

Dear Madame Chair, honorable ministers, ladies and gentleman,

First of all I would like to thank Council of Europe and the Russian Federation for organizing this conference on this important topic.

Let me start in a very open and franc way. We have heard a lot of talk here about what is the Government responsibility regarding social cohesion, welfare and well being for all. However, let us also think what the government should and can do in terms of social cohesion. There is a famous saying that the government is not the solution but is part of the problem. Regardless who sits in the ministerial chairs and how hard the ministers try.

Dear colleagues, when we speak about future of social cohesion and social inclusion, the fundamental questions should be openly asked. Such as: Does Europe need more social cohesion and protection or more jobs? Do we have in Europe too high labor protection which leads the investors rather to choose other continents when deciding on their investments? I do not need to stress here that it's not the Government that creates so needed jobs especially in times of economic crises.

We can all agree that for any individual is better to be employed or self-employed and to be active than to live on social benefits. That unemployment, particularly the long-term kind, is deeply destructive. Therefore when we speak about future of social inclusion and the role of social protection systems two words come to my mind the most – motivation and opportunity.

Exactly, that is the role of the government. The social protection system should motivate people to actively pursue their way back to the labor market. The spreading welfare system creates a mentality of dependence that at the end is one of the main reasons for lack of social cohesion in many European states. If people who lose their jobs are only used to wait for help or are even feel they are entitled for someone, the NGOs or the government to help them and find a solution for them, then we have a major problem. We will not be successful in social inclusion policies if people do not understand that it is their life what we are talking about and they sit back and scream about their social rights and do nothing themselves.

The non-motivating welfare state is not only enormously costly. It also harms disproportionately the groups at risk – disabled people, youths, immigrants and their children, women etc. at the end. For example youth unemployment in countries with largest social protection is among the highest. That is not a coincidence. When employers because of broad labor protection laws cannot easily lay-off those who do not perform in their work, then they are reluctant to hire. When the companies because of high minimum wages must pay their employees beyond what their skills are, these people do not find a job and remain in the social protection system. That is what we don't want, do we? The labor-market rigidities protect those who least need protection, while condemning the most vulnerable to almost hopelessness. People need self-confidence, which comes with an active life and job; you don't get it while living on someone's other costs.

Unfortunately, we have even a bigger problem when we do not offer our citizens, and now I am coming to my second word, the opportunity. With

opportunity comes hope for a better life. Our responsibility is to offer the citizens a chance to climb the social ladder. We in the European Union adopted a concept called “work must pay.” Those who work or start their own businesses must earn more than those who do not.

During the communist and socialist years of my country everybody earned almost the same as anybody else besides the communist party leaders. The education did not pay; skilled people earned even less than the unskilled in many sectors. The result? Nobody had any motivation to work harder, the productivity was dropping and we ended up as one of the poorest countries in Europe. But we achieved almost 100% employment and have read daily about how privileged we are that we have our social rights. But you all know how the reality looked like.

Some people speak about the social justice, but social justice is definitely not when people who live on social benefits and take jobs in shadow economy have the same or even larger income than those who work hard, pay their taxes and contribute to a society. That is actually a very big social injustice we should not accept. In addition, such non-motivating social system works actually contrary to the goals of social cohesion, because the majority population does not accept that some groups receive inappropriately more support for free than those who try.

Let me also clearly say that there is nothing wrong with income inequality. The chance to earn more represents the best possible motivation. People with more responsibility receive larger salary and there is nothing wrong with that. But the others must have the opportunity to strive to achieve such positions. Instead of being punished with higher taxes for working harder or for taking the risk when starting a

company and therefore offering jobs to others. Creating society of opportunity, that must be our priority as government officials.

What is to be done? Our possibilities to change social reality are of course limited, if we don't want to fall to the trap of social engineering. The government should primarily make enough space for one's activity and decrease the enormous administrative burden, statistics and paper work. We live in a globalized world. If all industry moves out of Europe, there will be no one who will hire people, no one to pay taxes to finance the social welfare. And Europe will become a nice historical museum for American or Chinese tourist to take pictures of, but with no industry jobs. European countries shall eradicate the barriers and improve the environment for business because only under a condition of economic growth is the social cohesion realistic.

The Czech Republic holds currently the presidency of the Council of the European Union. We selected EU's competitiveness as number one priority of our presidency because European economy keeps falling behind in the global economic competition. To prevent that, we need to invest our limited resources towards the future. If we face a choice between investing in education and research or social protection, we should always choose the education. Increased skills will offer people more job opportunities and strengthen the social cohesion in the end.

If we will not make this out, the decline of Europe will continue regardless of our talk on social cohesion. Thank you very much for your attention.