

15 October 2008

EUROPEAN ROUNDTABLE ON POVERTY AND SOCIAL EXCLUSION

LOES VAN EMBDEN ANDRES, CHAIR OF SOCIAL PROTECTION WORKING GROUP

The European business community organised in BUSINESSEUROPE welcomes the Commission's Communication and Recommendation on active inclusion. With the approach presented in the Communication the Commission will support member states to cope with some important challenges in the years to come. This concerns the challenge to include each person that is able to work in the labour market; the challenge to diminish poverty by activation and the challenge to make social systems financially sustainable. This is necessary in our ageing societies and will allow us to continue our support of people in need, who cannot work.

Combating social exclusion and poverty has been a policy area for the European Union for more than fifteen years. It aims to support the activities of member states since national governments are responsible for the policy design and its implementation. The results of this policy have only been slightly successful. The Commission therefore proposes to become more active and to strengthen the coordination at European level. BUSINESSEUROPE supports this, given the fact that the subsidiarity principle is fully taken into account.

Getting a job is the safest route out of poverty for those who can work; this is the main point in the Commission's proposals. We fully support this approach. In order to get as much people into work as possible the Commission distinguishes three major areas for action: adequate income support, active labour market policies and enabling social support. We recognize that these three pillars are of high relevance for social inclusion.

The Commission's Recommendation presents common principles and guidelines for each pillar in order to increase the practical support to member states and to strengthen the coordination at European level with the aim to realize better results in combating exclusion and poverty.

I will now give you some comments on these principles and guidelines from a business point of view.

The principle that social assistance should be combined with active availability for work or vocational training for those people who can work is essential. It emphasizes that we have to transform our welfare states towards societies in which labour participation is key.

In order to realize inclusive labour markets some important practical guidelines are identified. I would like to highlight two of them because they are in my view of utmost importance. And that is in the first place the emphasis that is put on the expansion and

improvement of investment in human capital through inclusive education and training policies. This is a very important guideline in a world in which lifelong learning is becoming a reality. The demand for new competences is changing rapidly thanks to technological progress.

Another key guideline is the one asking to continually review the incentives and disincentives resulting from tax and benefits systems. Especially for the low skilled there are often still serious disincentives to enter the labour market. This is unacceptable because work should pay. Exchange of successful practices could help member states to remove these obstacles in a social responsible way.

Some criticism about two other guidelines that should support active inclusion strategies. The first one concerns the promotion of adaptability and the role of labour law. This guideline is very important for the creation of inclusive labour markets on the one hand and competitiveness of European business on the other hand. It is therefore also a main element in the flexicurity approach that is advocated throughout Europe. We would be in favour of a stronger guidance towards the implementation of these flexicurity principles in member states.

My second concern is about the guideline to provide support for so-called sheltered employment. I realize that it can be a useful source of entry on the labour market for disadvantaged people, but it should be mainly used as a stepping stone towards regular productive employment. The risk is that too many people get stuck into these forms of sheltered employment and that the flow towards productive employment is blocked. This shouldn't happen.

Last but not least I want to make a comment on the governance of the process. It is advocated that all relevant actors, including the social partners participate in the development and implementation of active inclusion strategies. We agree with the idea that social partners at European and national level should also be involved. As a matter of fact national social partners often already play an important role in integrating more people in the labour market.

With respect to the role of the European social partners I want to mention the joint analysis on the key challenges facing European labour markets that we published in the autumn of 2007. This report emphasizes the need for active labour market policies and also contains recommendations on social protection and cohesion that are very much in line with the Commission's Recommendation on social inclusion. As a follow-up to this joint work it was decided to by the European social partners to negotiate a framework agreement on inclusive labour markets - an agreement to be implemented by the social partners in the member states. The first meeting for these negotiations will take place this week. The aim is to maximise European's labour force potential, including by the integration and retention of disadvantaged people in the labour market.

I want to conclude my contribution by congratulating the Commission with its constructive proposals and by expressing the hope that – with the active contribution of the social partners - these policies will result in active inclusion and poverty reduction.