

**Meeting between the social partners and the Troika
before the Informal Social Affairs Council meeting**

Galway, 15 January 2004

Speaking notes of Mr W. Beirnaert, Chairman of the UNICE Social Affairs Committee

Theme: Make work pay

1. I will take as starting-point the recent communication on “*modernising social protection for more and better jobs – a comprehensive approach contributing to make work pay*”. The communication gives an interesting and instructive survey of national initiatives complemented by a general call on Member States, but it is not clear where the communication is heading. A new application of the open method of coordination? Of course, each application is geared to the dossier it tackles, but it is not clear if we are heading towards general objectives encouraging national action plans or an awareness-raising campaign.
2. “*Make work pay and provide secure income*” is one of the four broad objectives set out in the 1999 Communication on “*a Concerted strategy for modernising social protection*”. The theme is broader than the question of financial incentives/disincentives, though there is in the 1999 Communication a strong emphasis on financial disincentives. The new communication deals with so many aspects, many of which many are addressed in other documents, such as the guidelines for employment, the BEPG, the report by the Employment Task Force chaired by Mr Kok, that it seems to me that the focus is lost in the conclusions. I fear that the Member States will opt for cherry-picking, a piecemeal approach, and will skirt around the delicate issues.
3. Coming back to the question the financial disincentives, it seems to me that a too narrow approach prevailed as regards the net income increase gained by taking up a job, in the sense that unemployment benefit is compared with the net income increase resulting from taxation and social security levies. This is only a part of the story. The jobseeker also has an attentive eye on the consequences of taking up a job on the rent he is paying for social housing, the cost of child day-care, the effect on scholarships, transport costs, local charges, etc. It is very clear that the question of incentives/disincentives is very complex and can only be tackled in a global approach at the level of the Member States.
4. It is also obvious that the issue goes far beyond by far the responsibilities of the social partners. The request to the (European?) social partners to elaborate frameworks *which would support tighter conditionality – eligibility criteria and duration of benefits? - as a means of promoting employability in a context of mutual responsibility and reciprocation* seems to me – excuse the expression – a rhetorical question in most countries, as if social partners were in a global trade-off position. On the contrary it is not a rhetorical question to state that social partners can have a major say in aspects as facilitating the combination of family and working life and lifelong learning. For the first aspect, I refer to many – mainly sector or plant – collective agreements, for the second aspect I recall the impetus in the European social partners’ framework of actions.
5. What annoyed me in the Communication is the quasi-absence of the labour demand approach. On page 10, it is said very openly “*as the Communication does not discuss policy measures affecting labour demand...*”. This approach sets aside a very important component of the debate. It’s very difficult to sensitise an employer on “make work pay” when he must pay five euros as costs to give one euro wage increase for a qualified worker as occurs in some countries. It’s also difficult to sensitise an SME employer for a cumulation of career breaks when a sound work organisation cannot cope with it. The vulnerability of SMEs – the main source of employment creation - seems to be overlooked in the communication.