BUSINESSEUROPE

SPEAKING NOTES

GO FOR GROWTH
AN AGENDA FOR THE EU IN 2010-2014

4 June 2010

EUROPEAN SOCIAL PARTNERS' MEETING WITH COMMISSION PRESIDENT BARROSO

SPEAKING NOTES FOR PHILIPPE DE BUCK BUSINESSEUROPE DIRECTOR GENERAL

- The circumstances in which we are meeting are extraordinary. We were just starting to recover from the financial and economic crisis when the public debt crisis started. And if we are not able to put our house in order rapidly we could be faced with a monetary crisis and prolonged social problems.

- The efforts of companies to limit job losses have been remarkable in this crisis. This would not have been possible without the constructive attitude of trade unions and support from public authorities. Nevertheless, the path to pre-crisis growth and employment levels will be long and difficult.

- Government support and coordinated actions by central banks played a crucial role in alleviating the global crisis. BUSINESSEUROPE fully recognises this. What they did was right and necessary. But state intervention has reached its limits. The deterioration of public finances has become a cause of financial instability. And the massive stabilisation programme for the euro area has not yet restored confidence.

- National austerity measures that have been taken recently are drastic. In response to the ETUC, I would like to say that employers recognise the magnitude of the sacrifices they imply for workers, pensioners and citizens. In these difficult circumstances, employers, trade unions and public authorities must live up to their responsibilities. We must communicate clearly why these measures are needed. We must avoid social unrest which will further undermine confidence in and the credibility of reforms.

- As the experience of Ireland shows, drastic action helps restore credibility and consolidate public finances. Despite the negative economic impact, also on business, Irish employers fully supported such action. Ireland now sees signs of economic recovery and unemployment stabilising. The same goes for Finland which successfully managed the deep economic recession in the 1990s by putting into place a comprehensive package of structural reforms with the active involvement of social partners. Finland now is widely recognized as a success story with a dynamic and competitive economy.

- The current instability did not come as a surprise. The weakness of eurozone governance was known. We all knew the failure of the Lisbon strategy and the lack of peer review. We knew the poor accounting and the lack of real "control" of the Maastricht criteria. And already in 2003/2004 the stability and growth pact was not being properly enforced.

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- It is unimaginable that the euro should fall apart: it is a key political achievement, a high technical success and an invaluable economic asset. What has to be reinforced today is its governance. A single currency means a collective solidarity. Collective solidarity means collective discipline. This goes together with a real and sustainable growth strategy which is more ambitious than the EU2020 strategy.

- The best way to protect Europe from the adverse effect of speculation is to implement the necessary structural reforms. In the area of social affairs, this means making our labour markets more flexible while investing more in training. It means reforming our pension systems. Raising retirement ages boosts fiscal sustainability without negative impact on growth.

- The European social partners have discussed the conditions for growth in the joint statement on the EU2020 strategy. The negotiations have not been easy. But we have been able to say a lot together. It proves that the European social dialogue is working well and able to deliver results also in difficult times. European employers consider the following issues in the text crucial:

- First, the need to increase the EU's growth rate to at least 2% in the coming years. A European economy growing at 2% instead of 1% amounts to 6.5 million additional jobs and a public debt consolidation of 450 billion Euros.

- Secondly, the challenge ahead of us is to combine fiscal discipline and growth. This require smart consolidation combining exit strategies aimed at capping public indebtedness with entry strategies prioritising investments in growth-enhancing areas such as skills, training, innovation and modern infrastructures.

- Thirdly, and building on our 2007 joint labour market analysis, we have re-iterated our common support to flexicurity. In times of crisis, ambitious flexicurity reforms to enrich the employment content of growth and facilitate transitions from one job to the next are more important than ever.

- However, the EU 2020 strategy lacks a sense of urgency. The first priority for the strategy is to focus on what should be achieved by 2014. Proposing targets to be reached by 2020 could lead to the EU institutions feeling less accountable.

- But more needs to be done to make sure that this strategy succeeds. A key point to address is in the shortcomings of managing the Eurozone. The agreement reached by the European Council in the night of 9 to 10 May is only buying some time. Major adjustments will have to take place. Decision-making systems must put pressure on those who do not deliver on the engagement taken collectively. Solidarity can only work if it goes hand-in-hand with trust and responsibility.

- To conclude, companies are very concerned about the current situation. But we also see it as an opportunity for change, both for business and for the EU's growth model more generally. The European project has brought tremendous benefits for companies and citizens alike. The Single Market and the Euro are invaluable economic assets. We cannot let these historic achievements slip away.

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