



# CECOP

CICOPA Europe

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

## CECOP's response to the Commission consultation:

### "Opportunities, access and solidarity: towards a new social vision for 21st century Europe"

*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).*

The communication "Opportunities, access and solidarity: towards a new social vision for 21<sup>st</sup> century Europe" sketches a correct picture of some of the main social realities which Europe is experiencing, from a societal, economic, employment-related and cultural point of view.

As the communication rightly points out on p 4, EU citizens regularly express anxiety and concern about the future, even when they feel satisfied with their lives. A developed politico-economic ensemble of 500 million citizens experiencing such a feeling of uncertainty is certainly not conducive to the implementation of a knowledge-based and socially-secure economy looking confidently towards the future, as the Lisbon vision envisages it.

If the specific problems listed down in the communication, in particular the rise of unemployment, poverty and social exclusion (especially among the elderly), individualism and changes in traditional solidarity patterns, etc, are not properly addressed, they will only confirm this feeling of uncertainty towards the future and jeopardise the future of the EU economy and society. Indeed, as the communication rightly states, raising the level of social welfare and protection makes very strong economic sense in a long-term perspective. Conversely, degradation in social welfare and protection can strongly undermine economic growth.

The degradation of the educational reality, with one in five school pupils dropping out on the average, is particularly worthy of concern. As the BEPA report on which this communication is based, the average educational levels are higher in Central and Eastern Europe than in Southern Europe, even though GDP and standards of living are generally lower.

In the three-pronged social vision proposed (opportunities, access and solidarity), the cooperative movement and the rest of the social economy have an important role to play, and should be promoted through appropriate public policies in order to be able to play an even more important role:

**Opportunities.** Cooperatives and their mutualised financial and other instruments provide opportunities to establish joint economic activities in partnership and solidarity with others.

**Access.** Cooperatives, in particular in social services, being community-based enterprises, strive to ensure proper access to their services and to the largest possible amount of people including the poor, at the most affordable price, for the longest possible time, and with the highest possible quality level, while maintaining all their entrepreneurial rigour and competitiveness.

**Solidarity.** Cooperatives are based on active solidarity combined with empowerment and democratic control of the stakeholders. In particular, worker and social cooperatives, as well as other types of employee-owned enterprises, practice such economic democracy directly among the workforce in virtually all economic fields.

Thus, those enterprises provide a socio-economic model which is at the very centre of the Lisbon vision and should thus be the object of active mainstreaming.

Concerning the **key areas for action**, those in which cooperatives can best contribute are the following:

**Investing in active inclusion and non-discrimination.** By putting their operational principles (generally enshrined in national legislation) into practice, cooperatives are community-based enterprises open to all without any discrimination (1<sup>st</sup> cooperative principle). In particular, worker and social cooperatives and other employee-owned enterprises, where the members are the workers themselves, are, by their very nature,

anti-discriminatory and inclusive in their recruitment policy, their first objective and mission being to create sustainable jobs. They are characterised by worker ownership, a third type of labour relation alongside conventional wage-based labour and self-employment, and an element of entrepreneurial sustainability especially under globalisation. Based on democratic management (2d cooperative principle), they are also entrepreneurial schools for their workforce (education and training is the 5<sup>th</sup> cooperative principle), which is also an element of social inclusion. Some of our cooperatives, which specialise in the labour inclusion of disadvantaged people, provide an even more specific type of active social inclusion: generally speaking, the disadvantaged workers also become members-owners of their enterprise.

**Investing in fulfilling careers.** As mentioned in our response to the labour law consultation in 2007, cooperatives are the best embodiment of real flexsecurity (namely one in which an increase in flexibility never results in a decrease of job security). In this respect, as we mentioned within the framework of that consultation, we disagree with the vision of a EU where a complete shift would take place from the ‘job-for-life’ period towards one in which a person would happily pass from one job to the next, and in which the social protection axis would thus move away from the enterprise. Although we do recognise that the Europe of the 21 Century cannot maintain a rigid vision of ‘job-for-life’ for all, we disagree with the above vision for the following reason:

1. As the communication itself recognises, if anything we have so far been witnessing a shift from job-for-life towards more unemployment<sup>1</sup>.
2. The model goes towards acquitting the enterprises from any responsibility in maintaining their jobs sustainable in the long run.
3. Cooperatives in general and worker/social cooperatives in particular have by and large been able to ensure long-term jobs to their workers, which is logical since the worker-members are co-owners of their enterprise and thus also of their jobs. They have been able to do it without necessarily decreasing their level of competitiveness. Their jobs within the enterprise are not necessarily the same during their whole career, as there usually is substantial horizontal and vertical mobility in those enterprises, given their democratic nature, and thanks to a generally high level of in house and on-the-job training.

In this respect, it is worth pointing out that a number of successful business transfers to the enterprise workers have taken place in enterprises where the crisis was due to management, not to structural and sectoral reasons. In some cases, the enterprise was not even in crisis at the time of the business transfer: the announced closure and delocalisation was prompted by the quest of higher profits for shareholders and

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<sup>1</sup> The ‘employment-for-life’ as an alternative concept to ‘job-for-life’ is largely inspired from the Danish model, which, however, is closer than it may appear. Apart from the fact that Denmark is a small EU member state, those who benefit from the state social protection must prove they have a good knowledge of Danish. It is difficult to imagine how the model can be mechanically copied in much larger countries with languages that are much more widely spoken around the world.

investors, not by the lack of viability of the enterprise in its original location.

Furthermore, maintaining jobs and economic activities locally, something cooperatives generally manage to do, is often central to the life of a local community and to local-regional development, a policy area which is surprisingly lacking from the main policy areas mentioned in the communication, which in turn mention health quality, work mobility etc. The latter are indeed essential, but cannot be fully operational without first investing strongly in local-regional development.

**Investing in youth.** Part of the needed investment would be to strongly develop education on cooperatives and cooperatives among students (as a way to train to jointly create jobs and economic activities in adult life).

**Concerning the role of the EU**, we do acknowledge the importance of the fact that the Charter of Fundamental Rights has been included in the new Treaty, which should come into force in 2009.

Here are our comments to the various policy areas proposed at the EU level:

**Setting policy framework for action.**

We agree that the development of common EU policies, such as the European Employment Policy, should go further in “stimulating the necessary degree of ambition and policy efforts to reach these common goals” and in “making those voluntary processes more dynamic’.

**Upholding Europe’s value and ensuring a level-playing field.**

We do agree that ‘the legal framework needs to be reviewed and adapted’. In this respect, referring to the above point on the policy framework, we believe that efforts should be done to gradually come up with legally-binding framework legislation in social issues such as in the field of services of general interest (on the basis of art 14 and protocol 19 of the new reform treaty) and other social or employment policy issues. Indeed, we consider that a stable and long-term policy framework for the EU-27 cannot rely solely on voluntary action among member states.

**Sharing experience and good practice.**

Part of our activities being focused on EU wide sharing of best practice, CECOP can only suggest to further promote this policy area. Nevertheless, we are also convinced of the need to make sure that best practice does not become an end in itself. In particular, best practice needs to be accompanied by research on opportunity costs and positive externalities (in order to make sure that those best practices are also among the most cost effective) and to lead to theoretical elaborations, and thence leading to mainstreaming and the formulation of corresponding promotion policies.

We also agree with the fundamental role of the structural funds but we believe that cooperatives should be far better promoted within this framework than is the case at present, particularly in Central and Eastern Europe (where cooperatives have, in the

nineties and early 2000s been largely and wrongly perceived as a remnant of communism, ignoring the huge importance of cooperatives not only in Western Europe but also in the US, Canada and Japan).

**Raising awareness in building a strong knowledge base, including the elaboration of statistics and indicators**

We wish to emphasise the need for support in raising awareness on the socio-economic role of cooperatives, and to have a proper statistical work done on cooperatives. The European Foundation for the Living and Working Conditions, mentioned in the communication, should be encouraged to look into the issue of how cooperatives improve living and working conditions in the EU.