



CIRIEC INTERNATIONAL'S CONTRIBUTION

**THE ACTION PLAN FOR THE
SOCIAL ECONOMY**

*Consultation launched by
the European Commission*

2021



CIRIEC INTERNATIONAL's contribution to the consultation launched by the European Commission entitled "Roadmap on the action plan for the social economy"

Founded in 1947, CIRIEC-International is a meeting place for academics, researchers and leaders of public and private organisations involved in the research for economic models oriented towards the collective interest, in a social and environmental context that requires us to rethink our ways of producing, exchanging, consuming and participating to solidarity. As such, it considers that the social economy is one of the forms of the collective economy necessary to pursue the general interest, alongside public policy actors. CIRIEC takes the opportunity of this consultation opened by the European Commission to affirm its expectations regarding an action plan for the social economy in Europe.

1. We are convinced that Europe and the world need the social economy

The voice of the social economy has never been so necessary: we know that the answers to the global challenges of ecological and social transitions will not come from market or financial answers alone; we know that the technological changes that are taking place and the ethical questions will not find answers without taking into account the collective interest and the individuals. Everything that the social economy represents is at the heart of these issues:

- a continuing desire to contribute to the social contract by proposing a framework for collective commitment, while respecting human rights and the role of individuals;
- a capacity to innovate by proposing long-term responses;
- a guiding principle of action based on collective undertaking and decision-making in an equitable, transparent and democratic way;
- ethics based on freedom, autonomy and independence, which makes the social economy the very substance of an economy driven by democratic principles;
- a concept of value creation, primarily oriented towards those who create it, which reconciles efficiency with not-seeking profit or limited profitability.

In many countries on all continents, it is seen as a solution, and local authorities are seizing on it to develop territorial policies based on actors of all kinds committed to this path. Thanks to associations, cooperatives, mutual societies and foundations, the social economy often embodies a history of "concrete utopias" born from social aspirations and the movements that have carried them and made them possible, to the point of participating in the constitution of the social contract in many countries. Today, many young people on all continents involve in social economy entrepreneurship and, thanks to its potential for social innovation, are taking on new problems in sometimes-experimental forms that now need to be scaled up or duplicated in order to make a lasting contribution to the well-being of all.

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The current changes in the economic and entrepreneurial world, caused by the crisis of capitalism, but also the opportunities opened up by the multiform crisis we are experiencing, make us think that the European Union, with its strengths in this area, must bet on the potential for transformation, social cohesion, innovation and decent employment... of the social economy. Moreover, the social economy can be a strategic partner for the public sector – at local, regional and national level – to co-construct and develop services of collective interest for the benefit of populations and economic actors.

2. It is strategic to first improve the understanding, visibility and recognition of the social economy

Betting on the social economy requires, first, understanding it and defining its scope, in order to make it an object of public policy.

The social economy is not a sector but a type of entrepreneurship that can take various forms of “companies of people” (associations, mutual societies, cooperatives, foundations, social enterprises, etc., depending on national definitions) and not capital companies. The social economy is thus present, thanks to this great diversity of enterprises, in many sectors of activity, often alongside profit-oriented economic actors. Incorporated into the competitive world, social economy actors are often precursors of their activities (in banking and insurance for example), or even leaders. Sometimes hidden behind their statutes, their activities are part of our daily landscape (in commerce, culture, health, sport, training, etc., not to mention business services).

This reality, basing on tangible data in terms of GDP and employment but also on fragile statistics, is nevertheless a barrier to understanding what the social economy is and its existence at EU level. Not only is there no European definition, but only a few Member States have one (France, Spain, Portugal, etc.). Above all, the European Commission's doctrine, despite a notable openness to the problems of the social economy in recent years, ignores this reality because of the wording of Article 54 of the TFEU, which only recognises two forms of economic activity, namely the commercial company and the non-profit company, but the latter is based on free services, a definition that is inconsistent with the realities of national actors who have market activities and who illustrate the full development potential of the social economy.

Despite its strong territorial nature, which prevents delocalisation, despite its citizen dimension, which encourages people to get involved in economic and social activity, and despite its complementarity with public policies, the legal obstacles to its recognition as an entrepreneurial reality are obstacles to its promotion as an open economy at EU level. Yet, in the context of the economic and social crisis that Europe is going through, we are convinced, on the one hand, that the drivers of innovation and recovery are to be found in the territories, and on the other hand, that it is possible to include social economy actors in ambitious sectoral strategies at the EU level.



3. Social economy enterprises and organisations are therefore entitled to expect a development framework that is favourable to their forms of enterprise beyond their activities

Taking into account the realities and legal specificities of social economy enterprises and organisations, in particular their non-profit or "limited profit" status, should on one hand enable them to be better integrated into general economic development policies without their status being an obstacle. On the other hand, doing so could also encourage their growth by improving their access to public contracts (especially for those enterprises that set themselves the objective of integrating people or taking into account environmental and social issues), by strengthening their cooperation with the public sector (in the organisation of the response to social and environmental needs, and in the constitution of "commons"), and by stimulating mutually enriching alliances between them or with large commercial enterprises.

Thanks to its strong citizen and collective dimension, the social economy can also be a major driver in the fight against digital exclusion and in the transformation of service activities and support for isolated or fragile people. It can also offer entrepreneurial forms adapted to promote ecological conversion strategies at the territorial level, thanks to its engineering and its inclusive capacity.

Finally, it is necessary to promote the knowledge and dissemination of social economy achievements to enable them to scale up and replicate them. Despite the crisis, there are more and more social economy initiatives; and young people are very attracted to work in them, to undertake them, or to get involved. One objective could be to support the exchange and dissemination of experiences and good practices that have an impact on social innovation and the social economy in general, in order to encourage projects, make them visible to public authorities, and promote their emergence and growth among public and private financial bodies.

4. European democracy needs the social economy

At a time when our political democracies are weakened in many ways, encouraging collective forms of commitment, decision-making and innovation is a strategic challenge. In this way, the social economy is a fundamentally democratic economy: a means of economic and social citizenship, a place for collective decision-making, activities that include people... Social economy makes a major contribution to the strength of our democracies, provided that national legislation and political practices do not discourage (or repress) the action of organised civil society.

All these considerations are at the heart of social debates on the contribution of the enterprise in the search for the collective interest, or even in some cases the general interest, on the contribution of work and its meaning in our lives, on the contribution of citizens in the act of production and consumption, on the transparency expected in the economic and financial organisation... on the hope of an economy that is more directly at the service of the human being.



In this sense, we are also convinced that the social economy shares with the founding political project of the Union a set of common values that must be reaffirmed at a time when the Commission is considering not only a development pact for the social economy, but also the future of the European Union.