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Speech

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Session one: Should growth and competitiveness be main challenges for the EU?

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We are here today to discuss whether our approach to capitalism, with growth and competitiveness at the centre, is still relevant. At BUSINESSEUROPE we answer firmly yes!

Our role at BUSINESSEUROPE – in our relationship with the EU institutions – is to ensure that growth and competitiveness remain the top priority. If we want companies, citizens and workers to harness the opportunities the single market and the globalised economy offer. And this is the best way to fight social exclusion, drive improvements in prosperity, social well-being and quality of life for European citizens.

And it is companies that will drive these improvements by investing in Europe and creating jobs. For this they need a competitive business environment.

Whereas what we see in Europe are structural weaknesses and inefficiencies on our labour markets – high unemployment, difficulties getting first-timers into work, under-employment of certain groups - women, young people and older workers. And this is not new.

So it really is time to find ways to tackle these issues.

We call for this as BUSINESSEUROPE, but we also work jointly through the European Social Dialogue with our trade union partners.

And the European Commission is going in the right direction, but there are some issues that still need tackling, including:

- Bringing energy prices down – high energy prices are a barrier to investment in the EU;
- Access to finance, especially for SMEs and changing our approach to failure;
- Changing our overly risk-averse culture – risk management is important but it must be balanced with opportunities;
- And making national reforms more accountable and enforced.



In addition to this, we can also look at other, innovative ways of course!

And here, social economy can play a role. Let me not be misunderstood – this should not replace the mainstream economy. In fact, we do not see a clear distinction or a contradiction between social economy and mainstream economy – they have different approaches, but these are complementary. At the same time, we have to continue making sure that companies are competitive – we can't totally change the system. And in fact, there is room in the current system for both to co-exist.

My next point is that in fact, by their very nature, all enterprises have a 'social value' or 'social function', first and foremost in the jobs they offer to individuals. But also in responding to the needs and desires of society and consumers in the services and products they provide; and by innovating to offer solutions to today's societal and environmental challenges.

Many companies also voluntarily devise Corporate Social Responsibility approaches and strategies, with their stakeholders - this is certainly not limited to social enterprises.

On micro-finance, which is the topic of today's discussion – we are supportive, as long as this is about correcting failures of the mechanisms of the financial markets. For example, micro-finance schemes can ensure that more of Europe's productive forces reach the markets.

This is not about charity, as our Nobel Laureate Mr Yunus clearly showed. This is about supporting talented people, innovators, those with good ideas, to bring them to market.

Of course, in comparison with initiatives in developing countries such as the "grameen bank" created by Mr Yunus in Bangladesh, microfinance opportunities in Europe need to be tailored to the needs of entrepreneurs in advanced economies.

There are a number of ongoing initiatives at European level. The European Commission is developing more and more advanced financial instruments and other support tools for member states and regions. For example, member states that receive cohesion funds are encouraged to set up micro finance schemes.

This is positive. But there is still room for improvement.

Public schemes in favour of SME finance should be boosted at both national and European level. However, public financing should be limited to situations where market failures have been identified. It may also be efficient to move away from grants towards loans (with decent conditions), as the money can then be reinvested.

We support existing European instruments, in particular European Investment Bank and European Investment Fund products – for example, the EIF provides guarantees encouraging financial intermediaries to lend money at affordable conditions to self-employed or entrepreneurs developing a small business. But there is still room for simplifying the administrative processes associated with such instruments.

My next point is on entrepreneurship, which plays a critical role in fostering job creation and growth. With a view to stimulating entrepreneurship, people should be made aware



that they have the option of actively searching for employment opportunities or to set up their own company. And this could in fact be a much more integral part of youth employment strategies.

This is one of the key messages that we, together with the other European Social Partners, highlighted in our 2013 Framework of Actions on Youth Employment.

In conclusion,

- Micro financing programmes have a positive social impact. By responding to situations where there are market failures, they can be useful to ensure more widespread access to finance and bring more innovative ideas to markets.
- Microcredits are useful tools for supporting entrepreneurship and start-ups, but more should be done to encourage entrepreneurship and stimulate an entrepreneurial mindset. This can be one of the ways to tackle unemployment, including of young people.
- The social economy does have a role to play, complementing the mainstream economy. But we shouldn't forget that all enterprises have an intrinsic 'social value' and are part of society.
- All of these aspects can help in re-dynamising the European economy. At the same time, we must not lose sight of our biggest challenge in Europe – increasing growth and competitiveness.
