

LAW 5/2011 OF

Social Economy

CEPES

Spanish Bussiness Confederation of Social Economy

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Index

Prologue

José Luis Rodríguez Zapatero

PRESIDENT OF THE GOVERNMENT5

Introduction

Juan Antonio Pedreño Frutos

PRESIDENT OF CEPES.....7

Antecedents

Ignasi Faura i Ventosa

EX-ADVISOR OF CEPES' BOARD.....10

Juan José Barrera Cerezal

GENERAL DIRECTOR OF THE SOCIAL ECONOMY, SELF-EMPLOYED LABOUR AND THE RSE

MINISTRY OF EMPLOYMENT AND IMMIGRATION12

Assessment and opinions on Law on Social Economy

Esperança Esteve

MEMBER OF CONGRESS FOR THE SOCIALIST PARTY. MEMBER OF THE EMPLOYMENT

AND IMMIGRATION COMMISSION. RAPPOREUR IN THE PROCESSING OF THE LAW ON SOCIAL ECONOMY15

Carmen Quintanilla

MEMBER OF PARLIAMENT FOR PP FOR CIUDAD REAL. MEMBER OF THE EMPLOYMENT

AND IMMIGRATION COMMISSION. RAPPOREUR IN THE PROCESSING OF THE LAW ON SOCIAL ECONOMY18

Carles Campuzano

MEMBER OF CONGRESS FOR CIU. MEMBER OF THE EMPLOYMENT

AND IMMIGRATION COMMISSION. RAPPOREUR IN THE PROCESSING OF THE LAW OF SOCIAL ECONOMY20

Annexes

- Speech by Juan Antonio Pedreño at the Employment and Immigration Parliamentary Council, 19 October 201023
- Debate and passing of the Draft Law on Social Economy by the Employment and Immigration Parliamentary Council, 21 December 2010.....37
- Debate and passing of the Draft Law on Social Economy by the Parliamentary Council, 16 March 2011.....48
- Law 5/2011, of 29 March on Social Economy56



José Luis Rodríguez Zapatero

PRESIDENT OF THE GOVERNMENT

The consensus with which the political parties welcomed the Law on Social Economy, enacted in the Spanish Congress on 16 March 2011, is a clear symptom of the relevance that this sector has achieved in our country. When the Government committed itself to creating a legal framework that would help to strengthen the institutional recognition of the Spanish Social Economy, it was aware of the need to support a sector of our productive system which has demonstrated that values and economic efficiency are not only compatible but can even work perfectly together.

The adoption of said Law, pioneer in the European sphere, is the result of almost eight years of intense work and the collaboration of all relevant parties. Since the first legislature, the Government has carried out multiple actions to increase the public presence and recognition of the Social Economy, foremost among them the revitalisation of the Council for the Promotion of the Social Economy and the boost of the policy to foster social responsibility in enterprises.

The traits which define the Social Economy – primacy

of the workers and consumers, commitment to local development, social cohesion and sustainability – constitute an enormously important ethic capital for our society, especially in these moments of crisis, when the sector has demonstrated its strength and options for the future, making it only right to recognise it as such.

This is what the Law accomplishes by establishing a legal framework that structurally recognizes the relevance of the Social Economy.

For these reasons, I am very pleased to write a prologue for this publication which includes not only the final text of the Law on Social Economy but also several additional documents, which help us put its enactment into context. Thus, the collection of texts reveals to what extent the process of elaboration of the Law, apart from giving legal consistency to the reality of the Social Economy, provided a fertile meeting ground between the sector and Spanish society. Hence the importance of having a technical reference document which, simultaneously and thanks to the translation of its texts, responds to the expectations raised in many countries that are already showing interest in our model.

Prologue

José Luis Rodríguez Zapatero

PRESIDENT OF THE GOVERNMENT

It is worth mentioning, once again, the undeniable weight that the Social Economy carries in our country, a sector which, according to the statistics of the Spanish Confederation of Social Economy Enterprises (CEPES), encompasses more than 150,000 enterprises and employs more than two million persons. Add to this its presence across many sectors and it becomes an essential part of our productive fabric. Cooperatives, worker-owned and agricultural processing societies, insertion companies, mutual benefit societies, fishermen's associations, handicapped associations and special employment centers make up the extraordinarily rich mosaic of the Social Economy.

All these businesses are characterized by their ethical approach to conducting business: coherent with contemporary values, they carry out their activity in a participatory, solidarity-based and socially responsible manner, and they are capable of combining economic profit with human and social values.

In this sense, I also want to emphasize that the Social Economy has played a leading role in the main work lines of the Sustainable Economy Strategy, whose objective is to renew the productive model of our country. Thus, the Law on Sustainable Economy includes important elements for the development of the principles of the Social Economy.

As evidenced in this publication, the Social Economy is an inescapable part of our economic reality that is destined to fulfil an essential role in Spanish society over the course of the upcoming years: the development of a more competitive and innovative economy, more socially cohesive and less speculative.

Finally, I would like to recognise the work of the Spanish Confederation of Social Economy Enterprises, which has done an outstanding job as the driving force behind this legislative reform, and has once again demonstrated the importance of society's own initiative in the collective task of improving our present and our future.



Juan Antonio Pedreño Frutos
PRESIDENT OF CEPES

It is with profound satisfaction that I present, as president of CEPES, this publication which is the result of the collective and constant work of the entire sector that integrates CEPES. This whole process of elaboration of the Law on Social Economy could not have succeeded without the support of all the Political Parties, and especially that of the President of the Government, José Luis Rodríguez Zapatero, who gave a boost to this legislative project at a meeting organized by CEPES last 18 February 2010. For that, on behalf of CEPES and its entire Management Board, I want to take this opportunity to express publicly our gratitude for the positive, enriching and collaborative predisposition of all the Parliamentary Groups and Government representatives who have participated in this process. All this leads us to the text of Law 5/2011, the regulatory and institutional turning-point for the Spanish Social Economy movement, mirroring the political and social sensitivities toward the historic demands of the sector. A Law which beyond all doubt will give the Social Economy the position of relevancy it indubitably deserves in the Spanish socio-economic stage; a Law which furthermore establishes the channels of communication between the representative organizations of the Sector and the Public Administrations; which recognizes a business fabric that creates jobs and wealth, and I would like to point out that the Social Economy sector

represented in CEPES was able to create in 2010 5% more jobs than the previous year, representing 12.6% of employment, (2,350,000 workers), more than 45,000 enterprises with a turnover of around Euro 92,000 million, which is 10% of the GDP and almost 3% of value added. These statistics are further proof of the strength of the sector in these difficult times.

The Law is a confirmation of the rise the sector has been experiencing in recent years, where its presence, development and implementation in the economic and social scope are indisputable, achieving an indispensable form of undertaking and generating wealth in our days. The societies and organizations that comprise the Social Economy are true socio-economic institutions, fully adapted to the market economy, to the emergent enterprise sectors, and in general, to the necessities required by the current open, plural and democratic society.

Regarding this Law, I want to highlight certain aspects that we view as significant advances in the configuration of the sector. This Law conceptualizes and clarifies the Social Economy sector, putting an end to the lack of definition which has been an obstacle to its visibility up until now. On the other hand, the fact that the Law provides legislative status to the intrinsic principles and values of the Social Economy enterprises, clearly differentiating them from other types of companies, is

Introduction

Juan Antonio Pedreño Frutos

PRESIDENT OF CEPES

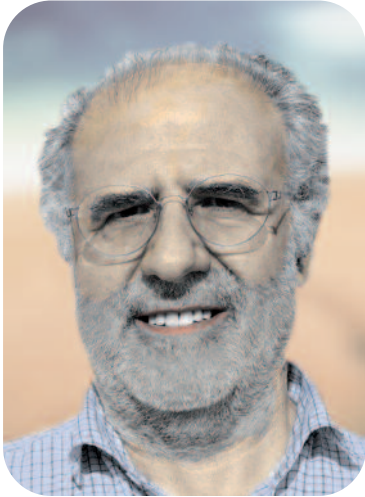
relevant. It also defines the channels of communication, which will strengthen the presence of the sector at the tables where public policies are designed. And finally, I want to point out and emphasize the fact that the Law establishes the promotion of the Social Economy by the public authorities as a task of general interest.

There is another aspect I would like to highlight, and which has been reinforced by all the persons who collaborated in this publication. It is the unanimous consensus of all the Parliamentary Groups to enact this Law. This has meant that the debates, speeches, and reflections became, in the words of the President of the Government in the prologue, “a fertile meeting ground between the sector and Spanish society”. These have been debates which have created a teaching function hitherto non-existent in the Congress and which will have long-lasting repercussions. For that reason we considered it necessary to incorporate them as annexes in this publication and share them with other Governments and International Institutions.

We are fortunate to have the collaboration of some of the main protagonists of this Law, who have completed with their articles a global vision, not only of the text, but a deeper analysis of the economic, social and political repercussion of the Law. And, none of this would have been possible without the collaboration of the Ministry of Employment and Immigration and specifically of the General Directorate of Social Economy, Self-Employed Labour and the RSE, which has been an unquestionable accomplice and collaborator in all the legal processing of the Law, as well as the Group of Experts, under the leadership of Professor Monzón. I want to express my deepest gratitude to all of them.

We expect this publication to promote the values of the Social Economy organizations, extrapolating them to the remaining enterprises, contributing to build a new production model, desired both by the Government and by the civil society organizations, permeating the business set of social values and boosting the various forms of enterprise that make up our economic scenario.

Antecedents



Ignasi Faura i Ventosa
EX-ADVISOR OF THE CEPES' BOARD

Why a law on Social Economy?

It is the first time that a member state of the European Union enacts a Law on Social Economy, which was published in the Official State Gazette on 30 March 2011. The reason for this is that 10% of the country's economy revolves around Social Economy enterprises and organizations, which up to now have been lacking a clear definition of their sphere of activity or their own distinctive characteristics.

In an open market economy there are different types of economic operators: capitalist enterprises, publicly-owned enterprises and entities, the self-employed and the Social Economy; with multiple enterprise forms in each of these sectors.

For the first time, a law groups together the diverse forms of enterprise that make up the Social Economy and creates a common framework for the entities it encompasses. This framework is defined by the principles that should govern in all these (art.4) which are:

- a) Primacy of the individual and social purpose over capital.
- b) Distribution of the profits obtained according to work or activity performed by the members and according to the social purpose of the organisation.
- c) Promotion of solidarity internally and with society.
- d) Independence with regard to the public authorities.

From which it can be gathered that they are private entities, not public, that arise from the initiative of individuals who act and get together to work within the social and economic setting; without the pursuit and appropriation of profit as their primary objective, non capitalists, although they do strive for efficiency and good results from the projects they undertake.

Art. 5.1 of the Law lists the entities which are part of the Social Economy: Cooperatives, Mutual Societies, Foundations and Associations engaged in economic activity, worker-owned societies, insertion companies, special employment centres, fishermen's associations, agricultural processing companies and special Organizations created by specific rules that are governed by the principles set forth in the previous article.

A list which remains open with the establishment of a Catalogue of Social Economy organizations of the Ministry of Labour which may include any organizations that choose to operate on the basis of the guiding principles of the Social Economy (art.4), whatever their legal form may be, by incorporating them into their statutes and being accepted and recognized as such by said catalogue. This allows solving the legal status of financial vehicle companies of the Social Economy organizations.

Antecedents

Ignasi Faura i Ventosa

EX-ADVISOR OF THE CEPES' BOARD

These two articles are the backbone of the Law which extends further to matters of organisation and representation of the sector, its promotion and dissemination, the formation of a Council for the Promotion of the Social Economy and financial and statistical aspects.

The importance of the Law lies in the recognition and support of the Social Economy as a distinct economic activity that requires substantial supportive action and recognition. It is the first step toward recognising the Social Economy as a social agent, with an immediate institutional presence and capacity for strategic influence in the economic and social policies of the country.

Enactment of the Law is due to the unity of the sector, the leadership and tenacity of CEPES, the respect for the diverse legal forms of the organisations within the sector and the consensus of the proposal thanks to the preparatory work of the Subcommission set up for the Social Economy in the Spanish Congress.

The reality of the figures of the sector and the unity have been, without a doubt, determining factors to achieve the legislative and institutional recognition of the Law.

Today, as in 1934 when the Law on the Basis for Cooperation was passed in the Parliament of Catalonia to regulate the common bases of mutual societies, agricultural cooperatives and unions, the unity of the sector and an unquestionable political sensitivity have played a fundamental role in enacting this pioneer legislation.

While not in the forefront of European countries, such as Italy, France, England or Sweden, who boast a strong presence of the Social Economy in their national realities, Spain has made significant progress in the sector over the past thirty years, with a growing presence in multiple economic activities, particularly in certain regions such as the Basque Country, Andalusia, Valencia and Murcia.

The experience of the Spanish Confederation of Social Economy Enterprises (CEPES), which gathers all the sectors and organizations, and the ongoing dialogue with the Ministry of Labour, have served to build a strong presence of the Social Economy in the social, labour and business institutions of the country resulting in the enactment of the Law. Let us celebrate the achievement.



Juan José Barrera Cerezal

GENERAL DIRECTOR OF THE SOCIAL ECONOMY,
SELF-EMPLOYED LABOUR AND THE RSE
MINISTRY OF EMPLOYMENT AND IMMIGRATION

The Law which recognises the Social Economy

It has been a long road from the time the concept of Social Economy was institutionally recognized with the creation of the National Institute for the Promotion of Social Economy (INFES) in 1991, to the adoption of the Law of Social Economy.

When the INFES was set up, the Government and Spanish Parliament then in power took a giant step forward to incorporate in Spain a term which was being coined up in Europe, and which the European institutions defined as the grouping of cooperatives, mutual societies and associations and foundations.

At that time, the organization sector of the Social Economy in Spain was not as structured as it is today. It did not have a criterion for belonging to this well shared concept. There were those who feared that beneath this label the importance of each one of the kinds of organisations that make up the Social Economy would disappear.

The first steps toward an associative structuring were taken under the impetus of the Administration, specifically the former Directorate General of Cooperatives and Worker-Owned Societies, creating a roundtable or coordination body for the Social Economy organisations, which at that time, between the end of the 80's and early 90's, consisted only of different organisations of types of cooperatives and the

confederation of worker-owned societies. That coordinating body, led by the Director General, was called CEPEC.

The creation of INFES put into operation the first Council for the Promotion of the Social Economy. This meant CEPEC no longer had a reason for being since the representatives from the sector would be seated in the Council with the representatives from all three levels of the Public Administration, Central, Autonomous and Municipal.

This new scenario, the creation of a government consulting body for Social Economy, as was the Council, was a huge step for institutional participation in the Social Economy, unthinkable just a few years earlier. Furthermore, in order to be effective, the associative sector would have to coordinate its actions to show a stronger presence within the institutional context and others that were opening up, thus arising the need to create CEPES, as a confederation of business organisations to defend as a whole the interests of the Social Economy, without sacrificing the identity of each individual entity that makes up the Social Economy.

From its original format in which participation was limited to cooperatives, and not all of them, worker-owned societies, and mutual insurance companies, CEPES has evolved to encompass a wide array of

Antecedents

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organisations of all types from the Social Economy in Spain, becoming the gold standard for associative integration for Europe and I dare say the world.

This path that begun in those years and which has lasted over two decades paved the way for Spain's pioneering initiative today in the world with the Law on Social Economy, which recognises the participatory and social values of these enterprises and means that public authorities view the promotion, stimulus and development of the Social Economy enterprises and its most representative organisations as a task of general interest.

The Law is the legal framework of the Social Economy, conferring more legal certainty to the businesses and organisations that operate in the economic sphere under the following principles: primacy of the individual and of the social purpose over capital; distribution of the profits obtained from the economic activity mainly according to the work contributed, and, in the case of social service enterprises, the profits are reinvested in said activities; and commitment to local development, social cohesion and sustainability.

It recognises the importance of the existence of associations that represent the Social Economy and

confers a leading role to the representative Inter-sectoral Confederations of national scope. This representation is reflected in the participation of the Social Economy organisations in different public institutional participatory bodies, above all the Council for the Promotion of the Social Economy, the advisory consulting body for activities related to the sector, and in the management of public programs aimed to promote the Social Economy.

The Law allows entities that did not have a clear institutional body of reference to defend their joint interests, to find themselves protected by the values they share with other members of the Social Economy, as in the case of insertion companies or many foundations.

The adoption of the Social Economy Law will mean a fundamental boost to visualise and recognise the social and participatory values of this ample and diverse group of enterprises and organisations.

Finally, as representative for the State Administration allow me to express my personal satisfaction in being part of this process, in the creation of INFES as well as the elaboration of the Law on Social Economy, and working with all of you.

**Assessment and opinions
on Law 5/2011,
on Social Economy**



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The Social Economy: a path to advance in the social and economic democracy

In March 2011 the Spanish Congress passed unanimously Law 5/2011 on Social Economy, the culmination of arduous work begun three years earlier with the creation of a Social Economy subcommission which facilitated collective reflection and learning by providing expert testimony over the course of nearly a year, enabling debate and agreement among all parliamentary groups.

It was helped out by the determination of the Spanish Confederation of Social Economy Enterprises, which at all times saw clearly the need for a general regulatory framework for the Social Economy that provided unity, visibility and projection, and by the political commitment of the President of the Government, José Luis Rodríguez Zapatero, who publicly gave his support to the president of CEPES to pursue the elaboration of a law.

The law, therefore, has a basic objective, which is to design a general legal framework, without intending to replace the rules in force in each of the organizations that make up the sector; it is the result of the shared vision and action among the Spanish Congress, the Government, social agents and the Social Economy sector and showcases the business dynamics existing throughout history, carried out by mutual societies and cooperatives, worker-owned companies, foundations,

special employment centers and, the last to be recognized with a specific law, social insertion companies. All this conglomeration of legal forms defines the organizations that make up the Social Economy and aims to satisfy individual employment and/or social welfare needs, with forms of collective organization that will have a direct impact on job creation, generation of wealth, social cohesion, territorial development and the inclusion of groups of people in vulnerable situations.

Likewise, in its preamble, the law notes the role of the European Union and cites the 2002 Charter of principles of the Social Economy of the European Standing Conference of Cooperatives, Mutual Societies, Associations and Foundations, the predecessor of the current Social Economy Europe association, which introduced a set of principles that create the framework for the new reality of the Social Economy, such as the primacy of the individual and the social objective over capital, voluntary and open membership, democratic control by members, the conjunction of the users' and general interest, the defence and application of the principle of solidarity and responsibility, autonomous management and independence from public authorities and the use of surplus to carry out sustainable development objectives, services of interest to its

Assessment and opinions on Law 5/2011, on Social Economy

members or of social interest. This reality was later acknowledged by the European Parliament by means of report 2008/2250 (INI) of 26 January 2009 and by the European Economic and Social Committee, through different opinions.

Recognition of the Social Economy is backed by the EU member states because it generates 6% of direct jobs employing 11,000 individuals and in Spain it represents 10% of the GDP, and 14% of the workforce with nearly 50,000 enterprises employing 2,350,000 Spaniards in stable and non-transferable jobs and generating, as previously mentioned, an interconnected network which produces goods and services and creates wealth, with entrepreneurial, self-organization and territorial development dynamics.

All this serves as a basis for the following questions:

- ***Should there be a public policy to protect and develop Social Economy?***
- ***Can and should the Social Economy be an alternative to the traditional market enterprises?***
- ***Is the Social Economy necessary to emerge from the crisis?***
- ***Does the development of the Social Economy have limits?***

Indeed and from our point of view it is essential to have a public policy for Social Economy that serves to create favourable conditions for its protection and development. The law is an example of this as well as the different rules that integrate it. The conditions necessary for Social Economy enterprises to exist are: entrepreneurs ready to operate in the market under the same conditions as any other type of company; individual and collective effort to reach their goals; capacity to assume economic risks; commitment to solidarity and economic improvement in the territory; clear determination for the social inclusion in work and salary for individuals in vulnerable situations, making possible their integration and allowing personal development and individual and group autonomy.

Hence the importance of the territorial factor: more Social Economy means more possibilities of economic and social inclusion of individuals and groups and more levels of community self-organization. All this justifies the firm commitment of the public authorities, providing tax incentives, hiring discounts, allocation of work posts

and social clauses, in a model of public private cooperation that makes it possible to grow exponentially and increase the impact on the surroundings. For this reason it must be pointed out that it is still necessary for the different administrations to improve the management of the model and conditions, incorporating an economic balance as well as the necessary social balance which incorporates the different variables to assess the shared compromise. It is not a question of the public administrations relinquishing responsibilities or creating in-situ accommodation measures on behalf of the enterprises in the SE sector, but rather of defining the area that corresponds to each and create circular areas of responsible cooperation that benefit both the individual and society.

From all of the above, it can be inferred that the Social Economy can only be developed in a democratic system, since it is the business and social democracy which gives meaning to the model and the action developed. Within the contrast of opinions, in the decision-making process, and in the cooperative or collective spirits lies one of the purest essences of a democracy, that which today is being questioned in some sectors and making it imperative to fight for everyday to prevent totalitarian expressions and actions from taking hold.

Professor Subirats states ⁽¹⁾ that politics and economy do not work in separate and independent spheres. If we separate economic activity from morality, if we view economy as an independent, objective science, unrelated to social conflict and the impact it has without taking into consideration justice or the common good, then we are eliminating the ethic and political principles which are precisely what is needed to provide quality to democracy. In saying this, we don't want to blame the market companies for our society's problems. On the contrary, each responsible business project is essential for social stability and development and many are the efforts of entrepreneurial individuals and companies to contribute to the common good. The different business models are complementary. It is the excesses of some which have driven us to the social and human precipice converting the world into a predatory and merciless market.

With that we respond to the second question. The market should be a combination of individual and collective issues but it must be clear that the economy can never

Assessment and opinions on Law 5/2011, on Social Economy

be independent of its own actions and effects. This is where the market companies must find an ever-growing space, that without renouncing their goals, they understand that a part of them should be directed to benefitting the surroundings, with socially responsible projects that encompass environmentally sustainable policies, human resource policies based on democratic models and personal growth, on product quality, on an awareness of forming a part of the whole and on fair, not excessive and short-sighted, profit making. In the words of former director of the IMF, Dr. Köhler in a speech given in 2010 said: “ we know now that the market alone is not enough. Strong governments are needed to create rules for the market and enforce them. The financial markets cannot have unlimited freedom”⁽²⁾, implicitly referring to the justice and ethics and the indispensable relation between policy and market.

Based on our conviction that the Social Economy should be bolstered by public authorities and that its growth clearly contributes to improve the economic democracy, while at the same time the market businesses should increase their awareness thoroughly analyzed by Dr. Carmen Parra in her book “Companies with a Conscience”, where she urges them to open their eyes to an area that corresponds to them as well, and to increase their social responsibility. That being said, the development of the Social Economy and of responsible companies is not enough to emerge from the present crisis or future ones. Globalization cannot be stopped and as a consequence, it’s a matter of creating rules, standards, on a global level to prevent the social and economic breakdown which leaves in its wake an elevated number of victims who have had little to do with the generation of the crisis or the growing inequalities in the world and even in their own countries.

Regarding the limitations of the Social Economy, if they exist, perhaps they are self-inflicted. It is the ideological frame of reference generating values of consumption and instant gratification which prevents the emphasis from being placed on real capacities and those of the territory in question. For this reason, the aforementioned public private cooperation is indispensable and above all a culture based on individual and collective initiative that profits both the person and the surroundings, thus achieving a greater social welfare. Without the private sector and the capacity for self-organization, progress would be impossible, but it would be equally impossible without a democratic state that guarantees minimums of well-being and creates conditions for genuine participation, with transparent and austere oversight, for cooperation and inclusion and development.

In this context it is necessary to provide democracy with greater quality, and as part of this objective is the Social Economy, its values and its action which as we see it, should grow and influence society as a whole. This calls for greater demands, from the sector and from the public authorities, with an increased representation in order to be able to express itself, become more visible and have a greater impact in a complex and sensitive environment.

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LAW ON SOCIAL ECONOMY

The Law on Social Economy: a deserved recognition

On March 16, 2011, the new Law on Social Economy was finally adopted at the Plenary Session of the Spanish Congress, with the favourable and unanimous vote of all groups. This Law is no doubt a well-earned recognition of the important work carried out over decades by the many organizations that are part of the Social Economy in the social and economic fabric of Spain. With the passing of this Law we responded at last to a longstanding demand voiced by these entities and, above all, by the Spanish Confederation of Social Economy Enterprises (CEPES) bringing to a conclusion a lengthy process which began almost four years and two legislatures ago, in 2007, with the creation of the Subcommittee within the Economics and Finance Commission of the Spanish Congress to investigate the situation of the Social Economy in Spain with the participation of many experts on the subject, including the invaluable collaboration of CEPES, who presented their proposals and cornerstones for the elaboration of a Law on Social Economy which, fortunately, is now a reality.

As I stated in my speech before the Employment and Immigration Commission and at the Plenary Session of the Congress during the processing and passing of this legislative initiative, the Law on Social Economy establishes a new legal framework shared by all the entities that are part of the Social Economy, while still

respecting the specific regulations of each of them since it does not substitute the regulations currently in force in each of the entities but instead supplements them; a specific legal framework that the organizations which make up the Social Economy have been demanding for quite a long time.

Furthermore, this Law has brought the Social Economy to the forefront and provided it with greater visibility and legal certainty and it has also boosted the promotion of the Social Economy in Spain, a sector which has experienced significant growth in the last thirty years, above all in the context of social workplace integration and social services benefits and community care.

We cannot overlook the important role played by the Social Economy from both an economic and social point of view. Not in vain, cooperatives, mutual societies, foundations, associations with economic activities, worker-owned societies, special employment centers, insertion companies, fishermen's associations and agricultural processing companies, all organizations which fall under the umbrella of the Social Economy, represent 10% of the Spanish GDP and 14% of the workforce in Spain with more than 50,000 Social Economy enterprises employing over 2,300,000 persons. However, the greatest asset of the Social Economy resides in the importance given to individuals, to human capital more than economic capital and in considering them a

Assessment and opinions on Law 5/2011, on Social Economy

fundamental tool to generate new opportunities in society, to correct social and economic imbalances, to go beyond the reach of both the public sector and the market, to encourage citizen participation and to contribute to a more balanced, equitable and solidarity-based social and economic development, contributing to social cohesion, local and territorial development and to promote innovation.

The Law on Social Economy places this sector where it belongs and makes significant progress by explicitly recognizing as tasks of public interest the promotion, stimulation and development of the Social Economy enterprises and their representative organizations and establishes as objectives for the public authorities, within the scope of their respective powers, to encourage the promotion policies of the Social Economy by simplifying the administrative requirements for the development of economic activity, to facilitate Social Economy initiatives, to promote the principles and values of the Social Economy, to engage the Social Economy enterprises in active employment policies and to promote the Social Economy in such areas as rural development, dependence and social integration. (Art. 8).

In this way, the Law reactivates the Council for the Promotion of the Social Economy as a collaboration, coordination and liaison body of the Social Economy and the State Government (Art. 9). Likewise, it recognizes the Special Regulation of the Spanish National Organization for the Blind (ONCE) as a Singular Organization (Third Additional Provision) and, on the other hand, it also

includes the approval, within a 6 month period from the time the Law comes into force, of a Social Economy Initiative Program with special focus on the ones particularly rooted in their environment and those that generate jobs in the most disadvantaged sectors. (Seventh Additional Provision).

The processing and passing of the Law on Social Economy has brought about a wide consensus and a clear commitment to this sector. A commitment which we in the Popular Party have embraced for decades, evidenced by our inclusion of the elaboration of the Law on Social Economy in our election manifesto four years ago. To this effect, I would like to point out that the first advances in this field came precisely at the hands of the Popular Party Administration with the passing of Law 27/1999 on Cooperatives, of 16 July; Law 4/1997 on Worker-Owned Societies, of 24 March; Royal Decree 2114/1998 to regulate the Administrative Register of Worker-Owned Societies and Royal Decree 1430/2002 which passed the Regulations on Mutual Insurance Companies.

It was also the Popular Party Administration who, in 2001, through the Law on Cooperatives, created the Council for the Promotion of the Social Economy, with its implementing regulations contained in Royal Decree 219/2001.

Therefore, the Popular Party and the Popular Parliamentary Group feel great satisfaction that the Law on Social Economy is a reality and that thanks to this Law, the Social Economy organizations may continue to play their fundamental role in the future of Spain's people.



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RAPPOREUR IN THE PROCESSING OF THE LAW OF SOCIAL
ECONOMY

When we recognize the Social Economy

It seems that Social Economy is becoming fashionable again. The recent adoption by the Parliament of Law 5/2011, of 29 March, along with the Report on the Promotion of the Social Economy by the Economy and Finance Commission of the Spanish Congress, constitute two fundamental reference points in this process of renewed interest in the plural economic fabric comprised of cooperatives, worker-owned companies, foundations, special employment centers, insertion companies and associations, as well as some singular organizations.

We can venture three reasons to explain this apparent resurgence of the Social Economy.

On the one hand, the atrocious crisis which has left more than 4 million unemployed requires a re-examination of those who create jobs, basically the small and medium sized enterprises. In this context, the diverse forms of the Social Economy, in great majority small and medium sized, come to the forefront as a reference for any employment policy. It's a matter of promoting entrepreneurship in all its aspects, to allow and stimulate those who have lost their jobs to take the initiative and start their own business. Or to help those companies in crisis to stay in business by reinventing themselves through their employees. The Social Economy experienced a peak moment as well in previous crises. There were many who recovered or kept their jobs by

becoming cooperative enterprises. Despite the existing difficulties, in particular for the small and medium sized companies to obtain loans from Banks, the Social Economy is creating jobs in the midst of the crisis.

So, in 2010, the Social Economy increased its employment rate by 5%, 856 new cooperatives were created, with more than 10,000 new members, the Special Employment Centers created over 8,000 jobs, and the Insertion Companies over 800.

Society in general is coming to terms with the fact that economic prosperity and social welfare in the future will depend fundamentally on promoting a culture of entrepreneurship. We need more people with ideas, ready to take risks, convinced that enterprises have value both for society and for themselves, going beyond the paternalist vision of the role and attitude of citizens in a modern society. The road ahead in the upcoming years is long and the Social Economy is going to play an active part in effecting the change of mentality required for society as a whole to ensure its collective progress.

On the other hand, the harsh crisis we are suffering has made clear the limitations and shortcomings of the type of capitalism which has developed in recent decades. The extreme economism, the short-sighted vision of certain business managers, the undermining of employment as an expression of people's identity, the lack of focus on people as the primary interest of the

Assessment and opinions on Law 5/2011, on Social Economy

company and the immense irresponsibility of certain business leaders, especially within the finance sector, explain in great part the crisis we find ourselves in. The demands for a more just and humane capitalism, the return in Europe to the successful model of Social Market Economy or the renewed drive for Corporate Social Responsibility make up part of the landscape where the Social Economy enterprises are revisited. The market as a source of wealth, which provides useful and valuable goods and services to people, and competition as the motor for economic prosperity, not only demand better regulation and supervision, but also more social responsibility and a focus on people as the centre of economic activity. Within this framework, the Social Economy, as a third path between the public sector and private profit-oriented enterprises, becomes, once again, an appealing alternative for those who seek to

maintain the principles of free enterprise, empowerment of individuals and the ability to cooperate and collaborate among individuals as well in the economic sector.

Finally, during the years that the Social Economy has had a diminished presence both in political debate and in the media, many of its enterprises have done their homework. They have grown in professionalism, size, incorporation into emerging sectors such as environment and social services, and in innovation. In Catalonia, the Basque Country, and the Valencian Community we find a competitive and innovative economic fabric. It makes sense that public policies respond to this significant improvement of the sector with a new, updated legal framework, which acknowledges in full the dynamism and future of the Social Economy.

Annex

This annex includes the documents that contain the most significant milestones during the drafting and processing of the Law on Social Economy.

- Speech by Juan Antonio Pedreño at the Employment and Immigration Parliamentary Council, 19 October 2010
- Debate and passing of the Draft Law on Social Economy by the Employment and Immigration Parliamentary Council, 21 December 2010
- Debate and passing of the Draft Law on Social Economy by the Parliamentary, 16 March 2011
- Law 5/2011, of 29 March on Social Economy

Speech by Juan Antonio Pedreño at the Employment and Immigration Parliamentary Council

On Tuesday, 19 October 2010, the president of CEPES, Juan Antonio Pedreño Frutos, appeared before the Employment and Immigration Parliamentary Council with regard to the Draft Law on Social Economy.

Members of the Congress, I would first like to express my gratitude to you on behalf of the Spanish Confederation of Social Economy Enterprises, Cepes, which I preside, for the opportunity to appear today before this Employment and Immigration Commission of the Congress of Deputies. I am enormously pleased and honoured to be able to present to you the motivations and concerns of our sector with regard to the future law on Social Economy, as well as the relevance and meaning of its approval for all organizations that make up the Spanish Social Economy. I will focus on three aspects. In first place, I will briefly describe the qualitative and quantitative importance of the Social Economy, analysing in particular its contribution to the socioeconomic scenario at this time. In second place, I will explain the reasons for which those of us who are in the sector consider that a law on Social Economy is necessary. In third place, I will comment on the amendments that Cepes has proposed to your honourable members to improve the text that is currently being examined at the Congress of Deputies.

I will start with an affirmation that I would like to later analyze, because I believe that it is neither possible nor appropriate to provide a description of the Social Economy without taking into account what is currently happening in our society. From the beginning, and throughout its history, the Social Economy started to develop as a positive answer, providing economic and entrepreneurial solutions to the different social problems affecting certain territories or groups of people that would hardly have any other economic or employment alternative otherwise; thus, it was a positive answer to what was happening in society. From this historic perspective, one can observe how the different forms of the Social Economy always arose as imaginative solutions invented by groups of people, in an effort to find collective solutions to problems that appeared to lead

to a dead end. Of course, this answer was based on feasible entrepreneurial projects and always from the perspective of social cohesion. Cooperatives were a collective solution to survival problems in the midst of the industrial revolution, just as worker-owned societies were for joint-stock companies in crisis, mutual societies for people with no social benefits and more recently, the special employment centers that aim to provide access to the labour market for persons with a disability or insertion companies for persons who have suffered processes of exclusion. As society has evolved, other organizations operating under different formulas have appeared, which also embrace the common criteria defended by the Social Economy.

Some of these features still endure in the sector's current structure, which includes companies of all sizes and operating in all economic sectors, from micro-enterprises to large business groups. In any case, they all share the coexistence of economic rationality with solidarity and social responsibility. Therefore, solidarity, participation, internal democracy and their ties to the territory are some of their most significant characteristics and their greatest contribution to the business world, as well as the fact that the dual status as shareholders and workers and the participation of the latter in the management, such as the case of cooperatives and worker-owned societies, or the pursuit to include persons which difficulties into the labour market, such as the case of insertion companies or special employment centres, are clear examples of the commitment of the whole Social Economy in an effort to maintain and generate employment, which I believe is now the greatest exercise of social responsibility.

I would like to stress that Spain has been a pioneer country regarding the Social Economy. The significant development of the sector, the concept, the association structure and, as it could not have been otherwise, the

Speech by Juan Antonio Pedreño at the Employment and Immigration Parliamentary Council

regulation with this law, are factors that have contributed to place Spain at the head of Europe and even of the world, I would dare to say. The consolidation of certain legal formulas that do not exist in Europe, such as, for example, worker-owned societies, special employment centres, insertion companies, fishermen's associations or the entire association movement to provide access to the disabled, has contributed to the great amount of time during which it has consolidated, to its recognition and particularly to its visibility. It is important for you to know that there are many terms in Europe to define similar realities, although they do not have the same structure we have in Spain. Terms such as the third sector, solidarity-based economy, social enterprises, non-profit sector, are sometimes used mistakenly to define similar realities. The European organizations of the Social Economy agreed on a definition of the Social Economy in 2002. Even though the organizations that make up the same, cooperatives, mutual societies, associations and foundations are the core of the European Social Economy, in Spain, when we speak about the Social Economy we refer to private economic and business activities performed by companies or organizations that bring together legal or natural persons, pursuing the collective interest of their members, as well as general interest. Such initiatives, with strong ties to the environment, operate mainly under a regime where the person – and this is the mainstay of our business model – prevails over capital, in a participative, shared and democratic manner. Until now, the definition of this other way of doing business in Spain has been coined to a great extent by the academic and institutional world, as well as by the organizations that are part of the same, this is, it is a concept used more *de facto* than *de jure*. As I already stated, the diversity of legal forms that make up the same reflects precisely its association and entrepreneurial richness, both regarding the form of action and collective practices that generate wealth.

Regardless of the specific regulation of each form of company, certain common characteristics must be recognized, which give shape to the Social Economy, its common purpose and its institutional presence. That is precisely where the interest to establish a Social Economy law that recognizes its presence, its activity and its representative organizations stems from. Society cannot

ignore the contribution that the Social Economy makes to the Spanish and European society through the Social Economy organizations that make up the same, cooperatives, worker-owned societies, insertion companies, special employment centres, fishermen's associations, foundations, associations and other organizations set up under the principles of the Social Economy. From a quantitative perspective, the Social Economy represents over two million enterprises in Europe, generating 6 per cent of European jobs, around twenty million persons working in the European Social Economy. In Spain, as you know, the Social Economy is mainly represented by the Spanish Confederation of Social Economy Enterprises, CEPES, which gathers at present more than 80 per cent of the Social Economy sector. All legal forms and forms of doing business inherent to this sector are part of CEPES, except for credit cooperatives, associations and foundations. The statistical deficiencies make it hard to accurately and rigorously calculate what the Social Economy represents in all of Spain, although under the CEPES umbrella there are more than 45,000 enterprises and over 2,370,000 job positions that generated a turnover exceeding Euro 97,000 million in 2009. The number of persons that joined the Social Economy through association but not directly through employment increased by 1,400,000 persons in 2009, reaching twelve million; this is, at that time there were a little over twelve million persons linked by association to Social Economy enterprises in Spain. Given the characteristics defined above in terms of employment, the Social Economy enterprises generate stable employment above traditional schemes, considering that despite the rough economic moment, last year the Social Economy generated 2,310 new enterprises and a net increase of 25,698 work positions, this is, approximately 117 jobs per day.

From a qualitative point of view, in addition to its potential for job creation beyond the different economic schemes, it is regarded as an economic activity to be developed, promoted and taken into account as a social partner, given the pace at which it is growing. This growth potential has been recognized and supported historically by different bodies of the European Union. Until now, there are over 170 documents that recognize Social Economy enterprises as an economic and social partner

Speech by Juan Antonio Pedreño at the Employment and Immigration Parliamentary Council

whose contribution is decisive to generate added value and solve some of the most significant challenges and imbalances of the European society, consolidating welfare with its European social model. The most recent example of such recognition is the European Parliament's resolution issued less than a month ago, on 8 September 2010, urging the European Union and its Member States to take into account the Social Economy enterprises and the diverse forms of enterprises for future employment policies. The Parliament adopted, by a broad majority, its proposals for the guidelines that will define employment policies of the Member States within the framework of the European Union 2020 strategy which will define Europe's model for the next decade. Likewise, such recognition was already declared by the European Parliament in its resolution of 19 February last year, on Social Economy. To this effect, a MEP prepared an important document stressing that the Social Economy helps to rectify three major labour market imbalances: unemployment, job instability and the social and labour exclusion of the unemployed, both at the social the labour market level. According to the report, the Social Economy plays a role in improving employability and creates jobs that normally do not delocalize —a factor of major importance—, and the report adds that the Social Economy has a key role to play in attaining the goals of sustainable growth and full employment set out in the Lisbon Strategy, since it counteracts the numerous imbalances in the labour market, in particular by supporting female employment and establishes and provides community care services, such as social, health, and welfare services, in addition to creating and maintaining the economic fabric of society, thus helping to promote local development and social cohesion. One of the annexes we have submitted, together with the document of amendments, explicitly states how community institutions reinforce the contribution of the Social Economy to employment, social cohesion and the promotion of the entrepreneurial spirit, or to the generation of wealth in the territory.

To conclude this first part of the intervention, I would like to highlight the most significant aspects of the Social Economy enterprises, and which will no doubt be strengthened upon the approval of the law on Social

Economy. In first place, they are enterprises that generate more stable employment than the rest of the jobs created by the market, because they solve crisis in the sector or territory thanks to the collective ability to react against social problems. It is true that everybody recognizes that small and medium size enterprises are the ones that sustain employment in any developed economy, but the efforts made by Social Economy enterprises among the small and medium size businesses are probably not known by all. I will only provide four details. They are companies that do not usually dismiss workers, and thus at this time we have practically the same work force as we had in 2007, because basically 80 per cent of the persons are members of the same; they allow for more flexibility and for the socialization of loss of working hours entailed by the lack of activity and make it possible to quickly produce a restructuring of the enterprise, precisely so that nobody is dismissed; if we need to reduce wages, we do; if it is necessary to give up an extra pay, we do so in order to assume expenses or early retirements. Only when none of this works is the shut-down of these enterprises considered. They are enterprises generating labour market and social inclusion, considering social groups or territories that do not have any other opportunity, and thus become unquestionable players for the construction of a more cohesive society. When we talk about integrating the more vulnerable categories, when we say that social cohesion must be created, we must say that the Social Economy enterprises have been doing it for a long time; a clear example of it are the special employment centres and the insertion companies, which fight every day to keep and increase the 70,000 jobs of persons with a disability or at risk of social exclusion. They transform passive social behaviours into active ones by developing entrepreneurial abilities in persons and promoting local development. It is important for you to know that the Social Economy enterprises do not delocalize, as indicate above; frequently, they are the only business fabric in large rural areas, becoming the main source of entrepreneurial abilities in declining rural areas, where not only the possibility of many persons to live in their place of origin is at risk, but there is also the threat of abandonment and degradation of spaces and resources of high social and ecological value; they lead to greater

Speech by Juan Antonio Pedreño at the Employment and Immigration Parliamentary Council

social integration by establishing trust relationships among the people, with the evident consequence of an increase of social capital in the territory. Therefore, we understand that they are necessary collaborators of the local authorities who wish to build a more balanced, cohesive and fair society.

Having made this introduction, which was mainly intended to define, recognize, promote and visualize the law on Social Economy, I would like to take the following minutes to explain why this law is important for the sector, how we have started to work with it and I will finish with the amendments, as I first indicated above. As you know, CEPES expressed its concern due to the lack of a legislative framework regulating this business movement to all political parties during the last general elections. This request obtained significant acceptance in the election manifestos of many parties, and such need for a law was expressly included in most of the same. I want to take this opportunity to thank all the political forces you represent for pursuing this legislative project which we expect will be approved with a broad consensus. From that time on, CEPES resolved to work on a text which was submitted to the Minister for Employment and Immigration in February 2009. Subsequent events, such as the creation of the subcommission for the Social Economy within the Congress of Deputies, where CEPES stated the need for a regulatory framework, or the consideration of the regulatory project by the Council for the Promotion of the Social Economy and by the Council for Economic and Social Affairs (Consejo Económico y Social), have given the regulatory project that the Congress will now analyze the support from the sector represented by CEPES and practically generalized consensus. Although it is true that the text initially submitted has suffered some modifications, we consider that all of them have contributed to improve it from a technical point of view.

I would like to inform you that this initiative has also been evaluated during Spain's last Presidency, and in the conclusions of the European Conference on the Social Economy held in Toledo and adopted by the representatives of the community institutions of the Member States' governments, as well as by the European organizations of the Social Economy, it was stated that the Social Economy is a business actor that contributes

towards building Europe, stressing three relevant aspects for the sector. The first one, that the Social Economy enterprises offer solutions and alternatives for the great economic and social challenges. The second one, that a law on Social Economy, particularly the law on Social Economy in Spain, will be a reference for the Member States of the European Union. The third one, that the European Social Economy is a strategic ally for the design of the 2020 strategy. For all of the above, this legislative project is of great value, not only for the Spanish sector, but also for the European sector. From CEPES, we have tried to get across to the Administration that the law must have a very specific set of goals that I am going to comment. Colloquially we say that legislation sometimes walks a step behind reality and following this simple reasoning, the Social Economy sector only purports to obtain a legal definition of its current reality. This will entail the recognition of its distinguishable common values and the promotion of the same by the public authorities. With the law, we basically intend the following: in first place, to define the Social Economy and recognize the common features that make up the same, as well as the organizations that form the same; in second place, we consider it a "law of minimums", with no further ambition than to define the sector, without modifying at any time any other laws; in third place, to maintain the individualities of the specific regulations of the different Social Economy organizations; in fourth place, to recognize the contribution of the Social Economy to the socioeconomic development, given that the law establishes a commitment for the public authorities to promote the same; in fifth place, to define the channels for communication between the Social Economy organizations and the public authorities. I am convinced that the conclusions report of the Social Economy subcommission of the Congress of Deputies will strengthen many of the approaches set out in this law and which I have tried to get across to you with my presentation.

Before finishing this intervention, I would like to briefly describe the amendments to the draft law on Social Economy that have been agreed within CEPES, although I must previously warn you that, on a general basis, the evaluation of the same by our sector is very positive and, therefore, the amendments proposed have no other

Speech by Juan Antonio Pedreño at the Employment and Immigration Parliamentary Council

purpose than to improve from a technical point of view and facilitate the comprehension of some of the parts of the stated purpose and the articles. Outside this, the only proposal is to include an express reference in the stated purpose and a new additional provision in order to recognize the ONCE—an organization which, as you know, is a member of CEPES— as a singular organization of the Social Economy, a reference that was included in the initial drafts and which was later eliminated from the text, before its approval by the Council of Ministers. Therefore, we intend to include this reference again.

After this preliminary clarification, the amendments proposed by CEPES, which I assume are in your possession—given that they have been sent to all members of the Committee—are the following. The first two amendments proposed regard the stated purpose. The first of them, 1.1, sets forth the proposal to amend the fourth paragraph of the second part of the stated purpose, and its objective is to adjust the current wording to the terminology of Law 27/1999, on Cooperatives. The proposal is to change the reference to “cooperatives of hauliers” to “transport cooperatives”, which is what the Law establishes. The second of the amendments, 1.2, proposes the inclusion of a new paragraph in the fourth paragraph—if you will forgive the repetition— of the second part of the stated purpose, used to recognize the ONCE as a singular organization of the Social Economy. To this effect, we propose in the text that the nature of the Spanish National Organization for the Blind (Organización Nacional de Ciegos Españoles (ONCE)) as a corporate and legal public entity, and the public financing mechanism for the same through authorizations for gaming, confers the same such a singularity that it creates the need to regulate its essential elements through an additional provision of this law. Among the amendments proposed to the text, we find the modification of article 4.a), which is intended to characterize the Social Economy enterprises—to better define and clarify the concept— in addition to giving priority to decision-taking according to the people and their work contributions or services rendered to the organization or according to the social purpose, instead of to the contributions of capital. This addition is based on the Social Economy organizations’ definition of the four characteristic elements: personnel, assets, social

purpose and exterior form. The draft law indicates that the personnel and the social purpose are the essential elements. Although the social purpose and persons are no doubt two of the essential elements of most of the Social Economy organizations, in some of them, decisions are taken according to their social purpose, such as the case of foundations, where there is no underlying personal element, beyond the founder or the trustees, and even when the latter have made contributions to the foundation, they do not have a stake in the same. Therefore, decisions are taken considering the organization’s social purpose. With this proposal we understand that all organizations covered under the framework of this draft law would be recognized.

The second of the amendments proposed in this block relates to article 7.2), since we consider that the current wording is confusing and provides little clarification. Therefore, and following the recommendation made in the legal opinion issued by the Spanish Council for Economic and Social Affairs and consisting in identifying certain criteria for the determination of the representativeness of inter-sectoral confederations working at state level and gathering Social Economy organizations as a whole, we understand that the new proposed wording clarifies these criteria and provides legal certainty to the institutional participation of the organizations that gather and represent the majority of the interests of the Social Economy sector. To determine the representativeness, we define in our proposal three requirements that must be simultaneously met by the organizations that come together for the purpose of representation. The goal is to define both the association and quantitative quality of the representation of the majority interests of the sector’s organizations. Likewise, we understand that with our proposed wording, and taking into account the provisions of the second final provision of the draft law, subsequent implementing regulations would not be required, and thus we propose the suppression of the last subsection of this paragraph. After such considerations, article 7.2 would be worded as follows: Representative inter-sectoral confederations operating within national scope will be the ones that meet the following requirements: first, they must group together most of the types of organizations included in article 5 of this law, which are all of the organizations that

Speech by Juan Antonio Pedreño at the Employment and Immigration Parliamentary Council

form the Social Economy; second, represent at least 25 per cent of the total enterprises or organisations associated, whether directly or through intermediate organizations, with the Inter-sectoral Confederations that come together for the purpose of representation, provided that such Confederations meet the requirement under the first point; in third place, represent, in at least the majority of the types of organisations of article 5 grouped under the relevant Confederation, at least 15 percent of the total organisations or enterprises of each type associated to the inter-sectoral confederations that come together for representation purposes, understanding that the Confederations shall be deemed representative if they meet the first and second requirements.

As a last amendment, but not less important, the inclusion of a new third additional provision is proposed, which recognizes the ONCE as a singular organization of the Social Economy. This new additional provision would be worded as follows: For the purposes of article 5.1 of this law, the Spanish National Organization for the Blind (Organización Nacional de Ciegos Españoles (ONCE)) is a special Social Economy organization, which adjusts its rules and operations to the provisions of the laws, as well as its specific rules, formed mainly by Royal Decree 358/1991, of 15 March, on the reorganization of the ONCE and its current Articles of Association; whose basic and genuine features relating to its economic and entrepreneurial activity, as well as its nature as a gaming operator of recognized standing, are reflected in this additional provision. The ONCE is an Organization governed by Public Law of social nature; it has its specific rules and its social purposes are aimed at achieving personal autonomy and full integration of blind persons and persons suffering a serious visual deficiency, by providing social services; it has its own legal personality and full capacity to act and for self-organization; its social, economic and entrepreneurial activity is characterized by the principles of solidarity, non-profit and general interest; it exercises in the entire Spanish territory tasks that are delegated by the Public Administration, under the Supervision of the Central Government; and to finance its social purposes, it has a set of public authorizations for gaming matters, whose regulatory framework is set by the twentieth additional provision

of Law 46/1985, of 27 December, containing the State's Budget for 1986 and by the general agreement between the nation's Government and the ONCE, in force from time to time.

The reasons for which this proposal is made are based on the fact that the draft law itself, in article 5.1, establishes the existence of singular organizations of the Social Economy given their economic and business activity, and the ONCE is a singular organization of the Social Economy, because it is the only organization of the Social Economy that is a legal person incorporated as an organization governed by public law and of social nature. Additionally, for historic reasons, the basic rules of the ONCE are regulations, and it is necessary or at least very convenient to have it regulated by a formal law. There is no doubt that this legislative initiative is the best opportunity to increase the level of legal certainty for the ONCE, because of its material contents and the purpose sought.

To finish this appearance, I would like to highlight that the legal and institutional recognition that the future law on Social Economy will bring, will give the sector the status it deserves. The battles for creating jobs and redistributing wealth and for the integration and social cohesion will still play a core role in the economic and social development and will continue to be two of our main objectives to contribute to sustainability, stability and prosperity. I said at first that the Social Economy enterprises arise from imaginative projects in the territory, which is normally where we have to take our imagination. Albert Einstein said that in times of crisis, only imagination is more important than knowledge, and I believe that both factors, knowledge and imagination, are very present in our enterprises because, in the first place, the Social Economy comes from the imagination of a group of persons who embarked in an economic project that responds to a common social need and secondly because the Social Economy is based on the knowledge that requires a successful business management, implemented throughout Europe, showing that there is a model of enterprise capable of making rationality and social progress compatible with solidarity and social responsibility. Both factors will allow us to work in order to put the Social Economy in the place it truly deserves and that it now occupies as a basic social

Speech by Juan Antonio Pedreño at the Employment and Immigration Parliamentary Council

and economic agent. This is going to be our challenge and what we intend.

Thank you very much for your attention. I am of course here to answer any questions you may have.

The **PRESIDENT:** Ms. Carmen Quintanilla, on behalf of the Popular Group, has the floor to ask any questions or make any considerations she deems convenient.

Ms. **QUINTANILLA BARBA:** In first place, Mr. President of CEPES, welcome to this Employment and Immigration Commission. I want to congratulate you for your report and your work at the head of CEPES and tell you, on behalf of my group, that we are committed with the Social Economy, not only this morning, but throughout the work that my group develops in this House, the Congress of Deputies. It is an honour for me that my group has appointed me as spokesperson for the law on Social Economy and to make this appearance, because I was the chief officer at the Registry of Cooperatives and Social Economy Enterprises at the Provincial Delegation for Industry and Employment of Ciudad Real and I have first-hand knowledge of the cooperative movement, worker-owned societies, foundations and mutual associations when it comes to promoting job creation in good times as well as in times of economic crisis, as you stated in your appearance. You have put on the table the figures of jobs you have created during the past year and you have highlighted how the Social Economy, with imagination, social commitment and commitment with the labour market has made it possible for small enterprises to give hope to many thousands of persons who had lost their jobs. For that reason, on behalf of my group and on my own behalf, I want to tell you that we are fully committed with the Social Economy.

Within the context of your intervention, I want to highlight that the European Parliament has recognized that the Social Economy plays a key role in job creation. In the European Union, in the Union of the twenty-seven, the Social Economy enterprises and organisations employ eleven million persons, which is equivalent to 6 per cent of the employment of all the countries in the Community. From the social point of view, it must be highlighted that today the Social Economy is the great hope and major economic project for society itself and for providing an

answer to the major social demands. As opposed to the broader and general scope of public actions, the Social Economy's capability to set itself in any environment and situation allows the same to undoubtedly protect social cohesion, local development, territorial development and innovation. That is the way I understand it and that was the way my group understood it when it was in the Spanish Government. At that time, we were capable of, as you well know, preparing the Law on Cooperatives of 16 July 1999. With that law we set up the council for the promotion of cooperatives, which is what the draft law on Social Economy now includes as the Council for the Promotion of the Social Economy. At state level we set up the Law of 24 March, on Worker-Owned Societies, the Law on Foundations, the Administrative Registry of Worker-Owned Societies and, lastly, we approved the regulation of mutual benefit societies in the year 2002. You recorded in the report that you sent to the different groups that the Popular Party had included in its election manifesto for the 2008 elections the commitment to enact a law on Social Economy that would provide specific legal recognition to this form of business activity and establish a common regulatory framework for all the Social Economy enterprises. We acquired a commitment. We have been there, leading initiatives to enact laws that would give value to the Social Economy enterprises, the star of the Social Economy, which is the cooperative world. At this time, after submitting your amendments, - which I will refer to later- I want to ask a series of questions to all groups, as the president of the Committee, Mr. Barranco told me. I go on to raise them in order. Do you believe, Mr. President, that unity of action is required on the part of all public administrations, autonomous communities and the Civil Administration of the State in matters of public policy regarding the Social Economy; Sometimes we go into discussions over who has the relevant powers which, instead of helping, hinders the Social Economy movement. What type of measures could be adopted within the institutional scope to promote the recognition of the Social Economy as an actor-implementer of public policies? Mr. Pedreño, what specific measures of cognitive character could be proposed to further promote the visibility of the Social Economy? How would the dissemination and knowledge of the Social Economy for society be promoted? What

Speech by Juan Antonio Pedreño at the Employment and Immigration Parliamentary Council

would the proposals be to attain a better investigation of the Social Economy at statistic level? You said that you often have trouble actually knowing how many companies there are, how the vertebrate society and how jobs are created. We know that at this time, the Social Economy in Spain represents 10 per cent of the gross domestic product, but there is no discussion that we cannot further detail such statistics. How can we influence the creation of social added value by the Social Economy enterprises? What type of specific measures could be adopted within the institutional framework to promote a greater recognition of the Social Economy as an actor-implementer of public policies? Lastly, how can we highlight the greater commitment of the Social Economy enterprises to equal opportunities between men and women, with the balancing of private, family and work life, the famous co-responsibility, the fight against social exclusion, rural development and sustainability? These are the questions that somehow define our support. Additionally, we want to adopt the amendments you have sent to all groups. My group has studied them and has approved them. In addition to adopting the amendments, we have carefully studied this “law of minimums”, the law on Social Economy, which the Government of Spain has brought to this House and we want to enrich the same. We are going to submit amendments to enrich the text and so that it actually becomes the instrument that gives value to the Social Economy. I trust, as it could not be otherwise, that throughout the parliamentary discussion of the law, all groups will reach an agreement, particularly with the majority group of the Government, so that the law on Social Economy may have sufficient visibility for society and above all, so that it comes from everybody’s consensus. My group –I want to leave this clear during this appearance, Mr. Pedreño- wants to continue promoting that in which it believes. We believe that today the Social Economy enterprises are competitive enterprises that generate jobs and are committed to the territory; they are enterprises that promote the entrepreneurial spirit of persons and participation in management. Our group wants to build a more equitable society, more caring, with greater integration of persons with a disability or at risk of social exclusion. We want the democratic values and collective wealth to form part of

that which my group and the rest of the groups in this House consider a public service, and for the Social Economy to continue being a reference in the life of hundreds of workers in Spain, who take on themselves to be workers and entrepreneurs at the same time.

I want to thank you again for your appearance. This humble Member of Congress has been honoured to make this appearance, the same way that your presence here this morning with us has been an honour for my group.

Mr. PRESIDENT: Mr. Carles Campuzano has the floor on behalf of the Catalan Group (Convergència i Unió).

Mr. CAMPUZANO I CANADÉS: I want to thank Mr. Pedreño for his appearance. I must be brief and will not be able to hear your answer, but I will read it in the «Record of Proceedings». The meeting of the Board and spokespersons of the Toledo Agreement Committee just started a couple minutes ago and I must join such meeting. I will simply ask some questions.

In first place, as we have been able to discuss during a prior meeting at this House, Convergència i Unió is going to support the draft law which –as you reminded us– responds to an initiative to obtain representation for the Social Economy in Spain and, therefore, a demand of those who deal with its interests.

In second place, you have submitted to us a series of proposed amendments which Convergència i Unió is evaluating at this time, but that mainly, and particularly with regard to the specific recognition of the ONCE, are going to be supported by Convergència i Unió. We are analyzing whether in addition to the matters you have informed us about, there are other elements that may enrich the contents of this draft law. To this effect, it would have been positive and interesting, as we have discussed with Ms. Esteve on several occasions, for the Houses’ Commission on Economy to have finished the works of the subcommission that was set up during the last legislative term, since I am sure that the recommendations that it is preparing contain elements that could substantially improve the contents of this draft law.

Regarding the contents of the draft law, Convergència i Unió has two main concerns. In first place, will we be capable of using the draft law to improve isolated aspects

Speech by Juan Antonio Pedreño at the Employment and Immigration Parliamentary Council

that affect specific sectors of the Social Economy? We are convinced that in a legislative term that is coming to an end –Mr. Barranco reminded us in the previous appearance that our term is starting to be limited in time– we are not going to have many opportunities to solve via legislation matters that affect the legal framework of foundations, associations, cooperatives, special employment centres or insertion companies. Therefore, the timing is perfect to take advantage of this step for the approval of the law. In second place, the territorial articulation of the institutional representation of the Social Economy must be well linked in a State model where –and here I disagree with the spirit of Ms. Quintanilla’s intervention– the definition of the Constitution is based precisely on the distribution of powers between ones and others. This is inevitable, unless the Popular Group intends to change the Constitution to return to a centralized State model. Therefore, public policies at state level must be articulated with public policies at autonomous community level, with the representation of the Social Economy at state level and with the representation of the Social Economy at autonomous community level. The relevant tensions between such different scopes are good for a plural State; that is part of the reality of any decentralized State, whether quasi-federal, federal, autonomous communities, etc. The discussion about the powers is not distracting us from something that is absolutely necessary; on the contrary, that is part of the richness of the political and social debate in Spain.

I am going to make two last considerations. In first place, I want to ask you –I will read your answer, I insist, Mr. Pedreño, in the «Record of Proceedings»– how do you contemplate the figure of social entrepreneurs, which in many areas within our European scope is being promoted both by governments and by the initiatives of the Social Economy, which are providing incentives to stimulate social entrepreneurship? At the same time, I would like to know how you look at the social responsibility of enterprises from the perspective of your organizations. You participate in the CSR State Council (Consejo Estatal de RSE) –by the way, a council with a very languid life, considering that after its creation it has not given any signs of life–, but beyond this, I am sure that from the perspective of the Social Economy, they share the

movement in favour of a more social concept of enterprise. I would like to know your proposals, approaches, suggestions and ideas in this regard.

I thank you and reiterate my apologies, since I will have to read your answers in the «Record of Proceedings».

Mr. PRESIDENT: To finish the round of spokespersons, Ms. Esperanca Esteve has the floor, on behalf of the Socialist Group.

Ms. ESTEVE ORTEGA: Mr. Juan Antonio Pedreño, dear friend, welcome to this Commission. We have been working at the subcommission for the Social Economy and I am going to take the opportunity to digress here, given that this subcommission performs its work within the framework of the Economy and Finance Commission, to tell you that at this time we are finalizing the agreement. We want to obtain consensus and we expect that within fifteen days the president will be able to call a new session to approve the conclusions, which indeed –I tell Mr. Campuzano– are going to serve as reference, because there is great work and major contributions that have been reflected in short, but deep conclusions, as the law itself, which is not very long, but has a great meaning. I believe we are on the path we all desired, a path that will lead to the most important objective, which was to give visibility to the Social Economy, perhaps because that which does not have recognition and a rule that regulates the same at the highest level is perhaps not sufficiently valued by society. Thus the result of this subcommission was shared by all groups. We have taken decisions shared by all. The three groups, the Popular one, the one of Convergència i Unió and the Socialist one have been able to work very well and, in the end, all paths, all interventions led us to one single goal, which was to have a common framework that respected the different legal personalities and sensitivities and the different objects and objectives and that could give visibility to the importance that the Social Economy now has in our country. The mentioned 10 per cent is not insignificant, the number of enterprises is not small, it is not few jobs that it generates and which have suffered less from the economic crisis; thus we should not let this legislative session expire without taking the opportunity to confer the same the maximum recognition, so that we may carry

Speech by Juan Antonio Pedreño at the Employment and Immigration Parliamentary Council

it as our banner, to intensify it as the basic element of self-organization of society in matters of employment. After this preliminary digression, we are going to continue with this, Mr. Pedreño, because we are going to have to continue working.

Regarding the subject-matter of the self-organization you referred to, perhaps what has most interested us of the Social Economy has not been the contribution to the wealth of the country or the contribution to job creation, but basically the elements that are installed in the territory as a result of the same, the fact that it lends importance to the territory in an economic model that takes into account its characteristics and the determining factors of the environment. For its greater part, the Social Economy responds to these dynamics –and thus it is so specific– to these territorial determining factors, which makes it rich and diverse, not only in time, but also in each of the territories. You are from Murcia, where there are a series of agricultural cooperatives and Coceta itself; in the north we have Eroski, which is a major cooperative, and all derived enterprises; in Catalunya, and also in Valencia, are the large cooperatives related to the distribution sector and sustainability. This is, we pick up history, but we are also sensitive to the determining factors of the environment that seek an answer in themselves, in their own people, in self-organization. This takes us to two objectives that are basic for you and for us: first, we create wealth in an immediately near environment, and second, we are directly working on a model of social cohesion. This in itself is an added value, which leads us to decidedly opt, with no doubt, as we have, for a clear framework of reference, which provides orientation, strengthens and points directions. I expect that the future law will be approved and that we will very soon reach the consensus desired by all.

Having said this, you know how enthusiastic I am and how much we have worked on the Social Economy. Therefore, I am going to ask you some questions that worry me. You know that in the subcommission's discussion we talked a lot about what the Social Economy is and what types of organization should form part of the same, about establishing the limits. We have talked about another issue that is not in the law today –and I – and which we have not had time to discuss. I would like to know what you think about the associations that do not

operate in the market, which are quasi-markets and contribute wealth, but do not establish productive lines. I am referring to services provided in the territory, and to everything that has to do with the added value of mutual help and hours that are not recorded in the books. All this was previously highlighted by the Cirioc and both you and I have pointed it out at some point. Do you really think that it should not be a part, as it is not a part? Do you believe that this matter should be considered at a different level at the time of adding the contributions to the Social Economy? In connection with this matter, you said that in the European Union there has been a great debate in recent times and that a definition has been reached, that frameworks and limits have been set, but you know that concepts such as social and solidarity-based economy are still reiterated; social, because it belongs to everybody, because it is public, and solidarity-based, because it is addressed to a specific group of persons who would not be able to access the labour market without such a solidarity action, so they would be subsidized. Do you believe that the concept of solidarity-based should be incorporated into this project to make it clear that we are referring also to sectors where it is not necessarily one person one vote, but that actual lines of solidarity are created, which end up being very efficient economically –and I am talking in social terms– for the public authorities themselves? This is, we change subsidy for insertion, for the economic path as one of the best ones for social inclusion. This would be my second question. The third is what agreements are in place. I know that nowadays there is a good level of understanding with the social agents, and that it was once hard for the Social Economy, or what we call the most ordinary market economy, to be seen as an opportunity, an element generating synergies. I would like to know, from your point of view, where we are at this time, although I am aware that we have made huge advances and that it is an optimum time. I have been told by different sources that some sectors involved in disability, such as the Cermi, were somewhat concerned because, even though the matter of the ONCE is probably justified by its singularity, they believed that it was circumscribed only to such organization. Can you tell me anything about this?

I only want to reiterate that you will find this group willing

Speech by Juan Antonio Pedreño at the Employment and Immigration Parliamentary Council

to work in depth, as it has done in the subcommission, in order to seek the maximum parliamentary consensus –because if we attain it, we will give the law on Social Economy the visibility and the strength we want it to have– and, of course, with you. Therefore, considering all your contributions, some of technical nature –I would say that it is going to be possible to assume them in full–, it will be necessary to study them, to work on them, see which ones we need to supplement and I am sure that, in the end, as we have done with CEPES, we will do a good job together.

Mr. PRESIDENT: Mr. Pedreño has the floor, to answer all the matters raised in the speakers' interventions.

Mr. PRESIDENT OF THE SPANISH CONFEDERATION OF Social Economy ENTERPRISES (Pedreño Frutos): In first place, I want to thank you for all the interventions, from the one of Carmen Quintanilla, who is always so kind to us, to the ones of Caries and Esperanca, made in favour of the organization, the Social Economy of the enterprises and, in any case, also of my first intervention.

I will start by answering Carmen Quintanilla, who has asked eight or nine questions, and I will finish with Espe-ranca. The first question, which I consider extremely important, refers to whether unity of action is required from the Social Economy in favour of the Social Economy enterprises, to attain a model that works. I think it is essential. There is no unity of action now; there is the conviction that the Social Economy enterprises are a solution, that they can be the enterprises of the future, because the labour market will probably not be the same again, and we are incorporating another form of production model, a productive enterprise with different parameters, with a different flexibility than the one we have at this time. Although I agree with this first line of argument, I must say that not all autonomous communities have the same commitment and we find that some communities, regardless of the party in power, strongly commit to the Social Economy but others, however, and regardless of the party in power, do not, and the result is observed in the creation of enterprises in these territories. The statistical data from the Ministry for Employment is enough to realize that there are communities governed by the Popular Party or by the

Socialist Party where the creation of Social Economy enterprises is very strong, such as, Andalucía or Murcia, which have become the most important communities in terms of creation of Social Economy enterprises in the year 2009 and during the previous fifteen years. There are other communities governed by those same parties that do not have such a growth index because their commitment –and here I refer to the next question too– both in quantitative and qualitative terms, is far from the one that exists in others with the same parties in power. Therefore, there is no such unity of action once we start looking at the territories. It is true that we know the value and the importance of the creation and what this form of enterprise contributes, but when we put it down to orders, agreements or Social Economy plans, it is not reflected the same way in the different territories and we find communities of four, five and six provinces, to give another example, which have incorporated nine or fifteen Social Economy enterprises in one year, when there is a community of one province that may have set up one hundred and thirty cooperatives on one given year. That is what it comes down to. If such unity of action were a consequence of what we expect with this law, if we all truly agree on the existence of a law that promotes this type of enterprises, it is certain that instead of setting up one hundred and thirty cooperatives in a one-province community, we would multiply it and we could create many more and not remain as other communities, where there are only five, six or seven.

There are many specific measures, but we would have to take as a reference the ones that are leading certain communities to create many enterprises. The figure of twenty-five thousand net jobs that I put forward a moment ago relates to a series of communities, because others do not have them. These are communities that have grown a lot in the Social Economy because they have implemented specific and targeted measures, and they make up for what has not been created in other communities, and I insist that this is regardless of the political party in power, since I could give examples of both. Right now we find that the Basque Country, Andalucía, Murcia, Catalunya and, to some extent, Valencia are the main five communities creating Social Economy in Spain; in the remaining communities the rate of enterprise creation is significantly lower, whether

Speech by Juan Antonio Pedreño at the Employment and Immigration Parliamentary Council

because their specific measures do not allow for it or because of the people's entrepreneurial spirit; it is true that perhaps people have a slightly greater entrepreneurial spirit in the Mediterranean area, and there are Catalunya, Valencia, Murcia, Andalusia. This seems to have something to do with it. We could also relate it to other characteristics; for example, the development of educational cooperatives is very important in these communities. I will cite as an example the Community of Murcia—which is the one I know best, because it is where I live—, where there are 32,000 students in educational cooperatives who are being explained what the cooperative movement is from the very first day—this is in line with the promotion and dissemination—, who are enjoying every day of the knowledge taught by teachers who are members of a cooperative and, at the same time, transmit the values of democracy, solidarity, etc. By the time they are 18 or 20 years old, there will be no need to explain anything to them, because they will have lived the experience and will consider it natural to be a member of a cooperative. The same occurs in Valencia, where there are many educational cooperatives, and also in Catalunya and Andalusia. If we analyze the reasons for this, we will see that there are many that would give rise to the figures we are talking about.

In any case, and going back to the question, I will say that there is not a unity of action in the communities and thus each one determines the economic or budgetary level it uses for the Social Economy, what specific measures it takes in favour of the Social Economy and what use it makes of its resources, whether for the creation of jobs, investments, technical assistance or the dissemination, promotion or strengthening of the organizations. Therefore, the specific measures are sometimes taken more because of the personal will of the regional minister or president of the relevant community than as a result of generalized consensus or a unity of action in favour of the Social Economy.

Because of the value that the Social Economy brings, we consider that it may be a solution for the future, which may contribute to generate jobs, stable jobs, as it is already doing. Therefore, it would be essential to obtain consensus for the law on Social Economy, in which we are so interested. There was a writer who used to say

that you cannot love what you do not know and until now, we have not been able to get society to know the Social Economy, because we have taken small steps, each of us in our own direction. Tacitus said: They fight separately, and are conquered together; the same thing happened to us, we each fought separately and nobody knew us. It is taking us great effort to have society know the Social Economy, it takes a lot of time to attain such visibility, which I think is essential for the development of this model of enterprise; visibility at state level, visibility in the different communities and in different places. In the end, if this all fits and the law allows for it, I think we will give a major boost for all communities to adopt measures, so that we can obtain value from the data. In connection with the statistical issue, I will say that we find great difficulties with statistic issues, because beyond the data that the Ministry for Employment gives us regarding cooperatives and worker-owned societies, we have no data regarding foundations, associations and mutual societies; we do have the one regarding special employment centres and insertion companies, but we are missing the rest. The accuracy of the data is extremely important, since we do not know in depth the extent of the contribution of the twenty eight state organizations in CEPES or the two hundred and twenty regional member organizations, which is where we obtain all data for CEPES; sometimes we have no other way of cross-checking the information. Ciriac determines data based on a series of variables that sometimes do not coincide, because they use other parameters. Therefore, we provide the summation data of the organizations in Cepes, which are the ones we have provided since the beginning.

It is necessary to promote, spread the knowledge, adopt specific measures, targeted measures. What would these measures be? I am not going to talk about the subject-matter of liquidity, financial resources, but I believe that it would be easy to study the two or three communities that have plans for the promotion of the Social Economy that work, or which have adopted joint actions in favour of the economy that work, and to see exactly what measures have been adopted. I will only give one number as reference. Last year, in the Community of Murcia, the organization asked for Euro 7,200,000 in aid for the Social Economy enterprises, in this case cooperatives, for

Speech by Juan Antonio Pedreño at the Employment and Immigration Parliamentary Council

investments and job creation, and it obtained such amount. Logically, this entailed a huge boost. In the end, this reverts in the fact that in the last two years, 500 Social Economy enterprises have been created in Murcia, and almost 1,700 new jobs, this is, it is practically the only sector that is generating employment, given the current circumstances; 250 cooperatives have also been created. It is a matter of adopting these specific measures, which may be working.

There is another extremely important matter. Up until now, we have not had too many political allies whom to transfer –quote- what the Social Economy is; we have not had them normally, we have had to do it ourselves. It is very important that we are not the only ones who inform about the virtues of the Social Economy, because, what can I say about the Social Economy enterprises? I will say that everything is good. It is much more important that another sector of society says it, because it will be listened. We have to get other voices of society, political leaders such as yourselves to speak about the praises and advantages of the Social Economy enterprises, because this will help as much or even more than the economic components; it is important to hear that, to obtain greater institutional recognition, which is what I came to talk about here today.

The last question referred to balancing private, family and work life, development, sustainability, the fight against social exclusion, etc. The percentage of women working in cooperatives is approximately 50 per cent, and there are sectors that reach figures of 70 and 80 per cent, and they balance, almost perfectly –depending on the sector- family and work life; additionally, they are preparing and enacting documents and regulations to regulate this. The labour flexibility in our enterprises allows us to begin a process, because we are many years behind because of the lack of documents regulating the way of operating, and we are doing it now. Equal opportunities and balancing private and working life are a manifestation of the enterprises we have. With regard to the commitment to sustainability, the fight against social exclusion and social development, I believe they are inherent to the definition of the Social Economy enterprise. I have perhaps forgotten something, but this is what I wanted to say to you.

I want to thank Caries Campuzano for his permanent

collaboration. He asked me two questions. The first one: how we view social entrepreneurship, formulas and mechanisms. The social nature of our companies is always present, what happens is that we understand that an economic activity must derive from such social entrepreneurship. The law sets forth that the Social Economy enterprises must engage in an economic activity. This is the great difference with what would be a NGO, a third sector that has not been quantified. This is what we want to show. We are in favour of social entrepreneurship, as it could not be otherwise, but it must generate economic activity, it must be linked. Volunteering does not directly fit into what we understand is activity inherent to the Social Economy. The second question refers to its effect on the responsibility of enterprises. I believe that if a socially responsible enterprise has arisen it is from a Social Economy enterprise. The Social Economy enterprise –as we have repeated here- is set in the territory, it does not delocalize, it has to live in this territory throughout its life and, therefore, our first objective is that wherever we are, we must be well; our responsibility with the surrounding environment, with society and with persons is exercised from the very first time we establish the same in the territory. This is something we lost, because other agents obtained the patent for social responsibility, but if it has an origin, it is from the commitment of the companies in the territory, which are not going to leave from here for obvious matters of which all of you are aware I believe.

I will refer now to the intervention of Esperanca. There is a first part about associations. I just said a moment ago that what defines it is the economic activity. If there are associations that do not have an economic activity or with a greater level of volunteering, which is not remunerated, we would not understand them within the whole of the Social Economy that we defend in this law. If there are associations or foundations that have their economic activity and which are in this framework, they do not have a problem. We do not eliminate associations or foundations according to the name criterion, but rather because of their activity and how they materialize it. This would be the first point.

The second point would be solidarity. For us solidarity is a central point; the guiding principle that connects the

Speech by Juan Antonio Pedreño at the Employment and Immigration Parliamentary Council

third sector with the Social Economy is solidarity. What happens is that the Social Economy is within a third sector, just like volunteering, but it would be the economic part. I repeat that the guiding principle is solidarity, but we understand that it must have an economic activity for us to be absolutely bound by the concept of Social Economy that we defend here. In the social and solidarity-based economy we have people collaborating, we have organizations within CEPES, but their economic activity must be recognized so that we are able to perfectly identify the frameworks in which we operate.

I believe that Cermi is recognized in another piece of legislation, with regard to its specific aspects, as a singular organization. In this case it would not affect the same, because in the law on Social Economy it falls within the framework of the ONCE and fits perfectly into what we have defined in the law as organizations. Cermi has been included in our debates because it is a partner of CEPES and therefore, we have tried to have it included in the draft law on a social market economy, which is the one we defend with the economic activity. If we do not include this, the ONCE would not be there, because we included it in the stated purpose and it was taken out of the same. For it to be recognized as a singular organization it was essential to establish it in the stated purpose and in the ninth additional provision, which I do not believe is the case of Cermi, because it is not in the framework of this law but rather in other scopes where it is recognized as a singular organization.

With regard to agreements with the social agents, I will say that we have a good relationship with the unions; with a view to the future, we are holding meetings with the most important unions, mainly UGT and Comisiones. We have had the support of the unions and employers' association, in this case the CEOE, within the framework of the Council for Economic and Social Affairs, for the approval of the legal opinion regarding the law on Social Economy. I believe that a different process is being started; the unions understand that it is necessary to support this law, and even a union representative made an important statement at the European Conference on the Social Economy held in Toledo, saying that it was possible that they had not recognized and valued the full extent of the effect of the Social Economy in the Spanish territory. They assumed their own responsibility and recognized the need to work together to facilitate in the future the creation of these enterprises and attain such stable employment. Therefore, we believe that this law opens an interesting process of collaboration with the unions and hopefully with the employers' association, since it is non-existing at this time.

I hope I have answered most of your questions.

Mr. PRESIDENT: Thank you very much, Mr. Pedreño, for appearing here today and for your explanations. We remain entirely at your disposal and we will no doubt continue to collaborate in the process of approving this law.

Debate and passing of the Draft Law on Social Economy by the Employment and Immigration Parliamentary Council

The text below are an extract of the Parliamentary Minutes for Tuesday, 21 December 2010. First of all, are included the amendments presented by several Parliamentary Group spokespersons to be debated at the Senate. Secondly, the voting process of said amendments to the Draft Law on Social Economy is included.

DRAFT LAW ON SOCIAL ECONOMY (Record number 121/000088)

Mr. **PRESIDENT:** Without further ado, we will begin the debate on the draft law on Social Economy, to which a series of amendments have been submitted.

In first place, to defend the amendments tabled by the Popular Group and to fix the Group's position with regard to this draft law, Ms. Carmen Quintanilla has the floor.

Ms. **QUINTANILLA BARBA:** In first place, at this important time in history for the Social Economy in Spain, I would like to welcome the representatives of other social sectors who are here with us this morning. The focus of my intervention, as it could not be otherwise, will be to evaluate this draft law on Social Economy and particularly the historic framework of the modern concept of the Social Economy. In Spain, such concept is structured on the basis of the first cooperative, association and mutual society experiences that arose towards the end of the 18th century and which developed throughout the 19th century in different European countries, such as England, Italy, France or Spain. But please allow me, Mr. President, to cite during my intervention, on behalf of the Popular Group and from the perspective of romanticism and the significance of the cooperative movement for the world, what the craftsmen in the English town of Rochdale meant in the year 1843; that was the birthplace of the first institution that received the name of cooperative, which is how we have come to know today the concept of cooperative that they were able to create. Back then, twenty-eight craftsmen facing economic difficulties decided to join together and cooperate among them to overcome the difficulties by creating a consumer

cooperative. They had the fortune, the idea and—as we would say in the 21st century— the innovation to set up the first cooperative, and each of the craftsmen saved one pound, which was the initial capital of that a cooperative at that historic moment, which we must necessarily bring to mind today, when we are about to approve the first draft law on Social Economy. After the year 1863, the first consumer cooperatives were set up in Spain, and later, the agricultural unions were created in our country, which gave a boost to what we now know as the new model of the Social Economy, the Social Economy enterprises.

As I said before, it is important to talk about what this draft law is going to mean today. We are going to regulate a new and very important legal framework for the Social Economy enterprises, cooperatives, mutual societies, foundations and associations engaged in an economic activity, worker-owned societies, special employment centres, insertion companies, fishermen's associations, agricultural processing companies, which are the protagonists of another form of entrepreneurship, the one of the so-called Social Economy, which contributes a new kind of relationship in the labour market. They are the protagonists for the purpose of rectifying unemployment, job instability and exclusion of the unemployed. Thus, the Social Economy plays an extremely important role in job creation; jobs which, unlike what happens in other sectors, are not delocalized.

There is no doubt that nowadays the Social Economy is not only important for relations in the economic market, but also in the social market, in social relations. That is the reason for which Europe, within the area of the European Union of the twenty-seven, has said that the set of Social Economy enterprises and organizations employs eleven million persons, which is equivalent to

Debate and passing of the Draft Law on Social Economy by the Employment and Immigration Parliamentary Council

6 per cent of the employment in the European Union. Also, in Spain, the business network of the Social Economy represents 10 per cent of the GDP and 14 per cent of the employment of the Spanish population. In Spain, there are over fifty thousand Social Economy enterprises employing 2,350,000 persons. Therefore, the Social Economy, from an economic point of view, is now a powerful engine for job creation, which is far from exhausting its full potential. Therefore, it is important to highlight in this regard, and in respect of this draft law, the Social Economy as an economic value, but also as a social value, because it generates new opportunities for society by correcting significant social and economic imbalances; it supplements and reaches areas beyond the reach of the public sector and the market, because it promotes the participation of citizens and because it clearly contributes to a more balanced, equitable and solidarity-based social and economic development. In sum, the Social Economy brings social cohesion, local development and innovation.

With this draft law we encounter major challenges and questions with regard to our Social Economy. With this law we want to give greater visibility to the Social Economy, we want to promote its role as an engine for growth and job creation. The European Parliament was clear about this when it said that it recognized the Social Economy as a different approach to enterprise, whose main driver is not financial profitability, but rather the benefits for society. Additionally, in the report passed in February 2009 it highlights: The Social Economy is based on a social paradigm which is in line with the fundamental principles of the European social and welfare model, and plays a key role today in preserving and strengthening that model by regulating the production and supply of numerous social services of general interest.

For these reasons, Mr. President, my group has always been open to reach an agreement with the Socialist Group and the rest of the parliamentary groups. Why? Because already in 2008 our election manifesto clearly set out our commitment with the Social Economy; at that time, we stated that if we were to govern Spain, we would have a Social Economy law; because, additionally, throughout the different legislative periods, when the Popular Party was in power, we prepared the 1999 Law, of 16 July, on Cooperatives, where we promoted and

emphasized the value of the Council for the promotion of the Social Economy; as well as the Law on worker-owned societies; the Law on Foundations; the 1998 Administrative Registry of worker-owned societies; the 2002 Royal Decree that enacts the regulation on mutual benefit societies. There is no doubt that this parliamentary group has always been strongly committed to what we are now debating at this commission: the Social Economy; the value of employment; the value of solidarity; the value of equal opportunities for the persons who form part of the large Social Economy enterprises.

For such reason, my parliamentary group wanted to agree with the draft law that the Government brought before this House, but because we had to be ambitious with the same, we have proposed eleven amendments to the draft law, which the Socialist Group has welcomed. Additionally, I must acknowledge the good atmosphere in which we have carried out our work and reached an agreement. Only two amendments are still alive... The spokesperson for the Socialist Group tells me that only one is still alive, because there have been some technical errors by the rapporteurs –she will talk about it now-. Amendment number 30, where we set forth that the ONCE is a singular organization regulated by public law within the law itself, has been finally admitted by the majority group and by the rapporteurs.

At this time we must recognize, as we have done throughout this work, that the law is well-timed, that it comes at a time at which we must promote the path for and the fair claims of the Social Economy in Spain. Our amendments were aimed not only at evaluating the law, but rather we have been more ambitious. On the one hand, we have greatly specified the aspects regarding the interrelation and coordination with the autonomous communities, given the powers they have in this scope. We also wanted to establish major commitments in the project of the Social Economy, within the principles of the Social Economy such as solidarity, equal opportunities for men and women, balancing of family, private and work life; we have also tried to introduce into the Social Economy the creation of jobs to prevent social exclusion; this is, there are major challenges in these amendments which have been evaluated and incorporated into the text.

Debate and passing of the Draft Law on Social Economy by the Employment and Immigration Parliamentary Council

I want to say, as it could be no other way, that I have to defend the only amendment that remains and which was very important for us. In such amendment we wanted to add a fourth additional provision establishing an award for quality and social innovation in the Social Economy enterprises. It is true that the Government understands, just as the Socialist Group does, that given our current situation, immersed in an economic crisis, and the cuts on public spending that are required under these circumstances, it was not necessary to create new awards; but it is also true that our amendment did not increase public expenditure, but merely established a good practice code for society within the Social Economy, emphasizing the value of the Social Economy. We understand that it would be good to create an award recognizing the work performed by the Social Economy organizations, as an incentive for the same, and for society to realize the value of the economic and social role that these organizations play. I would appreciate it if the Socialist Group could newly evaluate this amendment, after hearing the arguments to defend the same that my group has put forward, and I hope we can include it in the text of the law.

The Popular Group wants to state that we are looking at a draft law that has been hoped-for and is necessary, and that it has obtained a high degree of commitment, consensus and cooperation from all parliamentary groups. Thanks to this legislation, we are not only benefiting the Social Economy enterprises, but the entire society in general. I believe that it is an important and historic day in the life of the Social Economy enterprises. Lastly, dear president, I mean, Mr. President (Laughs), I want to acknowledge the work of my colleague and Member of Congress, Ms. Méndez, who has accompanied me as rapporteur in the preparation of this draft law on Social Economy; as well as the Socialist Group, for the work developed, based on consensus and cooperation, and the rest of the parliamentary groups. I do not want to forget my fellow Members of Parliament, Mr. Barrachina and Erias, who took part in the subcommittee to study the situation of the Social Economy in Spain, created by the Commission for Economy on 21 March 2007 and closed on 2 January 2008, Mr. José Eugenio Azpiroz, a Member of Parliament who is greatly committed to the Social Economy and the

representatives of the Social Economy who are here with us. I want to thank all of them for their collaboration in the work we have carried out.

Mr. President, thank you for your benevolence with this Member of Parliament.

Mr. PRESIDENT: Ms. Méndez has asked me for a second turn to speak for the Popular Group. After the kind words of Ms. Quintanilla, I cannot refuse. You have thirty seconds.

Ms. MÉNDEZ MONASTERIO: After the good work and kind words of our colleague Carmen Quintanilla, I just wanted to express, also on behalf of our group, logically, the satisfaction brought to us by the fact that a draft law that stems from a social movement has been able to unite all parliamentary groups in such a significant manner. I want to thank at this particular time the Social Economy enterprises for their collaboration, specifically Cepes, through its president and its entire management board.

The PRESIDENT: There are three amendments still alive from the Mixed Group. Ms. Fernández Davila is not here. Can we consider that they have been explained and submit them to a vote later? (**Assent.**)

Now, Mr. Llamazares will have the floor on behalf of the Esquerra Republicana-Izquierda Unida-Iniciativa per Catalunya Verds Group, and after him, Mr. Tarda.

Mr. Llamazares has the floor.

Mr. LLAMAZARES TRIGO: My parliamentary group, Izquierda Unida-Iniciativa per Catalunya Verds, considers both laws discussed today, the one on Social Economy and the one on cooperatives, positive. To this effect, we join the stoics to say that this is a step in the right direction, and we will save more grandiloquent terms for what might come. I say for what might come, in the first place, because we believe it is important to have a prior agreement between the organizations in the sector, the consensus between the political groups in this House is also very important, just as the text itself with regard to the statement of principles and the recognition of the Social Economy, which does not mean –and here comes the scepticism– that the Social

Debate and passing of the Draft Law on Social Economy by the Employment and Immigration Parliamentary Council

Economy has a safe place in the current economic model. It has a very unsafe place, with lots of pressure and, in our opinion, this law takes steps in a positive direction, as I said before, but with regard to the effectiveness of the implementation thereof, with regard to its reflection from the economic point of view and with regard also to the culture of public authorities and society in respect of the Social Economy, we have many doubts, we think there are still many things pending with regard to this matter. For such reason we maintain four amendments. The first of them is the one in which we consider that one of the significant limitations existing in our country that prevents a more extended use of this democratic and participatory form of the Social Economy enterprise is the absolute ignorance of the same. With amendment number 25 we intend to remedy this deficit with very basic commitments assumed by the public administration bodies that deal with employment and educational matters, which many times disincentive the creation of cooperatives or worker-owned societies. It seems to us like a good measure so that good words, principles, may finally translate into realities. Amendment number 27 regards an increased democratic involvement. Our intention is to compromise with amendment 63 tabled by the Socialist Group, including in such amendment the part of our amendment that refers to the principles of democratic management and the principles and values contained in article 4 of this law. People working at the ONCE have special interest in emphasizing this democratic spirit and the existence of a critical presence in their governing bodies. The purpose of amendment number 28 is to require the Government to present a law that facilitates the recovery of the jobs lost in companies in crisis through the incorporation of companies by the workers themselves. It is matter of giving effectiveness to the mandate contained in article 129 of the Constitution, which says: The public authorities shall effectively promote the various forms of participation in enterprise and facilitate cooperative enterprises by means of appropriate legislation. They shall also establish the means that will facilitate access by the workers to ownership of the means of production. Isn't

that something! For such purpose, the amendment provides a series of guidelines that would allow workers to recover companies, as they did in previous crisis but not in this one, where the obstacles of the current legislation, which are very significant, and the huge risks dissuade workers from taking on themselves a company that is about to close. The text of the amendment specifies certain measures that the legislative initiative should contain, such as preventing fraudulent business behaviours to keep control over the company or to avoid paying creditors and developing plans that facilitate the necessary change for the workers who take on the responsibility for the management of their own enterprise, as well as the necessary training for such management.

These are the amendments we maintain, and with regard to the rest –which, in our opinion, would improve the text–, some have been included. But as I said before, and I subscribe the words of the stoics, considering that these two initiatives are a step in the right direction, even though a more adequate step would be taken if our amendments were accepted or a compromise was reached, they are definitely not a bad step.

Mr. PRESIDENT: Mr. Llamazares, you mentioned amendment number 25. This amendment has been included in the text of the rapporteurs.

Mr. LLAMAZARES TRIGO: If it has been included, it is dropped.

Mr. PRESIDENT: Mr. Tarda has the floor.

Mr. TARDA I COMA: My intervention will be brief, since we share the time.

Ladies and gentlemen, we also celebrate the adoption of this law, in fact we are going to vote in favour of the same; but it is also true that one of our first impressions is that it falls short. At this time, nobody knows what the post-crisis scenario will look like; what we do know is that we are living very difficult times, and social cohesion is at stake. It is evident that the social and solidarity-based economy, if I am allowed to say this, is meant to be the lifesaver, I won't say for the outcast,

Debate and passing of the Draft Law on Social Economy by the Employment and Immigration Parliamentary Council

but to prevent this society from falling into a scenario similar to a jungle, into untrammelled and excessive capitalism, jeopardizing the welfare state. I say this because I am going to start at the end. I am going to ask you to accept a new additional provision, which I am going to present verbally, considering what might happen within some time, this is, that even the correlation of forces in this Parliament may be different than the current one. Allow me to start with the roof. It reads as follows: The Government, within two years following the date of effectiveness of this law, will send a report to the Congress of Deputies where it will analyze and evaluate the effects and consequences of the implementation of the contents of the same—of the law we adopt today-. In fact, one can assume that there are high hopes deposited on the social and solidarity-based economy and that economic and social changes are taking place so fast, that one might wonder where we will be in a couple years. So, considering that this law can be an instrument and that I believe that we have fallen short, you will understand that I feel entitled—and excuse my insolence- to ask you to approve this additional provision since, this way, I insist, we will guarantee that nobody will be able to block or bring this up again two years from now. So I would be satisfied if this additional provision is approved today.

In second place, we want to keep some of our amendments, even though we know they will not be approved, since our socialist colleagues have already said that they are not in conditions to assume the same. However, our frustration will be mitigated by the acceptance, perhaps, of the additional provision. Our amendments refer to the need to include in different articles of this law the so-called social plan, this is, the roadmap so that the neither the Social Economy as we know it now, nor what we want it to be in the near future, are undermined. Social plans are necessary, even considering what is already being done in other democratic societies that are more advanced than ours. I refer to the discussion we maintained at different times about what is understood as social and solidarity-based economy and the threats for the same, since there is no guarantee—even more so when we do not know what the scenario is going to be in the near future—that more resources will not be used for capital profits instead of

social purposes, given that there are different mechanisms that can be used to hide such purpose to some extent. I know that these amendments will not be accepted, but we will maintain them for the vote.

I go on now to talk about other amendments we have proposed regarding participation. Even if nobody says it clearly, all Spanish laws end up having a Jacobinic whiff—please allow me the expression-, for I cannot understand why there are so many fears to being more open, more flexible towards the representation of the social and solidarity-based economy. Please tell me if there is a more modern instrument than this one, an instrument that is more connected to the reality of the democratic participation of citizens. If there is any more than modern instrument to face difficult times, it is the social and solidarity-based economy, since it articulates the more vivid elements of popular economy. This must materialize in the integration of different groups of people into structures, and that is why we understand that the representation of the autonomous communities—to use the current terminology- must be guaranteed with no restrictions. This has produced a set of measures that we have translated into amendments, but our socialist colleagues have already said that they are not appropriate, that it is not the time for them. However, we insist that we understand that being modern also requires this.

I will conclude, although we have other amendments which, given the time my colleague Gaspar has used, we will leave for future study in the Commission's document to be published. However, I must point to an amendment that refers to positive discrimination. We understand that there should be a guarantee that at least 20 per cent of public procurement is carried out with Social Economy enterprises, whether as a protected market or through social clauses; there has to be a step forward in this direction. We cannot repeat like a mantra—like we sometimes do- that the European Union does not allow us to do it. Everything has its nuances, its own labyrinths. I think that our amendment deserved at least a greater possibility of debate with the Socialist Group, but the door has been shut. Each party has its reasons, but we believe that this should at least have been contemplated. Some administrations have advanced greatly in this direction, such as the City Council of Barcelona,

Debate and passing of the Draft Law on Social Economy by the Employment and Immigration Parliamentary Council

governed by the Socialist Party. Then, why are there so many fears of taking actions in this direction with this law?

These are the three basic types of amendments we have proposed. We know the game. We have reached a compromise with regard to some of them, others have been accepted, but we have run into a serious problem when dealing with the matter of representation, there is no will or no possibility of advancing with regard to all that related to the social and solidarity-based economy, plans for social inclusion –democratic control, in sum– and positive discrimination, where we must recognize that you have said no and period. All of this has been worth it, because it is a huge step forward, because we have the support of the real protagonists—who are back here– and because, since everybody is satisfied with this law, in a couple years, regardless of who governs – unfortunately, perhaps the right wing will govern, which provides even more of a reason for this law to require them to submit such report–, there will be no obstacles to bring up this matter again.

Mr. PRESIDENT: I understand that you have verbally proposed an amendment that the Bureau ignores, when it is the latter that has to take the decision of admitting it or not.

Mr. TARDA I COMA: I will write it and pass it on to you right now..

Mr. PRESIDENT: Now it is the turn of the Basque Parliamentary Group to defend two amendments, but Mr. Emilio Olabarriá has told me that he considers that they have been defended, because he is busy at another Commission. Unless there are any objections, we will do so, very gladly. Therefore, the representative of the Catalan Parliamentary Group now has the floor to defend their amendments.

Mr. Campuzano, whenever you are ready.

Mr. CAMPUZANO I CANADÉS: I want to welcome the representatives of the different initiatives of the Social Economy that are here with us today. Instead of having this Commission operate with full legislative powers, perhaps they would have preferred to have this law

discussed at a plenary session of the House, to give more solemnity and political recognition to what, no doubt, is a legal text that is going to raise the institutional and political recognition of a reality as consolidated as the Social Economy, even more so when this draft law is mainly a result of the agreement that Cepes has reached with the Government in the last months. As a result of this, ladies and gentlemen, the debate and formalities conducted at the Parliament have not changed the main body of this draft law, but rather they have contributed improvements that tune the text, but do not substantially modify the agreement that Cepes and the Social Economy reached with the Government. To this effect, and to a greater or lesser extent, all parliamentary groups have respected the contents of such agreements, among other things, because Cepes expressly asked us to do so. From the perspective of *Convergència i Unió*, a legal text that is intended to recognize the presence of the Social Economy in the institutional architecture of the Spanish state and increase its participation in public policies clearly oriented towards employment must necessarily have our support, it cannot be otherwise, among other reasons, because in my country, in Catalonia, for many years and with plenty strength, there has been a social and economic fabric representing the Social Economy, which explains some successful collective realities of that society. Therefore, any legal text that strengthens the presence of the Social Economy is going to have our support always. Just some seconds ago I was looking at the social yearbook of insertion companies in Spain and, with a certain degree of satisfaction I observed, for example, how a good part of the jobs for persons at risk of social exclusion were created through insertion companies in Catalonia and, by the way, also in the Basque Country. In the Basque Country we find initiatives as solid and strong as the Mondragón group, which has become a benchmark for the Social Economy and recently, the Clade group has managed to mobilize around it the best and strongest Social Economy enterprises in Catalonia. Those of us who come from a place where the Social Economy is alive, active, strong and solid should logically support this draft law. However, it is a draft law that is not going to seem like enough, because some of the fundamental matters for the correct development of the Social

Debate and passing of the Draft Law on Social Economy by the Employment and Immigration Parliamentary Council

Economy are still pending and that is the reason for which my group has proposed certain amendments to try to solve some of these matters.

In amendment 55, we propose the review of the taxation of the Social Economy enterprises, specifically the one of cooperatives, a review oriented towards facilitating their access to funding, an essential element for the development of this sector. Amendment 56 includes a mandate for the Government to suppress the limitations, so that these entities may operate in any activity, in any sector of the economy. We also raise the need for an update of the Law on Worker-Owned Societies within the next six months, an update that the sector has been demanding for some time. Beyond the institutional and political recognition that this law provides for the Social Economy sector, these amendments deal with concrete and specific problems that affect the same, such as taxation, their operating limitations in certain sectors of the economy and a necessary update of the law on worker-owned societies. As a result of the conversations with the Socialist group, my group is going to withdraw such matters from the vote in order to seek consensus, but it is foreseeable that they will remain pending during this legislative session. I have the feeling that we have wasted an opportunity to solve some of these matters. Throughout the discussion of this draft-law, Convergència i Unió has tried to ensure that the powers that the autonomous communities have within this scope will be respected and I believe that, globally, the amendments we have agreed with the Socialist Group guarantee it. We keep amendment 50, where we contemplate the possibility for the State to transfer resources to the autonomous communities to boost actions carried out by the autonomous communities for the promotion, dissemination or training in connection with the Social Economy. We think it would be interesting to have this amendment approved.

We keep and want to submit to the vote amendment 49, which relates to a matter that Mr. Tarda mentioned and which my group shares. It is about including as members of the council for the promotion of the Social Economy the most representative autonomous region organizations of inter-sectoral nature, provided there are any at such autonomous community level. We think

it is an error to only have state-level confederations represented at the council for the promotion of the Social Economy. It would be positive for confederations operating at autonomous community level to be represented in such body, provided they are of inter-sectoral character, this is, that they gather the group of representatives of the Social Economy. In a State comprised of autonomous communities, a plural state, a State where realities are well alive, where in countries like the Basque Country or Catalonia the actual fabric of the Social Economy has its own singularities, characteristics and initiatives, it would be good to recognize that reality. I guess that the coincidence on this matter of the Popular Group and the Socialist Group, who often share very restrictive views regarding the development of the autonomous communities, will prevent this from being adopted. In any case, Convergència i Unió is going to keep amendment 49. We have also worked to ensure that this law provides good recognition to one of the certainly most singular organizations in the Social Economy, such as the ONCE. The text produced by the rapporteurs was a first step, but insufficient. A compromising text is going to be made available to the groups, which includes some of the ONCE's main claims, which our group included in amendment number 52 in a very particular way. The ONCE has become a fundamental actor in the construction of many policies for the inclusion of persons with disabilities and deserves to obtain with this law the legal and institutional recognition that gives the same the stability and tranquillity it needs to continue developing its activities. To this effect, my group would have preferred that reference were made, in the compromise amendment which we are going to make available to you, to the instrument that structures this relationship, but this has not been possible, for the reasons that I guess the rapporteurs of the Socialist Group will explain.

We also keep, while waiting for a compromise from the Socialist Group, our amendment number 54, which is intended to incorporate the Social Economy initiatives into the strategies developed by the Government and the autonomous communities for the improvement of our productive fabric. We have to try not to create a closed, isolated area, like a ghetto—if you will allow my

Debate and passing of the Draft Law on Social Economy by the Employment and Immigration Parliamentary Council

expression- for the Social Economy organizations, but rather emphasize their contribution to job creation, improvement of productivity and improvement of competitiveness. Sometimes we have a view of the Social Economy that only puts emphasis on its inherent characteristics, the value that this type of enterprise provides to persons, the democratic nature of its decision-taking process or the reinvestment of its profits in its own activity. Evidently, all of this is part of the essence of the Social Economy, but the Social Economy must be, above all, a major driver for job creation and the modernization of our economic and social fabric. This is what is going to give value to it for the whole of society, even more so when such reality—according to Cepes- represents more than 10 per cent of the GDP in Spain, over 2 million persons benefit from its activity and there are over 45,000 Social Economy enterprises. The Social Economy enterprises must participate in the economic and social modernization process, they must contribute to the new model of economic development that we must promote to overcome the old model, which has led us to this economic crisis.

In any case –and I finish-, I want to thank the Socialist Group, and in particular their spokesperson, Ms. Esteve, for the capacity for dialogue. We have the feeling that we could have gone further with regard to some things, if we had been more specific and had used this draft law to improve some realities of the Social Economy. That is not going to be possible, but setting this legal framework is no doubt an appropriate step, essential to strengthen the role of these enterprises. **(Mr. Tarda i Coma requests the floor.)**

Mr. PRESIDENT: Mr. Tarda..

Mr. TARDÀ I COMA: Mr. President, please forgive me. I forgot to publicly list the numbers of the amendments we keep.

Mr. PRESIDENT: Don't worry. We are going to find out now, while Ms. Esperança Esteve talks.

Ms. Esteve has the floor for the Socialist Parliamentary Group.

Ms. ESTEVE ORTEGA: Ladies and gentlemen, allow me first to greet the members of the management board of

Cepes who are here with us today. We are very glad to have you here today, sharing these moments, sharing an objective sought by all. At the same time, I want to mention the work performed by the rapporteurs for the different groups with regard to this law in order to attain consensus. We have been able to work –as Ms. Quintanilla said-, discuss our differences, solve the amendments to the extent possible and reach a more than reasonable agreement. I want to thank everybody. Mr. President, I want to focus my intervention on the reason for which we are here. We did not arrive at this law because of a last minute decision by the Government, but rather it has been a process that is worth telling, for the purposes of the «Record of Proceedings». The subcommission for Social Economy was created in the year 2007, within the framework of the Economy and Finance Commission of the last legislative session. That was where today's law was born. The subcommission for Social Economy was set up with the agreement of all groups. There was a prior interest on the part of the Popular Party, Convergència i Unió, the Basque Group, Izquierda Unida-Esquerra Republicana and of course of my own group. Therefore, we were willing to look, hear and be sensitive to all appearances that took place at that time. There were thirty appearances, for almost a year, where we had the opportunity to delve into the subject-matter with academics, private companies and solidarity-based banks, experts from the European Union and the Social Economy organizations themselves. Mr. Pedreño, we have worked a lot indeed. I must emphasize that this process, which led us to a debate, an interesting debate, which does not always take place in this House, was promoted by Cepes itself, which has been a driver in all this story. Later, in 2010, the Toledo conferences were held, on 6 and 7 May, and after the conclusions of the subcommission for Social Economy, our President firmly committed to having this law see the light as soon as possible. Therefore, there was a commitment on the part of the Government, and stated by its president, with regard to this matter. Today, beyond the law, we have precious material that is available to anybody who may be interested. We did good team work, and thanks to your presence and commitment –I have cited all groups but I must cite Antonio Eras –Carmen, I am going to ask

Debate and passing of the Draft Law on Social Economy by the Employment and Immigration Parliamentary Council

you to give him my affection and my recognition- and Miguel Barrachina, from the Popular Group; Josep Sánchez i Llibre and my colleagues, who have not been rapporteurs, but have also worked a lot, María del Mar Arnaiz and Carmelo López. It involved many hours of discussion, work and good humour. The most important result obtained by the subcommission was the need to promote a law on Social Economy that would be the framework for its different forms of expression. Mr. Campuzano, Mr. Tarda, this is why we had to draw limits. If we were creating a framework, it had to be limited, as my colleagues said –this is information from Cepes itself, information that we have already recorded – it has 52,000 enterprises –there is nothing- and a €102 million turnover, but above all, it is a sector of stable employment, which reaches 11,500,000 persons who directly or indirectly benefit from the Social Economy, making up an interconnected network for the production of goods and services and the creation of wealth. Having seen the qualified importance of the sector, the need for the law is justified, but –as I said before- the limits of the Social Economy had to be defined, this is, its object; the enterprises that form part of the same, the subject and its mission as a whole, the goals.

From the different bibliography of the European and Spanish institutions and Cepes, we can conclude that the Social Economy manifests itself as socioeconomic institutions -Carmen- fully adapted to the market economy and to the new business and social initiatives, which require an open, plural and democratic society. Without this context, the Social Economy is not possible. We said that the Social Economy creates jobs and stability, that it is contrary to delocalizing, that it promotes economic democracy, that it is solidarity-based, and that it connects with the environment, that it develops social services -Rafael- and that its main objectives are paying attention to the insertion into the labour market of persons with a disability or in a situation of social exclusion as well as social responsibility and sustainability. To sum up, we will use three concepts: progress, social cohesion and economic democracy. So the subjects are divided into cooperatives, mutual societies, worker-owned societies, foundations –even if these develop an economic activity in the market--,

special employment centers, social insertion companies, fishermen's associations, in addition to singular organizations such as the ONCE. After this, it is clear, Mr. Tarda, that as legislators we made the decision not to contemplate associations or foundations whose object is helping, volunteering or providing social assistance, or cultural or environmental associations and foundations, which should perhaps be quantified and recognized or legislated – I do not know- under another framework, because the added value of this association fabric of the third sector is a lot, and essential for our democratic development, for our welfare, but it is not the subject-matter of this law. All these organizations – cooperatives, worker-owned societies, already have a specific regulatory framework, but the law goes one step further, it sets a general framework that gives meaning to the whole from a social, economic and political point of view, and provides a philosophy which is old and modern at the same time: new production models based on internal and external social responsibility – mostly territorial, because it starts from the local, from proximity, generating its own and inclusive territorial dynamics -, on persons over capital and self-organization as an organization element. That is the reason there will be Social Economy in two years, and in four and in six, because it starts from society's self-organization and it requires democracy, and we are not going to lose it because we have fought very hard for it.

To conclude, I want to thank everybody for the effort that is going to lead us to pass the law. The law we are adopting today belongs to us and to everybody, it is nobody's exclusive property. That is why I want to thank the partners in my team, my fellow rapporteurs, Luis Carlos Sahuquillo and José Oria; my friend, spokesperson, Jesús Membrado, for his trust; the Director General of Social Economy, who is not here, but who I must cite as a true Social Economy activist, Juanjo Barrera; my colleague and advisor, Raquel Sanchidrián, and above all, Cepes, its board and its president, Juan Antonio Pedreño, for his determination, for decidedly helping us out with this task. Without you, Juan Antonio, the timeframe would not have been the same and probably neither the contents.

Mr. President, this is to you. Today we must feel satisfied, at least for some brief moments, for the work done. We

Debate and passing of the Draft Law on Social Economy by the Employment and Immigration Parliamentary Council

are busy and worried about Stock Exchange listings; we are busy and worried about the ratings that international agencies give regarding the soundness of our economy and our banks; we are busy and worried with the competing countries that blow up the markets; we are busy and worried with things that are global, virtual, everything that is not within our hand, but we have to make decisions, even at the risk that they might be wrong or not correct. But in this case, we are happy to be dealing today with this commitment with the Social Economy, with the territory and with the inclusion of everybody in a model of society that must not give up on creating wealth—that is what we are here for- or on distributing it in a fair and equitable manner. **(Applause.)**

Regarding the amendments, we will inform the Bureau about which ones we are going to accept; we will abstain with regard to the others. The only thing I have left to say to Ms. Quintanilla, is that I was enthusiastic about the matter of the award, but I believe Cepes itself intends to do it, and that is why my enthusiasm dropped. Mr. Campuzano, Mr. Tarda, we will take a look at the compromise amendments to bring all of us closer, even if we are already very close.

Mr. **PRESIDENT:** Ms. Quintanilla has the floor.

Ms. **QUINTANILLA BARBA:** I do not know whether this is the adequate time from the parliamentary point of view, but there is a compromise amendment, which I will forward to the Bureau, which all groups have agreed that substitutes several amendments. It is a matter of including a new third additional provision with regard to the regulation of the ONCE as a singular organization. All groups have signed- Convergència i Unió, Esquerra Republicana, the Socialist Group and the Popular Group, who is the one that proposed this compromise amendment. Do you want me to forward it to the President's Office with no need to read it?

Mr. **PRESIDENT:** Indeed, without reading it. From the last intervention of Ms. Carmen Quintanilla and of the other two speakers, we have gathered that a series of compromise amendments have been agreed. We ask you to hand them to the Bureau, in first place, so that they may become familiar with the same and, in second place,

to see which of the outstanding amendments are affected and thus sort the vote. The amendment announced by Mr. Tarda has been distributed..

[...]

VOTING FOR AMENDMENTS TO THE DRAFT LAW ON SOCIAL ECONOMY IS INCLUDED

Mr. **PRESIDENT:**

We are going to proceed to vote on the amendments to the draft law on Social Economy. I ask you to pay attention, because there have been several requests for a separate vote; I say this to avoid subsequent confusions.

In first place, we will vote on the amendments 1, 2 and 3 tabled by the Mixed Group. A separate vote has been requested for amendment number 1..

We are going to vote on amendment number 1 from the Mixed Group.

After the vote, the result has been the following: votes in favour, three; against, 34; abstentions, one.

Mr. **PRESIDENT:** It is thus rejected. We will now vote on amendments numbers 2 and 3 from the same parliamentary group.

The result of the vote has been the following: votes in favour, two; votes against, 32; abstentions, two.

Mr. **PRESIDENT:** They are thus rejected.

The amendments that are still alive from the Parliamentary Group Esquerra Republicana-Izquierda Unida-Iniciativa per Catalunya Verds, will also be voted separately, according to their request.

In first place, we will vote on amendments numbers 4, 6, 7 and 8.

The result of the vote has been the following: votes in favour, two; against, 32; abstentions, two.

Mr. **PRESIDENT:** They are thus rejected. We will now vote on amendments numbers 10, 11, 12, 13 and 28 from the same group.

Debate and passing of the Draft Law on Social Economy by the Employment and Immigration Parliamentary Council

The result of the vote has been the following: votes in favour, three; against, 32; abstentions, one.

Mr. **PRESIDENT:** They are thus rejected. Amendments numbers 19 and 22 from the Basque Parliamentary Group.

The result of the vote has been the following: votes in favour, four; against, 32.

Mr. **PRESIDENT:** They are thus rejected. Only amendment number 49 from Convergència i Unió is still alive. We will proceed to vote on it.

The result of the voting has been the following: votes in favour, three; against, 32; abstentions, one.

Mr. **PRESIDENT:** It is thus rejected. Only amendment 39 from the Popular Parliamentary Group is still alive.

The result of the vote has been the following: votes in favour, 16; against, 18; abstentions, two.

Mr. **PRESIDENT:** It is thus rejected. Now we are going to proceed to vote on the compromise amendments. In first place, we are going to vote on the compromise amendment that affects number 50, from Convergència i Unió.

After conducting the vote, he said

Mr. **PRESIDENT:** It has thus been unanimously adopted. We are voting compromise amendment to amendment number 54 from Convergència i Unió.

After conducting the vote, he said

Mr. **PRESIDENT:** It has thus been unanimously adopted.

We are now voting on the compromise amendment to amendments 17, 27, 38, 52, 53 and 63 from different groups.

After conducting the vote, he said

Mr. **PRESIDENT:** It has thus been unanimously adopted.

We voted the amendment in voce proposed by Mr. Tarda, which affects the additional provision.

After conducting the vote, he said

Mr. **PRESIDENT:** It has thus been unanimously adopted.

We will now vote on the draft law on Social Economy, with full legislative powers, as you know.

After conducting the vote, he said

Mr. **PRESIDENT:** It has thus been unanimously adopted. **(Applause.)**

We will now vote on the draft law regulating the European cooperative with registered office in Spain, and as it appears in the rapporteurs' report, given that no amendment has been proposed.

After conducting the vote, he said

Mr. **PRESIDENT:** It has been unanimously adopted.

Debate and passing of the Draft Law on Social Economy by the Parliament

On Wednesday, 16 March 2011, the amendments presented to the Draft Law on Social Economy were debated the Parliament Plenary Session. The speakers' interventions are included below.

Ms. **VICEPRESIDENT** (Cunillera i Mestres):

We move on to the next item on the agenda, the Senate's amendments, specifically the ones proposed for the draft law on Social Economy.

I ask Mr. Llamazares if he wishes to speak on behalf of the Parliamentary Group of Esquerra Republicana-Izquierda Unida-Iniciativa per Catalunya Verds. **(Pause.)**

Should I understand that you do? **(Assent.)**

Mr. Llamazares has the floor.

Mr. **LLAMAZARES TRIGO**: Thank you, Ms. President.

My parliamentary group agrees with the text of the law on Social Economy, and it has demonstrated it on several occasions to this House, and therefore it is going to vote accordingly with regard to the amendments that come from the Senate. Although with regard to this text I must say again that the proposals that come from the Senate –sometimes I believe that they do not contribute to the Parliament's prestige- contemplate elements that have nothing to do with the proposed initiative, in this case, with the law on Social Economy. So, we are looking at amendments that come from the Senate, which must be evaluated by the parliamentary groups: an amendment regarding the specialization in psychology –you will see that there is no meaning or relationship between the specialization in psychology and the Social Economy- and, on the other hand, an amendment related to oilfields in the Spanish coasts, therefore we are a bit perplexed in view of this obscure mechanism that leads initiatives coming from the Senate to incorporate what we could designate as some strange elements that have nothing to do with the initial proposal.

In any case, with regard to the initial proposal and the law on Social Economy, we welcome the adoption of this law; it was a debt of the Congress, a legislative debt with regard to the Social Economy in our country. We believe that an economy that gives prominence to the public, collective interest over private interests, an economy that stands out for its transparency with regard to the

opacity of the economy in general in these times of crisis, and an economy that in our opinion makes an essential contribution to the economic fabric, not only in the agricultural sector, but also in the economic-industrial fabric and to the whole of the Spanish economy, must be contemplated in a law, it has the importance to be contemplated by a law and thus deserves this law on Social Economy. But we have the impression that there are still subject-matters that are open with regard to the law on Social Economy, mainly the responsibility of the public authorities to invigorate the Social Economy. It must be highlighted that although our Constitution contemplates a mixed economy of which the Social Economy is a part, reality advances in another direction; the reality is an economy with a practically global private sector, almost the whole of our economic sector, a small and decreasing public sector and of course, a social sector of the economy which is the minority. To this effect, in our opinion, the commitments of the public authorities must go further than establishing a legal regulation; the public authorities must advance in that raised in some of the articles of the law, promoting the Social Economy, guaranteeing the role of the Social Economy in our country and, above all, in thriving sectors, leading-edge sectors, which in our opinion, would benefit very much from this economic fabric of the Social Economy. Accordingly, we are going to support this initiative.

With regard to the two main amendments –there are more- coming from the Senate and which have nothing to do with the law on Social Economy, with regard to the one that relates the specialization in psychology, we have the impression that we solve a problem and create another one, and it is going to be a source of conflict; we are totally sure. These Bologna requirements, ladies and gentlemen, have led to Bachelor degrees that have not satisfied anybody, and thus to require not only the Bachelor degree, but also a master. Those who think that there must be a master consider that it is not sufficient

Debate and passing of the Draft Law on Social Economy by the Parliamentary

to have a master, because there has to be a specialization in clinical psychology, and thus the race ahead has no end, in our opinion, and we will produce dissatisfaction and conflict in any case. We do not like the method and we do not think that the content of the rule is sufficient either. On the other hand, the one regarding oilfields – a well-intentioned amendment from the Senate- we are going to support it, but as I said during the first part of my intervention, we do not like this method at all, the method of incorporating into an initiative related to the Social Economy things that have nothing to do with the Social Economy, as though they were merely vehicles to make majority positions in the Senate or in the Congress prevail, but which otherwise have nothing to do with the nature of the rule. We do not think this is an adequate legislative technique.

This is the position of Izquierda Unida-Iniciativa per Catalunya with regard to this rule and therefore, we will vote in favour of the law on Social Economy.

Ms. VICEPRESIDENT (Cunillera i Mestres):

Thank you very much.

Mr. Tarda, do you wish to speak? (**Assent.**) You have the floor for the remaining time.

Mr. TARDA I COMA: Thank you very much, Ms. Vice-president.

Ladies and gentlemen, to complete what my colleague Gaspar Llamazares has said, we are also going to vote in favour of the amendments that come from the Senate. With regard to the one that relates to psychologists, I remind you that a non-legislative motion was adopted many months ago, which urged to deal with the problem. It was not done then, and now, through this law, we are told that in twelve months we must thread the needle. Well, the truth is that we find it a bit extemporaneous, but we are already accustomed to the use of laws to deal with unresolved problems. I remind you that there was already a debate about this, and theoretically, one way or another, it should have been channelled. We are also going to vote in favour of the second transitional provision, insofar as it is beneficial for housing cooperatives, which are going through rough times during this economic crisis and, in particular, the crisis of the real estate sector.

I would like to repeat, as a conclusion, three aspects that, as we understand it, are still a loophole in this law, even though we understood that it was an instrument to, once and for all, dress up the Social Economy, a first recognition to the great role that the Social Economy plays in the Spanish state. We are talking about 45,000 companies and nearly 2.5 million jobs. Let me announce again the three loopholes that we will have to solve, sooner or later. In first place, the fact that all Social Economy enterprises are not required to reinvest the benefits in their partners or social plans. In second place, we do not understand the obligation for the Social Economy enterprises to articulate themselves within others operating at state level in order to have a voice to liaise with the General State Administration. In third place, an opportunity has been wasted to require that at least 20%, which is the standard for other companies, of public procurement be done with Social Economy enterprises. I must say that they are three loopholes that prevent us from saying that this law, which is good, is excellent.

Finally, all of this is repaired because at the end of this law, I do see an additional provision that mandates that an evaluation be made of the implementation and development of this legislative text within two years of its enactment. This is the way we can relax about these three loopholes which, in our opinion, have made this law a good law, but only good, even though we already celebrated on the day it was adopted the fact that there is at last a legislative text which, I repeat, puts in its place and gives the importance that the Social Economy has in this society. I repeat, therefore, that we are going to vote in favour of the amendments that come to us from the Senate.

Thank you very much.

Ms. VICEPRESIDENTA (Cunillera i Mestres):

Thank you very much, Mr. Tarda.

Mr. Olabarriá has the floor for the Basque Parliamentary Group (EAJ-PNV).

Mr. OLABARRÍA MUÑOZ: Ms. President, ladies and gentlemen, in first place, I want to say that my group is bewildered by the fact that out of the three most relevant amendments passed in the Senate with regard

Debate and passing of the Draft Law on Social Economy by the Parliamentary

to this law –the law on Social Economy, an important and relevant matter- one refers to the problems of health psychologists or clinical psychology, and the other one to hydrocarbon prospecting. This evidences, Ms. President, the lack of probity within the scope of legislative technique, to which we all unfortunately have grown accustomed in this House, the Congress of Deputies. I have witnessed how the Criminal Code has been amended through the Arbitration Law, and we could give many examples that evidence the legislator's lack of respect towards the most elemental requirements of legislative technique, which after all are the most elemental requirements of the way of legislating, which is only one of the elements whereby the way of exercising our function is developed, one of the paradigmatic functions of our institution, which is to elaborate the rules that make up the legal system. I believe it is a lack of respect to the members that accompany us here today, who represent the Social Economy, to include matters that are absolutely unrelated and collateral to the material contents of this law. With all due respect to psychologists and people engaged in prospecting for hydrocarbons, this is a law meant to regulate and improve the operation of the Social Economy enterprises, whose identity and quantitative dimension has been stated and well specified by Mr. Tarda: Practically 50,000 companies and 3 million –or even more- jobs. Additionally, the Social Economy enterprises can boast about the fact that, regardless of a difficult economic context, such as the current one, they have not lost a single job since the beginning of the crisis, Ms. President. It is a value, an asset that the legislator must recognize to these enterprises, to cooperatives, still governed by the guiding principles of the Rochdale pioneers and the principles approved by the International Co-operative Alliance at different congresses, mainly the one of Vienna, employee-owned societies, which have been able to save, by applying the principles of democracy and workers' participation in ownership and management of enterprises, enterprises that were in the process of winding-up, in the process of commencing insolvency proceedings and organizations linked to the Administration either directly or collaterally, such as the ONCE, and the important lines of action it develops with

regard to people with disabilities. This deserves a respectful reflection, because they are enterprises that work well, they are enterprises that preserve employment and additionally require some corrections, such as the ones incorporated into this draft law, for example, the one regarding the institutional representation in the institutional representation bodies of the autonomous communities, for those that operate at autonomous community level. It is unconceivable that cooperatives still do not participate in bodies such as the Economic and Social Council or in the economic and social councils of the autonomous communities, or in the labour relations councils, wherever they exist. Otherwise, we consider the functionality, the contribution of these principles based on the subordination of capital to the individual, to the work of individuals, particularly relevant.

Regarding the legislative technique used by the Senate to include the amendments in the draft law, Ms. President, I will say no more than what I have already said: It is thoughtless and disrespectful for the people who represent an economic sector as relevant as the one of the Social Economy. We, given that it is an agreement that does not infringe the legislation or the legal system, the one regarding the sixth additional provision, which invokes or orders the Parliament to adopt a draft law regulating the activity of health psychology –I don't know whether anybody can connect the dots between health psychology and the Social Economy, if so, I would be very grateful if he or she could explain it to me, and with regard to the amendment proposed by Mr. Pere Sampol i Mas, regarding the derogation of not royal decree-laws –because they are not royal decree-laws, but rather the ones he indicates are royal decrees-, regarding the concession of permits to explore hydrocarbons in different areas of the Mediterranean –I find this simply shameful, and here we are going to vote no-..., neither the most imaginative person, nor the most psychedelic person in this House would be able to find a link between this hydrocarbon-related matter and the problems that affect the Social Economy. And since we find it shameful from the perspective of observing the most elemental legislative technique, we are going to vote no to this one, Ms. President. Having said this, I want to congratulate all

Debate and passing of the Draft Law on Social Economy by the Parliamentary

representatives of the Social Economy enterprises -we will congratulate the representatives of the hydrocarbon sector and psychologists some other time, when appropriate-, the ones that belong to this group and to this sector of our economy, which has resisted the economic crisis to the point of not losing one single job, I want to congratulate you again, and congratulate all of us because with regard to them, the law has been well set up.

Thank you very much, Ms. President.

Ms. **VICEPRESIDENT** (Cunillera i Mestres):

Thank you very much, Mr. Olabarriá. – I am surprised by your use of time. Forgive me.

Mr. Campuzano has the floor on behalf of the Catalan Group (Convergència i Unió).

Mr. **CAMPUZANO 1 CANADÉS**: Thank you, Ms. President.

Ladies and gentlemen, I want to start by conveying to the Socialist Group my best wishes, and I am sure that I speak for all Members of Congress, for a fast recovery of Ms. Esperança Esteve who was the rapporteur for this draft law while it was examined by the Commission, and together with the remaining rapporteurs allowed for a globally positive processing of the draft law by the Commission. She is recovering from a recent surgery, and thus has been unable to be here with us today, although I am sure that she would have been delighted. In the same line as other spokespersons, I want to say, assuming our own responsibilities, because all of us end up using this technique sooner or later, that it is a pity to sully a draft law intended to recognize, dignify and increase the presence of the Social Economy in public policies, during its processing by the Senate, with amendments that have nothing to do with its substance. Perhaps our fellow senators from our respective parties who proposed and adopted these amendments thought that this was not that important, and that what was relevant was to solve with those amendments such specific problems, but the virtue of this draft law was not so much to solve any specific problem linked to the Social Economy, but rather that it was intended to create a framework recognizing a reality, such as the Social Economy, which is an expression of society's initiative,

an initiative of society that creates jobs, enterprises, wealth and prosperity, which we believe is essential in our times. The truth is that a draft law of this type has been spoiled with the contributions incorporated by the Senate, which have nothing to do with the subject-matter. Ladies and gentlemen, on a personal basis, I want to suggest the attorneys of the Parliament to make some kind of consideration in this regard, since I believe that we are not legislating in line with common sense. Having said this, we are going to defend, logically, the meaning of this draft law. This was a draft law that resulted from the initiative of the Social Economy, particularly Cepes, which the Government collected and the parliamentary groups have accompanied, and we believe that it can establish better bases to have better politics that strengthen the capabilities of the Social Economy in generating enterprises and employment. This affirmation made by a Member of Congress who represents electors of Catalonia is particularly important. A great part of the economic-social history of the second half of the 19th century and beginning of the 20th can be explained by the existence of the first initiatives linked to the Social Economy and, specifically, the cooperative movement linked to the initiatives of workers. Therefore, the truth is that a reality that started to be built in the mid 19th century and which has obtained significant success in Catalonia is going to now have a framework at state level recognizing such an initiative.

With regard to the contents of this draft law, we want to say that the Senate has included some modifications that are relevant with regard to two matters. Specifically, a new seventh additional provision has been created, which introduces a program for the promotion of the Social Economy organizations and which includes three important mandates to be developed by the Government in the next six months. In first place, the review of the rules required to suppress the limitations for the Social Economy organizations, so that they may engage in any economic activity, with no unwarranted barriers. There is still sectoral legislation in place that hinders the Social Economy's capacity to create enterprises and jobs and it is a mandate to remove such obstacles. In second place, such seventh additional provision answers a claim of worker-owned societies, which have been demanding for some time an update

Debate and passing of the Draft Law on Social Economy by the Parliamentary

of their regulatory framework, a new Worker-Owned Societies Law. My group would have liked to see the Government propose a draft law during this legislative period—there must be reasons for which it has not been able to do so—, but this draft law contains a specific mandate, and it would be good, necessary and essential for the Government to comply with the same.

Finally, the seventh additional provision includes another mandate to review the rules regulating subsidies, the General Law on Subsidies, insofar as it affects non-profit organizations. The General Law on Subsidies, which was adopted in 2003, was intended to avoid fraud, misuse, etc., of subsidies, but it is generating huge difficulties for small and medium sized non-profit organizations. As an anecdote, this past Monday I took part in a campaigning event at the Palau-solita i Plegamans in the Valles Occidental with the city's mayor and during a meeting with social, cultural and education organizations of this medium-sized town of Catalonia, a good part of the complaints and concerns they expressed regarded how the General Law on Subsidies makes it difficult and prevents the city council from collaborating with non-profit organizations. A legislation that was created to generate transparency in matters of subsidies—I am convinced of this, because almost all of us approved it—, was perhaps more aimed at large enterprises and organizations, and now makes it difficult for the association fabric that creates capital and articulates companies to collaborate with the public sector. We think it is relevant for the law on Social Economy, when promoting organizations, to incorporate this mandate, and *Convergència i Unió* is going to be particularly belligerent to obtain compliance in this regard. (The President occupies the President's seat.)

Ms. President, I am not going to use all the time we have been given. We had the opportunity, during the plenary session and, above all, at the Commission and with the group of rapporteurs to discuss this draft law. My group is happy to have and also welcomes the representatives of the Social Economy who accompany us from the public gallery. I want to congratulate you, because this draft law is mainly possible due to the existence of a reality that you have represented, and that you represent well enough, and I want to thank you because you have accompanied this House and the Government

to legislate for the purpose of recognizing this reality. Congratulations and thank you very much.

Mr. **PRESIDENT**: Thank you very much, Mr. Campuzano. Ms. Carmen Quintanilla has the floor.

Ms. **QUINTANILLA BARBA**: Thank you very much, Mr. President.

Members of Congress, I want to first address the gallery to also thank the representatives of the Social Economy who are with us today, such as the president of Cepes, Mr. Juan Antonio Pedreño, and the president of the ONCE, Mr. Miguel Carballada. Thank you very much for being here today and making this draft-law possible. We have all worked together, both the parliamentary groups and the social agents, who have so much to say in this draft law which society is waiting for and, above all, the 2,700,000 workers that the Social Economy gathers in Spain. Just as the rest of the spokespersons for the different parliamentary groups, I want to mention the complexity of what has happened in the Senate due to the amendments that have nothing to do with the Social Economy. Despite it being a necessary and essential practice, it is a bad legislative practice that we must control, and which is not good for the legislative debate, ladies and gentlemen from the Socialist Parliamentary Group.

Having said this, I want to announce that my parliamentary group is going to approve all the amendments, both the ones that relate to this law and the ones unrelated to the same. Additionally, I am going to very specifically refer to two that have nothing to do with it and to two that are related to the same. Out of the two that have nothing to do with the law, for example, is the additional provision that intends to consolidate the text of the General Law on the Social Security System, because it makes no sense to include it in this law when we are waiting for a reform of the Social Security system, a law on pensions, a law that is going to deal with this, and this is what the Government should have done. On the other hand, I want to refer also to the amendment regarding clinical psychologists. I want to say indeed that my group is going to vote in favour because we cannot abandon these persons, almost 20,000 clinical psychologists in Spain, as the

Debate and passing of the Draft Law on Social Economy by the Parliamentary

socialist Government has done for the past seven years, and we must provide them with an immediate solution, because they cannot continue on such a provisional basis. I will refer also to two amendments proposed by my parliamentary group in the Senate with regard to article 8, because we want the active employment policies to promote the Social Economy to aim for persons who most suffer unemployment in Spain: women, persons with disabilities and young persons. Likewise, I want to mention another amendment proposed by my group and which is very important, as the spokesperson of *Convergencia i Unió* also stated, regarding the program to boost and promote the Social Economy, which is recorded in the seventh additional provision. That is talking about the Social Economy; that is talking of what mattered to us in this law; that is saying what the parliamentary groups committed to during the debate of this law. Because the Social Economy, now called the solidarity-based economy or third sector, has an annual turnover in Spain of Euro 116,000 million; it represents 10 per cent of our gross domestic product and affects 10 per cent of the employed population in Spain. Over 200,000 enterprises, worker-owned societies, special employment centres, mutual societies, insertion companies, agricultural processing companies, fishermen's associations and other organizations that form part of this great productive fabric called the Social Economy, not only in Spain, but in all the international community; a fabric that is growing, and whose value is not in the economic capital, but in the human and social capital it represents, because the Social Economy is now an important part of our democratic participation. It commits to local development now, and fixes the territory. We cannot forget what the European Parliament said with regard to the Social Economy. The Social Economy represents a different approach to enterprises whose main driver is not financial profitability, but the benefits for the whole society. Now more than ever, we must deal with the Social Economy in this draft law as a social paradigm in accordance with the fundamental principles of the European social and welfare model, because it plays a key role in the preservation and strengthening of the economic model by regulating the production and supply of numerous services of general interest. Ladies

and gentlemen, the Social Economy in Spain needed and was waiting for a legal framework that would regulate its activity—which is now a reality thanks to this draft law—and to incorporate the ONCE, as we have done, as a singular organization. Additionally, our parliamentary group has taken great effort to bring this amendment, which we proposed, into the draft law.

I finish by indicating that my parliamentary group understands that we have all done a good job throughout the process of dealing with this initiative. I want to highlight the work of my colleague, Member of Congress Méndez Monasterio, who has accompanied me as rapporteur for this law, although undoubtedly it has been the work of all parliamentary groups. I also want to wish the socialist Member of Congress, the spokesperson who took part in the Employment and Immigration Commission together with me, Ms. Esteve, a fast recovery from her surgery. We wish you total recuperation and that soon we will be able to see you sitting at this House, in your seat; we say this with the greatest affection from the Popular Parliamentary Group.

Ladies and gentlemen from the different organizations that are part of the Social Economy, we are going to pass today a draft law that will provide greater visibility, greater recognition and greater growth to and emphasis on the Social Economy in Spain; a Social Economy that generates wealth and to which all the Spanish society, which is represented through the different parliamentary groups that are part of this House, is committing. Thank you again for joining us and thank you very much, Mr. President. **(Applause.)**

Mr. **PRESIDENT:** Thank you very much, Ms. Quintanilla. Mr. Luis Carlos Sahuquillo has the floor.

Mr. **SAHUQUILLO GARCÍA:** Mr. President, ladies and gentlemen, today, with the adoption of this law, we provide an answer to one of the historic demands from the Social Economy sector, the standardization of the basic principles in one rule, respecting the diversity of organizations that live under that umbrella. We recognize the promotion, stimulation and development of the Social Economy enterprises and their most representative organizations as a task of general interest.

Debate and passing of the Draft Law on Social Economy by the Parliamentary

I want to take this opportunity to greet the representatives of the Spanish Confederation of Social Economy Enterprises, Cepes, who are here with us today, with its president, Mr. Pedreño, who has led the same, and which has been the driver of such a waited-for law. We cannot forget that in February last year, the president of the Government, José Luis Rodríguez Zapatero, undertook to adopt this law in an event held in Madrid by Cepes under the motto: The Social Economy, enterprises that are competitive, sustainable and committed to employment. These laws are a clear example of the importance of the Social Economy sector, and this has been thanks to the work and consensus of the political parties, who have chosen to maintain a positive attitude. At the subcommission we had the opportunity of listening to around thirty representatives from a broad spectrum of groups or sectors, such as the academic world, private enterprise, ethic banks, European Union experts and the organizations of the Social Economy. We debated and reached conclusions; that is, we did what the citizens expected from us.

What is the Social Economy? We designate as Social Economy the set of economic and business activities carried out by organizations, at private level, which pursue, in accordance with certain principles, the collective interest of their members, the economic-social general interest or both. What are these principles? The primacy of the individual and the social purpose over capital; the use of the results obtained from the economic activity according to the work or service contributed or the activity performed by their members and, in any case, to the entity's social purpose; the promotion of internal solidarity and solidarity with the whole of society, favouring local development, equal opportunities, social cohesion, quality, private, family and work life and sustainability. And their own independence from the public authorities is also a priority. The Social Economy is comprised of cooperatives, mutual societies, foundations and associations that perform an economic activity, worker-owned societies, insertion companies, special employment centres, fishermen's associations, agricultural processing companies and singular organizations created by specific rules that are governed by the above mentioned principles.

The purpose of the law is to establish a common legal framework for the set of organizations that make up the Social Economy, fully respecting the specific rules applicable to each of them, as well as to determine the measures to promote the same, considering the purposes and principles inherent to the same. The need for approving the same connects directly with the principles that inspire and the objectives sought by the Law on Sustainable Economy, to the extent that the Social Economy is, in some way, its forerunner and it is committed to the economic model of sustainable development in its triple dimension: economic, social and environmental. The Social Economy means progress, cohesion and sustainability. What is its importance in the domestic economy sector? It involves 52,000 enterprises; a turnover of €102 million; 11 million persons that would benefit directly or indirectly from the Social Economy; over 2,400,000 jobs. I will provide one piece of data, ladies and gentlemen. In a year as difficult as the year 2009, the Social Economy sector was able not only to maintain all of its jobs, but to increase the number of employees in 25,000. According to the official data, as of 31 December 2010, there were 380,286 persons registered with the social security system, in 37,169 cooperatives and worker-owned societies.

How did we get here? The Commission for Employment of the Congress of Deputies, with full legislative powers, after the comprehensive work of the rapporteurs, who debated sixty three amendments from the different groups, adopted the draft law by unanimity last 21 December 2010. Subsequently, the Senate's Commission for Employment and Immigration debated the forty six amendments proposed, also adopting the text by unanimity, and it was submitted to such House in full last 9 March. It returns today to the Congress of Deputies to continue its path until final approval with a series of amendments agreed, negotiated and approved in the Senate, which possibly improve the text. Out of the same, for example, I want to highlight the one included via the compromise amendment subscribed by all political groups, by virtue of which, a program to boost the Social Economy organizations will be adopted, paying special attention to the ones that are particularly rooted in their surrounding territory, and the ones that

Debate and passing of the Draft Law on Social Economy by the Parliamentary

generate employment in the most disadvantaged sectors and, among other measures, urges a review of the rules that regulate the General Law on Subsidies, for the purpose of simplifying the procedures regulated in the same. On the other hand, we are going to reject – we are going to do so, ladies and gentlemen from the Popular Party- the incorporation into the text of the new derogatory provision, a consequence of amendment number 27 from the Senate, which for starters, was rejected during the debate and did not obtain one single vote -25 against the same and one abstention- and which was magically adopted at the Plenary Session due to the incomprehensible support obtained from the Popular Party. Why do I say incomprehensible? Because it intends to repeal four royal decrees of 23 December 2010 that were limited to granting permits to investigate hydrocarbons for different areas of the Mediterranean sea; only and exclusively that, which has nothing to do with the Social Economy. It is an inadmissible amendment, both from the legal point of view –since it purports to seriously alter the regulatory framework in place, to the detriment of the operators who already have their authorization to investigate and taking into account that, should it progress, it could even be considered unconstitutional to some extent- and from the point of view of the time. Aren't you ashamed that today we have ended up talking more about the amendment than about the law we are adopting? Ms. Quintanilla, knowing you as I know you, I am convinced that this has been very hard for you to swallow, since there is no way to defend its inclusion here, given that it has nothing to do with what we are discussing today. Incidentally, I will remind you that when your leader, Mr. Aznar, governed from 1996 to 2004, twelve authorizations to investigate the existence of oil in the world were approved, one of them even led to a concession for exploitation. Therefore, we cannot understand how you can propose this amendment at this time, given that there is no room for it here, and that you previously dropped the same during the debate because of your inclination and advocacy with regard to oil prospects and of your philosophy that embraces the same. One only needs to take a look at the FAES document, commissioned by Rajoy for his election manifesto, under the name Proposals for a national

energy strategy, which reads in section 29: To provide an agile and transparent administrative framework that allows to explore oil and gas resources potentially available in the Spanish territory and seas. However, just to mess around, stir things up, go against and win a vote against the Socialist Parliamentary Group and thus, the Government, you are capable of anything, of saying one thing and doing the contrary.

Ladies and Gentlemen from the Popular Group, you know that the hydrocarbon investigation permits establish the generic framework for the investigation, and in no case must they be understood as an automatic authorization of prospection works, which must be previously authorized by the Directorate General of Energy Policy and Mines; and which additionally must be subject to the procedure established in the consolidated text of the Law on the Environmental Assessment of Projects, which must be published, etc. Therefore, it makes no sense that today you bring forth and approve this amendment. I cannot imagine what the members of Cepes present here today must think when they hear you sneaking in through the back door of this law for which they have worked so long, something that, as I stated, has nothing to do with it. What is important, ladies and gentlemen, is that nine articles, seven additional provisions, two transitional provisions and four final provisions will be contemplated by this law on Social Economy, which promotes new production models based on internal and external social responsibility, above all territorial, because it starts from the local, generating its own and inclusive development territorial dynamics: persons over capital, self-organization as an organization element. From now on, with the adoption of this law, we have provided a legal framework that recognizes the general interest of the organizations that make up this sector, without replacing the rules that each one of them has in force. Congratulations to all, and allow me to take some words to expressly acknowledge the greatest advocate of this law on Social Economy, the rapporteur for the Socialist Parliamentary Group, my friend Esperanza Esteve Ortega. Without her, this law that will receive final approval in a few minutes would not have had the same level of consensus. I want to send a kiss for Esperanza. Thank you very much.

Law 5/2011, of 29 March, on Social Economy

The lines below offer the full text of Law 5/2011 on Social Economy, passed on 16 March by unanimity in Parliament. By means of this Law, Social Economy in Spain has a regulation framework that defines and protects it.

PREAMBLE

I

The historic framework of the birth of the modern concept of Social Economy is structured around the first cooperative, associative and mutual society experiences that arose at the end of the 18th century and developed throughout the 19th century in different European countries (England, Italy, France or Spain). Drawing on this traditional 19th century concept, which comprises cooperatives, mutual societies, foundations, and associations, a series of declarations were made in different European countries in the 1970's and 1980's, characterizing the identification of the Social Economy according to different principles. In this way, in France the «Charte de l'économie sociale» defined the term of Social Economy as «the set of organisations that do not belong to the public sector, operate democratically with the members having equal rights and duties, and practise a particular regime of ownership and distribution of profits, using the surpluses to expand the organisation and improve its services to its members and to society». The «Conseil Wallon de l'Économie sociale» did the same in Belgium. In 1992, the European Economic and Social Committee submitted three proposals for a Regulation on the Statute for a European Association, a European Cooperative Society, and a European Mutual Society. Out of these initiatives, the Regulation on the Statute for a European Cooperative Society was adopted (Regulation EC1435/2003 of the Council, of 22 July 2003) as well as the Directive supplementing the Statute of the European Cooperative Society with regard to the involvement of employees (Directive 2003/72/EC of the Council, of 22 July). The Regulation describes cooperatives as groups of persons with particular operating principles that are different from those of other economic agents, characterized by the principle of primacy of the individual. Such primacy of the individual is reflected in the specific rules on membership, resignation and expulsion, in the “one man, one vote” rule and the impossibility for its members to exercise rights over the assets of the cooperative.

In 2002, the Charter of principles of the Social Economy of the European Standing Conference of Cooperatives, Mutual Societies, Associations and Foundations (CEP-CMAF), the predecessor of the current Social Economy Europe association, introduced a set of principles into the *acquis communautaire* that create the framework for the new reality in which entities in the Social Economy now operate, such as the primacy of the individual and the social objective over capital, voluntary and open membership, democratic control by members, the conjunction of the interests of the users and the general interest, the defence and application of the principle of solidarity and responsibility, autonomous management and independence from public authorities and the use of the surplus to carry out sustainable development objectives, services of interest to its members or of general interest. This detailed and palpable reality has later transcended to the community scope through the European Parliament, by means of Report 2008/2250 (INI) of 26 January 2009 and through the European Economic and Social Committee, through different opinions, such as «The Social Economy and the Single Market» in the year 2000, or more recently, the opinion «Diverse forms of enterprise» of the year 2009. In view of the above, Comparative Law illustrates the trend observed in countries to establish a legal framework that supports and recognizes the Social Economy as a separate economic activity that requires substantive actions of public promotion and support.

II

In Spain, it is worth highlighting the legal foundations on which the entities of the Social Economy are based, which are of the highest rank as they are derived from the articles of the Spanish Constitution. A number of articles refer, either generically or specifically, to some of the Social Economy organisations, as in the case of article 1.1, article 129.2 or the social equality provision of article 9.2, and other specific articles such as 40, 41 and 47, which reflect how deep-rooted the mentioned organisations are in the constitutional text.

Law 5/2011, of 29 March on Social Economy

Starting in 1990, the Social Economy in Spain started to obtain express recognition from the public institutions, as a result of the creation of the National Institute for the Promotion of Social Economy (Instituto Nacional de Fomento de la Economía Social (INFES)), through Law 31/1990, of 27 December. Such Institute replaced the former Directorate General of Cooperatives and Worker-Owned Societies (Dirección General de Cooperativas y Sociedades Laborales) of the Spanish Ministry of Labour and Social Security, and among its purposes was the promotion of Social Economy organisations and, for that reason, it created the Council from among its members. When the Institute ceased operating in the year 1997, its tasks were assumed by the General Directorate for the Promotion of Social Economy (Dirección General del Fomento de la Economía Social) and the European Social Fund. Law 27/1999, of 16 July, on Cooperatives, incorporated the Council for the Promotion of the Social Economy as advisory and consultative body for activities related to the Social Economy; Its regulations were implemented by Royal Decree 219/2001, of 2 March, on the organization and operation of the Council. Thus, this Council is set up as the institution that provides visibility to the various organisations in the Social Economy. Furthermore, and due to the decentralization of powers that characterizes Spain's territorial system, there are different substantive rules regarding the various entities in the Social Economy whose regulation falls within the scope of the regional governments, giving rise to the existence of similar institutions within each Autonomous Community. This strengthens the institutional visibility of the different entities included in the mentioned sector. The different forms of cooperatives and, among them, the ones of associated work, consumer, housing, agricultural, services, seafarers, credit, education, health, insurance and transport cooperatives, worker-owned societies, associations, foundations and mutual societies, insertion companies, special employment centres, agricultural processing companies and fishermen's associations share the guiding principles of the Social Economy. All these organisations are covered, directly or indirectly, by the mentioned articles of the Spanish Constitution. Their principles confer them a distinct and specific character with regard to other types of commercial companies and organisations. Additionally, the live dynamics of the Social Economy entities lead to an increasing number of singular

organisations that also embrace the same principles as the above.

This valuable acquis is completed with a catalogue of potential organisations that can become part of the Social Economy, provided always that they adhere to the principles that determine a particular and inherent set of values and that they are perfectly delimited pursuant to their specific configuration.

There are various initiatives that coincide on the need to approve a Law on Social Economy and are worth mentioning. On the one hand, the demand of the Spanish Business Confederation of Social Economy (Confederación Empresarial Española de la Economía Social (CEPES)) with a draft proposal and, on the other hand, the works carried out by the Parliament's Subcommittee of the Congress of Deputies (Subcomisión Parlamentaria del Congreso de los Diputados), which was operating from March 2007 until the end of such year with the aim of studying the situation of the Social Economy in Spain and proposing actions to promote the same.

On the other hand, the need to enact a Law on Social Economy connects directly with the principles that inspire and the objectives sought by the Law on Sustainable Economy, to the extent that the Social Economy is in some way the precursor and is committed to the economic model of sustainable development, in its triple economic, social and environmental dimension. The Government of the Nation, through the Council for the Promotion of the Social Economy (Consejo para el Fomento de la Economía Social) and with CEPES' approval, designated an Independent Commission of experts that concluded the preparatory works regarding the study of a Law on Social Economy in October 2009. Based on such Commission's report and at the proposal of CEPES, a common draft was elaborated which is supported by a great part of the sector. Additionally, the Governments of the Autonomous Communities have been informed during the process of elaborating the project, through the Sectoral Conference on Employment and Labour Matters (Conferencia Sectorial de Empleo y Asuntos Laborales) held on 29 April 2010, and the Council for the Promotion of the Social Economy (Consejo para el Fomento de la Economía Social), the majority of whose members approved the text in the plenary session held on 29 April 2010.

III

The basic purpose of the Law is to set up, without intending to replace the current regulations in force for each of the entities that are a part of the sector, a legal framework that brings greater visibility and recognition for the Social Economy, providing it with more legal certainty through actions that define the Social Economy, establishing the principles that must be contemplated by the different organisations that are a part thereof. Drawing on these principles, it sets out the different entities and enterprises contemplated by the Social Economy. Likewise, the promotion, fostering and development of the Social Economy entities and their representative bodies are recognized as a task of general interest. Additionally, it contemplates the importance of the dialogue between the public authorities and the organizations representing the different organisations that make up the Social Economy, considering their legal form and activity, highlighting the role to be played by the inter-sectoral confederations representing the sector at state level and restoring the Council for the Promotion of the Social Economy (Consejo para el Fomento de la Economía Social), with the most adequate legal regulation, as advising and consultative body linked to the Ministry of Labour and Immigration, thereby connecting the same to the sector through this Law, given that it was previously included under the State legislation on cooperatives.

The draft Law has nine articles, seven additional provisions, two transitional provisions and four final provisions.

Article 1 sets the purpose of the law, which is to create a common legal framework for the various entities that make up the sector of the Social Economy and the different promotion measures applicable to the same; further developing the above, article 2 deals with the concept and denomination of the Social Economy. Article 3 delimits the scope of application of the law to the Social Economy entities that operate within the State, but without prejudice to the powers assumed by the Autonomous Communities.

Article 4 presents the four common and guiding principles for all Social Economy entities, which are those set forth in article 5, whether through the direct designation thereof and on the terms of paragraph one, or through the procedure set forth in paragraph two of

the mentioned provision. Article 6 regulates the catalogue of Social Economy entities, which shall be prepared and updated by the Ministry of Labour and Immigration on the report of the Council for the Promotion of the Social Economy (Consejo para el Fomento de la Economía Social), which shall not be of substantive nature in any case.

Article 7 lays out the principles of representation of the entities in the Social Economy and the criteria for representativeness of the representative inter-sectoral confederations operating at state level. On the other hand, article 8 meets another one of the law's purposes: recognition of the promotion and dissemination of the Social Economy.

Lastly, article 9 of this Law regulates the Council for the Promotion of the Social Economy, as an advisory and consultative body in these matters, and establishes its tasks.

The first additional provision regulates the statistical information on the Social Economy entities and the second additional provision refers to the financing of actions planned at state level.

The second additional provision regulates the methods for financing the promotion, dissemination and training actions referred to in article 8.3 and the operation of the Council for the Promotion of the Social Economy.

The third additional provision clarifies the nature of the Spanish National Organization for the Blind (Organización Nacional de Ciegos Españoles (ONCE)) as a legal person governed by public law whose specific regulation confers the same the consideration of a special entity of the Social Economy.

The fourth additional provision sets forth the need for the Government to integrate the enterprises of the Social Economy into the strategies for the improvement of productivity.

The fifth additional provision provides that the Government will send to the Congress of Deputies, within two years from the effectiveness of the Law, a report on its effects.

There are two transitional provisions. The first transitional provision maintains in force the second additional provision of Law 27/1999, of 16 July, on Cooperatives, to the extent that article 9.5 of this Law is not implemented via regulations.

Law 5/2011, of 29 March on Social Economy

The second transitional provision makes it possible for housing cooperatives to dispose of or lease to non-member third parties the homes owned by the same provided that the works started before the effective date this Law.

On the other hand, the powers to implement this law are determined under the first final provision, which constitutes basic legislation under Article 149.1.13.^º of the Spanish Constitution. This attributes to the State the «bases and coordination of the general planning of economic activity», except for the provisions of Articles 8.3 and 9, which are part of the State's self-organization power, as well as the provisions of the First Additional Provision, enacted under the exclusive power attributed to the State through article 149.1.31.^º of the Constitution, in matters of «statistics for State purposes».

The Second Final Provision authorizes the Government to issue any provisions required for the application and development of the Law.

Lastly, the Fourth Final Provision provides for a one month «vacatio legis» period, which is considered adequate for its effectiveness.

Article 1. Purpose.

The purpose of this Law is to establish a common legal framework for the set of entities that make up the Social Economy, while fully observing the specific rules applicable to each of them, as well as to determine the measures that can be taken to promote such entities, considering the purposes and principles inherent to the same.

Article 2. Concept and definition.

Social Economy is the term used to designate the set of economic and business activities that are carried out in the private sphere by entities that pursue the collective interest of their members, whether the general economic or social interest or both, in accordance with the principles set forth in article 4.

Article 3. Scope of application.

Without prejudice to any powers that the Autonomous Communities may have, the scope of application of this Law extends to all the Social Economy entities that operate within Spain.

Article 4. Guiding principles.

The entities in the Social Economy operate on the basis of the following guiding principles:

- a)** Primacy of the individual and of the social purpose over capital. This materializes in an autonomous and transparent, democratic and participative management, which prioritises a decision-making process based more on individuals and the contribution they make to the organisation with their work and services or on the social purpose, than on their contributions to the capital.
- b)** Distribution of the profits obtained from the economic activity mainly according to the work contributed or the service or activity performed by members and, if applicable, according to the entity's social purpose.
- c)** Promotion of solidarity internally and with society that favours commitment to local development, equal opportunities between men and women, social cohesion, the insertion of persons with the risk of social exclusion, the generation of stable and quality jobs, the conciliation of private, family and work life and sustainability.
- d)** Independence with regard to the public authorities.

Article 5. Organisations in the Social Economy.

- 1.** Cooperatives, mutual societies, foundations and associations engaged in an economic activity, worker-owned societies, insertion companies, special employment centres, fishermen's associations, agricultural processing companies and special organisations created by specific rules that are governed by the principles set forth in the previous article are part of the Social Economy.
- 2.** Any entities that carry out economic and business activities and whose operating rules respond to the principles set out in the previous article, and included in the catalogue of entities established in article 6 of this Law may also be part of the Social Economy.
- 3.** In any case, Social Economy entities will be regulated by their specific substantive rules.

Article 6. Catalogue of Social Economy entities.

The Ministry of Labour and Immigration, following a

Law 5/2011, of 29 March on Social Economy

report of the Council for the Promotion of the Social Economy and in coordination with the Autonomous Communities, will prepare and maintain an updated catalogue with the different types of entities that make up the Social Economy, taking into account the principles established in this law and in coordination with the catalogues existing within the autonomous community scope.

The catalogues of Social Economy organisations must be public. The publicity will be made through electronic media.

Article 7. Organisation and representation.

1. The Social Economy entities may set up associations for the representation and defence of their interests, and the latter may be grouped together, in accordance with the provisions of their specific legislation or, as the case may be, Law 1/2002, of 22 March, on the right of association.

2. Representative inter-sectoral confederations operating within national scope will be the ones that meet the following requirements:

a) They must group together most of the types of entities included in article 5 of this Law.

b) They must represent at least twenty five per cent of the total enterprises or entities associated, whether directly or through intermediate organizations, with the Inter-sectoral Confederations that come together for the purpose of representation, provided that such Confederations meet the requirement under point a).

c) They must represent, in at least the majority of the types of entities of article 5 grouped under the relevant Confederation, at least fifteen percent of the total entities or enterprises of each type associated to the inter-sectoral confederations that come together for representation purposes, understanding that the Confederations shall be deemed representative if they meet the requirements under points a) and b).

3. The representative inter-sectoral confederations of national scope will be represented in the State's General Administration institutional participatory bodies that deal with the matters that affect their economic and social interests. In the same way, organizations of

national scope that gather the majority of the Social Economy entities will be represented in the bodies of the Central Government, in all representation activities inherent to the same given their legal nature and activity.

4. Likewise, organizations, federations or confederations representing each Autonomous Community will be represented in the institutional participation bodies of the Autonomous Communities' Administrations that deal with the matters that affect their economic and social interests, as envisaged by the Autonomous Communities.

Article 8. Promotion and dissemination of the Social Economy.

1. The promotion, stimulation and development of the Social Economy enterprises and their representative organizations is recognized as a task of general interest.

2. The public authorities, within the scope of their respective powers, will pursue, among others, the following as objectives of their policies for the promotion of the Social Economy:

a) To remove the obstacles that impede the commencement and development of an economic activity by Social Economy entities. For this purpose, special attention will be given to simplify the administrative procedure for the creation of Social Economy entities.

b) To facilitate the various initiatives in the Social Economy.

c) To promote the principles and values of the Social Economy.

d) To promote occupational training and retraining within the scope of Social Economy entities.

e) To facilitate access to technological and organizational innovation processes for entrepreneurs of entities in the Social Economy.

f) To create an environment that promotes the development of economic and social initiatives within the framework of the Social Economy.

g) To engage Social Economy entities in active employment policies, particularly in favour of the sectors that are more affected by unemployment, such as women, young people and long term unemployed population.

h) To include references to Social Economy in the curricula of the different education phases.

Law 5/2011, of 29 March on Social Economy

i) To promote the development of Social Economy in areas such as rural development, dependence and social integration.

3. For the implementation of this Law, the Government is overall responsible, through the Ministry of Labour and Immigration, and within the scope of its powers, for carrying out promotion, dissemination and training actions, without prejudice to the powers of other ministerial departments in connection with the economic, business and social activity developed by the Social Economy entities to comply with their social purpose.

4. When developing activities for the promotion of Social Economy, the powers of the Autonomous Communities will be respected. The State General Administration will foster the necessary cooperation and collaboration mechanisms with the Administrations of the Autonomous Communities to develop the Social Economy promotion activities.

Article 9. Council for the Promotion of the Social Economy.

1. The Council for the Promotion of the Social Economy will be governed by the provisions of this Law, serving as an advisory and consultative body for activities related to the Social Economy and integrated into the Central Government through the Ministry of Labour and Immigration, although it is not part of the hierarchical structure of the same. It will act as a collaboration, coordination and liaison body between the players in the Social Economy and the Central Government.

2. In accordance with the powers attributed to the same, and pursuant to the scope of this Law, it will be in charge of the following tasks:

a) To report and collaborate in the preparation of projects on any legal or regulatory provision that affects Social Economy entities.

b) To prepare any reports requested by the Ministry of Labour and Immigration and other ministerial departments.

c) To issue a preliminary report, in accordance with article 6 of this Law, in connection with the preparation and updating of the Ministry of Labour and Immigration's catalogue of Social Economy entities.

d) To give its opinion with regard to the Social Economy development and promotion programs.

e) To carry out studies and reports on matters and problems that affect the Social Economy and particularly with regard to strengthening the knowledge, institutional presence and international projection of the Social Economy.

f) To ensure the promotion and respect for the guiding principles of this Law.

g) To issue a preliminary report with regard to the adoption of the statistical information measures for the Social Economy entities under the terms of the First Additional Provision of this Law.

h) Any other tasks and powers attributed to the same under legal or regulatory provisions.

3. The Council for the Promotion of the Social Economy will include representatives from the Central Government, the Governments of the Autonomous Communities, the most representative association of local organisations, the representative inter-sectoral confederations of national-scope, as well as the majority sectoral organisations in the Social Economy referred to in article 5 of this Law, which are not represented by the mentioned inter-sectoral confederations, the most representative labour unions and five recognized experts in the field of Social Economy, appointed by the Ministry of Labour and Immigration.

4. The Council for the Promotion of the Social Economy will be chaired by the Secretary General for Employment.

5. The operation and composition of the Council will be subject to regulatory development and will adjust to the rules on collegiate bodies contained in Law 30/1992, of 26 November, on the Legal Rules governing the Public Administrations and Common Administrative Procedures and in Law 6/1997, of 14 April, on the Organization and Operation of the State General Administration.

First additional provision. Statistical information on Social Economy organisations.

The Ministry of Labour and Immigration will adopt, in collaboration and coordination with the ministries and governments competent for the registration of Social Economy organisations, and following a report from the Council for the Promotion of Social Economy, any measures required to guarantee that there is statistical information available on such enterprises as well as the organizations representing the same. Such information

Law 5/2011, of 29 March on Social Economy

will be updated on a regular basis and will adjust to the classification made in the catalogue stipulated in article 6 of this Law.

Second additional provision. Funding.

The promotion, dissemination and training activities referred to in article 8.3, as well as the operation of the Council for the Development of the Social Economy provided for under article 9, will be financed through the loans that the Ministry of Labour and Immigration has available for 2010, which may not entail a net increase in expenditure, pursuant to the provisions of the urgent Action Plan for 2010; and in subsequent years, pursuant to the Central Government's 2011-2013 Austerity Plan. The Central Government may agree with the Autonomous Communities to foster certain Social Economy promotion, dissemination and training activities, entering into the relevant collaboration agreements which shall specify the resources contributed.

Third additional provision. Legal rules that apply to the ONCE as a singular organisation.

For the purposes of paragraph 1 of article 5 of this Law, the Spanish National Organization for the Blind (Organización Nacional de Ciegos Españoles (ONCE)) is a special Social Economy organization, which adjusts its rules and operations to the provisions of the laws, as well as its specific rules, formed mainly by Royal Decree 358/1991, of 15 March, on the reorganization of the ONCE and its current Articles of Association; whose basic and genuine features relating to its economic and entrepreneurial activity, as well as its nature as a gaming operator of recognized standing, are reflected in this additional provision.

The ONCE is an Organization governed by Public Law of social nature; it has its specific rules and its social purposes aimed at achieving personal autonomy and full integration of blind persons and persons suffering a serious visual deficiency, by providing social services; it has its own legal personality and full capacity to act and for self-organization; its social, economic and entrepreneurial activity is characterized by the principles of solidarity, non-profit and general interest; it exercises in the entire Spanish territory tasks that are delegated by the Public Administration, under the Supervision of the

Central Government; and to finance its social purposes, it has a set of public authorizations for gaming matters.

Fourth additional provision. Integration of the Social Economy enterprises into the strategies for the improvement of productivity.

The Government will take into account the special characteristics of Social Economy enterprises for its strategies to improve productivity and business competitiveness.

Fifth additional provision. Government's Report.

The Government, within two years following the taking effect of this Law, will send to the Congress of Deputies a report analyzing and evaluating the effects and consequences of the application of the contents of the same.

Sixth additional provision. Exercise of healthcare activities by University graduates with a Degree in Psychology or Graduated within the scope of Psychology.

1. . Within twelve months following the taking of effect of this Law, the Government will send to the Spanish Parliament a draft Law regulating the activity of «Healthcare psychology» as a healthcare profession that requires a degree and is regulated, defining the conditions to access such profession and the tasks reserved to the same.

2. On a transitional basis, until the Law takes effect pursuant to the provisions of the previous paragraph, anybody with the degree of Graduate in Psychology or any of the Graduate degrees within the scope of Psychology who are registered with the Registry of Universities, Centres and Certificates of Degree ascribed to the branch of knowledge of Health Sciences, may exercise healthcare activities provided they can prove that they have completed the specific training through any of the following means:

a) Completing undergraduate/graduate studies following a qualified curriculum because of its connection with the Personality, Evaluation and Psychological Treatment teaching area, or with Clinical and Healthcare Psychology educational areas.

b) Completing supplementary postgraduate education of no less than 400 hours (or its equivalent

Law 5/2011, of 29 March on Social Economy

in European credits), of which at least 100 will be of practical nature, in connection with the areas mentioned in point a) above.

3. Psychology consulting-rooms and offices that can prove that they are in any of the situations foreseen in the previous paragraph may request registration with the relevant healthcare centres, services and establishments.

4. Psychologists who develop their activity in centres, establishments and Services of the National Healthcare System or concerted with the same, in order to obtain the healthcare benefits that derive from the common services portfolio corresponding to such professionals, both in the field of primary and specialized healthcare, must be in possession of the official degree of Psychologist Specialized in Clinical Psychology referred to in paragraph 3 of annex I of Royal Decree 183/2008, of 8 February, which determines and classifies the specialties in Health Sciences and develops certain aspects of the specialized healthcare education system.

Seven additional provision. Program to promote Social Economy entities.

The Government will approve, within six months following the taking of effect of this Law, a program to promote Social Economy entities, with special focus on the ones particularly rooted in their environment and those that generate jobs in the most disadvantaged sectors. This program will reflect, inter alia, the following measures:

1st. After consulting the representative organisations in the Social Economy, the Council for the Promotion of the Social Economy and the Governments of the Autonomous Communities, it will review the rules required to eliminate the limitations for Social Economy entities, so that they may operate in any economic activity subject to no unjustified restraints.

2nd. After consulting the representative organisations in the Social Economy, the Council for the Promotion of the Social Economy and the Governments of the Autonomous Communities, it will send to the Parliament a draft law that updates and revises Law 4/1997, of 24 March, on Worker-Owned Societies.

3rd. After consulting the entities that carry out social actions, it will review the implementing regulations of Law 38/2003, of 17 November, on Subsidies, which

applies to the same, for the purpose of simplifying the procedures regulated therein.

First Transitional Provision. Transitional regime applicable to the Council for the Promotion of the Social Economy.

Until the implementing regulations foreseen in article 9.5 of this Law take effect, the Council for the Promotion of Social Economy will be governed by the Second Additional Provision of Law 27/1999, of 16 July, on Cooperatives.

Second Transitional Provision. Housing cooperatives.

Without prejudice to the provisions of article 89.4 of Law 27/1999, of 16 July, on Cooperatives, housing cooperatives may dispose of or lease to non-member third parties the houses owned by the same for which construction started before this Law took effect. In this event, the disposal or lease of the houses and their general conditions must have been previously agreed by the General Assembly. Additionally, these transactions with non-member third parties may reach a maximum limit of 50 per cent of the ones carried out with members. The General Assembly will also resolve on the use of the amount obtained from the disposal or lease.

First Final Provision. Basis for the powers.

This Law constitutes basic legislation enacted under article 149.1.13.^a of the Spanish Constitution, which attributes to the State the «bases and coordination of the general planning of the economic activity». However, the following will not be of basic nature:

a) The contents of this Law that refer to the organization and operation of State bodies or bodies ascribed to the Central Government: Article 8.3 and article 9.

b) The First Additional Provision which is included under article 149.1.31.^a of the Spanish Constitution which attributes to the State the power in matters of «Statistics for state purposes».

Second Final Provision. Authorisation of the Government.

The Government is authorized to issue as many provisions as may be required for the application and implementation of this Law within the sphere of its powers.

Law 5/2011, of 29 March on Social Economy

Third Final Provision. *Modification of the consolidated text of the General Law on the Social Security System, approved by Royal Legislative Decree 1/1994, of 20 June.*

The consolidated text of the General Law on the Social Security System, approved by Royal Legislative Decree 1/1994, of 20 June, is amended in the following terms: One. Paragraph 1 of the twenty fifth additional provision is amended, which is now worded under the following terms:

«1. The processing of benefits and other actions in matters of Social Security, including the unemployment benefit, which are not regarded as collections or sanctions, will adjust to the provisions of the Law on the Legal Regime of Public Administrations and the Common Administrative Procedure (Ley de Régimen Jurídico de las Administraciones Públicas y del Procedimiento Administrativo Común), with the particularities provided for in the same for such actions with regard to the challenging and ex officio review thereof, as well as those established in the present additional provision, in the fiftieth additional provision of this Law or in other applicable provisions.»

Two. Paragraphs 2 and 4 of the fiftieth additional provision are amended, which are now worded under the following terms:

«2. Notices of administrative actions resulting or issued as a consequence of data that must be electronically communicated through the RED system, made to those authorized for such transfer, will be necessarily made by such electronic, computerized or digital means at the website of the Social Security system, and will be valid and binding for all legal purposes for all enterprises and subjects bound by such obligation, to which such data refer, unless the

latter have stated their preference for having such notice at the electronic seat made directly to them or to a third party.»

«4. In the events foreseen in article 59.5 of Law 30/1992, of 26 November, if it has not been possible to give notice at the website of the Social Security system or at the interested party's address, pursuant to that indicated in the previous paragraphs, notice shall be published exclusively on the announcements board of the Social Security system located at such website, without proceeding to publish the same in any other media. Upon the lapse of twenty calendar days from the time notice has been given via the announcements board of the Social Security system, it will be understood that the same has been given, and that such step has been met and thus the procedure may continue. The announcements board of the Social Security system will be managed by the Department of State of the Social Security. Notice given therein shall be carried out on the terms determined in the order of the Ministry of Labour and Immigration.»

Fourth final provision. *Effectiveness.*

The present Law will take effect from one month after its publication in the «Official State Journal» (BOE).

Therefore,

I order all Spaniards, individuals and authorities, to observe and ensure observance of this law.

Madrid, 29 March 2011.

JUAN CARLOS R.

The Head of the Spanish Government,

JOSÉ LUIS RODRÍGUEZ ZAPATERO