



European Confederation of Worker Cooperatives, Social cooperatives and social and participative enterprises

CECOP's response to the Commission consultation on the future "EU 2020" strategy

December 2009

1. Observation concerning the procedure

A first general observation concerning this consultation has to do with the procedure. In our view, it is **not acceptable to launch a consultation within such a short period of time**. Whereas the topic is central to the future of Europe, the deadline for the consultation is closer than those of many consultations which the European Commission organises on more specific policy issues. This inevitably lowers the legitimacy of such an important consultation.

2. Observation concerning the terminology

Although we completely support the idea of a society based on a more inclusive economy, sustainable growth and a European agenda that puts people and responsibility first, CECOP would suggest **not to use the term social market economy**, even though this expression is mentioned in the Treaty, or to explain very clearly the difference between this concept and the one of *social economy*. Indeed, we are concerned that the use of the term *social market economy* in a consultation with European civil society actors may create confusion with the term *social economy*¹, which regroups cooperatives, mutual societies, associations and foundations as well as other types of enterprises that share specific values and internal governance and redistribution systems², and has been repeatedly mentioned in EU official documents, including in recent ones such as the 2008 Social Agenda³.

3. General observations concerning the contents

Concerning the lessons to be learnt from the crisis, it is not realistic to take for granted that the next ten years will be stable, as the document appears to suggest. The future can no longer be based on an extrapolation of the present context, since the latter is changing increasingly rapidly. There are no guarantees that we have seen all the consequences of the crisis, which is far from being over, nor that all the lessons from the crisis have been learnt. It should be underlined that several EU countries are presently in an imminent danger of plunging back into the worse of the crisis. The longer the crisis will last, the more

¹ Mentioned in Commission's Communication Renewed Social Agenda COM(2008) 412 final, European Parliament (Patrizia Toia) report on Social Economy INI/2008/2250

² The primacy of the individual and the social objective over capital; Voluntary and open membership; Democratic control by the members; The combination of the interests of members/users and the general interest, ... For more information, visit "Social Economy Europe" website: <http://www.socialeconomy.eu.org/spip.php?rubrique216&lang=en>

³ COM(2008) 412final

modified and unpredictable the attitude of market players will be.

In this respect, we urge the European Union institutions to analyse **why certain enterprises have proved to be more resilient to the crisis than others**. We need to underline that, by and large, cooperatives have fared particularly well⁴. In the industrial and service sectors, most cooperatives in the EU have remained alive and their employment levels have remained basically untouched, as is reflected in a CICOPA – CECOP Europe survey⁵.

Besides being unrealistic, the approach in the document seems to be out of touch with the concrete reality of EU citizens: in fact, people are almost invisible in the text.

Finally, the text strikingly lacks ambition and appears as an inappropriate response at such a crucial strategic moment for the destiny of the European Union.

4. Observations concerning specific policy issues

4.1. ECONOMIC GROWTH AND DEVELOPMENT

More emphasis should be laid in the document on a long-term and sustained growth for Europe, namely one which takes into consideration **long-term economic interests** over the short-term ones, and which is combined with **long-term social and environmental concerns**. The more long-term growth and development will be a priority, the more the three aspects (economic, social and environmental) will reinforce each other, instead of being in conflict with each other. In this respect, cooperatives, as stakeholder-based and controlled enterprises, are natural partners in favour of long term growth and development.

4.2. EMPLOYMENT

In discussing how lost jobs will be replaced by newly created ones, the Commission working document seems to imply that the people losing their jobs are the same as the ones taking up the new ones, and thence shuns the need to address the difficulties of the people who are losing their jobs and are not likely to be the ones taking up the new ones. It gives the impression that employment is considered in terms of “units” rather than in terms of persons.

The document, on the other hand, lays a strong emphasis on innovation, new technologies and digital economy which are not the sectors that are most affected by the recent job losses.

Job durability is not taken into consideration at all in the document. There is no reference or suggested effort to maintain existing jobs, while there is a confusion concerning the issue of flexicurity. Flexicurity should be seen as security with flexibility, not a temporary work policy⁶. Job security and durability does not mean that voluntary job mobility should not be encouraged, nor that an enterprise should not be able to adjust its workforce to the circumstances. Workers should not be asked to be more mobile in order to compensate the effect of a crisis which they are not responsible for, while being the first ones to be affected by it. But the issue of job durability should not be seen only from the point of view of employment and social policies, but also from the point of view of the enterprise's long-term economic development: indeed, **enterprise development without any continuity in jobs is difficult to achieve**.

It should be added that mobility, and in particular intra-EU mobility, is not adaptable to all sectors, far from it: inside the EU, substantial problems of harmonisation still exist for many occupations. Furthermore, without a substantial increase in language skills across the European Union, it is hard to imagine how job mobility could increase, apart from the one generated by sheer necessity. Moreover, cross-EU mobility can hardly be improved without education about Europe, and without cross-European policies favouring inter-cultural understanding. If even European research centers encounter difficulties to collaborate, how can we expect ordinary workers to feel more European and be more mobile across the EU? Before projecting an increase of EU-wide worker mobility, we suggest that the European Commission conduct an in-depth impact

⁴ ILO "Responses to the Global Economic Crisis. Resilience of the Cooperatives Business Model in Times of Crisis": <http://www.ica.coop/activities/un/2009-coop-resilience.pdf>

⁵ Results of the survey can be found on: http://www.cecop.coop/public_docs/RapportCriseEN.pdf

⁶ See CECOP response to the EC consultation on Green Paper: "Modernising labour law to meet the challenges of the 21st century" http://www.cecop.coop/IMG/pdf/Moderniser_le_droit_du_travail_final.pdf

assessment on this topic. How can workers' mobility be hailed as a key element in the EU's agenda for a more competitive economy when it concerns only approximately 1.5% of EU citizens who currently live and work in a member state other than their country of origin, a figure which has reportedly not changed for 30 years⁷?

4.3. ENTERPRISES

The text gives the impression that the crisis has made the destruction of jobs and economic activities unavoidable. This need to be moderated with two elements: the crisis is not over yet and it is still possible to **preserve from closures** some activities in crisis as the experience from our network shows it very concretely in a whole array of economic sectors, from foundry to naval engineering, and from electrical material to public works. As it is stated in the Communication on a "Small Business Act" for Europe⁸, successful transfers of business preserves more jobs on average than those created by new start-ups. This is also the experience of our enterprise network. CECOP wishes to strongly underline that this is not conjunctural policy, and that, instead, what is at stake here is the economic development and social cohesion of entire European regions. The European Commission cannot but take this issue very seriously.

In the same line, the document should more clearly encourage **long-term productive initiatives in favour of the enterprises**, rather than short-term financial strategies that are in the sole interest of investors and shareholders. The Commission should also be far more careful in expressing the inevitability of enterprise and job destruction, as this orientation encourages the short-termism of enterprise policies proposed by some private equity funds for the sake of their own return on investment⁹.

CECOP hails the reference in the document to an intensification of industrial policy, but suggests an even clearer commitment towards the promotion of European industry and long-term industrial policy, in particular industrial districts and clusters.

The document should also make a clearer distinction between industrial policy and enterprise policy. The working document focuses on the former, while not directly discussing the latter. **Policies and structures facilitating enterprises development** should be reinforced, as advocated in the above-mentioned "Small Business Act". In particular, a strong effort towards financial support to enterprises, especially those that **strive to be born and to remain rooted on a given territory** should be ensured. Such financial support should include, *inter alia*, policies encouraging bank loans to enterprises and policies promoting non-banking financial instruments developed by enterprise networks, like ours. Other business support entities that are key to the creation and development of enterprises, such as federations, incubators, training centres, R&D institutions, advisory centers etc, should be explicitly promoted.

Self-employment is promoted in the document as a "real option for those who may have recently lost their job". CECOP considers that self-employment should not be presented as one of the main answers to such an important unemployment rate as the one the EU is facing – and will probably continue to face in the near future. Certainly, support structures for entrepreneurial creation and development should indeed be accessible to micro-entrepreneurs. In particular, **inter-SME collaborative networks** such as the ones we already have in Europe under the cooperative form (artisans' cooperatives, SME cooperatives, activity and employment cooperatives etc) should be energetically encouraged, as those networks reinforce considerably the **sustainability of the micro-enterprises** through shared marketing, purchases or other services, and provide the micro-entrepreneurs with *in situ* adult-learning opportunities. Such networks are also virtually the only way in which micro-enterprises can be a source of innovation, since (barring exceptions) the latter cannot rest on isolated micro-entrepreneurs, as the whole enterprise history since the industrial revolution clearly demonstrates.

But support to micro-entrepreneurs should under no circumstances appear as being a higher priority to the EU than enterprise policy in favour of SMEs in general. The latter are far more likely to generate durable economic activities and jobs, as well as innovation and presence on the internal market and in the globalised economy.

We support the objectives of a greener economy announced by the European Commission in the document. Nevertheless, sustainable development should not be considered only as a tool to strengthen competition.

⁷ Source : EurActiv (<http://www.euractiv.com/en/social/europe/introduction-workers-mobility/article-155759>)

⁸ COMM(2009)647 final

⁹ See : BVCA and PriceWaterhouseCoopers (2003) : A Guide to Private Equity, on http://admin.bvca.co.uk/library/documents/Guide_to_private_equity.pdf

During the next decade, particular support should be dedicated to enterprises that **combine environmental and social concerns together with economic concerns**, as it is the case for cooperatives directly involved in the production/distribution of renewable energies or waste treatment, etc.

4.3. SOCIAL INCLUSION

Social inclusion strategy for the next decade is weak in the text, when it should be reinforced regarding the impact of the crisis. EU should promote pro-active policies both at the EU level and Member State level which stimulate people to get out of precariousness. In this respect, our network has a few thousand enterprises specifically designed to provide integration through work to physically, mentally or socially disadvantaged EU citizens. More importantly perhaps, European social inclusion policy should focus far more on **prevention** than is the case as present. Our above-mentioned emphasis on the long-term sustainability of entrepreneurial activities and employment should also be seen as an effort by the cooperative system to not only “cure” social exclusion, but also to prevent it.

4.4. SERVICES OF GENERAL INTEREST

We know that the service sector will be an important sector for employment in the next years. Moreover, while vulnerable groups need, today more than ever, quality social services, new categories of citizens recently affected by the crisis will increase the demand. That’s why citizens should not be considered only as consumers of services of general interest. Independently from the various entrepreneurial ownership systems and contractual agreements in the delivery of services of general interest, four paramount criteria in the delivery of the latter should be promoted and ensured, for the sake of the EU citizens: **accessibility, durability, affordability** and **quality**, as we strive to promote the few thousand enterprises from our network that are involved in the delivery of services of general interest.