



COMECE's answer to the European Commission's Consultation on defining the framework conditions of the Social Economy

Ten years after the Commission's 2011 [Social Business Initiative](#), the European Commission adopted a [Social Economy Action Plan](#) on 9th December 2021 to deepen opportunities for the Social Economy in the EU and make sure it is adequately recognised.

At present, although the visibility and acknowledgement of the social economy has increased, evidence shows that measures taken by Member States have not always led to a positive change. In addition, there are disparities between Member States. According to the European Commission, while the Social Economy represents 0.6% of paid employment in some countries, it achieves almost 10% in others, with an average of 6.3%. This is why it is urgent to allow the social economy to develop and realise its full potential.

COMECE welcomes the Action Plan and the announced series of measures and initiatives, which resonates very much with the work of Christian organisations and faithful, who support its implementation. The Council Recommendation is one of the key initiatives foreseen in the Action Plan, scheduled in 2023. It aims to help Member States to **better adapt their policies and legal frameworks** to the specific needs and entities of the social economy, in all relevant fields, to unlock all the potential of the social economy. To prepare for this, the European Commission launched a [call for evidence](#) opened until 30 September 2022.

COMECE presents in this document a contribution in response to the consultation to define the framework conditions of the Social Economy.

The contribution is presented around three points:

1. **Basis for the contribution:** a major reference for COMECE is the corpus of texts known as "Catholic Social Teaching". We will first outline some of the convergences between this corpus and the principles of the Social Economy.
2. **Proposal of a major axis for identifying the Social Economy:** based on the last three texts of the Catholic Social Teaching, we propose a central reference for

identifying, and thus framing, the Social Economy: the creation of "relational" wealth.

3. **Proposal of concrete framework conditions:** declination of the central reference to identify the social economy into concrete proposals to support its development.

1. Basis for the contribution

“Catholic Social Teaching” (CST) is a major reference for the Catholic Church to intervene on societal issues. This corpus of texts is based on a number of major principles that have emerged and become more precise through the way the Church has addressed and reacted to the societal issues of each era. Some of these principles resonate strongly with the aim of the Social Economy. We begin by briefly identifying these resonances because they justify and ground COMECE's response to this call.

- ⇒ **Common good:** This is the organising principle of all the Church's social, political and economic messages. Its definition has evolved through the various social encyclicals, from an approach in terms of the social conditions that allow everyone to live in dignity (*Gaudium et Spes*, no. 26, Pope Paul VI, 1965), to a more ecosystemic approach, associated with the care of the "common home" (*Laudato Si'*, Pope Francis, 2015). Similarly, the Social Economy, which aims to be an economy at the service of the common good rather than the private good, has evolved from an approach to the common good in terms of meeting the social needs of each individual to a more societal approach associated with living well together.
- ⇒ **Universal destination of goods:** It establishes that the goods of the earth are for the use of all human beings and all peoples (*Gaudium et Spes*, no. 69) and that this principle is primary with regard to the right of private property. The Social Economy is associated with different forms of sharing (of property, risks, decisions, etc.) aimed at promoting a more equitable use of the goods and services produced.
- ⇒ **Dignity of the human person and social justice:** two principles that underline both the inalienable character of the human person and its essentially social and community dimension. They refer to the notion of "*integral development*" (*Populorum Progressio*, Pope Paul VI, 1967), of the whole human person and all humanity, which later expanded towards the term "*integral ecology*" (*Laudato Si'*), which broadens the aim of development to include all creatures, human and non-human. This idea is also very dear to the Social Economy, which proposes an economy at the service of a society that is inclusive of both humans and non-human beings, articulating social and environmental justice.

- ⇒ **Preferential option for the poor:** originating in Latin America, this priority given to the most vulnerable people was later incorporated into the social teaching of the universal Church (*Sollicitudo rei socialis*, Pope John-Paul II, 1987) and extended to all living beings through the association of "the cry of the poor and cry of the earth" (*Laudato Si'*). This principle aims not only at caring for the poorest but also at fighting against the social structures that generate exclusion and oppression, and the creation of conditions towards the full participation of the most disadvantaged in economic, social and political life. For its part, the Social Economy also aims to be an economy capable of responding to and reducing the various social fractures present in contemporary societies (economic, generational, cultural, digital, etc.) as well as environmental abuse.
- ⇒ **Subsidiarity:** this founding principle of CST, strongly advocated during the period of rising fascism (*Quadragesimo anno*, Pope Pius XI, 1931), reminds us that decisions must be taken as close as possible to the stakeholders. Subsidiarity also assumes a major role in the Social Economy through democratic governance and citizen participation.

This brief resonance between the historical principles of CST and the Social Economy sets the general framework from which COMECE proposes a central reference to identify and frame the Social Economy.

2. A central idea: the creation of "relational wealth"

The last three social encyclicals emphasise *the 'relational' dimension of life as an existential and structuring aspect of care for the 'common home' and all its inhabitants:*

- *Caritas in Veritate* (Pope Benedict XVI, 2009) advocates the relationship of *gratuity* as constitutive of life, including within market relationships (no. 36).
- *Laudato Si'* (Pope Francis, 2015) defines the principle of "*integral ecology*" as a harmonious articulation of four relationships: to oneself, to others, to nature and to God.
- *Fratelli tutti* (Pope Francis, 2020) establishes the notion of "*social friendship*" to present fraternity as an organising principle of any society.

These three references also resonate with the aim of the Social Economy and lead to naming what could be identified as its central element: the creation of relational wealth:

- The market, conceived not only as an exchange based on the calculation of individual gains to be obtained, but also as a place that makes room for gratuity, i.e., of relations of '*alliance*' and not only of '*contract*'.
- The economy conceived as a social mediator and not just a means of allocating resources between multiple ends.
- Solidarity conceived as a society project (social friendship) and not just as help to the most vulnerable people.

The Social Economy would thus be an economy that places "*the relationship*" at the heart of the economy by favouring relationships that create alliances, common belonging, and mutual care between living beings. From this reference to "*relational wealth*" as a major element in identifying the Social Economy, we can deduce some framework conditions to support its development.

3. Proposal of concrete framework conditions

We take the three types of relational wealth mentioned above to identify the Social Economy and we break them down into some concrete conditions that could support its development.

⇒ "*Alliance*" **relationships** with all its stakeholders: Relationships of interdependence that are not solely determined by the calculation of what each party can gain, but which, based on a certain horizontality and equality, make cooperation possible around a common project. These relationships can be facilitated by the type of legal structure chosen: cooperatives, mutuals, associations. However, beyond the legal status, these "alliance" relationships, which should identify a social enterprise, can be expressed in the following ways:

- **In the purpose and 'raison d'être' defined by the structure:** which should be in line with an "**integral ecology**" perspective, favouring inclusion and the relational quality between all living beings. This implies that the "ecological transition", aiming at both social and environmental justice, should appear as a central dimension of economic activity and not only as "externalities" (side effects) to be corrected.
- **In the governance model chosen by the structure:** which should make it possible for each member and all stakeholders to **participate** in the decision-making and management of the project. The "alliance" relationship implies going beyond a "contractual" relationship established in terms of the rights and duties of each party. It becomes possible insofar as each member feels like a "protagonist" of the project, being able to intervene in the definition of the structure's orientations and strategy. "Participation" must also and

fundamentally involve the people targeted as “beneficiaries” of the project. The social enterprise is not only a project aimed at filling the gaps of people experiencing poverty or fragility, but above all it is a project that involves them as full actors. The participation of each person in the running of the project is the best way to respect their “dignity”.

- **In the economic model used by the structure:** which should be ordered and regulated according to the **common good and social justice**, including specific conditions in terms of:
 - the maximum accepted gap between the salaries paid in the structure, in order to reduce the existing inequality between the different levels of remuneration.
 - the level of reinvestment of profits, in order to favour the development of the project over the distribution of profits to shareholders.
 - access to employment for those who are furthest from it (long-term unemployed, young people, people with disabilities, etc.)

Therefore, we recommend the European institutions and Member States to:

- **Define precisely the criteria for belonging to the social economy:** taking into account the diversity of possible legal statutes and favouring clear criteria in terms of:
 - the purpose of the structure, defined in the service of “integral ecology”.
 - the governance model, which favours the “participation” of all stakeholders in decision-making and management, including the workers and “beneficiaries” of the structure.
 - the policy of supporting and training employees, enabling each person to develop their professional and human capacities.
 - the economic model, based on a fair and equitable distribution of profits, which prioritises and guarantees the development of the project and aims first and foremost to include people on the margins of society.
- **Include a permanent, constant and regular dialogue with the Churches in the framework of the European Commission's Expert Group on Social Economy (GECES) and the renewal of its mandate in 2024, in accordance with Article 17 of the Treaty on the Functioning of the EU (TFEU).**

⇒ **Relationships that create a “common belonging”:** the social impact assessment approaches of social economy structures are often limited to a very “instrumental” logic that is reduced to measuring results in terms of the number of needs met.

Rather than just aiming for equitable "access" to the goods and services available to the whole population, the Social Economy should aim to create the conditions so that every living being can feel "at home" on earth, meaning that it should aim to create a real "common home". This aim should be reflected in the evaluation criteria and approaches of the Social Economy:

- Rather than only supporting the creation of standard tools and benchmarks for assessing the social impact of structures, support should also be given to approaches that enable each structure to identify its own social value and its specific way of making society.
- Rather than only measuring the number of needs met (of people employed, housed, fed, etc.), the Social Economy should be able to report on the quality of the relationships created.
- Rather than only focusing on performance and efficiency in achieving the specific objectives of each structure, the Social Economy should also be evaluated by its capacity to contribute to territorial development, to transform society and to make progress other than in terms of turnover growth.

Therefore, we recommend the European institutions and Member States to:

- **Define a framework for the evaluation of the social economy that reflects how each Social Economy structure creates relational wealth:** Rather than defining standard benchmarks with generic indicators, create the conditions (methodological and financial) for each structure to be able to carry out an evaluation process that allows it to identify its contribution to the common good in a qualitative and not only quantitative way.

⇒ **Relationships of "reciprocal care" between all living beings:** The Social Economy is not only an economy that respects social rights and the environment, it is an economy that creates friendship between all living beings. It is associated with a political project based on fraternity between all the creatures that inhabit the earth, according to the dynamic opened up by the implementation of Article 1 of the Universal Declaration of Human Rights: "*All human beings [...] should act towards one another in a spirit of brotherhood*". Therefore, the framework conditions of the Social Economy cannot be defined independently of the political project in which it is embodied. And this political project should not be defined solely at the "instrumental" level, aiming at an equitable management of available resources, but rather at the level of the type of "conviviality" that we want to experience with all living beings. The conviviality sought to be reached via the Social Economy and

that of the underlying political project should be identified by the friendship and fraternal attention of each living being towards each other.

Therefore, we recommend the European institutions and Member States to:

- **Encourage a paradigm shift towards an economy that creates "relational wealth" and social friendship:** through the creation of jobs with fair wages; through a fair ecological and digital transition, and the promotion of a circular economy; through the better inclusion of women, people with disabilities, those facing socio-economic discriminations, ethnic minorities, migrants and refugees, including those coming from Ukraine, and all people in vulnerable situations; for the development of local rural and remote areas, etc.
- **Improve access to EU funds and public financing** to fill gaps in the financial market, and **support private investment** in all segments of the social economy. In particular, a **socially responsible approach to public procurement** should also be developed or further expanded.
- **Promote a fiscal framework for the social economy that creates jobs and sustainable growth and combats unfair competition and "social washing".**
- COMECE appreciates that the Social Economy is one of the 14 key pillars of the EU industrial strategy for the recovery, resilience and sustainable development of the EU. This should be reflected at national level by **integrating the social economy into the industrial strategies of each Member State**, so that development is a source of relational wealth.
- **Promote the development of renewable energy cooperatives and communities** (e.g. solar panels).

Authors

This contribution has been elaborated by Prof. Dr. Elena Lasida based on the initial work of the COMECE Social Affairs Commission, and the excellent contribution and work of the ad-hoc working group on the Social Economy under the Chairmanship of Msgr. Antoine Hérouard, which consisted of:

- Prof. Dr. Elena Lasida
- Msgr. Antoine Hérouard
- María Dolores Sánchez Galera
- Jon Emaldi
- Prof. Simona Beretta
- Prof. Dr. Ulrich Hemel
- Roland Ferenc Szilas, PhD
- Dr. Fr. Grégoire Catta, SJ
- Dr. Arnd Küppers
- Lucy Anns
- Alix de Wasseige

With the support of other persons who preferred to remain anonymous.