

## **BREAK OUT SESSION**

**Edwin M. Jacobs**

In my presentation yesterday, I showed you, based on the monitoring model of the Social Insurance Bank of Aruba, that the production capacity of the population in 2015 will lead to a shrinkage of the Aruban economy on the long run. On the other hand, and at the same time, one of our most important collective bills, being the cost of the Social Security, will be rising steadily, due to the ageing of the Aruban population and the predominance of non-communicable diseases among the people of the island.

Facing the probability of giving in on welfare, Aruba will have to foster economic growth to finance its future collective bills, as well as, limiting the loss of welfare. In this process, migration plays a crucial role. Without migration, given the economic structure, the economy of Aruba cannot grow the coming years.

Stating this, I believe, we have to learn from our past and current experiences.

Social security is recognized as a basic human right. As such, the migrant worker also has the right to enjoy this on our islands. They have the right for social protection and the right of a decent old age provision.

Observations of the insured population by the bank showed that migrant workers, with or without legal status, belong to the vulnerable group of employees working without social protection.

The State has the important role to guarantee the access to this right for the immigrant. In first instance the State has provide the bank with the authority to impose fines on employers with uninsured workers. This is a very good start but it's not enough. Experience has shown us that economic activities don't wait on bureaucracy. The process of a migrant to obtain a legal status tend to be a lengthy one. This may be due to the inability of the State to manage it. The State has the obligation to prevent this, otherwise the migrant will be pushed into illegality.

And the only winners of this illegality are the bad employers, who will attempt to abuse the system, paying low salaries and excluding the workers from social protection, even if the law states that illegal workers have this right. The State will also lose its share from the economic activities.

So, in conclusion, we have to improve the efficiency of the process to obtain a permit to stay or work in a country by simplifying or eliminating unnecessary steps, using modernizing techniques in order to promote the inclusion of migrant workers to our social security and to prevent illegality.

Aruba is eminently a migrant society. Now a days around 35% of those applying for an old age pension where born outside Aruba. By 2030, we estimate that of the citizens reaching the pensionable age, 55% will be born outside Aruba.

Almost 59 years ago, we adopted, then as the Netherlands Antilles, the concept of a general old age pension from the Netherlands. This concept, where the rights are based on years of residence, is absolutely not suitable for a migrant society. A migrant worker will always lose part of this pension, solely on the years of their residency. Not even if they work 40 years for our society, will they get a decent minimum pension. We have to conclude that the actual pension system does not contribute anymore to the main policy goal of preventing poverty among the elderly on Aruba. This situation needs to be readdressed.

We have to be more aware of the social value of a migrant worker. With a migrant worker, a country will get a production mean without the country's investment. In a normal situation, a society invests in prenatal care, natal care, child health care, youth health care and education, all this in order to form

a worker. With the migrant worker, all these investments are made by the migrant country. I believe, based on the social cost of a migrant worker, it is justified to design a general old age pension system, which is based not only on residency but take also working years into account. Such a system will value the contribution of the migrant worker to building our society.