

SOCIAL ECONOMY IN THE LETTA REPORT

Social Economy: building a Single Market that works for people.

The LETTA report *Much more than a market* was recently published. ENRICO LETTA, former Prime Minister of Italy and President of the Jacques Delors Institute has been commissioned by the EU Council and the Commission to produce an independent High-Level Report setting out the way forward for Europe's new political and institutional cycle 2024-2029 on how to build a strong and future-proof economy, boosting the competitiveness of businesses and the well-being of its citizens through the Single Market.

The report delves into the multifaceted nature of the EU, emphasizing its significance beyond its economic functions. Letta argues that **the EU is not merely a marketplace but a complex political entity with a rich tapestry of shared values, historical narratives, and goals**. He traces the EU's journey from its inception as an economic cooperation project to its current status as a global player with far-reaching impacts in diverse realms.

At the heart of Letta's narrative lies the idea that the EU embodies more than just economic transactions; it symbolizes a collective endeavour rooted in principles (which are associated with the social economy, even though it is not explicitly mentioned): unity, solidarity, and cooperation. In his view, through decades of integration, the EU has become a formidable force in shaping global politics, economics, and social dynamics. Letta underscores the transformative power of the EU in fostering peace and stability among its member states, particularly in a continent scarred by centuries of conflict.

Moreover, Letta addresses contemporary challenges that test the resilience and unity of the EU; Brexit and the unprecedented COVID-19 pandemic which has brought to the forefront the imperative of solidarity and collaboration among member states. Letta argues passionately for a renewed vision of Europe—one that transcends narrow economic interests and embraces a broader agenda centred on social justice, democratic values, and environmental sustainability.

Throughout his analysis, Letta advocates for a deeper appreciation of the EU's multifaceted role in global affairs. Beyond its economic ability, the EU serves as a beacon of hope for democracy, human rights, and multilateralism in an increasingly uncertain world. By leveraging its collective strength and diversity, the EU has the potential to address pressing global challenges such as climate change, migration, and geopolitical instability.

In conclusion, "Much More Than a Market" offers a comprehensive perspective on the EU's evolution and significance. Letta's narrative underscores the transformative impact of the EU beyond economic considerations and calls for a renewed commitment to the values that underpin European integration. As the EU navigates an ever-changing geopolitical landscape, Letta's report is a reminder of the union's enduring relevance and potential to shape a better future for its citizens and the world at large.

What role does this report give to Social Economy (SE)? Letta's doesn't mention SE much, but he acknowledges its key role in strengthening the social dimension within the Single Market, ensuring social justice, cohesion and inclusive prosperity.

The report tackles SE in 3 different moments. First, it acknowledges the significance of the SE within the EU context in promoting social justice, solidarity, and community empowerment. Letta highlights how the SE ecosystem contributes to job creation, poverty alleviation, and the provision of essential services, particularly in marginalized communities. Therefore, he proposes to develop a **new Single Market** which should not be at the expense of those entities that put social and environmental objectives first and reinvest most of their profits back into the organization.

The report mentions that SE covers “a wide range of sectors, activities and organizational models, from care services to recycling, from cooperatives to social enterprises. **They must be able to participate in the single market on an equal footing with more conventional competitors. Creating the right environment for the social economy to flourish will not only lead to greater job creation in the sector but will also contribute to strengthening the social dimension of the Single Market.**” This is very much in line with [Social Economy Europe's memorandum for the next European elections](#) to mainstream the social economy into European industrial, economic, and social policies through the full development of the [Social Economy Action Plan](#) and the [Recommendation to Council on developing framework conditions for SE](#).

As Letta recognizes, SE enterprises are key to fostering proximity and sustainable development of territories, as they embody the essence of a people-centred economy deeply rooted in local communities. He recognizes the need to protect citizens who benefit least from freedom of movement (referring to the brain drain in less centralized areas) and the important role SE can play. The report also focuses on the close ties between SE and the regions and how social economy enterprises and organisations develop a unique understanding of local needs, driving innovation in social and environmental practices that resonate with territorial development objectives. This local rootedness not only enhances the social fabric of communities, but also promotes resilient and sustainable territorial ecosystems, ensuring that the growth and progress fostered by the social economy is inclusive and beneficial to all. This unique approach makes him suggest new thinking on the role of public services in meeting people's needs, but also revising cohesion policy to close the development gap between the EU's central and peripheral regions. Rebuilding the link between European action and the EU's territories will also require a reappraisal of the notion of public service. In this sense, the EU should encourage the financing and deployment of key public services and Social and Solidarity Economy (SSE) players at the heart of the EU, in order to enhance their social dimension, over and above the simple issue of competitiveness with private players.

The report also refers to the Porto Social Agenda which identifies specific areas where adjustments to the Single Market could better accommodate the needs of SE, as validated by the Council Recommendation on framework conditions for the SE. To fully unleash the potential of the SE, he encourages policymakers to focus on facilitating access to finance throughout the lifecycle of SE actors, possibly by adapting regulations such as the General Block Exemption Regulation (GBER) and aid rules. In terms of the GBER, he advocates for expanding its use specifically for the SE, thus enhancing social economy enterprises' access to finance. Generally speaking, Letta pins that State aid often compensates for public service missions, but that they

are increasingly awarded through calls for tender, placing competition and price-competitiveness at the heart of the allocation of these missions. He underlines that Services of General Interest (SGIs) are instrumental to the European social model. Several principles of the European Pillar of Social Rights are dedicated to SGIs. However, gaps remain in service provision in the EU, which interferes with many citizens' access to the Single Market. In order to tackle this, the report calls for an Action Plan for high-quality SGIs in Europe.

Finally, the report tackles SE while addressing the development of an EU-wide approach to social impact financing, including relevant financial instruments and labels, proposed to stimulate private investment in socially oriented initiatives. Additionally, leveraging public procurement as a tool to support social enterprises, as outlined in the 2021 Social Economy Action Plan, should be expedited, with a focus on strategic collaboration between traditional and SE enterprises in joint tenders. In fact, Letta encourages better leveraging public procurement practices, increasing their transparency, competitiveness as well as sustainability, with the aim to ensure that public spending is aligned with the EU strategic goals. In particular, the public procurement market should become instrumental in the promotion of social values, in line with the green and digital transitions. The report underlines the recent reduction of competition for public contracts and calls for the simplification of processes to ensure better SME participation.

SEE is pleased that the report supports further implementation of the SEAP, one of its [Memorandum](#)'s plea to continue to strengthen SSE in EU policies. SEE believes that in order to truly promote social cohesion and innovation, it is necessary to include SE in all EU policies, to put it at the heart of every EU institution (EC, EP, CoR, CESE and Council) and to develop adapted policies at every level of MS, from local to national. That is why we call upon the EU to maintain the SE Intergroup of the EU Parliament and to designate a Commissioner in charge of SE; these are prerogatives to deepen and continue the implementation of SEAP. Only in this way can the EU really move towards “more than market”, towards a strong social Europe which safeguards services of general interest and strengthens the support of MS (through state aid and public spending) towards social and environmental activities.