



**THE INTERCONNECTION BETWEEN EMPLOYMENT STRATEGIES  
AND SOCIAL INCLUSION STRATEGIES IN BELGIUM AND  
FLANDERS:**

**NEW EXTENDED FAMILY STRUCTURES ?**

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## Introduction

In the Progress Project 'Bridges for Inclusion', 6 partners<sup>1</sup> from 6 European member states are working together with the support of EAPN (European Anti Poverty Network) and ILO (International Labour Organisation), trying to identify 'Bridges for Social Inclusion', bridges between the European Employment Strategy and the Strategy for Social Protection and Inclusion.

In a first phase of this project, a study was made by Jordi Estivill, in which an overview of the European Employment and Inclusion strategies of the latest decennia is presented. In this overview, moments where the different strategies meet each other, where they come together, reinforce each other,... are identified, as well as moments where they seem to ignore each other, where they are having a conflicting relationship. Possible reasons, causes and possible consequences are mentioned and examined. Jordi Estivill uses the metaphor of 'a couple', where the partners find each other sometimes, form a unity, but also know periods of distance and conflict.

This European Overview forms the base of 6 national reports, in which the story of the couple is translated into the national (or regional) situation. In these documents the national partners give an overview of the policy of the latest decennia, the employment and inclusion strategies, and how they interfere. The 'Vlaams Netwerk van Verenigingen waar armen het woord nemen' (further: Flemish network) is the responsible Belgian partner, and also author of this document.

The complex Belgian situation, makes the 'bridges story' in Belgium also quite complicated. The division of competences in Belgium is significant. Since we are talking about crossroads and meetings between different strategies and policy fields, the Belgian State Structure is not irrelevant, if we wish to give a clear view of the situation of 'the couple' in Belgium.

Maybe it's even impossible to talk about the couple in Belgium, and should we speak instead in terms of 'new composed families', different fathers and mothers, different children with diverse ties and relationships. For the non Belgian reader, therefore we start with some information about the Belgian situation, state structure and actual discussions. Since we are a regional (Flemish) partner in the project, we limit our story to the distinction regional (Flemish) and national (Belgian) matters.

In Belgium, the different regions are responsible for the activation policy, while the labour market policy is a federal competence. Social security, social protection and social inclusion are also federal competences, while wellbeing is a regional matter. The Flemish Poverty Decree (2003) stipulates that the Flemish minister of Wellbeing also is responsible for the coordination of the anti poverty policy, of the different policy fields and different ministers. Since recently, we also have a Secretary of State for the fight against poverty. So both the Employment Strategy and policy as the strategy for Social Inclusion are developed, implemented and executed on different levels.

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<sup>1</sup> REAPN Portugal, EAPN Bulgaria, EREI France, Caritas Romania, EAPN Castillia La Mancha, Vlaams Netwerk van verenigingen waar armen het woord nemen.

Since many years, there's a growing demand in Flanders to regionalise the labour market policy, make it into a Flemish competence. The splitting of the labourmarket and social security was an important issue in the debates before the federal elections of 2007, with the difficulties to form a government and come to agreements, as one of the consequences. These discussions still dominate the political agenda of today.

The advocates of the splitting up (among which different Flemish political parties, Flemish employers organisations,...) use the argument that the labour market in both parts of the country is so different, that splitting up is necessary to pursue a correct policy. In general terms we can say that the Walloon region is having an high unemployment rate, in Brussels there's an serious problem of youth unemployment, and Flanders has a need for more employees, and needs to activate its elder unemployed population. Figures of the National Bank illustrate this clearly: in 2007, 61,8 % of the Belgians between 15 en 64 years old were having a job, 65,9 % in Flanders, 56,7 % in Walloon region en 54,6 % in Brussels. In Flanders were in the same year 4,5 % unemployed, in Walloon region 10,6 %, and in Brussels 17,5 %. The mantra of the advocates of the splitting is that 'Flanders need the socio-economical tools and instruments to secure its welfare'.

On the other hand, the actors involved who oppose against splitting up (among which the trade unions, most Walloon political parties,...) follow the argumentation that also inside the different regions, there are a lot of differences. The labour market situation is different in rural areas from the situation in the cities, for example. An adequate answer demands a subtile response to every situation, not only on a regional level. Today we already have very fine instruments and the necessary flexibility to adapt to different situations.

In the heart of the discussion, we find a matter of solidarity, which is extremely relevant for our research for bridges between employment and social inclusion policies.

On the one hand, we are facing a different activation policy in the different regions, the Flemish one clearly the most strict. Splitting up would make the Flemish activation policy even more strict, and more people would loose their unemployment benefits. At least, that's what the demanders of a splitting up suggest.

Besides this risk, there's also the risk of a domino effect, if certain competences are being regionalised, competences that are part of federal system as unemployment insurance and labour legislation, the social security system is being touched. In populist discourse today, the 'transfer of means' from the hard working Flemish population to the lazy or inefficient Walloon community is very popular. The splitting would make an end to the existing solidarity, but would also jeopardise the Agreements that are being made today in Belgium about wages, employment circumstances, pensions,... Concurrence could lower all the standards of protection.

## **1. History of the crossroads between the national strategies on Employment and Inclusion.**

### *1.1 Evolution and main characteristic of poverty, exclusion and unemployment until the crisis of the seventies. The labour and social strategies and measures.*

#### *The fifties and sixties*

After the Second World War, Belgium knew, as some of the surrounding countries, a strong economic growth. Since the end of the fifties however, the growth started to sputter. One of the reasons is that the coal and heavy industry, which made of Belgium the second industrialised country in Europe, lost their dominant position. In the Walloon region, where the roots of the Belgian industrial development lay, some areas still struggle today with their economic reconversion.

This situation resulted in the recession of the end of the fifties. Social conflicts and strikes were omnipresent.

The answer of the government of that time (Eyskens) to this situation of closing down of the mines, growing unemployment, growing public debts,... was the announcement of the so called 'Eenheidswet (Unity Law)', 'the law for economic expansion, social progress and financial recovery' in 1960. The proposition of law contained originally 133 articles, and looked like a five year plan to improve the economical situation. The proposition meant an enormous augmentation of the fiscal pressure, savings in education, control on the employment benefits and the pensions of the civil servants.

We could definitely see a meeting of the partners of the couple, a possible bridge, be it a missed opportunity. The protest against this law is massive, and leads to the fall of the government.

Thanks to the strong social security system that Belgium had, the poverty in this period remained relatively limited.

The social security system, as it still exists today, a system organised by the state, based on a obligatory insurance, started to work in 1945. In the years following the war, the system was elaborated. Some important accomplishments are the obligatory social contribution for employers (54), the 5 days working week and reform of the pension legislation (55), free education until the age of 18 (59). In 63, the law on obligatory health and disablement insurance was a fact, as well as the law on social rehabilitation. The laws concerning the protection of the wages and 3 weeks paid holiday for employees were designed and approved in 65. Finally, in 68, the law on the collective labour agreements was completed.

#### *The crisis*

Already in the beginning of the seventies, a few signs of the upcoming crisis are visible. In 1975, the crisis is palpable everywhere. In that year, the unemployment rates in Belgium double, from 96 933 to 174 484. This augmentation continues up till half a million unemployed in 1982.

Also the number of people in Belgium living from a minimum income, is five folded between 1967 and 1988.<sup>2</sup>

The question if this situations also means that poverty in Belgium increased during that period, is hard to answer. Different data from different research institutes contradict each other on this matter. The Antwerp University Centre for Social Policy even talks about a decrease of poverty.

In the seventies, there's an important expansion of the social protection system. The growth of the social expenditure is high, (from 19 % of the BBP in 1970 to 28 % in 1980), not only because of the increase of the number of unemployed, but also because of an important increase of the level of protection.<sup>3</sup>

Cantillon points out a significant decrease of income inequalities and an important decrease of the poverty rates, and calls the social security a 'strong, effective buffer against the negative consequences of the economic crisis. Different factors are playing a part here: publicity of the benefits, access, the amounts of the benefits,... Prof. Dr. Vranken of Oasis (Research Group Poverty, Social Exclusion and the City, Antwerp) puts this in another perspective. He speaks of a increase of inequality, which remains invisible in the figures.

It's interesting to mention here that also today in Belgium, there's a significant group 'invisible poor'.

An important phenomenon in the context of 'Bridges in Belgium' is visible here: a strong social security with less successful employment rates. Certain groups of people stay excluded from the labour market. Especially the low skilled people get less and less chances and opportunities, in the crisis of the seventies, the first signals of the 'New Social Question' are already visible. This in spite of the dual answer of the government to the growing unemployment: on the one hand protection of the income, on the other hand also employment initiatives. The government created directly employment through the design and financing of different employment programs. Also the introduction of different systems of early pension had to counter the unemployment growth. Nevertheless, these statutes were still partly dependent on the unemployment benefits.

In the seventies, the labour unions criticized the so called 'fake statutes', which will be further discussed in the next chapter on social economy.

*1.2 The eighties and the nineties until Luxemburg (1997). Public policies, plans and measures (programmes). The influence of the European Funds and European Programmes. The role of social economy.*

While in the seventies income protection was the central element in the building of the welfare state, in the eighties and nineties, activation and making work pay became the

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<sup>2</sup> J.VRANKEN en D. GELDOF, Armoede en Sociale Uitsluiting, Jaarboek 1991

<sup>3</sup> CANTILLON, DE MAESSCHALCK, VAN DAM 2001

central objectives. More people in paid work and less dependency of benefits are essential purposes of the welfare state.

Between 1976 and 1997, poverty and inequality stayed stable again, according to I. Marx.<sup>4</sup> This despite the changes that took place in this period: massive job loss in the industrial sector, increase of unemployment, increase of the number of families without work related income, of the number of singles and single parent families.

An explanation given by Marx for this apparent discrepancy is an important augmentation of the number of highly skilled, highly educated people. According to Marx, in the period 1976-1985, mainly the social position of highly educated people changed, it experienced a strong decline.

The political context of that time is turbulent. In 1980, Belgium has 4 governments. Martens 5 carries out a strong saving policy in 1982, and takes different important decisions, without consulting the parliament. The government devalued the Belgian Frank of 8,5 %, to stimulate the export and growth. The working population feels their purchasing power decrease, they have to hand in salary, job statutes become more flexible,... the situation of the workers deteriorates. All these measures do not result in a decrease of the unemployment. Even during the strong economical growth of 1986-1989, the unemployment stays on the same – high- level. This demonstrates the weakness behind certain readings of the Lisbon strategy, namely that economical growth automatically leads to jobs, and to more welfare.

In the mean time, the problem of the ageing of the population becomes more and more visible. The growing number of old people results in higher costs for the health service year after year. This evolution, and the expected costs when the babyboom generation reaches pension age, made the government decide to built up a reserve for the future: 'The Silver Fund'.

In the nineties, there's a growing discussion about redesigning the welfare state, in which a new balance is necessary, between the benefits and activation, rights and duties, positive and negative incentives, and between the methods of anonymous transfers and personalised measure work. This results in Belgium in a shift from a passive to an active welfare state. The low employment rate, and the high dependency of benefits are the perfect substrate for the story of the active welfare state.<sup>5</sup>

In the nineties, important steps in the fight against poverty were made in Belgium. The 'General Report of the Poverty' that was formulated in 1994 was a milestone, because it showed that in our country some people were left alone, in their precarious situation, and that in spite of the existing of a complex system of social security and social benefits. The report also started a dialogue with people with poverty experience, and with associations that represent them. The result was a list of deficiencies and obstructions concerning the practice of and access to their rights, on all policy domains.

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<sup>4</sup> I. MARX, L. PASSOT, De nieuwe sociale kwesties

<sup>5</sup> LIEVE DE LATHOUWER, De nieuwe sociale kwesties.

### *1.3 1997-2007. The formulation and implementation of the National Plans on Employment and Social Inclusion.<sup>6</sup>*

According to the European Strategy and agreements and engagements in the framework of the OMC, the Belgian orientation on social protection and inclusion was renewed since 2001. Belgium introduced since 2001, on different occasions, new think and action instruments, following the European agreements:

- since 2001, every two year a National Action Plan on Social Inclusion is drafted, to make up a balance of the relevant progresses and challenges
- in 2002, a first strategic report of the pensions was drafted
- since 2004, there's an exercise about the health service.

This instruments should make sure that the different policy levels that are competent for these matters cooperate, and they should stimulate a better coordinated action with the objective of social cohesion, equal opportunities, better government, more transparency and participation. In 2005, it was decided to rationalise these different processes, by merging them. This resulted in the 'First Strategic Report about Social Protection and Social Inclusion 2006-2008'. The report joins the conclusions and objectives concerning inclusion, pensions and health service. The report tells us that Belgium scores quite good on a European scale on social protection.

Belgium has a lot of experience and an institutional framework for the design of social inclusion policy. This makes it odd that the first Belgian National Action Plan Inclusion was designed by a separate task force, which reduced it's political impact. Few civilians are aware of the existence of this plans, let alone of their contents. The involvement of grass root organisations increased the past years, but the procedure makes a serious, solid participation very difficult.

Already the first National Action Plan for Inclusion links up with the employment action plan. The chapter about labour market integration, which we can find in the NAPI, borrows form the employment action plan.

Certain issues that are present in both action plans, and are repeated each time, are articulations of bridges on their own:

- improve the employment of risk groups: jobs for young people, programs for the employment of people living form social security benefits, special education and insertion pathways, childcare,...
- making work more attractive 'making work pay': measures with regard to personal social security contribution for workers with a low income, measures with regard to child benefit, fiscal measures,...
- measures with regard to benefits systems

Both in the Employment and the Social Inclusion Action Plans, the 'Active Welfare State' has been the main thread in the Belgian socio-economic policy the latest 10 years, sometimes

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<sup>6</sup> THINK TANK EUROPEEN POUR LA SOLIDARITE, Belgische en Europese beleidsmaatregelen inzake sociale inclusie en bescherming

more explicit, sometimes more hidden. The 'active welfare state' has been the main thread in the Belgian socio-economic policy in recent years. In the report of the non governmental experts, the evaluation of the NAPI 2001-2003, Ides Nicaise argues that this meant new opportunities for socially excluded groups. 'This has meant new opportunities for inclusion, as inactivity traps have been removed, benefits activated, and more personalised services have been offered to job seekers for their re-integration into the labour market. The direct impact has undoubtedly been largest for young people, who saw their unemployment benefits or guaranteed minimum income linked to integration agreements and personalised pathways to employment.

The transition toward the active welfare state proved to be a complex issue: the traditional 'sticks and carrots' approach advocated by some international institutions could not apply in this case, as (minimum) benefits had already been too much compressed and poverty rates were on the increase in the 1990s. Therefore, a smart combination of (moderate) increases in benefits with tax cuts on low wages has been applied, leading to substantial net increases in minimum wages.'<sup>7</sup>

Unfortunately, in this approach, the wellbeing of the employee was not the central issue, and the poverty reducing potential of certain jobs was not questioned. Still today, the same logic is dominant in both the Employment and the Social Inclusion Action Plans. The result is that often people are forced to choose the 'least damaging option', namely to accept a poorly paid job, that affects the quality of life,' because the only other option is to lose all benefits and rights.

The interpretation of the recent positive evolution in the employment figures isn't unambiguous either. It's not clear to what extent the activation policies are responsible, or the positive economic climate.

On the conference day 'The National Action Plan Social Inclusion: an adequate policy instrument?' (March 2006)<sup>8</sup>, the efficacy of the Belgian Napi's was examined. We present here some of the conclusions

Based on the analysis of the Laken-indicators, Prof. Dr. B. Cantillon comes to the following findings:

- Belgium is still part of the 'top countries', that combine a high welfare with relatively low inequality<sup>9</sup>

- In this group of top countries, Belgium is not a great performer in the field of reducing inequality (unlike the eighties, where Belgium was part of the top)

- the diminished performance is not a consequence of low expenditures, but of the low level of benefits, caused by the big number of persons receiving them.

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<sup>7</sup> IDES NICAISE, STEVEN GROENEZ, The Belgian national Actionplan for Social Inclusion 2001-2003: a preliminary evaluation, Higher Institute for Labour Studies,

<sup>8</sup> Studiedag 'Het nationaal Actieplan Sociale Inclusie: Een adequaat beleidsinstrument, 27 maart 2006, [www.socialsecurity.fgov.be/docs/nl/publicaties/conferences/280306/conclusies\\_nl.doc](http://www.socialsecurity.fgov.be/docs/nl/publicaties/conferences/280306/conclusies_nl.doc)

<sup>9</sup> It is necessary to remark here that the conference took place in 2006, the situation nowadays has changed already, Belgium is loosing track

As in other European countries, the EU-SILC is the principal resource of data for the NAPI. This leaves room for improvement. For example, the EU-SILC doesn't give us reliable information for Brussels. Also problematic is the absence of reliable information about some groups of people, as homeless people and undocumented migrants. At the present time, the Higher Institute of Labour Studies (HIVA) is conducting a research project, to extend the EU-SILC with this kind of data.

### *Flemish Action Plans*

The Flemish Action Plan on Employment gives a yearly presentation of the Flemish objectives and realisations concerning the European guidelines and benchmarks.

This joint report of the Flemish government and the social partners is the Flemish contribution to the Belgian National Action Plan. Since 2002, the Action Plan is also officially recognised as 'Regional Action Plan' by the European Commission.

The Flemish Action Plan is designed by different representatives of Flemish cabinets, administrations and public institutions from the relevant policy fields (besides employment also education, economy, wellbeing,...). The contribution of the Flemish social partners is integrated by the VESOC working group.

Also concerning social inclusion and the fight against poverty, there is a Flemish Action Plan. This plan is designed by the Flemish Government, and is realised after consultation of the target groups. It describes the intentions of policy making on short and longer terms. This plan is based on the 10 basic rights, as they are indicated in the 'General Report on Poverty', namely the right to participate, social services, family life, justice, culture, income, education, employment, housing and health services. Every year, there's an actualisation of the Flemish Action Plan, in which also the Flemish Network is involved.

This plan is an essential contribution in the realisation of the National Action Plan on Social Inclusion.

#### *1.4 Labour market, social protection and local development.*

When we examine the Belgian labour market, we notice a lot of diversity, not only between the different regions, but also inside these regions. Even inside Flanders, that -from a geographical point of view- is negligibly small, the diversity as far as local development is concerned is immense. As a region, Flanders is economically very strong, has gone through an impressive growth. This growth resulted in a shortage of employees, or at least, that is what most employers tell us.

But... general statements like this often hide a different and more complex local reality. In the discussion concerning regionalisation of the labour market, the shortage of employees and specific labour market situation in Flanders, were already mentioned as the main arguments for a splitting up of labour market, and even social security. This argumentation could lead to a complete fragmentation of the labour market. There is for example 'the heart of West Flanders' with cities as Roeselare en Tielt, where there's almost only frictional employment, nearby, we have cities as Ghent and Antwerp, where unemployment stays

persistently high. Some areas are traditionally poor, and –in spite of even European support, structural funds, programs,...- don't seem to succeed in overcoming this situation.

There's also a sour discrepancy between the cry of alarm of the employers and the experience of people who live in poverty. A large number of people still don't get access to the labour market. This in spite of all efforts made by this people, by the government, the administration, associations,...

The so-called shortage for employees creates the expectation that the chances of people who have a big distance to the labour market would increase, that the demands for certain jobs would become more realistic and feasible. One would expect that also discrimination would play a smaller part in recruitment,... Figures show the opposite.

In Flanders, employers have the possibility to design a 'diversity plan' for their company. With this plan, they receive from the Flemish government financial and technical support. The results are poor. Associations of target groups are crying for more coercive measures to fight discrimination, and other stimuli to encourage the employment of people from target groups.

Social security is a federal competence, and is in theory equal for all Belgian citizens. Nevertheless, there are a lot of dissimilarities in the way people in Belgium, Flanders, different cities receive social protection. First of all, some groups of people are excluded from almost all forms of social protection and social security, in particular undocumented migrants. Their situation is extremely precarious, both in the field of employment and social inclusion (they don't have a work permit, neither the right to benefits of other social support).

Also the social protection of Belgian citizens shows a variety of practices. Often it depends on the local authorities, the local centre for public welfare,... There is a tendency of connecting social rights with certain individual commitments and duties. The interpretation of the fulfilment of these duties (fixed in contracts) often determines the access to social benefits.

### *1.5 The role of the various actors (trade unions, employers, public administration,...).*

Belgium has a strong tradition and elaborated dialogue and consultation structure with the different social partners: the federations of employers and the labour unions. On the Flemish level, we have the 'social economic council of flanders', where the social partners meet each other. In the 'Flemish Social Economic committee', the Flemish government, the employers and unions come together, their decisions are binding for the government.

The labour unions traditionally defend a strong social protection. The terminology they use, seldom refers to poverty and social exclusion, their core business is to defend the rights of workers. Notwithstanding the lack of explicit attention for people who are living in situations of poverty, the unions have defended to a large extent also the rights of people who are living from benefits. In general, the unions defend the solidarity and the insurance aspect of a strong social security.

Recent discussions about the diminishing purchasing power tend to give rise to a growing awareness of poverty and social exclusion. As we mentioned earlier, the unions played a critical role in the development of social economy;

In Flanders, the 'VDAB, the Flemish Public Employment and vocational training Service is the foremost important player in the field of activation and vocational training. It originated from the restructuring of the NEO, the National Employment Office in 89. The mission statement of VDAB is 'to exert influence on the labour market in harmony with economy and society'. VDAB started with 'WorkAgain actions', to promote the reintegration of people far from the labour market, into the labour market. In 9, VDAB introduces Job Guidance. At the same time, collaboration with companies start to grow. In 92, VDAB is a partner in European projects PETRA II en EURES. In 94, VDAB signs a contract with the Flemish government in which budgets are connected with and depend on quantitative and qualitative objectives.

In recent years, VDAB evolved more and more from executor to director, and uses the tendering formula to find executing partners.

The different social partners are also represented in the council of administration of the VDAB. VDAB has also an Stakeholders forum, in which they consult representatives of target groups. The Flemish Network is a member of this forum, and represents people with poverty experience.

On the level of public administration in Flanders, we have the 'Department of Employment and Social Economy. The responsible civil servant, according to the poverty Decree (see infra), consults on a regular base the people who experience poverty, organised in the Working Group Employment and Social Economy, of the Flemish Network. In this meetings, some bridges between the employment policy and social inclusion are being built, and some missed chances, lack of bridges are spotted.

Recently the Flemish department of wellbeing and the Flemish department of Employment and Social Economy realised that a lack of coordination of both policies meant a lot of missed opportunities for activation and social inclusion. They took the initiative to try to harmonise both policies more, and started 'CoWeZo', 'Coördination of Work and Care'. This initiative is promising, but we are in an too early stage to evaluate results.

On the federal level, the Federal Service of Social Integration is responsible for the social inclusion policy (and thus for the NAPI's) as well as for the Social Economy Department, which will be further discussed in the next chapter.

### *1.6 Main conceptual and strategical debates during the last ten years (duality of the labour market, social and labour integration, activation, ...)*

Both the social Inclusion as the Employment Policy have been more and more directed towards a strict interpretation of activation. This goes hand in hand with a 'contractualising' of social rights, and the discussion about whether this benefit/duty framework is efficient or unethical dominates contemporary debate.

This strict emphasis on activation came after a period in which a lot of long term unemployed people got very little support and attention, and lots of them felt forgotten, given up, abandoned. With the activation policy, an end came to this situation of extreme social exclusion. Which of course, is a positive evolution.

The other side is that the activation was interpreted very narrow, that very little importance was attached to social activation, and activation was reduced to 'getting a job'.

The Law regarding the Right to Social Integration, that came into force in 2002 illustrates this clearly. This law replaces the former law on 'existence allowance'. On first sight, the new law emphasizes the right to social inclusion. Nevertheless, a shift took place from a right to financial support to lead a (minimal) decent life, towards the right to get chances, opportunities,... for social integration. These chances, opportunities,... are often made explicit in a contract, and are often 'finding a job, are taking the necessary steps to find a job'. So the 'chances' or no 'choices', but obligation. The readiness to accept a suitable job, has always been one of the conditions of financial support, of receiving benefits, but the narrow interpretation and repressive approach is quite new.

The kind of employment, the quality of the job, the consequences for the family life, wellbeing are often left out of consideration. The 'duties and obligations' are sometimes very reasonable, from a middle class point of view. For people who live in vulnerable situations, facing different problems, the demands are often the opposite of what they need to get control over their lives again, to get stronger, to achieve a better life. This activation policy ignores the vulnerability of this people. The result is that people live in fear: fear of having to accept a job, which they are not able to do well, and fear of losing their benefits. This makes them turn their back to society, which is of course, the opposite of the aimed social inclusion.

Also the people who actually get sanctioned and lose their benefits lose their ties with and trust in society. Little research is done about what happens with these people.

Although the Employment Service, VDAB and the Centres for Social Welfare, OCMW's are separated services, institutions, are subject to different laws, different competences, different policy fields,... their activation policies are very parallel.

Recently, there's a growing awareness that the activation policies might have resulted in a partial decrease of the unemployment figures, but that this policy doesn't work for the people that are still (and already a few years) unemployed today. First steps into new programs, new projects are being made.

Striking in this context is the recent ESF call for projects working on social inclusion, with specific attention for people far and furthest from the labour market, often people living in poverty.

*1.7 Actual situation. Facts and numbers concerning unemployment, poverty and other relevant figures. Who stays "out" of the employment and inclusion policies?*

In Flanders, the Employment Ministry aims at an annual increase of the employment rate. In 2006, 65 % of the Flemish people at working age were actually employed. The growth of the employment rate is very slow, which makes the Lisbon objective of 70 % very hard to achieve.<sup>10</sup>

Also as far as the employment rate of elder people is concerned, the achievement of the European 50 % objective seems quite difficult. In spite of the serious increase between 1996 and 2006, the participation of elder people on the labour market stays limited.

The participation of women has increased the most: from 53 % in 1999 to 58 % in 2006, which makes the 60 % objective by 2010 realistic.

The low participation of immigrants is problematic. Different target groups that traditionally got very few chances on the labour market, have felt the positive effects of the recent economical growth and job creation, but the gap is still very big. As a matter of fact, the increase of employment rate of the different target groups is smaller than the increase of the average population.

The employment in social economy is growing substantially in Flanders. In 2006, 18.500 people worked in sheltered workspaces, social workspaces and insertion companies. In 2006, social economy created 2500 new jobs for long term unemployed.

According to the most recent data available today of the EU-SILC, 14,7 % of the Belgian people live under the poverty threshold. (822 euro/month for person alone). In Flanders, 10,7 % of the population has a high poverty risk, in Walloon, this is 17,5 %. Employment can form an important protection against poverty: of the employed, 'only' 3,9 % has a high poverty risk, for the inactive, this is 23,2 %, the unemployed more then 30 %.

The level of education plays an important role: 22,5 % of the people with a low education level have a high poverty risk, only 6,7 % of the highly educated people. Also singles and single parents have a higher poverty risk then cohabitants.

In 2006, 77.931 persons received social benefits, which is a slight decrease compared to 2005. 9.474 were employed by the Public Centre for Social Welfare, in the context of the Right to Social Integration.

The number of 'working poor' in Belgium (4 % of the employed) is lower than the average in Europe (8 %), but also in Belgium, this group is growing.

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<sup>10</sup> VRANKEN, CAMPAERT, DE BOYSER, DIERICKX, Armoede en sociale uitsluiting, Jaarboek 2007

## **2. Bridges between the national strategies of Employment and Inclusion through social economy and social enterprises.**

### *2.1 National definitions (conceptual and terminological).*

In Belgium, there's a lot of conceptual and terminological confusion and disagreement about the meaning of 'social economy'.

Vosec, the 'Flemish Platform for the Social Economy and Social Added Value Economy) uses the following definition:

'the social economy consists of a variety of businesses and initiatives whose objectives are focused above all on the creation of a certain social added value, and which respect the following basic principles in striving to meet these objectives: priority of labour over capital, democratic decision-making, social embedding, transparency, quality and sustainability. Special attention is also devoted to the quality of internal and external relationships. In producing goods and services, they can deploy their resources in an economically efficient way in order to assure continuity and profitability. '

In reality, a more narrow interpretation of the term 'social economy' is used, and this choice isn't a neutral one. Behind this terminological differences, lays a different view on what social economy is and should be.

The definition of Vosec, and the view behind it, emphasise that social economy is 'economy', completely, fully, economy, and not some marginal phenomenon, not just experimental forms of employment with a social character. According to this definition, therefore, social economy also contains big, economically strong companies, mutuality's, foundations,... People with very different profiles, wages, skills and level of education work in these companies, and a lot of attention is being paid to the profitability and market position of the company. These companies also pursue profit, but they differ from 'regular' companies in the way that they don't pay out this profit to shareholders, but invest it again in the company, in employment or in social or ecological responsible innovation.

The supporters of the narrow definition want to guard the accessibility of the social economy for the weakest players on the labour market, very low skilled people, with very few job opportunities. This more common definition and interpretation refers to associations and organisations, small companies that have a very social concern and approach, who are often subsidised, and have as their main objective employment and if possible reintegration of these people into the labour market. Profitability and market position are of secondary importance, or often an inevitable evil.

Another terminological confusion is the mixing up with corporate social responsibility, which can be similar to social economy, but often has a quite different meaning.

## *2.2 Birth and development of the social economy and the social enterprises.*

A first form of social economy, was the sheltered workspace, which were invented and organised in Belgium after the second world war, under international pressure to design a revalidation and employment strategy for citizens with disabilities.

Social Economy, as we know it today has its main roots in the seventies and eighties, where the public sector and the market, didn't seem to be able to answer some social and societal problems. Often, these problems were related to needs in the field of health care, environment, competence development,... Spontaneous originated initiatives tried to give an answer to this needs. These initiatives often grew into flourishing projects and associations. Interesting examples are projects that started in Leuven, a University city, in the eighties. At that time, a lot of young graduates were unemployed, and had a strong social engagement. They started to use their free time and their talents, and created different projects, started to teach, started to stimulate young people to learn and create things,...

These initiatives resulted in the social workspaces. Officially, the first recognised social workspace experiment took place in 1994. The social workspaces got a legal base, subsidies and a structure in Flanders by the Decree of 14<sup>th</sup> of July 1998. In the beginning, there was some criticism about the possible distortion of competition. This discussion is now less present, though some employers still express this fear, in spite of the clear rules that exist nowadays.

## *2.3 Political context. Legal framework. Typology of organisations<sup>11</sup>.*

Social economy is in Belgium a shared competence between the federal state and the regions. The policy and the legal framework developed quite late in Belgium, but recently, there's a catching up operation. We already mentioned the legal framework for the social workshops and the decree of 14<sup>th</sup> of July 1998 in Flanders.

The surplus value decision (2000) gave a strong impulse to the professionalization of the social economy. It indicates some principles that organisations should aim for to receive public support. New instruments were developed to stimulate regular companies to create surplus values.

In 1999, a Federal competence was established to complete the actions already in place at the regional level. At Federal level, the first main actions were: the creation of the Social Economy Department, the signature of the first cooperation agreement with the Regions and the opening of a dialogue with the stakeholders.

The cooperation agreements on social economy had the objective to organise collaboration and the transfer of financial means from the Federal State to the other entities based on a co-financing system.

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<sup>11</sup> Peer Review : The social economy from the perspective of active inclusion - Employment opportunities for people far from the labour market, Host Country Report

The first agreement that ran from 2000 to 2004 had as main objectives the development of the social economy, the doubling of the employment rate in the social economy with a particular attention given to the beneficiary of minimum income or social assistance. It was based on three pillars: social (integration) economy, local and neighbourhood services and corporate social responsibility.

The second agreement (2005-2008) is based on plural economy, concept that combines social economy and corporate social responsibility. The main objectives are the development of the plural economy, to continue the equal representation of all groups of workers and the creation of 12.000 extra jobs in the social economy.

At the federal level, the main policies are the social integration economy measure (SINE) and 'Article 60 §7 increased State grant, which is a measure integrated in the law of the Public Social Welfare Centres. The main goals of these measures is the (re)integration in the labour market for disadvantaged groups. They target long-term unemployed and beneficiaries of the income.

SINE is managed by the Employment Ministry. The target group is long-term unemployed people who have not got a second educational or vocational degree are activated through a job in a recognised work environment (e.g. integration enterprises, social workplaces,..)

The Federal State has also developed several support measures for social economy enterprises. These Federal State also aimed to professionalise the organisations through grants for expertise on the management or the production. Exchanges were also supported with the "regular" economy (Management ES-Change).

The Flemish social economy policy centres around three focus areas supported by a mix of instruments.

The first focus area are the enterprises offering made-to-measure work. These companies employ people requiring a high level of support in a specially adapted work environment. There are three types of enterprises offering made-to-measure work: sheltered workshops, social workshops and work care centres.

The second focus area is the local services economy. The idea behind the local services economy is to develop a complementary service offer provided by the government to respond to social needs and trends.

The third focus area is the work integration economy. These measures aim at integrating the people the furthest from the labour market into the regular economic circuit. The social economy policy currently provides 2 measures to promote work integration: integration enterprises and support at the workplace aiming at integration.

#### *2.4 Dimension, main characteristics and territorial implementation.*

The overview of the social economy policy in Belgium and Flanders, shows us a variety and a complex ensemble of different competences. That could raise the suspicion that a lot of

bridges are necessary to come to a coherent social economy field and policy. At the federal level, the department of social economy is under the competence of the Minister of Social Affairs, and is related to the Department of Social Affairs.

On the Flemish level, social economy is a separate competence. The Minister of social economy makes agreements with other ministries, as far example Employment and Wellbeing. These agreements are extremely relevant if we want to discuss the characteristics and bridging potency of social economy in Flanders. This agreements consider the financing of social economy projects in the area of local services economy, the so called 'cloverleaf financing'. This system of financing is based on the idea that social economy initiatives can cover services that answer needs related to different policy fields and policy levels, and so it is a shared responsibility, and there should be a system of co financing to make this possible. The different responsible fields and level should cover each 'one leaf of the clover'. For example, a social restaurant should find financing at a local level (local neighbourhood service), and at the field of wellbeing (welfare project), employment and social economy. Often for small organisations, it is very difficult to find sufficient means. This is an important character of the evolution of our social economy: there's a shift in scaling, small organisations are stimulated to find partners, work together with other organisations, grow,... are they disappear. Also the administrative demands to fulfil to gain access to financing are often to complicated for this small scale organisations. This counts as well for local, Flemish as for European financing (ESF).

At the same time, people from the target groups have a lot of trust in these small local organisations, and the results they reach on social inclusion are often quite impressive. One of the reasons of this seeming contradiction can be find in the tendency to make a quantitative, rather than qualitative evaluation of social economy projects. Bigger organisations are good in having 'good figures' at the end of a project. Also the financing method of some of these projects creates a creaming of effect, a selection of participants with the biggest chances for a good result. People furthest from the labour market are often excluded this way.

*That brings us to the next question: who benefits ?*

In the previous chapter, and in a lot of policy documents and other articles about social economy, it is mentioned that the target group is 'people far and furthest from the labour market'. The objective of the social economy is -among other things- to integrate them into the labour market, and to work on social inclusion. Nonetheless, more and more people don't get access to social economy. Also in sheltered workspaces, the working pressure is too high for these people.

In other social economy forms, intended to integrate people into the labour market, the results are very poor. This is the case of measures as WEP+ (work experience projects), Article 60 (see supra),... in which people 'finally' have a decent job, for one, or in some cases 2 years. The aim is that after this time, they are integrated into the regular labour market. But the time scale is too strict, and the support and training they receive too limited. For a lot of these people, this means a job for one year, followed by a new period of unemployment, which of course is very discouraging.

Also the low wages in social economy could stand in the way of reaching social inclusion. First of all, it makes the jobs less attractive for people with already a lot of difficulties and fears. Also the low wages can make it very difficult to escape poverty. Sometimes the same jobs, that are now being realised in the framework of social economy, used to be 'regular' jobs, with a higher wage and higher level of protection, and more other benefits. In this cases, it's not really the employees that benefit. A striking example of this situation is the service voucher system, where vouchers are used to pay for mainly cleaning services.

Finally, the territorial implementation of the social economy initiatives and companies, also leaves different groups of people out of the benefits of the system. Especially for people who live in rural areas, it's difficult to find a job in the social economy.

Of course, there also exist success stories, strong emancipating projects, with very good results. We don't want to break down social economy in Flanders and Belgium, but only show where possible stings could stand in the way the intended bridges and intended social inclusion.

#### *2.5 Relations between social enterprises and other actors (public bodies, trade unions, employers, ...).*

As was already mentioned above, the relation between social enterprises and other employers is a double one. On the one hand, there are projects in which exchanges take place, and they are characterised by mutual respect and mutual learning. (cfr the ES-change). More and more big companies show interest in social economy. There's a general tendency to idolise 'social economy, corporate social responsibility,...'. , which became fashionable and important for the image of the company. At the same time, this corporate social responsibility is often merely window dressing, what makes it possible that on a long term, this window dressing together with terminological confusion could undermine social economy. The original mistrust towards social economy from part of the employers never completely disappeared either. The suspicion of false competition was already mentioned above.

Also the trade unions show a double attitude towards social economy. Their main criticism relates to the conditions and the wages of the workers, and the shift from decent fixed jobs, with a high level of protection, to flexible 'so called social of fake statutes'. Their fear is that social economy also has a negative effect on regular working conditions and wages. On the other hand, the unions defend measures to support people far from the labour market.

Public opinion is quite positive towards social economy. The success of the voucher system is enormous. One of the reasons is the low price and tax benefits.

*2.6 Relevant experiences of articulation (“bridges”) trough social enterprises. Conditions that facilitate and obstacle this articulation. Main achievements.*

The above mentioned dangers, obstacles,... for achieving social inclusion through some forms of social economy, are being overcome by one specific form of social economy: the so called ‘Neighbourhood Developing Services’, which are also part of the local services economy.

Neighbourhood developing services are forms of local services initiatives, in which people who live in a poverty situation are employed to deliver services to people living in the neighbourhood, often also people who are living in poverty. This means an enormous added value, not only for the people who are being employed, but also for the people who live in the neighbourhood, people who receive the services, and the neighbourhood itself. These projects have a very strong social inclusion and poverty fighting character. They engage, support and stimulate a small community, by offering services that add to the quality of life. The thresholds for the ones who provides and the ones who receive the services are lower than with other services, social contacts are very easily made,... It stimulates networks that go for beyond the services.

In some of the neighbourhood developing services, social inclusion and poverty fighting is an essential part of the employment and the pathway that is followed with the employers. They can be superb and inspiring examples of articulation of bridges. One of these examples is Leren Ondernemen.

Leren Ondernemen is an association of people with poverty experience and is a member of the Flemish Network. Every day, hundred people visit the organisation, for them it’s a place (for some of them the only place) where they feel at home. 20 employees are working there. Most of them are people with vulnerable situations and poverty experience, often they worked already some time in the organisation, before they got employed. So the organisations tries to find solutions to the problems of the visitors, people from the neighbourhood, and combines this with the creation of meaningful jobs along different areas. This by organising various proximity services:

Child care: the child care project takes care of around twenty neighbourhood children of working parents before and after school, on Wednesday afternoons and during school holidays.

Social restaurant: Healthy and affordable meals are available every day at the two social restaurants. Furthermore, by eating together, single people can escape their solitude and build up a new social network.

#### Culture centre

In the neighbourhood’s cultural centre deprived families are given access to an adapted yet diverse range of activities to entertain, to educate and to inform.

#### Energy

The community project 'The Energy Cutters' employs risk group jobseekers to help deprived neighbourhood families save energy around the house. Every client receives the advice and small technical modifications which suit him best.

*2.7 Other "bridges" experiences (local development, minimum income, labour market insertion, horizon and vertical coordination).*

The Flemish Decree on the Fight Against Poverty of March 2003 is an inspiring example of bridging different policy fields. The philosophy of the decree is that poverty fighting can only be successful, if the different political responsables of different policy fields work together and engage their selves to take the necessary poverty fighting measures in their competence. The participation of people experiencing poverty is a necessary element of this poverty fighting process and policy.

Art. 7: 'To promote the anti poverty policy in each field, to harmonise it, and to evaluate it, a permanent poverty consultation is being established. This permanent consultation is organised systematic and structural'

The consultation is both vertical and horizontal. In each department, for each policy field, a special civil servant is indicated, who pays special attention to poverty fighting. He examines the policy, the propositions of law on their effect on poverty and social exclusion, and consults the people who live in poverty, who are organised in the Flemish Network of associations of people with poverty experience. The responsible servant of the Department of Work and Social Economy for example has a meeting with the working group Employment and Social Economy on a very regular (approximately every six weeks) base. Twice a year, there's a meeting with the competent minister.

Besides these vertical consultations, there's also the permanent horizontal dialogue, with representatives of all the competent ministers, and with the responsible civil servants. This stimulates the harmonisation of the policy.

The decree also provides a structural financial support for the Flemish Network and its associations (approximately 50 in Flanders), which makes it possible to fulfil the advising role and participate in the policy making and evaluating.

### **3. Lessons. Conclusions. Recommendations.**

#### *3.1 Relation between European, national, regional and local strategies.*

This national study shows us that, however European, national, regional and local strategies are interconnected, there's still a big challenge in harmonising and mutual enforcing of the different strategies. 'Europe' and European policy are more and more visible in our daily life and in policy making. Bridges can only be effective, if there is a strong framework, an integral vision and policy, in which subsidiarity is respected, but fragmentation is avoided.

As the impact of European policy making is growing, ngo's and other associations should take the challenge to also have a growing common strategy and an increasing impact on European policy making.

As the recent discussions about the splitting up of the labour market showed, different situations, different local realities might ask for different approaches. But, as we showed, Antwerp social inclusion and employment policy might have little to learn from the policy in Tiel, but might have more in common with, for example Barcelona. Nowadays, exchange of ideas and experiences of policy making between the different levels, of between different entities of the same level is still limited. Projects as this 'Bridges for Inclusion' can add to these forms of mutual learning.

### *3.2 The conceptual and strategical plus value of articulating national strategies of employment and inclusion.*

The Flemish Network is intensely involved and participated actively in the development and actualisation of the Flemish Action Plan on the Fight against Poverty. In this process, also the recommendations and strategies concerning employment policy are involved. The Flemish Action Plan on the Fight against Poverty, the Flemish Employment Strategy, the National Action Plan on Social Inclusion and the National Action Plan on Employment have links to one another, and or, on a literal level, closely related.

Nevertheless, this doesn't mean that the different strategies are really adapted to one another in a more profound way. Often (party) political motives play on the background. It's difficult to force for example a Flemish minister of a certain political signature to design policy in harmony with the policy of a federal minister of opposite signature, let alone in dialogue. The autonomy of policy making on the different levels is also a sensitive issue.

The above mentioned example of CoWeZo (coordination Employment - Care), a cooperation between the Flemish department of Employment and Social Economy on the one hand, and the Flemish department of Well being (care) on the other hand, is a new, good example. It is, of course on the level of the public departments.

Articulating the national strategies of employment and inclusion can create therefore an important plus value. Regrettably, the plus value lies seldom in reaching more harmony, in designing common strategies. The articulation of the plans doesn't succeed in stimulating joint plans, joint measures and propositions. The plans are merely an enumeration of already existing measures, laws, and instruments. The articulation could be a strong impetus for an inclusive policy, but unfortunately, ore effective policy and decisiveness doesn't come out of the articulation as it happens today. Therefore, it can be interesting to find on a European level new, stronger stimuli for a better coordination between the different strategies on a national level.

As we suggested repeatedly, poverty fighting and social inclusion need an approach that involve all policy fields to be successful.

### *3.3 Most important and significant lessons from the identified “bridges”.*

A very important, general lesson we can learn from the identified bridges in Flanders and Belgium, is that they are not an automatically generated additional product of two strategies, even when one puts these strategies together. Bridges need to be built, on purpose, intentionally. This involves the dedication of a lot of politicians, from different policy fields and different levels.

But the involvement of all these politicians, is not enough, and will not be effective if there's no active participation of the people who live in poverty. This means that the necessary structures need to be created, the necessary support instruments, necessary time needs to be taken. Without sufficient conditions that make an active participation possible of the ones that are excluded, the participation will be merely symbolic, and on a long term contra productive. But if the necessary conditions are created, and one succeeds in participation, the results will be rich and efficient.

Belgium knows a strong social security system. Although the level of protection is not enough -and it's going downwards-, in a European context, protection in Belgium is still relatively high. Nevertheless, some groups of people are completely excluded from this system. So what we have, is 'social inclusion except for the excluded, namely some groups, who are deliberately excluded from the social inclusion system. Attempts to justify or explain away this odd situation are illegalising this groups. Undocumented migrants are called 'illegal people', so they also fall out of our legal system. Also homeless people (without official address, sometimes without official registration and passport), gipsies, drugusers,... are excluded from a lot of the 'inclusion measures'. We have a strong suspicion that this situation is not typically Belgian, but is similar in other European countries. Also the growing importance of a European identity, of the meaning of 'citizen of Europe' makes it a common challenge. There's the need for a public debate on this matter: what are we aiming for, when we're aiming for social inclusion: social inclusion for everybody in Europe, are only for the ones that are in some ways already 'included', in the sense of 'belonging to the in-crowd group' ?

### *3.4. Conclusions and recommendations.*

An essential articulation of the bridging of Employment and Social Inclusion Strategy, is of course, social security.

A sufficient income is the first important condition for realising social inclusion. Sufficient income means an income that is at least above the poverty threshold. In Belgium, the lowest unemployment benefit today, is 960,50 euro for long term unemployed, living together with a family, 813,80 for singles, and 609,96 for people living together without children. The Belgian minimum income is 697 for singles, and 465 for people who live together. These benefits are still beneath the European threshold, which is 860 euro today in Belgium. It's extremely important that all benefits are raised at least up to the poverty threshold. At the same time, it's necessary to avoid creating new unemployment traps. In 2007, a 'Flemish Action Plan on Unemployment traps' was designed. In spite of the recognition of different kind of traps, the measures that were proposed were not strong enough to really remove

some of the traps.<sup>12</sup> There should be a reasonable financial stimulus to get back to work, especially after a long period of inactivity. And wages should be a powerful instrument to fight poverty. That's why the rise of the benefits should go hand in hand with rise of the lowest wages.

Not only the amount of the benefits should rise, also a decent income should be considered as a right again, not as a favor. Putting people under pressure to accept low quality jobs is not a very efficient path to social inclusion. Punishing people for not accepting this kind of jobs, (even if they are not in the possibility to accept this kind of jobs, for example because they don't have access to child care), is not an efficient inclusion strategy either. A solid income is a necessary condition for a healthy mental and physical base, to overcome the distance some people experience to society in general and labour market in particular.

A decent income, above the poverty threshold is a necessary but in itself insufficient mean for social inclusion. Social security and protection systems should offer not only financial support, but a network of supporting tools, measures, on the different fields from which some people are excluded. This means that there should be a support network that contains support in terms of finances, education or vocational training, cultural participation, participation on the labour market or in other social groups... This kind of support network, would also overcome unemployment traps that go beyond the financial traps, as for example mobility, child care,... It's not irrelevant to pay attention to this kind of traps in the designing of the employment strategy.

Besides the need for higher wages, there's also a need for more qualitative, durable jobs. A job doesn't necessary mean an escape from poverty, in Belgium 4% of the working people live in poverty. On the other hand, a well paid, fixed, qualitative job, which also takes into account personal situation, family life,... amplifies the chances on social inclusion. That's why all governments (local, regional, national, european) should urgently think about how to create this kind of jobs. The Lissabon strategy, in it's narrow interpretation has proven not to work. Efforts need to be made by the governments to create this kind of jobs, and stimulate if possible, coerce if necessary the employers to do so. A lot of public finance goes today to employers, with the objective of creating this kind of jobs, but the ones who are benefitting are often the companies, the employers, but not the low skilled job seekers. More and more flexible statutes are created with this means, which undermine the concept of social economy.

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<sup>12</sup> FRANK VANDENBROUCKE, Vlaams Actieplan werkloosheidsvallen 2007