

## CECOP's position on the European Commission's proposal for a European Pillar of Social Rights

Brussels, 16 January 2017

*CECOP – CICOPA Europe is the European confederation of cooperatives and worker-owned enterprises active in industry and services. It groups national organisations in 15 countries, which in turn affiliate over 50,000 cooperative enterprises, the vast majority being SMEs, and employing 1.4 million workers across Europe. They are present in all industrial and service sectors, from metal and mechanical industries to media and ICT, from construction and public works to health and social services, from transport to education and culture, and from the wood industry to environmental services. Most of them are characterised by the fact that the staff in its majority is made up of member-owners. More than a thousand worker cooperatives in the CECOP network were originally established as business transfers of conventional enterprises in crisis or without heirs to their employees.*

*CECOP responded to the consultation on the European Pillar of Social Rights on 13 December 2016, and wishes to thank the European Commission for having given stakeholders the opportunity to make their voice heard through this channel. The following is a summary of CECOP's response to the consultation.*

### **A bleak picture**

First of all, we must underline that the EU social model has been deteriorating gradually since the beginning of the crisis, with increasing levels of inequality, unemployment, underemployment and precariousness, a partial return to the informal economy, outsourcing of employers' responsibilities with regards to health and safety, the intensification of stress levels, and workers' social and professional isolation. Young people, migrant workers and women have been among the most affected.

On the other hand huge demographic challenges, linked to aging and to migrations including refugees among others, as well as ongoing technological changes, are also having a strong impact on this deterioration.

### **Weak policies**

This negative situation is partly the result of counter-productive austerity policies over the last few years, which have been explicitly criticized by leading economists such as Joseph Stiglitz and Thomas Piketty for failing to stimulate growth and reducing the debt levels.

In terms of general policy approach, EU social policies suffers from a focus on repair rather than prevention. Cooperatives effectively contribute to reversing this logic, and we have for years been advocating a stronger emphasis on prevention.

In addition, although social policies remain largely national competences, there is, to this day, little harmonization or coordination in this field at EU level, which tends to trigger off a race to the bottom.

As far as implementation is concerned, social policies are not effectively implemented because of a lack of effective monitoring tools to measure progress and because of their non-binding nature.

## Conditions for the Pillar to be relevant and efficient

Within this context, we consider that the idea to establish a Pillar of Social Rights is indeed a positive initiative, but its relevance and efficiency depend upon whether it is framed correctly.

First of all, we think that the Pillar should be extended to the whole EU: we do not understand on which grounds it should be limited to the Eurozone, which focuses on monetary union (except if the Eurozone had a complete policy and institutional framework of its own, e.g., with its own parliamentary assembly and a unified taxation policy), with the additional danger of generating a two-tiered social Europe, with all the potential threat to the European project that this would entail.

Secondly, there is little point in establishing the Pillar without, simultaneously, focusing strongly on the growing level of inequality in the EU, and without putting an end to the strict austerity policies that foster such inequality and are strongly limiting the very social policies which the Pillar is supposed to promote. Budgetary and economic policies should thus be profoundly redesigned, and social expenditure (social benefits, education, health etc.) should be considered as being primarily a long term investment in the EU economies rather than a cost, considering, among other things, that a large number of new jobs is being precisely generated in the corresponding sectors of economic activity.

Thirdly, there is an urgent need to elaborate monitoring tools for the existing non-binding EU acquis in the social field, which, as mentioned above, are presently ineffective.

Fourth, the Pillar should foresee an EU directive with a strong focus on prevention and including policies supporting welfare services, clear and full-bodied relief measures for poor families, and measures to eliminate the informal economy<sup>1</sup> which is on the rise in various sectors including in social services. It should also foresee a mechanism for projects by re-earmarking unspent EU funds.

Fifth, social innovation should be better used to complement the traditional supply of social benefits by the state, through the mobilization of a range of social and economic stakeholders and financial resources that operate in cooperation with local authorities, thus generating social capital and strengthening the role of local communities.

Sixth, the employment of migrants, refugees as well as disabled and disadvantaged people, in particular through European Programs aimed at training migrants in languages and competences that allow them to integrate into society, should be actively promoted.

Seventh, in order to ensure that all the principles enshrined in the Pillar are implemented effectively and deliver tangible and measurable results requires policy coherence. A new, cross-cutting approach

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<sup>1</sup> According to the ILO Recommendation 204 (2015) concerning the Transition from the Informal to the Formal Economy, paragraph 1. a), "the term "informal economy" ... refers to all economic activities by workers and economic units that are – in law or in practice – not covered or insufficiently covered by formal arrangements"

is necessary to properly safeguard social rights and ensure complementarity between economic and social policies, and more broadly across the whole policy spectrum (taxation, trade, competition, education, health etc.).

Last but not least, cooperatives and the wider social economy should constitute a third component of the Pillar proposal at this stage, representing the role played by organized citizens, alongside the two main components namely the *acquis* and social dialogue, which should also be extended to cooperatives and the wider social economy (as it is already in some EU countries). The role of the social economy, and above all cooperatives, to build social justice while also generating wealth and distributing it equitably should be fully recognized, including its potential in the development of digital platforms that allow the emergence of a democratic sharing economy, with citizens in control of the platforms they use.

Support to start-up and scale up initiatives in cooperatives and the wider social economy in a logic of local and regional development should thus be one of the key priorities for the Pillar. We must deplore that, at present, the promotion of the cooperative model and the wider social economy is under-represented as compared to other enterprise models, in spite of its enormous importance in terms of share of GDP and employment, and the fact that it is also an important provider of social, health, educational, environmental and energy production and distribution services, as well as complementary health insurance coverage. In addition, it is a corporate model that is particularly equitable, democratic, participatory and inclusive of all stakeholders, and thereby able to reduce social and working conditions inequalities. It is thus a direct promoter of social Europe.

Industrial and service cooperatives provide their own specific contributions:

- worker cooperatives are an important tool of economic democracy with all the entrepreneurial strengths that this entails, including when they are the outcome of the successful restructuring of enterprises in crisis or without heir;
- social cooperatives directly and prevalently integrate social utility, including professional integration, and many of them share their governance with all the stakeholders concerned;
- self-employed and freelancers' cooperatives ensure individual entrepreneurs' social rights and develop a business model that combines autonomy and protection.

Worker, social and freelancers' cooperatives alike can be organized as internet platforms and the experimentation in this field is promising. They are also developing fast in new sources of employment such as in culture, heritage and design.

## Specific fields

The 20 specific fields mentioned in the Pillar consultation could be regrouped, from our point of view, into four main areas, namely employment, education and training, care services and social coverage.

### *Employment*

As far as flexible contracts are concerned, cooperatives can be seen as a model of reference: for cooperatives, flexibility means adapting to the situation on the demand side, but without altering wage conditions in such a way that the social rights of workers continue to be ensured, without layoffs and with the involvement of the persons who form the cooperative. On the basis of this experience, we believe that flexible work, understood as we do, can be conducive to promoting social Europe.

In terms of active support for employment, we deem important to pursue the system of Youth Guarantee, but better designed to enable enterprises to hire young people with diplomas for a minimum period of 6 months.

Regarding equal opportunities for all, cooperatives can also be seen as a model, as the 1<sup>st</sup> cooperative principle, *“Voluntary and Open Membership”*, stipulates that *“Cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination”*.<sup>2</sup>

Considering the huge level of employment destruction caused by potentially viable enterprises closing down all over the EU, the transfer of enterprises to employees in the form of worker cooperatives should be more strongly promoted, as requested by the European Parliament 2013 Report on the contribution of cooperatives to overcoming the crisis.<sup>3</sup>

### *Education and training*

Enterprises should be encouraged more deeply and effectively to train their workforce. The fifth cooperative principle of education, training and information,<sup>4</sup> which translates into important training funding and efforts displayed by cooperatives across the world, can be an important model in this regard. For the youth, the ERASMUS program should have a minimum period of 6 months and should be extendable.

Training should be used more widely to secure professional transitions, by undergoing full and adequate training not only in a classroom but, more importantly, in an enterprise, while receiving unemployment benefit. This is particularly important for the long-term unemployed and people over 45 years of age.

### *Care services*

Health and social care services, which are a fundamental element of social protection, should be more actively promoted and should be characterized by quality, accessibility, affordability and sustainability, which also means a focus on prevention. In that way, they have a preventive and social cohesion function.

In addition, health and social care services entail a considerable number and diversity of jobs.

Social cooperatives providing health and social care services are becoming an important reality in Europe with thousands of enterprises that, together with the public health services, can directly and effectively contribute to the construction of the Pillar. They can be developed by associating medical

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<sup>2</sup> ILO Recommendation 193 concerning the Promotion of Cooperatives n°193 (2002), paragraph 3 and annex.

<sup>3</sup> European Parliament on the contribution of cooperatives to overcoming the crisis (2012/2321(INI)), 2013, paragraphs 25-35

<sup>4</sup> *“Cooperatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their cooperatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of cooperation”*: ILO Recommendation 193 concerning the Promotion of Cooperatives n°193 (2002), annex.

and paramedical professionals, users, public authorities as well as associations engaged in accompanying patients and doing prevention.

Housing recommendations should be issued from the EU to ensure that people are not evicted from their homes because they have lost their jobs and have no access to social benefits.

Access to essential services. At EU level, measures should be promoted to enable Member States to provide access to essential services - transport, light, financial services - for those who, without work and without minimum income, cannot cope with these basic services.

### *Social coverage*

Concerning health and safety at work, a good policy of prevention of occupational and health risks generates more benefits both for the people who work and for the enterprises for which they provide their services and, therefore, for the economy as a whole. Specific funding from the European Social Fund to promote training in risk prevention should be encouraged.

Regarding pensions, the Pillar should focus on a combination of measures taking in equal consideration the social dimension and the financial dimension of pension systems. In addition, the EU does not go far enough to solve the problem of old age care on a large scale.

Unemployment benefits should be preserved, with a special attention to young people. The unemployment period can really enable the person to return to work, provided that guidance, advice and access to training in new professional skills is delivered,

We consider the gradual establishment of a minimum income to be a necessary measure, both because of the uncertainty regarding the future of work and employment, and in order to relaunch consumption. The EU should set guidelines for Member States regarding accompanying processes of orientation, training, assistance from social services. The minimum income should be combined with a minimum level of social protection, in particular social and health coverage for all.

For the disabled and socially disadvantaged, the conditions of access to benefits should not be an obstacle to employment, like the experience of social cooperatives across Europe is showing. They should be given the orientation and training that enable them to enter the labour market.

Considering the very rapid increase of the ratio between self-employed and the total employed population, efforts should be displayed to provide the same level of social protection to the self-employed as for employed people, which is generally not the case at present.