

# EUROPEAN PARLIAMENT

2004



2009

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*Committee on Employment and Social Affairs*

**2008/2250(INI)**

14.11.2008

## **DRAFT REPORT**

on the social economy  
(2008/2250(INI))

Committee on Employment and Social Affairs

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## MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

### on the social economy (2008/2250(INI))

*The European Parliament,*

- having regard to Articles 3, 48, 125 to 130 and 136 of the Treaty establishing the European Community,
- having regard to Council Regulation (EC) No 1435/2003 of 22 July 2003 on the Statute for a European Cooperative Society<sup>1</sup>, and Council Directive 2003/72/EC of 22 July 2003 supplementing the Statute with regard to the involvement of employees<sup>2</sup>,
- having regard to Directive 2006/123/EC of the European Parliament and of the Council of 12 December 2006 on services in the internal market<sup>3</sup>,
- having regard to Council Decision 2008/618/EC of 15 July 2008 on guidelines for the employment policies of the Member States<sup>4</sup>,
- having regard to the Commission Communication of 30 January 2008 on a proposal for the Joint Report on Social Protection and Social Inclusion 2008 (COM(2008)0042), the Accompanying document to the Commission Communication on a Proposal for the Joint Report (SEC(2008)0091), and to the Joint Employment Report 2007/2008, as endorsed by the Spring European Council of 13-14 March 2008,
- having regard to its resolution of 6 May 1994 on the alternative, social economy<sup>5</sup>,
- having regard to its resolution of 18 September 1998 on the role of cooperatives in the growth of women's employment<sup>6</sup>,
- having regard to the Commission Communication on the promotion of cooperative societies in Europe (COM(2004)0018),
- having regard to the Commission Communication on promoting the role of voluntary organisations and foundations in Europe (COM(1997)0241) and to Parliament's resolution of 2 July 1998 on voluntary organizations and foundations<sup>7</sup>,
- having regard to the Commission Communication on 'Strengthening the local dimension of the European Employment Strategy' (COM(2001)0629) and to Parliament's resolution of 4 July 2002 on strengthening the local dimension of the European Employment

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<sup>1</sup> OJ L 207, 18.8.2003, p. 1

<sup>2</sup> OJ L 207, 18.8.2003, p. 25.

<sup>3</sup> OJ L 376, 27.12.2006, p. 36.

<sup>4</sup> OJ L 198, 26.7.2008, p. 47.

<sup>5</sup> OJ C 205, 25.7.1994, p. 481.

<sup>6</sup> OJ C 313, 12.10.1998, p. 234.

<sup>7</sup> OJ C 226, 20.7.1998, p. 66.

Strategy<sup>1</sup>,

- having regard to opinions of the European Economic and Social Committee on the social economy, in particular to those on The Social Economy and the Single Market<sup>2</sup>, Economic diversification in the accession countries – role of SMEs and social economy enterprises<sup>3</sup> and the Ability of SMEs and social economy enterprises to adapt to changes imposed by economic growth<sup>4</sup>,
  - having regard to its resolution of 6 September 2006 on a European Social Model for the future<sup>5</sup>,
  - having regard to the Commission Communication on the Renewed social agenda: Opportunities, access and solidarity in 21st century Europe (COM(2008)0412),
  - having regard to Rule 45 of its Rules for Procedure,
  - having regard to the report of the Committee on Employment and Social Affairs and the opinion of the Committee on Economic and Monetary Affairs (A6-0000/2008),
- A. whereas the European social model is structured mainly on a high level of services, goods and jobs generated by the social economy and with the support of forecasting and innovation capacities developed by its promoters,
- B. whereas the social economy models have consequently become the standard that should be built on to achieve the aims of economic growth, employability, training and personal services shared by all the European policies,
- C. whereas the wealth and stability of society derives from its diversity, and whereas the social economy actively contributes to that by improving and reinforcing the European social model and by providing a distinctive business model that enables the social economy to contribute to stable and sustainable growth,
- D. whereas the social economy represents 10 % of all European businesses, with two million undertakings or 6 % of total employment, and has great potential for generating and maintaining stable employment,
- E. whereas the social economy has developed from particular organisational and/or legal business formations such as cooperatives, mutual societies, associations, foundations and other entities in each of the Member States; whereas it covers a range of terms used in the various Member States such as ‘the solidarity economy’, ‘third sector’, ‘platform’ or even ‘third system’, and although these are not described as ‘social economy’ in all the Member States comparable activities sharing the same features exist throughout Europe,
- F. whereas the social economy gives prominence to a business model that cannot be

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<sup>1</sup> OJ C 271E, 12.11.2003, p. 593.

<sup>2</sup> OJ C 117, 26.4.2000, p. 52.

<sup>3</sup> OJ C 112, 30.4.2004, p. 105.

<sup>4</sup> OJ C 120, 20.5.2005, p. 10.

<sup>5</sup> OJ C 305E, 14.12.2006, p.141.

characterised either by its size or by its areas of activity, but by its respect for common values, which are the primacy of the individual and social objectives over capital; 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 mobilisation of the bulk of surpluses in pursuit of the aims of sustainable development, of service to its members and the general interest,

G. whereas the European Parliament's intergroup on the social economy has done detailed work on this subject,

### ***General remarks***

1. Points out that the social economy plays a primordial role in the European economy, by combining profitability with solidarity, enabling high-quality job creation and strengthening social and regional cohesion, active citizenship, solidarity and sustainable development;
2. Observes that the social economy can only prosper and develop its full potential if it has the benefit of suitable political, legislative and operational conditions;

### ***Recognising the concept of the social economy***

3. 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 society;
4. Points out that the Commission has repeatedly recognised the concept of the social economy;
5. 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 not driven mainly by the profit motive but by social benefit, to ensure that the particular features of the social economy are properly taken into account in the framing of legislation;

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

6. Notes that there is a need for the recognition of European statutes for associations, mutual societies and foundations to ensure that social economy enterprises receive equal treatment in the internal market's regulations; notes that the Commission has withdrawn the two proposals on Statutes for a European association<sup>1</sup> and a European mutual society<sup>2</sup>;
7. Calls on the Commission to follow up the feasibility report on the Statute for a European foundation 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;

### ***Statistical recognition***

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<sup>1</sup> OJ C 99, 21.4.1992, p. 1.

<sup>2</sup> OJ C 99, 21.4.1992, p. 40.

8. Calls on the Commission and the Member States to support the creation of national statistical registers for social economy businesses, to establish national satellite accounts for each institutional sector and branch of activity and allow for this data to be included in Eurostat, as the bundled indicator method is a tool that is readily available;

***Recognition as a social partner***

9. Supports the fact that the components of the social economy should be recognised in the European inter-sectoral social dialogue and insists that the process for including social economy actors in social consultations and the civil dialogue should be encouraged;

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

10. Points out that social economy enterprises help to strengthen the entrepreneurial spirit, facilitate better democratic functioning of the business world and incorporate social responsibility;
11. Notes that, because they are strongly tied in 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 European governance that is effective for social cohesion; assesses very favourably the efforts of social economy enterprises and organisations to regroup within coordination platforms at European Union level;
12. Highlights the fact that part of the social economy enterprises are micro-enterprises and small businesses that may lack the necessary resources to operate in the internal market and participate in national and European programmes, and proposes that resources be put in place to enable them to improve their contribution to the Union's sustainable economic growth;
13. 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;

***Resources needed to achieve the objectives***

14. Calls on the Commission to ensure that the features of the social economy (aims, values and working methods) are taken into account when devising European policies, by ensuring there is better coordination between policies and the directorates-general in charge of those policies, particularly the Directorate-General for Enterprise and Industry and the Directorate-General for Employment, Social Affairs and Equal Opportunities;
15. Calls on the Commission to invite the representatives of the social economy sector to set up permanent bodies for dialogue and to participate in the work of high-level expert groups likely to be of concern to the social economy, and calls on the Commission to participate in strengthening the structures for representation of the social economy at regional, national and European level;
16. Calls on the Commission to look into reactivating the budget heading specifically for the social economy;

17. Calls for programmes to be set up that will encourage experimentation with new economic and social models, to initiate framework research programmes, including by calling 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;
18. Calls on the Commission and Member States to include a ‘social economy’ dimension in the establishment of Community and national policies and in European 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 European, national and local administrators;
19. Calls on the Commission to assess:
  - the Communications on cooperatives and the European cooperative society, as provided for in those documents;
  - the 1997 Communication on promotion of the role of associations and foundations in Europe;

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20. Instructs its President to forward this resolution to the Council and Commission, and to the governments and parliaments of the Member States, the European Economic and Social Committee, the Committee of the Regions and the Social Protection Committee.

## EXPLANATORY STATEMENT

### Introduction

The social economy has a role to play in the economy as well as in society. Social economy enterprises are characterised by a form of enterprise that differs from the capital enterprise model. These are private businesses, independent of the public authorities, which meet the needs and demands of their members and the general interest. The social economy's capacity for providing innovative responses to the social needs that have emerged over the course of history has given it an increasing importance.

The social economy is comprised of cooperatives, mutual societies, associations, foundations and other enterprises and organisations that share the founding characteristics of the social economy. The social economy's lack of visibility derives from the fact that the special features of this type of undertaking are not always taken into account.

### Definition of the social economy

Social economy enterprises can be defined by the characteristics and values that they share:

- primacy of the individual and the social objectives over capital;
- defence and implementation of the principles of solidarity and responsibility;
- coincidence of the interests of user members and the general interest;
- democratic control by members;
- voluntary and open membership;
- self-management and independence of public authorities;
- mobilisation of the bulk of surpluses in pursuit of the aims of sustainable development, the interests of services to members and the general interest.

However, the social economy is under-represented at institutional level and little recognised or supported, if at all, at European level. The social economy covers a range of terms used in the various Member States such as 'the solidarity economy', 'third sector', 'platform' or even 'third system', and activities throughout Europe sharing the same features may be termed social economy activities.

### Recommendations of the report

#### *1. A European approach to the social economy: recognition of the concept*

This diversity should not, however, impede the design of a properly European approach to the social economy. That will require defining the role that it can play in the EU's institutional context.

The social economy helps to fulfil the four main aims of EU employment policy: improving the 'employability' of the active population; promoting the entrepreneurial spirit, particularly by creating jobs at the local level; improving the ability of enterprises and their workers to adapt, notably by modernising the organisation of work; strengthening equal opportunities policy, particularly by developing public policies that enable conciliation between family life and work. Social economy enterprises can provide fundamental societal added value by participating in the economic growth of European society, improving the democratic functioning of the business world through the participation of users/members and employees

and implementing the concepts of the corporate social responsibility and of locally rooted services.

This contribution by the social economy to employment policy is not confined to job creation as such. The jobs it creates provide employees with social security, a right to training, career development, and opportunities in suitable activities.

Finally, it is important to relate the social economy to the objectives of social cohesion and active citizenship, taking into account its local roots and its role in encouraging active participation. Such activities tend to activate social networks that are all the more important in a world where isolation and exclusion are on the increase.

## ***2. Clear legal status: legal recognition***

This conceptual definition of the social economy should be backed up by legal recognition of its components. The report's second recommendation concerns the establishment of European statutes for associations, foundations and mutual societies.

While social economy enterprises are often regarded as being on a par with capital enterprises, they are handicapped by a lack of legal instruments to act at pan-European level and consequently have to face unfair competition. European statutes would deal with the lack of visibility of these forms of enterprise when drafting European and international legislation.

## ***3. Statistical recognition***

A third recommendation of the rapport is to step up statistical efforts concerning the social economy and the employment it generates, and to improve understanding of the wide range of national experience with the social economy. Such efforts could be supported by creating a statistical register of social economy companies in each EU Member State, establishing satellite accounts for social economy enterprises by institutional sector and branch of activity in each Member State and enabling such data to be input into the Eurostat system of European statistics. The 'indicator-bundling' method that has been devised consists in drawing up an indicative list of criteria which are verified for their fulfilment by the operation or organisation concerned, thus enabling some degree of objectivity to be restored between social economy operators and 'traditional' operators.

## ***4. The social economy and social dialogue***

Recognition of the social economy as a specific partner in the social dialogue at European level is a considerable challenge. The social economy is every day becoming more conspicuous as a major actor on the economic and social scene. Express recognition of the components of the social economy in the European intersectoral social dialogue is thus the aim of this report's fourth recommendation.

## ***5. The social economy and markets***

The various enterprises and organisations making up the social economy are facing the challenge of integrating effective manufacturing processes and the aims of social well-being in their activities. The social economy's actors must be encouraged to put in place strategies that comply with the new demands of the markets that are increasingly competitive and

enable them to strengthen their task of recognising their members' well-being, responding to the needs of the general interest and strengthening social cohesion.

Among those competitive strategies the implementation of business networks and alliances must take an important place, as must the search for particular ways of funding businesses innovation in goods and services or the stimulation of training policies and the development of social economy skills.

#### ***6. Exchanging experience at local, national and European level***

The social economy more often than not forms part of a local and regional dynamic. Many of the most innovative organisations are small in scale and operate at local level. There is thus a risk that their experience can only be shared with difficulty and slowly. For this reason it is important that national and European levels should use appropriate forms of finance to stimulate the exchange of experience and coordinate their efforts to set up a socio-economic innovation fund that could support the most innovative social economy projects.

#### ***7. The social economy and the European social model***

The Member States and the European Commission should make a more specific commitment to ensure that the social economy is not just an effective instrument for achieving the specific objectives of public policy. The social economy is also an end in itself, indispensable for consolidating the values associated with the European social model. The organisations that are representative of the social economy should therefore be authorised and encouraged to put forward proposals in the area of social policy.

#### ***8. Assessment of results***

A final recommendation of the report concerns the promotion of a research programme at European level to examine the whole range of activities belonging to the social economy that are not attributable to other services provided by the private sector or public authorities. It is important not to assess social economy bodies only by means of such crude indicators as 'number of people employed' or 'level of self-financing', and it is important to use the bundled indicator method.

The growing interest in the social economy derives from recognition of the limits of the traditional private sector and the public sector in solving some current challenges such as unemployment, but also of the quality and quantity of services of collective interest.