers, the *Daily Mail*, "the Romanian Big Issue seller" became a regular hate figure. A sampling of news headlines from 2010 to 2014 tells the story more effectively than any narrative could.

### Some *Daily Mail* reports, 2010-2014

Date	Author	Title in italics and, where relevant, quotation
28/6/2010	Sue Reid	<i>The Romanian gipsy and the teenage daughter he sent to beg on Britain's streets</i> "Officers raided 17 house—including the one where Eva lived with a cousin, Claudia Stoica, who distributed the Big Issue magazine, sold on the streets by homeless people."
21/5/2011	Sue Reid	<i>Benefits Boulevard: Gypsies' gaudy mansions built in Romania... with YOUR money</i> "Romanians who have migrated to Britain are restricted from claiming benefits—unlike other East European nations which joined the EU three years earlier. But in a sophisticated scam, many Romanians have circumvented the system by claiming to be 'self-employed' Big Issue sellers."
19/1/2012	Luke Salkeld	<i>Romanian Big Issue seller given legal right to claim housing benefit (on top of the £25,000 she already claims)</i>
24/2/2012	Rebecca Chamber	<i>Gipsy pickpockets' palaces: The mansions built by Romanian family of thieves who robbed train passengers while they slept</i> "In Britain, they claimed to be destitute, living on benefits and scrounging from tourists to whom they sold the Big Issue."
11/4/2012	Rick Dewsbury	<i>Romania's population falls by 12% as three million flock to richer European countries including Britain</i> "An investigation revealed that large numbers of Romanians are working in the UK as Big Issue vendors whilst also claiming benefits. Almost one in three Big Issue sellers – 700 out of a nationwide force of 2,250 registered vendors according to the magazine – were found to have come from Romania."
15/2/2013	Guy Adams	"We want to get into your country before someone locks the door": Shocking investigation into the coming wave of immigration from Romania and Bulgaria "Under a loophole in EU immigration rules, Big Issue sellers can claim 'self-employed status,' thereby gaining a National Insurance number and, with it, an instant legal foothold in the British labour market."
4/12/2013	Emine Slinmaz	<i>Homeless? What a joke! Romanian Big Issue seller who stole from blind pensioner lives in £250,000 four-bedroomed house and has a conviction for theft</i>
22/12/ 2013	Suzannah Hills	<i>A third of Big Issue vendors are now from eastern Europe, magazine founder reveals [that is John Bird]</i>
1/1/2014	Arthur Martin	<i>Romanian Big Issue seller called the "benefits teacher" is urging families to follow her to Britain</i>
7/1/2014	Daily Mail Reporter	<i>"Homeless" Romanian Big Issue seller is finally jailed after stealing £50 from purse of blind pensioner as she gave him money</i>

5/6/2014	Matt Chorley	<i>Selling the Big Issue is used "more and more" by eastern Europeans to claim in-work benefits, says Duncan Smith [then Secretary of State for Work and Pensions]</i>
7/11/2014	Sue Reid and Arthur Martin	<i>Child exploitation and the deeply disturbing story behind Red Ed's 14-year-old Roma beggar</i> "The same official records show that Rebeca's parents did not have jobs in the UK. (It is believed they were Big Issue sellers)." "Yet many, like Mrs Stoica, have used a legal loophole which let the self-employed (including Big Issue sellers) obtain residency status -- entitling them a panoply of state benefits and services."

In 2014, after six years, the transitional restrictions on employment for Romanians and Bulgarians in Britain were lifted, while access to employment for migrants was tightened across the board. By 2015 John Bird was ennobled and declared himself a Conservative, and the Big Issue organization was mainly focused now on financial activities in the "social enterprise" sector. In June 2016, Britain voted in the Brexit referendum to leave the EU by a slight majority. Over these years, this particular strand of reporting gradually became a non-story. So, when the *Daily Mail's* campaign against "Romanian Big Issue sellers" seemed to bear fruit in 2017, it was relatively quietly received. A court ruling effectively ended all debate by stopping a Romanian woman's benefit payments on the grounds that her earnings from selling the *Big Issue* magazine fell beneath the level at which National Insurance payments would be required (*DV v Secretary of State for Work and Pensions*). However, the xenophobic *Daily Mail* campaign had already had a decisive effect: the magazine's homeless vendors seemed permanently tarnished in conservative eyes, though the Big Issue brand continued to be strong.

So, the magazine's fortunes waned but the Big Issue organization's did not. Let me reel back to the period around 2002-2003, when the organization turned from being a "social enterprise" centered on a product (the magazine) towards capitalizing on financial activity in the emerging "social enterprise" sector generally. This was a favorable period for precisely that turn. A panoply of government initiatives to support such a move appeared just then, all centered on a network of policy terms and legislation radiating around the key term "social enterprise"—a process described in the next section. The Big Issue organization evidently calculated that larger-scale profits with more dispersed social benefits might follow if it became a brokerage between financial investors and the "social enterprise" sector. Its middleman function would then mainly be to arrange loans to "social enterprises" from commercial lenders (investors) with the promise that those loans will have significant returns. To perform this role the organization was able to claim, so to speak, "street credibility." The brand "Big Issue" could be used thereafter to remind all of that credibility, both to give confidence to would-be investors and to have the trust and custom of "social enterprises" seeking investment.

But a few further linguistic twitches to the discourse of "social enterprise" are worth noting here. In setting up a favorable environment for "social enterprise," the New Labour government had actively foregrounded the social benefits without losing sight of, but prudently also without shouting about, the profit-making incentives. The latter were suggested in cautious phrases like "ethical investment" or "social investment." For parties like the Big Issue organization to interest investors it was necessary to foreground *both* social benefits and profit-making, to shout about both with equal fervor. Naturally, a cluster of brash terms and phrases quickly emerged in subsequent years to answer to it: "impact investment," "social venturing," "corporate social venturing," "impact capital," "venture philanthropy." These were quickly put into circulation in publicity documents and media interventions by brokers, and indeed often adopted as brand names. As the Big Issue organization's brokerage activities expanded, companies incorporated for various strands therein were, as noted earlier, branded accordingly (Big Issue Invest, Big Issue Social Investments, Big Issue Social Enterprise Investment Fund, Big Issue Invest Corporate Social Venturing). Replacing tame words like the "social" in "social enterprise" with the punchier "impact" or "philanthropy," and the quiet "investment" in "social investment" with the stronger "venturing" or "capital," did the trick. These phrases suggest that significant profits could be realized *because* the investment was into the "social enterprise" sector, which could be as profitable as and perhaps more profitable than other sectors.

The Big Issue organization's self-publicized record indicates that this is not an empty promise. The proliferating strands of its financial activities and the figures of investments mentioned on its website—directed towards potential investors—indicate steady success. Also indicative are the public-facing annual reports, with the slogan "by social entrepreneurs, for social entrepreneurs." These are principally for reassuring existing and attracting potential investees (i.e. "social enterprises" getting those loans),

and for self-promotion; in brief, these are mainly publicity documents. These therefore devote most of their pages to outlining how the investees have benefitted in measurable terms, i.e. "social value" measurements. In these, the kinds of "social enterprises" getting loans are divided into areas which cohere broadly with those legally itemized for charities from 2006 (see next section). The 2016 report divided these areas into "core social impact" (employment and training; education and learning; health and social care; tackling homelessness; financial inclusion; community and sustainable transport) and "wider socio-economic impact" (creating jobs; enabling economic development in disadvantaged areas; raising the bar on employment standards) (Big Issue Invest 4). Numerate-looking "impact" indicators were given for specific and area-wise "social enterprise" investees, which appear to give a comparable overview of success in enabling social benefits. The overall figure of investment was stated as £1.2 million in 2015/2016 to UK "social enterprises"; and it observed that £1.5 million was returned to investors over this period, and overall £2.5 million so far (Big Issue Invest 1). To gauge what scale of profits these returns indicated, one needs to go to the unobtrusive final page of the report, on "exited investments in 2015/2016 (Big Issue Invest 44)." Here one finds that on investments to the HCT Group, Moneyline and Goodwill Solutions<sup>1</sup> the returns generated by Big Issue Invest were, respectively, an Internal Rate of Return (IRR) of 9.2% and a cash multiple of 1.5x, an IRR of 11.4% and a cash multiple of 1.2x, and an IRR of 7.4% and cash multiple of 1.1x. The IRR is the effective interest rate without taking external factors like inflation into account. Given that the five-year period within which these investments were made was economically shaky in Britain (the official bank rate was 0.5% throughout), these represent good returns on loans.

### Benefits with Profits

The business of the *Big Issue* magazine threw up some generalizable principles which characterized businesses in the "social enterprise" sector, which the Big Issue organization gradually became a broker for. To that extent, the New Labour government's "social enterprise" policies, developed particularly around 2001-2003, could be regarded as premised on this business model. The principles could be stated thus:

1. Any commercial product or service which is firmly associated with producing public benefits has a distinctive value for consumers (those who ultimately pay for it). That is to say, it has an added value to that determined by the usual demand-generating factors: the need and quality of the product and market-share of the producer.

2. Apart from direct consumers, a friendly disposition among the general public is easily engendered for such products and services – public disposition and publicity meet halfway. On the one hand, low-cost or free publicity can be garnered from media corporations and civil-society groups which wish to promote those public benefits. On the other hand, a comparatively uncritical approach towards such products and services prevail among watchdogs, ombudsmen, regulators, etc.

3. The friendly disposition of the general public may also help reduce some production costs, especially by recruiting volunteers who offer services without or with very little compensation. The advantages of this are not to be underestimated. Examining the polarized distinctions implied in terms like "volunteer" (and "amateur") apropos of "professional" (or "expert"), Barry D. Karl observed: "There is now a genuinely modern form of relation between amateurs and professionals in which the two shift back and forth and may become indistinguishable as professionals in one area are called upon as volunteers in another."(256)

4. A business trading in these products and services is less likely to face ruthless competition from other businesses. If such a business has established its firm brand association with public benefits, other businesses are more likely to further their interests by partnering or by complementary activities which help them to associate their brands with public benefits too.

5. Perhaps most importantly, in contexts where the state is seeking to significantly reduce or disinvest from direct public spending, such businesses are apt to receive strong support from the state. Businesses promising to reduce the state's costs on public services and benefits can expect a supportive environment to be provided by the state. The state could support them by, for instance: (a) directing

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<sup>1</sup> Goodwill Solutions provides warehousing and distribution services to supermarkets etc., while offering training and work experience for ex-offenders, recovering addicts, former homeless, long-term unemployed, etc.; Moneyline offers small, short-term, unsecured loans to customers who have difficulty accessing credit from high street banks at lower rates than other similar lenders (usually legalized loan-sharks); the HCT Group is a registered charity providing transport services to voluntary organizations, charities and community groups.

indirect financial advantages (e.g. tax breaks, preferential access to infrastructure and resources) which have traditionally been reserved for public and charitable bodies; (b) giving access to direct state investment in the form of grants and loans from public money, from budgets conventionally confined to public and charitable bodies; (c) enabling legal arrangements that allow them to operate with public confidence; (d) arranging international agreements that favour the growth of such businesses.

With these principles in mind, the New Labour government's moves towards centering "social enterprise" in the early 2000s meant setting up a process whereby public benefits could be dissociated from government management of public monies and associated with commercial investments and activities grounded in private capital. That, in turn, entailed a comprehensive blurring of the boundaries of "public" and "private," and in an overlapping way of "governmental" and "non-governmental." Conventional concepts of public and private ownership were displaced and prerogatives on the regulated use of public money redefined. The process of blurring these significant conceptual and functional boundaries needed to be carefully engineered because the economic logic of simultaneously making profits and generating public benefits across different social domains and on large scale – at the scale of government responsibility—was supported by no disinterested reasoning or robust evidence. In fact, neither were needed; a gradual reorientation of existing terminology, a proliferation of optimistic rhetoric, a massaging of syntax and generation of selective data was sufficient to transform the very language of public policy and perception—what came to be thought of as New Labour "spin" or "spin-doctoring." (for different perspectives, see Jones 1999; Walker 41-66) The ground for this was already well-laid by 1997, and firmed up after Labour won the election again in 2000.

The preparation of this ground could be variously accounted. With a long historical view it could be regarded, in Pete Alcock's (160-61) terms, as the arrival of the fourth stage of the relationship of state and voluntary sector as providers of public services: in "partnership." Thus, the relationship could be pegged as evolving—by a mixture of circumstance and design—through three previous stages: a late 19th century relationship of non-interference, an early 20<sup>th</sup> century relationship of complementarity, and a post-war relationship of having the voluntary sector supplementing state services. With an eye on more immediate historical causality, the direction taken in New Labour "social enterprise" policy could be regarded as a capitulation with Conservative policies under Margaret Thatcher, or at least as extending a post-Thatcherite rationale into welfare systems. However, with the development of terminology foregrounded, where strategic language usage is coeval with the working of policy and enterprise, the more productive account is drawn through the post-war history of the Labour Party – more precisely, through what historians regard as the right-wing within Labour. The ideological negotiations and real-political contestations that unfolded at the behest of the Labour right, as the party moved in and out of government from the 1950s to the 1980s before gradually taking the mantle of New Labour in the 1990s, have been severally documented and analyzed (see Haytor; Meredith). Tracking the terminological negotiations through which "social enterprise" emerged therein takes us predictably back to Anthony Crosland's *The Future of Socialism* (1956) and its proclaimed revisionist turn. Its argument principally built upon the assertion that ownership was irrelevant. Crosland maintained that public and private ownership made little difference to how productive units work, since "all are managerially controlled, none exist primarily to enrich the owners [...] they are all controlled by men enjoying similar relations at work" (41). He had considered several models of "competitive public enterprise" instead, which prefigured "social enterprise" (332-35)—and prefigured Blairite mantras like "public-private partnerships" and "corporate social responsibility." Crosland, however, was regarded as rather too invested in welfarist redistribution within the Labour right. A decade later, somewhat further right within the Labour spectrum, Giles Radice—whose book was later to give Crosland his due as an ideologue of the Labour right (*Friends and Rivals*)—averred that Marxist conviction in public ownership was being pragmatically abandoned by democratic socialists in various Western European countries (in Sweden, Germany, Italy... and, of course, largely by the British Labour Party), in favor of various models of "mixed enterprise" (*Democratic Socialism*). There was then still a little way to go in disregarding ownership altogether, but the lavish use of "enterprise" as designator was clearly on the way towards that. The ascendancy of "social enterprise" in the New Labour sense seemed the end of a path set by the right of the Labour Party from the 1950s onwards (see Wickham-Jones 224-40).

As Tony Blair and his cabinet took office in 1997, however, the more obvious currents of terminological strategies to do with "social enterprise" came from the continent, from the EU's bureaucracy. The Emergence of Social Enterprise in Europe (EMES) research network, involving initially researchers from 15 EU member states, was formed in 1996 with EU funding and was instrumental in doing some of the early linguistic work—variously defining "social enterprise" in context-specific ways.

Its first report appeared in 1997 (EMES), and its end-of-project publication covering all 15 member states in 2001 (Borzaga and Defourny eds.). Around the time various organizations engaged in banking and financial activity which could be considered conscientious were seen as cohering under the phrase "ethical finance" or "social banking," (for a history, see Milano) seldom used before the 1980s. Also in May 1997, one such formation, the International Association of Investors in the Social Economy (INAISE), established in 1989, organized an influential seminar in Copenhagen on *Financing Social Entrepreneurs*, following which it worked on projects supported by the European Commission (Vandemeulebroucke). A couple of years later, the Organization for Economic Co-operation and Development (OECD) produced a book, *Social Enterprises*, which performed the important task of pulling an avowedly "tentative definition" out of vague references with official authority:

social enterprises are organisations which take different legal forms in different countries, which are organised in an entrepreneurial spirit and which pursue both social and economic goals. [...] The distinguishing feature of social enterprises is their capacity to find innovative, dynamic solutions to the problems of unemployment and social exclusion and to contribute to the type of economic development that enhances social cohesion, which is one of the facets of sustainable development. (OECD)

Once a term is defined with official authority, however tentatively, it gradually becomes applicable in a self-fulfilling manner. This definition was repeated often in policy papers and reports around Europe in subsequent years, including New Labour policy papers. Despite appearing definitive, it was not without reason that this was offered as "tentative" and allowed for considerable flexibility in "legal forms." The "tentative definition" appeared authoritatively clarifying in the midst of the blur, but was still blurred enough to leave space for bureaucratic maneuvers to manage state disinvestments.

How that worked in New Labour Britain is succinctly exemplified with reference to three policy documents that appeared early in Blair's second term, in 2002: two of these were joined by the title *Private Action, Public Benefit*, and one was entitled *The Role of the Voluntary and Community Sector in Service Delivery* (Cabinet Office [1]; Cabinet Office [2]). These presented, alongside policy directives, an interesting linguistic game. They performed two contrary maneuvers: on the one hand, they suggested that "social enterprises" are *distinct* from public-sector benefits agencies, charities, and private businesses (i.e. are parallel or complementary to those); on the other hand, these made out that "social enterprise" *overlaps* with all of those, could be a subset within the others or, paradoxically, be considered an umbrella term which contains any kind of public-benefit providing organization.

To put these maneuvers into perspective, let me first sketch out what had been received finance-and-management descriptions of the main agencies constituting different sectors—generally, descriptions underpinned by legal definition at the time. By those terms, *public-sector agencies* are directly funded and managed by the government, that is, by drawing on money and resources which are given in an ongoing way and ultimately owned by all citizens (public money). These are given to the government on the understanding that they will be used to serve public (social) interests—provide public benefits—irrespective of returns. *Charities* are funded by donations, sponsorships, bequests, grants, etc. (including by the government from public money, which includes tax breaks), on the understanding that they will be used to serve certain areas of public benefits irrespective of returns or on the basis of returns which enable them to continue extending their provision of benefits. These are managed by bodies (trusts, associations, cooperatives, etc.) which are autonomous or independent from the government. *Private business* are funded by investments from persons (investors) who expect returns greater than their investments (profits), and managed by bodies (executives, boards, etc.) which are both independent of government and ultimately controlled by investors.

But the linguistic game which made "social enterprise" distinct from both public agencies and non-governmental bodies, especially charities, and yet within their remit, and yet also as an umbrella term for them, consisted in detailed work in the above-named 2002 policy documents. It involved redefining "social enterprise" with a strong emphasis on *objectives* such that it becomes difficult to distinguish from charities or, for that matter, from public-sector agencies. In fact, it hereafter becomes expedient to talk more of "social benefits" or "social objectives" or "social purpose" and less of "public benefits" or "public services": "A social enterprise is defined as a business with primarily social objectives whose surpluses are reinvested for that purpose in the business or in the community (rather than being driven by the need to deliver profit to owners and shareholders). [...] They are seen as having the potential to play a key role in delivery of public services and generating wealth and improving life in disadvantaged communities" (Cabinet Office [1]). Much of the document quoted was devoted to actively blurring "The boundaries between social enterprises and business, charities and government" (Cabinet Office [1]) Linguistic awareness in such maneuvers was explicitly presented in the accompanying (actually

principal) document ostensibly on "charities," in a section entitled "What's in a name?" [Cabinet Office [2]]. This is worth quoting at length; it worked through a cluster of phrases and terms, and straightforwardly performed the moves through which "social enterprise" became associated with, dissociated from, contained within other terms, and ultimately captured them all at the same time. It needs no commentary, only contemplation:

2.1 Charities have a strong public image. Just knowing that an organisation is a charity is often enough to give the public confidence to donate money to it. [...]

2.2 However, it is much more difficult to find a term which captures the full range of organisations which are being discussed in this paper. Their unifying thread is that they operate for the primary aim of serving a community or for a social purpose, not for making a profit for investors.

2.3 Traditionally, the term "voluntary sector" has been used. This is a reasonable way to describe charities [...]. However, as the sector becomes more entrepreneurial, the term only really captures one element of their activity. It is even harder to see how the term has any relevance to cooperatives and social enterprises, which often have no voluntary input. The term "voluntary and community sector" captures some additional community organisations, but is still not comprehensive.

2.4 The phrase "Third Sector" has also been fairly widely used. Although it marks out the sector as something different from both government and business, it does little to define the sector itself and is unlikely to be well recognised by the general public.

2.5 A term which captured the distinctive purpose of these organisations would be preferable. There are two ways to do this. One is to identify what the sector is not about: making profits for investors. The term "nonprofit" is widely used in the USA. However, to some extent it carries the inaccurate implication that organisations are aiming only to break even, whereas they are in fact aiming to make a surplus – in order to reinvest this into a social purpose. [...]

2.6 The other approach is to say what the sector is about: pursuing community or social purposes. The term "social economy" is reasonably well understood, being used commonly in international contexts, and particularly in Europe. An alternative is "civil society."

2.7 Finding a brand name for the sector is important, but it is not something which it would be appropriate for Government to do. [...]

2.8 "Social enterprise" is a term which cuts across the distinctions of legal status and legal form explained later in this chapter. The term is used to describe organisations which trade for a social purpose and which are largely self-financing. (Cabinet Office [2] 14)

The effect of these ruminations was to gradually and step-by-step level the connotations of all those extant terms and phrases into "social enterprises." Legal distinctions according to ownership, organizational process, and regulation were erased in favor of a brand name. An accompanying policy discussion paper addressed specifically to the "voluntary and community organisations" (VCOs) covered its remit by constantly using the phrase "VCOs including social enterprises," and devoting a brief chapter to eulogizing "social enterprises" (taken to be, by definition, "value-led, market driven"). (HM Treasury 23-24)

It was expedient to orient the policy and legal connotations of "social enterprise" particularly apropos of "charities": legally recognized non-governmental bodies which serve social purposes and are gifted with a familiar normatively positive appellation. Sieving the definition of "social enterprises" via "charities" provided an opportunity to define social benefits without referring to the functions of the democratic political state or its publicly funded agencies, and in a way that could easily be extended to businesses. The legal status of charities when these policy documents appeared, underpinned by numerous Charity Acts, was well-defined in terms of their financial and management structures but vaguely understood in terms of their public/social benefits. More precisely, the latter were presumptively thought of as having to do with certain broad *areas* of activity (such as poverty, education, health, recreation) rather than in terms of clearly itemized areas. This was particularly the case in the UK (see Kendall and Knapp Ch.3), but was also so from a larger international perspective then (discussed in Salaman and Anheier eds. Part I). That situation also extended to less well-defined organizations than a "charity," such as those dubbed "nonprofit" or "voluntary" organizations. It was possible then to consider separating the legally endorsed finance-and-management structures of charities from the areas they address; to itemize the latter clearly; and then to associate commercial businesses with quite different finance-and-management structures to those areas as "social enterprises." Thus, such businesses could then resemble charities and yet not be bound by legal restrictions on charities, and correspondingly charities could then begin to resemble businesses and perhaps adopt some of their finance and management practices, and convergence on a norm of "social enterprise" would follow. In legal terms that's precisely what followed. The Charities Act 2006 for England and Wales (reiterated in 2011 and 2016) defined the social role of charities ("charitable purpose") by itemizing areas of activity: twelve areas were itemized (prevention of poverty, advancement of education, advancement of religion,

etc.). Commercial businesses could now use these to define their "social enterprise" character without restriction on profit-making, and with growing access to the advantages and public approval that charities enjoy (which could easily translate into brand and market leverage). As observed at the end of the last section, the Big Issue organization as "social-enterprise" sector broker presented its "social value" measurements accordingly in reports.

As New Labour's second term in government ended in 2005, and particularly when Tony Blair stepped down as Prime Minister during the third term, in 2007, several assessments on the reforms in welfare provision over the previous decade appeared (Stewart 408-35; Driver 50-67; Needham). These largely agreed on a mixed record: it appeared that the poor were somewhat better off (considered a result of redistribution), and yet inequality had increased significantly and the rich were considerably better off. Studies of how those policies affected welfare workers and work found that the effects had been deleterious and the whole infrastructure for welfare provision had become weak (Mooney and Law eds.). Not insignificantly, it was also found that a sort of habituation to the new principles of welfare provision had settled among parliamentarians of different persuasions, and indeed in public attitudes (Bochel and Defty). Of course, some of these assessments were set to be dramatically tested and revised from September 2007 onwards, with the collapse and nationalization of the Northern Rock bank and the onset of the financial crisis.

### Conclusion

The previous two sections – respectively focusing on the "social enterprise" operations of the Big Issue organization and on the New Labour government's concurrent "social enterprise" policies and restructuring of welfare—offer a distinctive view of a significant area of recent British social history. Existing accounts of the area have tended to focus either primarily on government policy and organization or predominantly on the record of particular enterprises. Differently from those, the two foci here inform each other at two levels.

First, the business models of the *Big Issue* magazine and then of the Big Issue organization as a "social-enterprise" sector broker, and indeed the move from a single-product business to a sector-wide operation, offer an exemplary case study for the benefits-with-profits policies of the New Labour government. Of course, a single case would always be indicative to a limited extent for understanding a national-level initiative. However, the scaling up of the Big Issue organization's operations implicated a broad range of the government's policy remit. Further, the generalizable principles drawn from the Big Issue's business model, outlined at the beginning of the previous section, usefully describe the sector as it came to be understood.

Second, and more importantly, the two sections suggest a continuum between the ground-level conduct of business operation and the top-down perspective of governmental policy with regard to 'social enterprises' in this period. This continuum is foregrounded by focusing on terminological strategies. Functionalizing "social enterprise" involved deploying words and phrases to not just describe and define but to operate a business and policy model. The blurring of boundaries between beneficiary/consumer/retailer/employee and of business/charity and between investing/philanthropic-giving in the Big Issue's operations dovetail or overlap with the blurring of boundaries between public/private, governmental/non-governmental, business/charity/voluntary/cooperative in New Labour policy. The Acts which define and regulate homelessness and employer-employee relations, outlined in the Big Issue section, have a correlative relationship with the policy documents which articulate "social enterprises" or the Act that defines charities. "Social enterprises" emerged as a crystallized sign from the interstices of actively blurred boundaries, without quite introducing new boundaries.

A number of obvious questions remain in the picture drawn above of benefits-with-profits in social enterprises. To what extent are these profits made by providing benefits for the poor and needy, or made irrespective of providing such benefits, through unrelated commercial means? To what extent are these made by extracting payment or cheap services/work from the poor in rhetorically "ethical" ways? The latter is reminiscent of having the "homeless" as "vendors" and "customers" of a magazine. Or, perhaps in some instances, is it the case that the profit is made by drawing ultimately, possibly via intermediaries, from public resources and charitable giving and transferring some of those towards financial investors? There is a mystery here waiting to be carefully explored, akin in a small way to the mystery with which Marx began his investigations into capitalism: how does a sum of money (M) invested as capital in "social enterprises" which benefit the poor grow into more money (M + m) for investors after circulating for a period of time?

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