

ERNEST-ANTOINE SEILLIERE

Europe's inertia means it is being left behind

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Ratification of the European Union's constitutional treaty has run into the buffers, opening a crisis of confidence that concerns the entire European project. Even though this affects both businesses and citizens, governments are taking their time and displaying a degree of indifference. Yet, if there is no longer a shared vision of the design and governance of the enlarged Europe, the essence of the project may – little by little – be brought into question: the internal market, the common commercial policy and even retention of the single currency.

This explains why I, on behalf of companies, am urging governments to find a rapid solution to the institutional crisis. For their part, companies will make their contribution to the EU's efforts to implement a growth and jobs strategy and to a review of what Tony Blair, British prime minister and current president of the European Council, has rightly called the European social model.

When we reflect on those issues, my fellow entrepreneurs and I are worried that the right answer might not be given to some challenging questions. How can we make European society more open to risk-taking, accepting change and innovation? How can we motivate more people to become entrepreneurs? How will we make sure people develop the skills needed for today's economy? How will we turn Europe into a knowledge society?

The main goals of a company manager are to keep his or her business competitive, to take opportunities to invest profitably, to be innovative and to create a relationship with employees in order to enhance motivation and productivity and allow them to become better skilled and earn more.

A business leader is accountable for his or her actions and expects the same from political leaders. We need modern and strong economic governance at European as well as at national level.

Without a shared vision of the design and governance of the enlarged Europe, the essence of the project may be brought into question

At European level, policymakers must act according to the priorities they have set out and accept their responsibilities. I will mention three issues:

First, complete the internal market including services. This will not happen until the myth of the "Polish plumber" – the idea that cheaper workers from eastern Europe will increasingly take jobs in the west – and other misconceptions have been dispelled.

Second, review existing legislation and actions to create better law-making. Regulatory impact assessments must examine the effects on competitiveness. The efficiency of the institutions must not be measured by the number of pages of rules – less is more. José Manuel Barroso, European Commission president, knows we will back him on his very attractive plan to scrap absurd EU laws. He has already received some proposals from business.

Third, as governments have not yet agreed the EU's financial resources for 2007-13, give priority to programmes that make the Union more innovative.

Governments must also act at national level. Five years ago, they showed vision and leadership in Lisbon. They wanted to strengthen Europe's future and to be winners in the world. And what happened? The good news is that some member states, by doing well, have shown that this is possible. But most countries have not moved ahead. They will have to do much more if they want to be on the winning side. With insufficient growth, falling productivity rates and almost 22m unemployed, can we consider Europe is on track?

We are very supportive of Mr Blair in launching a discussion on how the European social model should be modernised. Of course, each of the 25 member states has its own social system and they differ greatly, though national systems are based on common values or principles: market economy, full employment goals, efficient healthcare systems, sustainable pension schemes. The European model is the right combination of competitiveness and solidarity but modernisation of social policies is urgent and crucial. German, French and Italian business audiences are especially aware of this. It does not come from a deficit of social legislation or insufficient public expenditure: it comes from an inability to adapt to change, to carry through necessary reforms and explain the benefits.

A competitive Europe can only be based on growth, employment and high productivity. Economic growth and social progress go hand in hand. We need new leadership in the EU, capable of showing the way and pushing forward these important reforms. China and India will not wait. If Europe does not catch up, it will end up in an even worse mess.

The writer is president of Unice, the pan-European business association