

ETUC reflections on the SOCIAL ECONOMY ACTION PLAN

1. The ETUC delegation taking part in the SP dedicated hearing prior to the issuing of a Social Economy Action Plan, has identified some aspects worth underlining in the context of EU policy-making.

Trade unions and social economy, a promising alliance for upward social convergence

2. The ETUC and its affiliated organisations acknowledge the main features that the Social Economy enterprises and organisations identify as distinctive of their missions and operating model, beyond the diversification of forms and sectors of activity: 1. Primacy of people and the societal/collective objectives over capital; 2. Democratic governance principles; 3. Reinvestment of most profits to carry out sustainable development objectives, social mission with consistent activities.
3. Trade Unions and social economy organisations have a long history of collaboration and mutual support in pursuing social inclusion, democratisation of the economy and valorisation of people into European societies and labour markets. The alliance between genuine social economy entities and social partners offers great potential in the implementation of the European Pillar of Social Rights, the achievement of the challenging goals and targets set in the EPSR Action Plan and contributes to a socially sustainable recovery and a more resilient EU economy.
4. Social economy contributes to the achievement of the SDGs. In particular, social economy shows the centrality of SDG8 to achieve an economic model that respects environmental constraints while promoting quality jobs and well-being.
5. The ETUC also acknowledges the important role played by Social Economy in providing social services, ensuring continuity of employment and job opportunities with high democratic values and in the inclusion of disadvantages and even severe disadvantages in society and the world of work. These features represent crucial ground for achieving upward social convergence and give concreteness to the highest standards of social and economic inclusion.
6. With respect to the views mentioned above, the ETUC mostly agrees with the challenges identified by the European Commission for the Social Economy to gain visibility with respect to their special mission and operating, accessing funds and resources, increasing wide-spread knowledge of their role across the EU societies and economies.
7. **However**, the ETUC and its affiliated organisations raise some serious concerns with respect to specific conditions for the operational sustainability and social-oriented character of social economy enterprises and entities responding to various models and missions.

Trade union and workers' rights must be enhanced

8. The full respect of trade union and workers' rights in all models and operational forms of social economy must be respected and implemented. All workers in the social economy deserve trade union protection and decent pay and working conditions based on collective agreements. Social economy "entities", however organised, must ensure the full respect of trade union rights, social dialogue and collective bargaining.
9. The EU SE Action Plan should strengthen fundamental workers' rights to organise, bargain collectively and to strike. It should ensure that all employers in the social

economy apply relevant sectoral collective agreements as a minimum, and that they inform and consult workers properly. Any loopholes must be closed. No EU public funds should go to employers including in the social economy that do not have a collective agreement or refuse bargaining with the workforce and their unions.

10. Cross-sectoral and sectoral standards deriving from collective bargaining must be respected in all their forms, and there should be no reason for reducing workers' guarantees by reason of the status of social economy enterprise/business/entity. For example, no reduction of collectively bargained workers' standards and guaranteed rights should be allowed in workers' cooperatives, by virtue of the dual position of workers as coop members also.
11. Trade union and workers' rights are part of the traditional background of social economy and their implementation is part and parcel of their social mission. However, the trade union experience with social economy across Member States is mixed and varied, and shows how the defining features of social economy are often not actually embedded in the economic operations.
12. Trade unions support social economy organisations in isolating all forms of enterprises and business self-defining as social economy entities that, in spite of the formal compliance with the defining features of social economy, *de facto* do not respect such bottom lines and act to the detriment of social and sustainable aims. Such practices are detrimental not only to the social aims the Action Plan must pursue, but also to the image and the overall mission and perception of the whole social economy environment.
13. In this respect the ETUC calls for supportive measures for the development of social economy in countries and regions where social and trade union standards are not strongly developed – by lack of regulatory and legislative minimum guarantees; by lack of social partners' controlling capacity; by weak collective bargaining coordination, coverage, effectiveness; etc. the development of social economy where social standards are under development must not represent a pretext for workers' exploitation and harm to upward convergence in the effectiveness of workers' and trade union rights.

The supportive role of public services to the social economy mission

14. Trade unions acknowledge the role of social economy in providing social services to communities and societies. Such role has to be enhanced but also carefully framed and ruled, in order to prioritise the public good and offset the drawbacks of social service privatisation with respect to the response to communal and collective needs.
15. In this respect, it is fundamental to recall the prominence and the important role that *public services play in supplying and supporting the social economy*. Everyone and every economic entity benefit from quality public administrations, environmental protection agencies, labour inspectorates, public employment services, etc. All benefit from quality public services such as early childhood and childcare and education, elderly care services, public transport, or education. The public sector and its workers are key economic actors in their own right. Many public services, not least healthcare, education, social care, utilities, are provided directly by municipalities or other public bodies. There should be no pressure - or incentives - to outsource public services for (short-term) cost benefits. The public mission of public services must be protected, indeed improved. The State remains responsible for meeting human rights obligations regarding access and affordability of public services. As the pandemic has underlined: strong public social protection systems play a crucial role.
16. In designing the EU support to social economy, trade unions strongly demand a holistic approach. Such a balanced and holistic approach sees public services as enabling a prosperous environment also for the social economy to flourish for the collective good.

The EU and Member States need to invest in their administrations and public services – to appropriately staff them, to invest in digitalisation and in social dialogue in order to deliver the Green Deal, Just Transitions, Circular Economy and Social Fairness. An approach focusing on promoting social economy without firstly enhancing the enabling net of public services would be incorrect and ineffective.

17. The Stability and Growth Pact must be amended to allow public authorities to fund high quality services of public interest. Social economy entities should be enabled to do so, via effective funding and efficient governance. Public procurement contracts must be awarded based on the respect of social clauses and sustainability standards – and should not favour the cheapest bidder. Also, the provision of services of public interest must count on sufficient and qualified personnel and training facilities.
18. It must also be recalled that public services respond to a series of conditions, framing rules, validation of compliance to policy objectives and operational norms, strict monitoring schemes. These aspects represent the best guarantee for the highest effectiveness of public expenditure and the achievement of need-based goals.

Enhancing the specific nature of the social economy

19. Social economy entities recognised as specific socially progressive entities would benefit from better definitory features, guaranteeing the genuineness of their operation – and easing the access to enabling resources. The EU Action Plan should enhance some monitoring frameworks that support the achievement of social goals typical of the social economy mission, and the contribution to shared targets for the public good.
20. Actions to promote the social economy must take care to protect the 'not-for-profit' nature and social purpose of the social economy. Public funding, including through public procurement contracts, should be subject to social and environmental conditionality. Social economy organisations should be fully transparent regarding taxation and profit re-investment.
21. In this sense, the ETUC encourages a better definitory effort, based on an EU-wide regulatory framework, making it easier to recognise genuine social economy organisations as deserving specific treatment and tailored support with respect to corporate models. A main criterion could be the non-profit character oriented towards provision of services of public interest.

With specific regard to aid period for disadvantaged workers:

22. Whereas all workplaces are due to be ready to include people with disabilities, trade unions are in favour of according tailored fiscal and tax treatment/regulations to those companies in the social economy that specifically aim at including people with disabilities in society through tailored paths for access to labour. However, such specific rules, especially if derogating from those applied to corporate business, must be applied according to clear conditions, firstly defined by specific national legislation, complemented by collective agreements, also including minimum standards for pay and working conditions. These conditions must be met and monitored by social partners and stakeholders involved in the activity on the territory.

With specific regards to transfer of business to employees:

23. There already exist some good and successful examples of business transfers and workers' buy outs (WBO) across Europe. Such an experience, along with the other experiences in the framework of employee financial participation, represents not only a solution to avoid job losses and plant closures but also opportunities to foster the democratisation of the economy. Their viability and success are subject to a series of

conditions¹. In particular, workers should not be exposed to risks of failure with losses of their assets. Current experiences and practices show that appropriate financial instruments can be activated to shelter or edge economic and financial risks connected to workers-buyouts.

24. With every buyout, there must be a viable concept that offers the prospect of success. To achieve this, workers' representatives must consider such a complex affair carefully, examine the company and orient themselves on the hard figures.
25. The support of experts of sectoral and local trade unions proved valuable to evaluate risks and opportunities. As recognised by the European Commission, "trade unions are often seen as one of the key interlocutors who can help raise awareness of and make a success of such initiatives."
26. Several TU members would have the skills needed. There is a need to establish a good dialogue of all interested parties as professionals and managers can indeed be key in making a WBO endeavour successful. For trade unions it should be a priority to include professionals and managers in the discussions as well in their role as employees.
27. Research also proves that the collaboration between trade unions and social economy organisation enhances the chances of successful workers' buyouts, which contributes to job maintenance, innovation, and democratisation of the economy. In this regard workers buy-outs cannot be seen as an instrument of crisis management but a vehicle of economic democracy that improves efficiency and overall wellbeing produced by our economies.

¹ See [ETUC position on conditions for employee financial participation \(EFP\)](#), 2013 and [ETUC Position on a new EU framework on information, consultation and board-level representation for European company forms and for companies making use of EU company law instruments enabling company mobility](#), 2020 ("In the framework of European company law and corporate governance, the ETUC supports employee financial participation according to the ETUC position of 2013: employee financial participation should be embedded in a system of worker involvement at all levels; it should provide additional income and not undermine pay rises and must benefit all workers within the company; it should be subject to prior consultation and agreement with worker representatives and trade unions; pay special attention to its impact on gender equality).