

## EP hearing 28 February on the social economy EPSU contribution

Trade unions and social economy organisations have a **long history of collaboration and mutual support**. EPSU and ETUC participated actively in the consultation on the SEAP. See EPSU submission [https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12743-EU-actionplan-for-social-economy/F2019309\\_en](https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12743-EU-actionplan-for-social-economy/F2019309_en) and ETUC reflections <https://www.etuc.org/en/document/etuc-reflections-social-economy-action-plan>. Both are sensitive to the need to reorientate our societies away from the focus on private interest and gain towards the collective and public good. Social business models however on their own will not drive an inclusive recovery and twin transition (as is suggested in the EC's social economy eco-system paper (SWD (2021) 982 final) they must be part of a broader shift in overall policy.

In this overall shift in direction that we desperately need, **inclusive public services are key**. They are prerequisites for anticipating and managing change (including green and digital transitions) in a fair and sustainable manner and for supporting also the social economy to play its full role. The social economy is not an alternative to public services, but rather it complements and many values are shared by both: investment in the collective good, solidarity, not rent-seeking... The social economy, like other actors, also benefits from quality public services and infrastructures. The EU needs also to promote and support MS deliver on quality public services.

There is little in the SEAP or SWPs on **workers' rights, collective bargaining and social dialogue** in the different activities of the social economy. Sectoral bargaining and other frameworks are however essential, to ensure minimum and fair standards cover all types of providers. There is an assumption in the SWP that working conditions in the social economy are overall good, but this is not the case for much of social care (as mentioned in the SEAP). We need to improve wages, health and safety, staffing levels and skills. Public investment and responsibility remains key if Europe is serious about providing affordable and quality care to all in need, to guarantee the human right to care is a public task.

**The sectoral dimension** is important. A major focus of the SEAP and ecosystem SWP is on social services. Developing an integrated approach to social services (social care for the elderly, for people with disabilities, childcare and health care) is crucial to tackle current workforce challenges and make systems more resilient. See joint EPSU/FESE statement submitted to consultation on social economy action plan by EPSU and FESE [https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12743-EU-action-plan-for-social-economy/F2242244\\_en](https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12743-EU-action-plan-for-social-economy/F2242244_en)

While improving access of social economy organisations to **public procurement contracts** is important this should go hand in hand with more sustainable practices – see also EPSU joint <https://www.epsu.org/article/getting-most-out-public-money-support-europe-s-recovery>. However, public procurement is not necessarily the best way to fund services, especially social services. Public procurement can put pressure on the quality of work and services, even if the latest Directives strengthened the mandatory social clause that *requires* enforcement of labour law and collective agreements (this obligation is not so clear in the SEAP). We caution against relying on markets – including social economy markets – to deliver sustainable and inclusive public services like social care.

Wherever public funding plays a role, there should be social and environmental conditionality and full transparency regarding taxation and profit re-investment.

We also are cautious about relying on **private investment** to boost social economy organisations. Here we see some contradictions (see EP EMPL briefing) in aiming for “*both social impact and financial returns by connecting the supply-side (i.e. investors providing sustainable funding) with the demand-side (i.e. social organisations delivering impact).*” The non-profit nature, collective nature of social economy is what distinguishes it from profit-seeking companies. Investment – and investors - should also be aligned with non-profit principles. Legal frameworks must protect the special mission of social economy organisations.

Furthermore, **the local level**, and municipalities, local and regional authorities are key in anticipating and managing change in a fair and sustainable manner. Social partners in local and regional government (notably the EU sectoral social dialogue committee) should play a role. Especially after COVID-19, the local dimension services needs to be reinforced. See - <https://www.epsu.org/article/social-partners-local-and-regional-governments-joint-declaration-covid19-andits>. The social economy’s roots are often in the local economy, close to people. It is not appropriate to impose Single Market, cross-border logic. Indeed, local nature of many social economy services has given protection from competitive pressures.

There are many differences between social economy organisations (cooperatives, social enterprises..) that also point to the need for a differentiated approach.

- ETUC reflections <https://www.etuc.org/en/document/etuc-reflections-social-economy-action-plan>