

European Parliament resolution of 19 February 2009 on Social Economy (2008/2250(INI))

The European Parliament

A. whereas the European social model is built mainly upon a high level of services, goods and jobs generated by the social economy with the support of forecasting and innovation capacities developed by its promoters,

B. whereas the social economy is based on a social paradigm which is in line with the fundamental principles of the European social and welfare model, and whereas the social economy plays a key role today in preserving and strengthening that model by regulating the production and supply of numerous social services of general interest,

C. whereas the social economy models should consequently be built on to achieve the aims of economic growth, employability, training and personal services, which permeate all EU policies,

D. whereas the wealth and stability of society derives from its diversity, and whereas the social economy actively contributes to that diversity by improving and reinforcing the European social model and by providing a distinctive business model, which enables the social economy to contribute to stable and sustainable growth,

E. whereas social economy values are highly consistent with the common EU objectives of social inclusion and whereas decent employment, training and re-inclusion should be linked thereto; whereas the social economy has demonstrated that it can greatly improve the social status of disadvantaged people (as has been demonstrated, for example, by the microcredit cooperatives devised by Nobel Prize winner Professor Mohammed Yunus which, facilitating financial inclusion, increased women's influence) and that it has a substantial capacity for social innovation, supporting people facing difficulties in finding solutions to their own social problems, for example as regards reconciling their professional and private life, gender equality, the quality of their family life, and their ability to care for children, elderly people and people with disabilities,

F. whereas the social economy represents 10 % of all European businesses, with 2 million undertakings or 6 % of total employment, and has great potential for generating and maintaining stable employment, due mainly to the fact that those activities, by their very nature, are not likely to be delocalised,

G. whereas social economy enterprises are usually small and medium-sized enterprises (SMEs) contributing to a sustainable economic model, under which individuals are more important than capital, and whereas such enterprises are often active in the internal market and therefore need to ensure that their activities comply with the relevant law,

H. whereas the social economy has developed from particular organisational or legal business formations such as cooperatives, mutual societies, associations, social enterprises and organisations, foundations and other entities in each of the Member States; whereas the social economy covers a range of concepts used in the various Member States such as "the solidarity economy" and "the third sector", and although those concepts are not considered to form part of the social economy in all the Member States, comparable activities sharing the same features exist throughout the European Union,

I. whereas there is a need to recognise the statute of some of the types of organisation forming part of the social economy at EU level, taking into account the rules of the internal market, in order to reduce bureaucratic obstacles to obtaining Community funding,

J. whereas the social economy gives prominence to a business model that cannot be characterised either by its size or by its areas of activity, but by its respect for common values, namely, the primacy of democracy, social stakeholder participation, and individual and social objectives over gain; the defence and implementation of the principles of solidarity and responsibility; the conjunction of the interests of its user members with the general interest; democratic control by its members; voluntary and open membership; management autonomy and independence in relation to public authorities; and the

allocation of the bulk of surpluses in pursuit of the aims of sustainable development and of service to its members in accordance with the general interest,

K. whereas despite the increasing importance of the social economy and of the organisations that form part of it, it remains little-known and is often the target of criticism stemming from misguided technical approaches; and whereas lack of institutional visibility is one of the most important obstacles that the social economy faces in the EU and in some of its Member States, which is due in part to the peculiarities of national accounting systems,

L. whereas Parliament's intergroup on the social economy has undertaken detailed work,

General remarks

1. Points out that the social economy plays an essential role in the European economy, by combining profitability with solidarity, creating high-quality jobs, strengthening social, economic and regional cohesion, generating social capital, promoting active citizenship, solidarity and a type of economy with democratic values which puts people first, in addition to supporting sustainable development and social, environmental and technological innovation;

2. Considers the social economy to be important, both symbolically and in terms of performance, for the purpose of strengthening industrial and economic democracy;

3. Recognises that the social economy can prosper and develop its full potential only if it is able to benefit from suitable political, legislative and operational conditions and prerequisites, taking due account of the wealth of diversity among social economy institutions and the specificities thereof,

4. Considers that social economy enterprises should not be subject to the same application of the competition rules as other undertakings and that they need a secure legal framework, based on recognition of their specific values, in order to be able to operate on a level playing field with such other undertakings;

5. Underlines the fact that an economic system in which social economy enterprises play a more significant role would reduce exposure to speculation in financial markets on which some private companies are not subject to the supervision of shareholders and regulatory bodies;

Recognising the concept of the social economy

6. Points out that the diversity of entrepreneurial forms has been recognised in the EC Treaty and by adoption of the Statute for a European cooperative society⁴²⁷ ;

7. Points out that the Commission has repeatedly recognised the concept of the social economy;

8. Asks the Commission to promote the social economy in its new policies and to defend the social economy's concept of "a different approach to entrepreneurship", which is driven primarily not by a profit but by social benefit motive, to ensure that the particular features of the social economy are properly taken into account in the framing of legislation;

9. Takes the view that the European Union and the Member States should recognise the social economy and its stakeholders – cooperatives, mutual societies, associations and foundations – in their legislation and policies; suggests that those measures include easy access to credit and tax relief, the development of microcredit, the establishment of European statutes for associations, foundations and mutual societies, as well as tailored EU funding and incentives to provide better support to social economy organisations operating within market and non-market sectors, which are created for the purpose of social utility;

Legal recognition: European statutes for associations, foundations and mutual societies

10. Notes that there is a need for the recognition of European statutes for associations, mutual societies and foundations to ensure that social economy enterprises benefit from equal treatment in internal market law; considers that the withdrawal of the Commission's proposals for regulations of the European Parliament and of the Council on the statute for a European association and on the statute for a European mutual society (**COM(1991)0273**) is a significant setback for the development of these forms of social economy within the European Union; therefore urges the Commission to review its work programme accordingly;

11. Calls on the Commission to follow up the feasibility report on the statute for a European foundation which was to be published by the end of 2008 and to launch an impact assessment of the statutes for a European association and a European mutual society;

12. Calls on the Commission and the Member States to develop a legal framework that recognises the components of the social economy;

13. Calls on the Commission to ensure that the European private company will be a corporate form that can be adopted by all types of businesses;

14. Calls on the Commission to establish clear rules to identify which entities can legally operate as social economy enterprises and to introduce effective legal barriers to entry so that only social economy organisations are able to benefit from financing destined for social economy enterprises or from public policies designed to encourage social economy enterprises;

Statistical recognition

15. Calls on the Commission and the Member States to support the creation of national statistical registers for social economy enterprises, to establish national satellite accounts for each institutional sector and branch of activity and allow for this data to be collated by Eurostat, also by making use of competences available in universities;

16. Points out that the measurement of the social economy is complementary to the measurement of non-profit institutions (NPIs); calls on the Commission and the Member States to promote the use of the UN Handbook on Non-Profit Institutions in the System of National Accounts and to prepare satellite accounts which will improve the visibility of NPIs and social economy organisations;

Recognition as a social partner

17. Supports the fact that the components of the social economy should be recognised in the EU sectoral and inter-sectoral social dialogue and suggests that the process for including social economy actors in social consultations and the civil dialogue should be strongly encouraged by both the Commission and the Member States;

The social economy as a key operator for fulfilling the Lisbon Strategy objectives

18. Points out that social economy enterprises and organisations help to strengthen the entrepreneurial spirit, facilitate better democratic functioning of the business world, incorporate social responsibility and promote the active social integration of vulnerable categories;

19. Stresses that employers in the social economy are significant agents of re-inclusion, and welcomes their efforts to create and maintain high-quality, good, stable jobs and to invest in workers; calls on the Commission and the Member States to support and strengthen the social economy in its role as a good employer and to respect its special status;

20. Stresses that the social economy helps to rectify three major labour market imbalances: unemployment, job instability, and the social and labour-market exclusion of unemployed people;

furthermore notes that the social economy plays a role in improving employability and creates jobs that do not normally delocalise, which contributes to meeting the Lisbon Strategy objectives;

21. Considers that Member State support of social economy enterprises should be interpreted as a genuine investment in creating solidarity networks that can strengthen the role of local communities and authorities in developing social policies;

22. Considers that social problems call for reflection, but that in the current circumstances, what is needed most is action; considers that most social problems should be approached through local solutions, in order to deal with practical situations and problems; considers that, in order to be effective, such action requires strict rules on coordination, which means a high level of cooperation between public authorities and social economy enterprises;

23. Notes that because they are strongly tied to the local level, social economy enterprises enable links to be created between citizens and their regional, national and European representative bodies, and are able to contribute to EU governance that is effective for social cohesion; assesses very favourably the efforts of social economy enterprises and organisations to regroup within coordination platforms at EU level;

24. Points out that the social economy has a key role to play in attaining the Lisbon Strategy objectives of sustainable growth and full employment, since it counteracts the numerous imbalances on the labour market, in particular by supporting female employment, and establishes and provides community care services (such as social, health, and welfare services), in addition to creating and maintaining the economic fabric of society, thus helping to promote local development and social cohesion;

25. Is of the opinion that the European Union should take action to establish a framework for the social economy agenda as that would strengthen local and EU competitiveness and innovation capacity, given the ability of the social economy to generate stability in a context of eminently cyclical economies, by redistributing and reinvesting profits locally, where appropriate, promoting an entrepreneurial culture, linking economic activities to the local needs, sustaining activities at risk (e.g. crafts) and generating social capital;

26. Calls on the competent authorities and the operators in the sector to assess and enhance the role of women in the social economy, both in quantitative terms, given the high rate of employment of women in all fields of the sector, including associations and voluntary work, and as regards the quality and organisational aspects of work and service provision; is concerned about the persisting problem of vertical integration, even in the social economy, which limits the participation of women in decision-making;

27. Calls on Member State governments and local authorities and on operators in the sector to encourage and support the potential synergies which could be generated in the services sector by stakeholders in, and users of, the social economy by broadening the scope of participation, consultation and co-responsibility;

28. Calls on the Commission to take account of the realities of the social economy when reviewing State aid policy, given that small businesses and organisations operating at local level encounter considerable difficulties in accessing funding, particularly during the current economic and financial crisis; also calls on the Commission not to obstruct national company law or fiscal provisions such as those applying to cooperatives in the banking and distribution sectors that operate on the basis of mutuality principles, company democracy, the intergenerational transmission of assets, the indivisibility of reserves, solidarity, the work ethic and business ethics;

29. Highlights the fact that some of the social economy enterprises are micro-enterprises or small businesses that may lack the necessary resources to operate in the internal market and participate in national and EU programmes, and proposes that targeted support and instruments be put in place to enable them to improve their contribution to sustainable economic growth in the European Union, as well as to facilitate, in the event of a business crisis, the possibility of transforming enterprises into

worker-owned undertakings;

30. Calls on the Commission and the Member States to develop programmes directed towards potential and existing social enterprises offering financial support, information, advice and training and to simplify the process of establishment (including reducing the initial capital requirements for companies), in order to help them cope with an economy which is increasingly global and which is currently affected by a financial crisis;

31. Emphasises that social economy enterprises encounter more difficulties than large companies, for example in coping with regulatory burdens, in obtaining financing, and in accessing new technology and information;

32. Points to the importance of the social economy as regards services of general interest; points to the added value provided by public-private integrated networks, as well as to the risk of exploitation, for instance in the form of outsourcing to help public authorities cut their costs, not least by making use of contributions in the form of voluntary work;

33. Urges the Commission to continue its work of dialogue and clarification with the parties concerned and to support the Member States with regard to services of general interest and social services of general interest and make use of the 'bundled indicator' method;

Resources needed to achieve the objectives

34. Calls on the Commission to ensure that the features of the social economy (its aims, values and working methods) are taken into account when devising EU policies and, in particular, to incorporate the social economy into its policies and strategies in the sphere of social, economic, and enterprise development, especially in connection with the "Small Business Act" for Europe (**COM(2008)0394**); asks that when the social economy is affected impact assessments are carried out and the interests of the social economy are respected and given priority; urges the Commission, in addition, to look again at the possibility of setting up a social economy inter-service unit linking the relevant directorates-general;

35. Calls on the Commission to ensure that the Observatory of European SMEs systematically includes social economy enterprises in its surveys and to make recommendations for measures to assist their functioning and development; calls on the Commission also to take the necessary measures to enable social economy enterprises to be linked together and promoted by the European e-business support network;

36. Calls on the Member States to support small and medium-sized social economy organisations with aspirations to reduce grant dependency and enhance sustainability;

37. Calls on the Commission to invite participants in the social economy to join permanent bodies for dialogue and to participate in, and work together with, high-level expert groups likely to be concerned with issues relating to the social economy; calls on the Commission to participate in strengthening the structures for representation of the social economy at regional, national and Community level and to create a legal framework designed to promote active partnership between local authorities and social economy enterprises;

38. Calls on the Commission to promote dialogue between public agencies and representatives of the social economy at national and Community level and thus foster mutual understanding and promote good practices;

39. Calls on the Commission to support the EU think-tank on co-operative banks set up by the association of the sector or other financial services that might be of interest to social economy organisations which would study how these specific social economy entities have performed so far in the EU, especially during the current global credit and financial crisis, and how they will avert future

risks of this kind;

40. Calls on the Commission to investigate reactivating the budget heading specifically for the social economy;

41. Calls for programmes to be set up that will encourage experimentation with new economic and social models, to initiate framework research programmes, by including social economy subjects in calls for proposals under the Seventh Framework Programme, to envisage the use of a "multiplier" applied to the official statistics and to introduce instruments for measuring economic growth from a qualitative and quantitative point of view;

42. Calls on the Commission and the Member States to include a social economy dimension in the establishment of Community and national policies and in EU programmes for enterprises in the fields of research, innovation, finance, regional development and development cooperation, and to support the establishment of social economy training programmes for EU, national and local administrators and to ensure the access of social economy enterprises to programmes and actions for development and external relations;

43. Urges the Member States to make provision for training projects involving higher education, university and vocational training courses designed to create awareness of the social economy and of business initiatives based on its values;

44. Calls on the Commission and the Member States to support the development of skills and professionalism in the sector, in order to enhance the role of the social economy in labour market integration;

45. Calls on the Commission to devise a EU legal framework enabling territorial partnerships to be established and maintained between the social economy sector and local authorities, and to lay down criteria for the purposes of recognising and enhancing the social economy, fostering sustainable local development, and promoting the general interest;

46. Calls on the Commission to aim for conditions which will facilitate investments in the social economy, in particular through investment funds, guaranteed loans and subsidies;

47. Calls on the Commission to reassess:

- its Communication on the promotion of co-operative societies in Europe, and Regulation (EC) No 1435/2003 on the Statute for a European Cooperative society, as provided for therein;
- its Communication on Promoting the Role of Voluntary Organisations and Foundations in Europe;