

# Welcome Speech



Aart Jan de Geus

Ladies and gentlemen,

This conference is an important initiative. After all, it concerns the future of labour relations in Europe. At this conference it is not the social affairs and employment ministers who are talking to one another. Nor is it the heads of European governments. Instead, the conference is intended mainly for organisations of employers and employees. In other words, the parties who are primarily responsible for ensuring good labour relations.

May I say how pleased I am that it is not only the representatives of all 25 Member States who have taken the trouble to come to The Hague. Representatives of some of the applicant countries are also here. So welcome to everyone. In my view, this is a subject that is highly topical.

Your debate centres on the implementation of the Lisbon strategy. Or, to put it more precisely, how can you contribute, from your position of responsibility, to a socially and economically strong Europe. A Europe that provides its citizens with opportunities, confidence in the future and a good life.

So your debate here will be far from just a theoretical exercise. Europe is undergoing great changes. Old and new Member States must grow towards one another. The labour force is ageing. And the impact of global competition is being felt very clearly. Europe will have to go flat out in order to compete economically and technologically and preserve social cohesion.

So adjustment is necessary as a matter of urgency. We cannot afford to postpone the search for answers. The answers must be formulated and implemented **now**.

And this is not just a matter for governments. It is a matter for everyone in positions of responsibility, in particular the social partners.

In March of this year the European social partners committed themselves to a renewed European Partnership for Change. The partnership is valuable. It signifies that the European social partners are prepared to help achieve the Lisbon objectives. We must continue to implement them, at national level too. And we must keep each other alert and discuss any shortcomings.

The European Commission too stresses the responsibility of the social partners. In its communication entitled 'Partnership for change', it makes practical suggestions as to how this can be done.

Major advances can be made during this conference. After all, in order to strengthen labour relations we must first have the will to speak to one another, to develop a common agenda and to study ways of making agreements.

The will to cooperate is deeply rooted in European traditions. This is for the simple reason that all those involved benefit from cooperation, because all parties also acknowledge this and because the parties accept their responsibilities. You may wonder about this given the way in which the different sides are currently squaring up to one another in various EU Member States. Here in the Netherlands we are also seeing people taking to the streets in protest. Nonetheless, I do not think that the consensus-based economy will be laid to rest so quickly in the Netherlands.

People understand that reforms are necessary. But they are also afraid that they will have to continue working to the age of 65. And the government realises only too well that it is asking people to make sacrifices in the short term for benefits that will become visible only in the longer term. It is not for nothing that the government has relaxed the measures in keeping with the wishes of the coalition parties. A gradual transition over a period of 10 years is now possible. However, we adhere to the basic principles of the policy since we are convinced that it is essential for the future of this country.

Why, you may ask, are we making such a point of the reform agenda? After all, a prosperous country like the Netherlands can surely cope with a few setbacks? The 'Dutch miracle' can't simply vanish overnight?

Well, the Netherlands is still a prosperous country. That's correct. Indeed, in international terms we rank among the world's richest countries. But we are a country with some pronounced weaknesses. Thanks to the rapid growth in the last decade of the previous century, these structural weaknesses have remained largely hidden from view.

I would mention for example:

- too few people in work and too many people dependent on benefits;
- too few older people in work;
- too few women in the labour market;
- a labour market which is insufficiently flexible;
- too many rules and too much bureaucracy.

Many countries in Europe will recognise themselves in this picture too. And all countries are facing the same trends:

- ageing of the population;
- rapid technological change;
- internationalisation and individualisation.

So the Netherlands is not alone. It is a challenge for the entire EU.

We must therefore strengthen the capacity of the economy to grow. Europe must modernise more quickly in order not to lag behind. This is crucial if we are to be able to guarantee a good level of public services in an aged society.

In his report entitled 'Jobs, Jobs, Jobs', Wim Kok has listed the main points for action.

We must work on a system of social security which challenges people to work.

- We need more and better jobs.
- More people must have jobs.
- More people must be in work.
- More must be invested in human capital.
- Entrepreneurs must become more innovative.
- Enterprises and employees must be better able to adjust to changing circumstances.

***We must therefore strike a good balance between flexibility and security.***

Wim Kok's report also deals with implementation. I will give you a few examples.

Employers must make commitments to improve workers' access to training. And also help disadvantaged people to become integrated in the work process.

Workers could agree to more diversified contractual and working arrangements and to increased mobility and deferred exit from the labour market.

Public authorities could provide support with all these subjects, for example by improving the business environment, providing incentives for employee training, and redesigning social security systems to promote flexibility and mobility in the labour market.

The report of the Employment Task force chaired by Wim Kok cites a range of concrete examples from numerous EU countries.

During the Dutch presidency of the EU we are picking up the gauntlet. The challenge is to build a social Europe which is responsive to change. Fear of change, no matter how understandable, is a bad counsellor. It is the job of governments and social partners to take the lead.

We must dare to ask whether the social security system that was developed in the last half of the previous century is capable of withstanding the changes that we face. The system was developed in a static society, which had a static picture of the world and a static environment. It was a time when an education meant a job for life. Occupational knowledge and skills lasted a lifetime. And anyone who lost his job was entitled to benefit. The loss of income had to be compensated as far as possible. This was a logical answer to the patterns of work and life in the previous century. But although it is logical it has very negative effects. The system of social security does not provide incentives to return to work. It is in the nature of a final destination. My Belgian colleague Vandenbroucke put this very neatly when he said, 'The traditional welfare state offers a payout, not a way out!'

***Will such a system enable us to cope with the 21st century? I think not.***

Our work-life patterns have changed out of all recognition. We now have a more heterogeneous and individualised society. Our economies will have to survive in a very dynamic and highly competitive environment. Our systems of social security will have to adjust accordingly. Without such adjustments we are condemning those who fall outside the labour market to be outsiders for ever.

The direction of the change must therefore be a system of social security that functions as a stop-over rather than a final destination. A system that activates and encourages people to return to work as quickly as possible. A system that removes barriers and incorporates incentives. In short, an 'activating' social security system that provides an adequate answer to the challenges of our time.

And there is one further aspect to which I would like to draw your attention, namely the division of responsibilities between government and citizens.

In the post-war years government regarded citizens mainly as subjects of government care. In recent decades this has changed. Government now increasingly realises that citizens must be free to decide their own future independently. This realisation too may have consequences for the social security system.

In the Netherlands we have committed our thoughts on this subject to paper. In our policy document entitled 'New emphases in matters of work and income' we have set out our vision of a welfare state that will remain feasible in the future. It points out that the reforms which I have just described – in other words, working on an

‘activating’ system – must be seen in perspective. In addition, the document deals with the subject of citizens’ own responsibility.

***Let me explain what I mean by this.***

The present social security system is based on the principle that certain risks that people face, should be covered. There is now a growing realisation that citizens and employers can themselves influence these risks to some extent.

I am thinking of risks such as unemployment, sickness and also disability. Employees and employers can also often influence these risks and their duration themselves. Let me give a few examples. How quickly someone finds work again is not only down to the operation of the labour market. It is also dependent on that person’s own actions. Or, to give another example, people in work who ensure that they continue learning are more productive and less likely to be made redundant. But if they are made redundant, they can also find a new job more quickly.

The present social security system takes no account of factors of this kind. This is why we propose that these considerations too should be taken into account when designing a social security system capable of meeting future challenges. After all, a robust system of social security is a system that not only provides the desired level of income protection but also encourages employees and employers themselves to minimise their risks.

This means that we must reassess the individual and collective responsibilities in the social security system. I could well imagine a shift from collectively financed schemes to savings or insurance schemes that take more account of individual circumstances. Indeed, they could be individual schemes. But I could also well imagine schemes operated by employers and employees in collective agreements. So there is much to consider and much to discuss. And there is a need for concrete measures and agreements ... with a view to the future: a strong and social Europe, responsive to change.

I wish you a successful conference.

Thank you.