

# Social economy

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The Committee on Employment and Social Affairs adopted an own-initiative report drafted by Patrizia **TOIA** (ALDE, IT) on social economy. It notes that 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). It has a substantial capacity for social innovation, encouraging those facing difficulty to find solutions to their own social problems. The social economy represents 10 % of all European businesses, with two million undertakings or 6 % of total employment, and has great potential for generating stable employment, due mainly to the non-delocalization nature of its activities.

The committee feels 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. It 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 the EU and Member States should recognise the social economy and its stakeholders – cooperatives, mutual societies, associations and foundations – in their legislation and policies. Those measures should include easy access to credit and tax relief, the development of microcredits, the establishment of European statutes for associations, foundations and mutual societies, as well as tailored EU funding and incentives to better support social economy organisations.

**Legal recognition:** 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. Members consider that the Commission's withdrawal of its proposals for a European Mutual Society Statute and a European Association Statute is a significant setback for the development of these forms of social economy within the EU, and they urge the Commission to review its work programme accordingly.

Members also made recommendations on **statistical recognition** and **recognition as a social partner**.

**The social economy as a key operator for fulfilling the Lisbon objectives:** the social economy helps to rectify three major labour market imbalances: unemployment, job instability and the social and labour exclusion of the unemployed. It creates jobs that normally do not delocalize, which contributes to meeting the goals set out in the Lisbon Strategy. Members stressed the importance of local solutions for social problems. Targeted support must be put in place to help micro-enterprises and small businesses. Members called for programmes directed towards social enterprises offering financial support, information, advice and training and to simplify the process of establishment (including reducing the initial capital requirements for companies).

**Resources:** the committee made a series of recommendations to the Commission, inter alia:

- to incorporate the social economy into its policies, especially in connection with the 'Small Business Act';
- to ensure that the Observatory of European SMEs systematically includes social economy enterprises in its surveys;

- 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;
- to look into reactivating the budget heading specifically for the social economy;
- to devise a European legal framework enabling territorial partnerships to be established between the social economy sector and local authorities.

Lastly, the Commission is asked to reassess its Communications on cooperatives and the European cooperative society, and its 1997 Communication on the promotion of the role of associations and foundations in Europe.