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### THEMATIC REVIEW SEMINAR: ROLE OF SOCIAL PARTNERS IN THE CRISIS

#### STEVEN D'HAESELEER, DIRECTOR OF SOCIAL AFFAIRS

- We meet in difficult times. The Commission predicts GDP to fall by 4%. 5.5 million people are expected to lose their jobs. Policy-makers and social partners have a responsibility to help companies and workers through this recession and be prepared for the next economic upswing.
- I would like to stress three elements in particular :
  1. Why the social partners have a key role to play in the crisis.
  2. Why we should not focus exclusively on social remedies to address the employment impact of the crisis.
  3. Why we should not ignore the long-term challenges faced by the EU.
- Firstly, why do social partners have a key role to play in the crisis? One reason is that they are best placed to find solutions reconciling economic and social needs of labour market players and devise concrete arrangements that benefit both companies and employees. Another reason is that partnership, trust and confidence between social partners are key elements to get things done. A constructive social dialogue can facilitate the acceptance and implementation of difficult measures and address fears and misconceptions.
- BUSINESSEUROPE is determined to contribute and help to address this crisis. On 7 May, together with the other EU social partners, we participated to the Employment Summit in Prague.
- We strongly support the main messages coming out of the Employment Summit. Before and during the Summit, we urged policy-makers to address both the social and economic dimension of the crisis. We are therefore pleased that this is also reflected in the principles that were identified and the 10 proposals for action.
- In terms of social partner contributions to the Summit, BUSINESSEUROPE would have liked to present a joint declaration on action to deal with the crisis at this Summit. Unfortunately, the trade unions were not able to sign up to the text.
- Of course, there are differences of views on some issues but we also have points of agreement which deserve to be highlighted. I sincerely hope that we will be able to do so when implementing our new Social Dialogue Work Programme for 2009-2010.



- This work programme was an important contribution to the Employment Summit. We will address issues which are of key concern for companies and workers such as the implementation of flexicurity policies and the follow-up to the Growth and Jobs Strategy.
- We also presented joint recommendations on the European Social Fund. Part of the resources of the ESF should be redirected to priority areas with immediate relevance to the crisis. It must support measures to maintain employment but also to contribute to job creation. This can be done, for example, by encouraging entrepreneurship.
- In addition to European initiatives, what is even more important is what happens at national level. It is at the national level that decisions are taken, that our members are engaged, that companies are engaged.
- There are good examples out there. In Poland, social partners together with the government are finalising an agreement on measures to fight the crisis and to strengthen the long-term potential of the Polish economy. The Dutch agreement reached on 25 March by the government and the social partners is another example. They have agreed on measures such as: Introduction of a part-time unemployment benefit; wage moderation to avoid redundancies and action to address the situation of young people.
- In addition to these short-term measures, Dutch social partners agreed on the increase of pension age to improve the sustainability of the social security system against the background of demographic ageing. I will come back to this later.
- The second key element I want to stress is that it is not by discussing only labour market policies that we will solve the problem of unemployment.
- These are naturally important, but for any policy-maker in Europe taking decisions in this crisis, it must be crystal clear: if we do not put in place a global strategy for recovery, we will not be able to reduce unemployment.
- BUSINESSEUROPE has therefore defined a four-pillar strategy:
  1. Firstly, we need to restore access to finance. Without access to finance for companies and households there will be no economic recovery and we will not be able to fight unemployment.
  2. Then, Member States must implement their recovery programmes fully and rapidly. Slow implementation feeds pressures towards more public spending and growing public debt and deficits.
  3. Thirdly, we need to accelerate structural reforms. They must play a vital role to foster a fast and sustainable recovery in Europe. Skills development and improving the adaptability of our labour markets remain a top priority (European Reform Barometer).



4. Lastly, we must resist all forms of protectionism. For every job saved by protectionism, many more will be lost.

- By putting into place such a strategy, Europe will also be better prepared to face the future. Indeed, as a third element, I would like to stress the importance not to forget about the structural challenges facing us: globalisation, population ageing as well as technological and climate change.
- Successfully addressing these challenges means boosting employment rates and productivity growth. In order to achieve this, we recommend that European labour markets should be based on the flexicurity approach. In our 2007 Joint Labour Market Analysis, the European social partners agreed that flexicurity can create a win-win situation for workers and companies alike.
- This remains valid today. For example, flexible working time arrangements or partial unemployment schemes used by companies to avoid layoffs are part of flexicurity policies. In various countries innovative measures are implemented, for example by allowing employees who are under short-time working scheme to benefit from training programmes (e.g. in Austria and the Netherlands).
- But also from a long-term perspective, we must push forward with the implementation of flexicurity policies. Some of the jobs lost due to the crisis will not be coming back. Many workers will therefore have to find new jobs. If Europe is to successfully compete on the global stage, our companies and workers must become more adaptable. Flexicurity is key to achieve this.
- To conclude, in these difficult circumstances, employers, trade unions and public authorities must live up to their responsibilities. BUSINESSEUROPE, both on its own and through the European social dialogue, is committed to play an important role. We have consistently repeated that we must address both the economic and social dimension of the crisis if we are to reduce unemployment. But, let's not forget that our role is not limited to tackle the short term consequences of the crisis. We must also pave the way for more efficient labour markets in the long term.

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