



CECOP

CICOPA Europe

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

CECOP's response to the Commission consultation:
"Modernising social protection for greater social justice and
economic cohesion: taking forward the active inclusion
of people furthest from the labour market"

25 February 2008

CECOP – CICOPA Europe (European Confederation of Worker Cooperatives, Social Cooperatives and Social and Participative Enterprises) is an international non profit association grouping national organisations in 17 countries which in turn affiliate over 60 000 cooperative and participative enterprises, mainly in industry and services; employing 1.3 million workers across Europe. Among the main sectors of activity, we find metal industries, mechanical industries, construction and public work, wood industry and furniture, white goods, textiles and garments, transport, media-related activities, social services, education and culture, environmental activities, etc. Most of them are characterised by the fact that the employees in their majority are members-owners, while some of them are second-degree enterprises for SMEs. Furthermore, a few thousand of those enterprises are specialised in the reintegration of disadvantaged and marginalised workers (disabled, long-term unemployed, ex prisoners, addicts, etc). This latter model has been recognized in the Commission Communication on the Promotion of Cooperative Societies in Europe (Com(2004)18, section 2.3.2 p 11) and in the European Communities Paper "Thematic Study on Policy Measures concerning Disadvantaged Youth of Disadvantaged Youths" (Community Action Programme on Social Exclusion, Policy Studies Findings – 6).

First of all, CECOP is satisfied to have a second opportunity to be consulted on this topic, after the first Consultation on action at EU level to promote the active inclusion of the people furthest from the labour market of April 2006, to which CECOP already took part.

We are also satisfied that the Commission continues to lay clearly the emphasis on the need for active inclusion policies, where cooperatives and other social economy enterprises can play a prominent role, notably in improving the growth, attractiveness and quality of jobs in the European Social Model perspective, if properly promoted. However, if inclusion is to be really active, it needs to be sustained first and foremost by preventive policies.

Furthermore, CECOP hails the recognition given to the social economy (in section 4.2 of the Communication) concerning the link to the labour market, but remarks that the same link to the social economy should also be done concerning the provision of social services (# 4.3) in which social economy enterprises (cooperatives, mutuals, associations and foundations) also have a prominent role. If the objective, as stated in the communication, is that 'by the year 2010, 25% of the long-term unemployed should be participating in an active measure', this huge effort will require the active contribution of all socio-economic actors, and not least from the social economy.

Concerning the proposed action (section 4 of the Communication):

We agree that the OMC offers a huge potential for an advancement of public policies in favour of the active inclusion of people furthest from the job market, as well as for other potential social policies, provided that the following considerations are duly taken into account:

The identification and dissemination of best practices are not sufficient as such. They should be accompanied by a strong research effort, aimed at calculating (through case studies and comparatively on the EU scale) the opportunity costs and positive externalities, in order to define the active inclusion policies that are the cheapest and the most sustainable socio-economically. Research is also necessary in order to elaborate theoretical models on the basis of best practice and opportunity costs, and thence policy proposals¹. Policy proposals should also be based on the highest social standards in the EU-27, neither the average ones nor the lowest ones. Indeed the aim of the OMC should be to bring member states towards higher, not lower social models.

¹ In this respect, CECOP reiterates its support for the proposal of a European observatory of the social economy formulated in the Economic and Social Committee's Opinion on the 'ability of SME's and social economy enterprises to adapt to changes imposed by economic growth' (October 2004), and wish to inform the Commission of the recent foundation of a European Cooperative Research Centre in Trento, Italy.

The latter remarks are highly important when we come to consider the necessity of coordination between the different OMC policies in the Lisbon strategy. Indeed, coordination does not mean subordination and this still seems to be the latent philosophy if one closely reads the new proposal for the 2008-2010 employment guidelines which still are defined with a stench of hierarchical subordination to the macro and micro economic priorities of growth and market logic.

The elaboration of stable EU-wide social policies requires more than the voluntary actions foreseen by the OMC. They also require the gradual and careful development of an EU normative framework respecting the principle of subsidiarity, but in which all EU member states agree on clear framework policies at EU level. Otherwise, the danger is an unbalance between the highest political levels of EU regulation in the field of cooperative law and internal market on the one hand, and the low level of regulation in social policies including in the field of active inclusion of people furthest from the job market, on the other.

Concerning the 3 pillars of the proposed policy (income support sufficient to avoid social exclusion, link to the labour market, and link to better access to quality services), we agree with them and have a few comments concerning the latter two.

Link to the labour market:

The Communication rightly refers to the social economy. CECOP's constituency of enterprises is one of the main European actors of the social economy directly engaged in the active inclusion of people furthest from the job market, their focus being on the creation of sustainable jobs for ordinary people in general, and for disadvantaged ones in particular. We consider that, among the active measures to be developed in this field, there should be:

- Support to the establishment of cooperatives specialised in the inclusion through work of disadvantaged groups
- Social clauses in public procurement and dissemination of the concept that the public procurement regulatory framework requires the selection of the best offer, not necessarily the cheapest.
- Provide a clear definition of 'protected workshop' in the public procurement (art 19 – directive 2004.18), as we already requested DG Internal Market, namely: full-fledged enterprises, where the disabled are full-fledged workers and where social integration through work is part of the mission itself of the enterprise (possibly through legislation).
- Enforcement of a wider definition of 'disadvantaged' in state aid regulation. The ongoing consultation process on block exemption indicates a progress in this direction. We further proposed to enlarge the definition in order to include in it workers of an enterprise being closed down and who agree to transform it into a

worker cooperative, on the basis of a sound business plan, until the enterprise has surpluses.

- Support to financial instruments of the social economy, especially those that help create jobs for the people furthest from the job market.
- Support to proper training and information to help people furthest from the job market be employed in cooperatives. Furthermore, we suggest more support for information to workers at national level, notably through national employment agencies and trade-unions, on the multiple and actual possibilities of enterprise transfers to workers. In this perspective, we finally recommend the latter to assure effective networking between unemployed workers and the competent organisations in national cooperative movements. This is particularly relevant concerning 4.3's consideration on access to available and affordable quality services.

But, like in the health field, preventive measures should be privileged, because of their lower economic and social cost, namely how to prevent the growth of the people furthest from the job market. The policies in this field should be linked to active policies in favour of successful business transfers to the workers of enterprises threatened of closures. The promotion of employment in worker/social cooperatives of population at risk (e.g. Rom people who are worker-members of cooperatives in Romania, cooperatives in Italy or Spain providing worker-member status to extra-EU immigrants etc).

Link to better access to quality services:

As mentioned above, social economy enterprises (cooperatives, but also mutuals and associations providing social services) should be mentioned here. Similar promotion policies as what is mentioned above under “Link to the labour market” should be proposed in social services. Furthermore, social services are sometimes indivisible from social integration through work; for example, many social cooperatives in Italy do both things at the same time. Indeed, social services and social integration through work can mutually reinforce each other. In fact, social integration through work should be more clearly considered as a social service in its own right.

Beyond accessibility and quality, the long term stability and sustainability of social services should also be considered as a fundamental element. A service that is accessible even to poor people or remote areas, and of high quality, loses much of its sense if it can be stopped overnight. Long term stability and sustainability is a characteristic feature of cooperatives, thanks to their rooting in local communities and their member-based character, associating the users or providers or both.

Concerning the EU support framework:

Community financial instruments indeed play a key role but have not yet been sufficiently available to the development of cooperatives and other social economy enterprises, especially in Central and Eastern Europe. Such instruments could be key complements to instruments launched by the cooperative movement, such as CoopEst (whose inauguration ceremony saw the participation of Commissioner Hubner), a manifestation of solidarity in which part of the CECOP members are Involved.

We also hail the development of the Progress programme. In the previous consultation, we had indeed advocated the pursuance of programmes to replace Equal) and we agree with the idea of a network of local observatories. But we consider that this network should be very well coordinated, and there should be a specific observatory for the social economy as already proposed by the Economic and Social Committee (see note 1 above). The recent establishment of a European Cooperative Research Centre in Trento is an important evolution in this regard.

But, as mentioned above concerning the OMC, we consider that the EU framework cannot be made exclusively of voluntary policies by member states, however effective and positive those may be, nor of financial instruments and observatories. There is also the need for a gradual EU regulatory framework in the field of the active integration of people furthest from the job market. This is particularly the case for SGI/SSGI, on the basis of art 14 and protocol 19 of the new treaty.

Furthermore, social dialogue in the field of social services and social integration through work should be developed at the EU level. We reiterate here CECOP's availability to work towards the gradual establishment of a European sectoral social dialogue in the field of social services and working conditions in the EU.