

## **Social Economy and its Access to Internal Market**

Brussels, March 8<sup>th</sup>, 2018

Pedro Bleck da Silva, AIM Vice President

**Dear distinguished member of the European Social and Economic Committee, Monsieur Alain Coheur, and my dear Friend;**

**Distinguished Member of the European Parliament Mme Marie – Christine Vergiat;**

**Dear Mister President of AIM, The International Association of Mutual Benefit Societies, Mr Christian Zahn;**

**Ladies and Gentlemen;**

Although running the risk for you to hear the same things again, once we have had already the pleasure to hear some words from Mr. Christian Zahn, President of AIM, I would like to thank you all for your presence, here, and present the main reasons why AIM has organized this event, this meeting, warmly hosted by Alain Coheur, a member of this House, where we are today, a colleague, for many years, in AIM, and a great fighter, also for many many years, in this battle of and for Social Economy, and a dear friend.

Why, then, this “light motive” of the access of Social Economy to the Internal Market “?”

And why do we in AIM care so much about it?

Obviously for several reasons. Some, already historical reasons; some, conceptual reasons; reasons of principles; because of

practical reasons and, yes, because of reasons that have to see with Justice.

And I start by the beginning,...historical reasons!...

Yes, AIM, is the umbrella organization for health mutuals not only in Europe, but also throughout the world. In EU we count the representation of around 160 M citizens, from 16 EU countries.

Of course you know that Mutual Organizations are one, not the only, but one of the oldest ways European citizens took, and take, in Europe, to protect themselves against the risks of health and other social risks. Long before the appearance of National Health and Social Security Systems, Mutuals were the main type of organizations that provided the means of protection against those risks. And because these organizations were born by the effort and initiative of their own members, they were, and they are, deeply rooted in their own culture of social protection and way of living.

**Yes we can**, by the way say, that, if Europe has a certain culture of Social Model, the so called **European Social Model**, a great deal of it is no doubt owed to Mutuals...

But, with the appearance of the Internal Market, rules were established that made it difficult for mutuals, I would say impossible, to work as actors in that same Internal Market. It's not possible today, and now, for reasons of time and theme, to develop and express all the reasons why so it was, and it is, like that...let's just assume it!...at least for now.

But let's be honest....rules established to structure and rule the Internal Market activity underlie a certain conception of “ **the**

**Market** “, a market where its main actors were, and are, organizations whose purpose is profit, to provide goods or services in order to get profits. These organizations embody specific means and rules of operating, a certain type of economical and financial requirements that don't fit to Mutuals or, better....don't suit to mutuals because...obviously, their organizational, economical and financial structures are different. The same goes with almost every other organization of Social Economy. Or even far worse.

But, **and** that is not **the**, but **A**, question...**they are no less Europeans!...**

And, exactly, trying to find a way to overcome these hurdles, Mutuals struggled , for years, to get a legal solution that would make things easier, **possible**, for them, to circulate in the Internal Market.

It was a good fight but, at least as I personally see it, and I was there, it was not a fair fight...

**And yet...time goes by!...**

But the problem is still there...and maybe we have to adapt to new times and find new ways....but, **what we can't accept is that we have to change mutuals themselves**. Mutuals will always be mutuals and the idea only of losing such a model is by itself an historical treason.

And yet, If we alone are not enough, we also know that we are not alone, in this fight...

Other organizations of the so called Social Economy meet the same problem...no difficult to imagine why. As we mutuals, they have been forgotten, to avoid saying disregarded, by the rules of

the Internal Market and are, like mutuals, its minor actors or no actors , at all.

The reasons are the same and well identified. Lack of legal recognition of the so called Social Economy Enterprises at EU level and their nature of non-for-profit organizations have prevented them to circulate in the Internal Market according to what is stated in art. 54 of the Treaty of Functioning of the European Union.

Nevertheless, something has been done at EU level. Several documents and acts from the European Commission, European Parliament, European Economic and Social Committee have taken in consideration this reality and concept of Social Economy Enterprises. But weakly and poorly. I wonder why is EU afraid of this sector of Social Economy? Is it the same old question, neo-liberal question?

And yet, a certain kind of confusion is now taking place and everybody seems to be running after a new wider concept of “ **Social Enterprise** “. Is that, that, what now is in the political agenda is no more social economy enterprise but Social Enterprise? A wider concept that replaces the first? But that, by far, is larger? We mutuals, and I’m sure most of the Social Economy Enterprises do not accept this version. It’s confusing and opens ways yes...to social laundering. Not acceptable.

**We keep demanding for a stricter political and legal recognition of the so called Social Economy** and its Social Economy Enterprises at EU level. Like in some EU countries where they formally exist. And where that doesn’t formally exist... the reality is there.

But this recognition has to be based on an European level rule of law, exactly because only that level of law will allow social economy enterprises to circulate and thrive in the Internal Market.

Let us open a bracket now, to further justify this need. As if a question of principles was not enough, **and it has to be enough.** In fact, it is sad to see, again and again, “why” or “ what for “, mutuals or other Social Economy Enterprises need and want that legal recognition and the so called European passport?

The fact is simple. When Europe starts to discuss some of the principles upon which the European Union itself was founded, it is bad. There you have a real problem...

### **Or is it that Single Market is not for everyone?**

But even overcoming this question of principles, we have to admit that the lack of legal recognition for Social Economy Enterprises at EU level has, and is, creating an extremely unfair market distortion and an unjust field of unfair competition. In fact, when Social Economy Enterprises have to comply with the different sets of rules that apply to the internal market actors, namely financial rules, solvency rules, consumer protection rules, competition rules, etc and, at the same time, can not circulate in that same market, taking the advantages of wider opportunities, wider markets, wider populations, even wider financial opportunities, that is obviously a situation of unfair competition.

**It's about time that this situation comes to an end.** Not only because it's fair, but most of all because **it is of elementary Justice.**

Time to almost finalize these words. But not without referring to...**what is... of Justice.**

We do acknowledge that not everything is going bad. We have to admit that a new will, a good will, is coming now from the Commission side and its representative officials. We thank them for their commitment and will of understanding and cooperation, knowing however that , this problem is, most of all, if not at all, **political.**

Also a new proposal is coming from the European Parliament side. In line of the previous mandate. An **Own Initiative Report** will be voted, and approved or not, with a Recommendation to the Commission on a **Statute for Social and Solidarity-based enterprises.** The main purpose is to create an **European Label for Social Enterprises.**

Only two technical remarks. In fact, three. First, it's obviously good to see that someone is keep pushing to find a solution. Yes, it is the way, to find a solution. Second, not so good, there we have again this issue of confusing concepts between social economy enterprises and social enterprises. Not acceptable and regrettable. Third: as we see it, it's not the way. Because it forwards to national law the practical ruling of the case. Not only this kind of technical approach has proven inefficiency as, in some cases, will turn out in impossible solutions.

Ladies and Gentlemen!...

AIM is deeply involved in this path of finding a political and legal recognition for Social Economy Enterprises at EU level. That is the purpose of this meeting. Tune up concepts, point out possible solutions.

Thank you very much to each and every one of you. Those who have come to help us to raise awareness for problems and to point out solutions. Those who have come to share with us their doubts, their problems and expectations, to help us all to find a way out.

Because I'm sure, we all are sure, Europe will win at the end.

Thank you very much.