

**EU Luxembourg Presidency Conference on
“Taking Forward the EU Social Inclusion Process”**

Intervention of Denis Crowley in Session A.

Thank you, Chairman, and thank you to the Presidency for this opportunity to address important issues. I should make clear the nature of my interest in these matters: I am the Secretary of the Social Protection Committee (SPC, which is the body within which the Member States and the Commission have worked together to create the EU Social Inclusion Process and within which the ideas presented here will have to find practical expression. As Tom Mulherin, the Committee’s Chairman said during the opening session, the Committee meets later this week and will, among other things, discuss how it should follow up on the new ground being broken here. So I shall aim to be resolutely practical in my intervention. I am looking at the report, and at Chapter 3 in particular, for practical points on which we can advance and strengthen our joint work within the SPC.

The conference paper is a very rich work and the authors deserve great credit and thanks for what they have achieved. Chapter 3 prompts several possible directions for further work and, indeed, listening to Professor Cantillon this morning, more and more possible directions for initiative clearly arise. So, in the short time available, I will make just three points; however, I imagine that we should be coming back to it further in the SPC in the weeks and months ahead. My remarks are aimed to you all but particularly to my colleagues within the SPC and its Indicators’ Sub-group who are here, as my hope is that we can act to take up these issues further.

The first point which strikes me as significant (underlined further by Professor Cantillon’s speech this morning) has to do with the indicator of “poverty gap”, which adds to the measure of numbers at-risk-of-poverty a measure of the extent to which the incomes of people below this line are adrift of that value. I like very much the description in the text which refers to this as giving us a more “textured” representation of the risk of poverty. I could expect that there could well be some measurement problems with this indicator if we sought to use it too freely at the level of different sub-populations. Nevertheless, it seems to me to answer one frequently raised caveat regarding the indicator of poverty risk: that simply quoting the rate is itself an over simplistic representation of the situation. I would urge colleagues to look at this indicator in a critical but constructive way and to reflect on how we might give it a role in our comparative analysis.

Secondly, I am very struck by the Chapter’s treatment of a number of questions surrounding what is a very big and contentious issue for our work: questions to do with the link between the volume and structure of social protection spending and the level of social cohesion achieved. The Commission has, in drafting successive Joint Inclusion Reports and, most recently, the Joint Social Protection and Social Inclusion Report from March this year, sought to make a link between high levels of social protection spending and success in fighting poverty and exclusion. This link has, it would probably be true to say, given rise to more contentious discussion within the SPC than practically any other. I cite the issue here, not because Chapter 3 shows us a clear and uncontroversial way to address the issue but because it underlines once

again the importance of finding a way to do so. We need to be able to show that well-structured social protection leads both to better economic performance and to social cohesion, if only so that we can show that the conventional wisdom in certain circles that social protection is an expensive European luxury is simply not true.

In this regard, the recent Joint Social Protection and Social Inclusion Report marks a departure in this field in that we were able to use ESSPROS data to show breakdowns of overall national spending across different categories of social spending. This, in my view, places the discussion about how this impacts on cohesion on a more productive level in that we get below the aggregate and focus on the resources which Member States devote to different functions such as child allowances or pensions. The question then becomes one of how this impacts on the distribution of poverty risk among, for example, children or old people. It seems to me that this provides a more fruitful basis for carrying on the important discussion regarding how social protection can be, and can be shown to be, both economically and social productive. Unfortunately, our analysis was somewhat buried in an annex to the Joint Report. I would urge that all of us – SPC members and the wider academic community – should look further into this issue.

Thirdly, I come to an important and timely issue which is dealt with in Chapter 3. Tom Mulherin has already referred to how our social protection and inclusion OMC will “feed in” (a new buzz word to add to “streamlining”) to the revised Lisbon process which will concentrate on growth and employment. The two-side nature of this feeding in is important: social protection and inclusion policies must contribute to growth and employment objectives; at the same time growth and employment policies must contribute to social cohesion. This latter point is particularly important. The SPC has committed itself to monitoring how progress under Lisbon on growth and employment is impacting on social cohesion. Monitoring, among other things, how much it is true that “a job is the best way out of social exclusion”. Politically, this is quite a challenging task for the SPC in that we may find ourselves questioning widely held assumptions about the efficacy of growth and employment to cure social exclusion. Chapter 3 of the report is encouraging in that it suggests that, at least at the level of our indicators capacity to monitor how employment impacts on social exclusion, we are ready. I conclude from this chapter that we need to link the analysis of employment trends with use of two indicators which are already within the armoury of the Social Inclusion Process – “jobless households” and indicators of “working poor”. Jobless households will allow us to assess the extent to which employment is in fact reaching those most at risk of exclusion. Working poor will allow us to assess the extent to which the jobs which people are actually getting are sufficient to lift them out of poverty. I expect both indicators to yield interesting and challenging results over the coming years of feeding in.

Finally, Chairman, you wanted me to respond to Jonathan Bradshaw’s somewhat critical remarks regarding the pace of progress on developing indicators within the ISG. I am afraid I am going to dodge this issue on the basis that there will be others more directly involved in ISG work who may want to respond. I would just make one point, in what is at least a partial defence against the charge. The common indicators do not exist in isolation but sit alongside a broad range of national indicators which help to drive the inclusion process where it is most important – in bringing about policy change within each Member State. If the common objectives were the only

driver of policy making, then the charge of slow progress would indeed be a serious one. But the ISG's work has influenced national indicators policies in other ways and has been a stimulus to national development just as much as it has created common European ones. This in itself is important and deserves to be better highlighted.

Thank you.