



ETUC RESPONSE TO THE SECOND CONSULTATION PHASE BY THE SOCIAL PARTNERS ON ACTIVE INCLUSION

On 17 October 2007, the Commission published a new Communication, entitled *Modernising social protection for greater social justice and economic cohesion: taking forward the active inclusion of people furthest from the labour market*, thus launching a second consultation phase of the social partners.

This follows on from the first consultation phase launched on 8 February 2006, invoking Article 138 of the Treaty, "*on action at EU level to promote the active inclusion of the people furthest from the labour market*". ETUC responded to this consultation on 15 May of the same year.

The ETUC is happy to take part in this consultation process. However, it wishes to make some remarks about the way it is being carried out. In fact it seems that – (while this is found in the French version of the document, it is not merely a language problem) – the Commission is in a certain amount of confusion regarding its consultation procedures. It is bringing together at the same time the consultation with the social partners, based on Article 138 of the Treaty, and consultation with NGOs. The ETUC is in favour of consultations being as wide as possible, but it does not agree with this confusion between different forms, which can only lead in the long term to watering down the formal social dialogue enshrined in the Treaties, into a general civil dialogue emerging on a different basis. It therefore expects, in future, a more rigorous approach on the part of the Commission and more respect for the roles and prerogatives of the different actors involved.

Having said this, returning to the Communication, the Commission outlines three strategic strands:

- paying more attention to "minimum income schemes", allowing them to play a full role in social integration;
- realising the potential of inclusive labour markets by offering a "new start" to every unemployed person by six months and twelve months of unemployment, by improving the attractiveness of jobs, quality at work and labour productivity growth, and by reducing the share of working poor, all of which goes hand in hand with efforts to raise employment rates;
- improving access to quality social services, linked with the role information technologies could play in the delivery of health and social services.

One of the measures that the Commission plans to implement is a deepening of the Open Method of Coordination in this area through the adoption of common principles and their subsequent monitoring and evaluation. The common principles on each of the three strands of active inclusion should provide a concrete and integrated framework for their implementation. The common principles for the three strands will be developed along the lines described below:

- income support sufficient to avoid social exclusion;
- link to the labour market;
- link to better access to quality services.

As already indicated in its response to the first consultation phase, ETUC welcomes the close attention paid to this issue by the Commission and backs the approach on which the Commission has embarked, though it would like to establish a number of conditions it deems essential to the implementation of this strategy and hereby puts forward the following proposals for its success:

1) Essential conditions

Firstly, ETUC emphasises that it does not wish to reduce this debate to ***an excessively 'workfare' approach***, i.e. prioritising work at all costs, without considering the quality of the work. In ETUC's view, failing to make this connection means entering a vicious circle (precarious employment – poverty – exclusion), therefore the connection constitutes an essential condition, so to speak.

Another important condition for ETUC is the ***recognition*** not only of people's ability to do their jobs but also of ***their social environment***: problems linked to mobility, housing, childcare (primarily, but not exclusively, single-parent families), health and so on. Finding solutions to these problems is a necessary prerequisite for "active inclusion" in the labour market.

The third condition is the very strong ***link*** between ***social protection systems*** and ***the level of exclusion***. These systems must provide the people concerned with decent and appropriate solutions to all the changes they may experience in their lives – from health to illness, working life to retirement, employment to unemployment, and so on. They must be 'inclusion factors' rather than 'exclusion factors'.

ETUC also believes a ***guaranteed minimum income*** must be a condition, and that this should not be linked to accepting a job, regardless of what it is! However, ETUC recognises that this condition, while essential, does not in itself go far enough.

2) For more effective European instruments

ETUC considers the significant gap between the intentions the Commission sets out in the Communication and the actual situations in Member States to be an additional and **pressing reason** to take **better, more efficient action**.

As regards instruments at European level, ETUC believes a new Recommendation would be pointless and ineffective, given the challenges it must respond to.

For this reason the ETUC is more in favour of reinforcing the **Open Method of Coordination (OMC)**, which would support and implement the principles and criteria already contained in Recommendation 92/442/CEE, of 27 July 1992.

This strengthening should equally involve regular evaluations based on common indicators (to be defined), which would allow comparison of actions taken and a more accurate assessment of initiatives in place (and their efficiency) in different Member States with a view to meeting objectives. These evaluations should be followed up with specific recommendations for each Member State regarding its progress, or the lack thereof.

3) Making principles more effective

3.1. Income support sufficient to avoid social exclusion

In the view of the ETUC, this income is a right, recognised in the Charter of Social Rights of the European Union. This income must also be 'decent', as defined by the ILO, which in concrete terms means that it must not fall below what is defined as the poverty income level at European level. It must be an instrument for fighting poverty and it must aim to promote integration. In other words, income should focus on integration.

To achieve this aim, this right (once gained) should go hand in hand with social assistance, i.e. it should be complemented by access to:

- appropriate education, training and guidance, as well as labour market recognition of 'informal' skills;
- health and social services and social facilities (these must be accessible from both a financial and a geographical point of view);
- decent housing.

In addition, there should be high-quality, efficient systems of social protection.

In other words, financial measures should be coupled with a policy for social inclusion.

3.2. *Inclusive labour market*

For the labour market to be truly inclusive, the condition that must take precedence is the quality of work. In other words, ETUC deplors the development of precarious employment (e.g. fixed-term contracts, temporary work, involuntary part-time work, internships) under the pretext of globalisation and competitiveness and the flexibility required by these. ETUC therefore believes that the Commission should pay particular attention to the quality of work, since precarious employment does not allow people to escape from poverty or social exclusion.

ETUC also stresses the importance of personalised, individualised approaches, as the personal circumstances that lead to exclusion are always unique and solutions therefore cannot be generalised or impersonal.

ETUC supports the Commission's proposal to give unemployed people access to training courses by their sixth month (or, failing that, by their twelfth month) of unemployment, as these periods are considered to be the maximum deadline for intervention. Of course, the earlier unemployed people have access to such courses, the more chance they have of a "new start", as the Commission puts it.

This measure should go hand in hand with stronger efforts, namely concerning formation, so as to allow for the reintegration of long-term unemployed in the labour market.

However, it should also be noted that these training courses should aim:

- to boost people's skills and/or qualifications and not just put them back on the labour market at all costs;
- but also to help them stay on the labour market.

And yet it is clear that the situation is all too often different in practice. Member States prioritise 'working above all else' or 'getting back into work as soon as possible', which means people are pushed back into work as quickly as possible at the expense of any investment in 'sustainable' skills.

Development of sustainable skills should be coupled with:

- an evaluation of skills,
- personal mentoring;
- and, if flexibility is necessary, individual follow-up.

Moreover, all the relevant parties must be involved at local level – this means both local and/or regional authorities and trade union organisations and companies, as they too have a part to play in integrating those furthest from the labour market. Because, after all, no one is unemployable! Involvement in this respect is a positive, dynamic and high-added-value application of corporate social responsibility, and this sets it apart from measures that are purely charitable in nature.

ETUC advocates introducing financial or social incentives (e.g. partial or total exemption from making social security contributions, various types of assistance) for companies that recruit people furthest from the labour market or people in the most unstable and/or vulnerable situations, provided that the companies' efforts achieve some kind of result i.e. that they create stable jobs and do not just take advantage of the incentives. In other words, ETUC believes these incentives should be conditional.

Finally, with reference to the Work Programme of the European Social Partners 2006-2008, this concern for the people furthest from the labour market should be a commitment of the social partners.

4) Link with high-quality services

ETUC shares the Commission's view on promoting high-quality services. As already mentioned, a great many people have numerous problems that are not directly connected to the labour market, such as access to education, healthcare, housing, transport, and so on.

However, ETUC believes it is important that the measures used as incentives should be 'positive' rather than 'negative' (i.e. penalties), as people in extreme difficulty need support rather than penalties. Failing to pay attention to this point shows ignorance of the situation on the ground.

It would also be appropriate to work with local stakeholders and key organisations and to take action among service providers so that the services they offer correspond to people's needs and expectations. This will mean the contributions of different social services will have to be coordinated at local and/or regional level.

It is vital that these services are diversified or even personalised – insofar as possible, they should be tailored to the problems they aim to solve. The people affected must therefore have a say in the measures and services designed to meet their needs.

Finally, there should be bodies allowing people to appeal against potential refusals and personal advisers to intervene when the situation goes badly.

More generally, if the Union is aiming to create a European society based on social cohesion and solidarity, it must build up social and economic integration for all its citizens and not just limit it to the poorest. Given the combined effects of globalisation and the desire to be increasingly competitive, no worker will be safe from the risk of poverty and/or social exclusion in the future.

Finally, if social services in particular really want to fulfil their social role, they should be placed within the broader framework of all the Services of General Interest. ETUC also notes that there is a contradiction in the Commission's own discourse – on the one hand, the Commission

acknowledges the vital part social services play in strategies for social inclusion, yet on the other hand, it wishes them to be subject to market forces.

5) The necessary issue of resources and evaluation

It is important that Member States raise the necessary financial resources to implement these objectives, otherwise they will remain mere wishes and/or hopes.

This could be done be done by redirecting or redistributing existing resources, and by using existing European funding (such as the structural funds or the Globalisation Adjustment Fund).

ETUC also suggests that each Member State should agree – in line with its social and economic circumstances – to earmark a set percentage of its GDP for implementing the recommended measures and achieving the objectives laid down by the Commission.

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