



EUROPEAN COMMISSION

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Speech: Growth and jobs and the role of social partners in Europe

Check Against Delivery
Seul le texte prononcé fait foi
Es gilt das gesprochene Wort

The ETUC 40th anniversary conference, Madrid
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Ladies and Gentlemen,

I very much appreciate your invitation to participate and speak to you in the 40th anniversary conference of the European Trade Union Confederation. Having worked closely with the trade union movement in the country I know best and in the European context, it is a particular honour for me.

Let me start by recalling a basic fact in the making of European Union. All through the history of European integration, the trade unions have played a central role in the construction of our social and economic model. I have no doubt that this will be so also in the future. Trade unions have an essential contribution to make to Europe's joint efforts to overcome the current crisis and return to sustained recovery.

We all know that Europe is not faring well today. Social effects of the intertwined financial and debt crisis continue to be felt by our societies, and especially by the most vulnerable in our societies. Unemployment has reached an unacceptable level, especially youth unemployment. My colleague Laszlo Andor has earlier today outlined to you the actions the Commission has launched to tackle unemployment and especially to help young people to move from education into work.

Overall, the European economy reflects a dualistic picture today. While the real economy is still in stagnation or recession, the worst market tensions have eased and confidence has been returning. Our forecast – and that of the ECB – projects that Europe is expected to return to growth gradually in the course of 2013, and the recovery should become more robust as we move into 2014.

But there is certainly no room for complacency. Europe faces profound challenges. The current crisis is not merely a cyclical downswing. It has its origins in the excessive accumulation of both private and public debt over the last decade, not least in this country, Spain.

The economic stimulus we pursued with the European Economic Recovery Plan helped to cushion the initial shock after the bubble burst four years ago. But it could not fundamentally remedy the situation.

The crisis exposed past policy failures and laid bare long-standing structural weaknesses. We were not able to detect the worst excesses in time. Our financial sector regulation and supervision did not keep pace with economic developments and financial innovation.

Belatedly but decisively, those shortcomings are now being addressed. Tougher capital requirements are close to being enacted. The single supervisory mechanism for euro area banks should be definitively agreed soon. Important steps have been taken to strengthen policy coordination among the members of the euro area.

The Commission is determined to build on these steps, and to create the deeper and genuine Economic and Monetary Union that we need to deliver greater economic and social welfare for the future. And consistent action is being taken to ensure the soundness of public finances.

Ladies and Gentlemen,

These are essential conditions for sustainable growth and job creation, but of course not alone sufficient ones. We also need to address the worrying losses in competitiveness seen in many countries, as reflected in growing structural unemployment and falling global market shares.

The figures speak for themselves: between 2000 and 2011, altogether 2.5 million manufacturing jobs were lost in Germany, France, Italy and Spain. (570,000 in Germany, 750,000 in France, 370,000 in Italy and 750,000 in Spain). When you add to this picture the high debt levels, the rapid population ageing and the fact that no less than 52% of social spending of the whole world today takes place in Europe, you get the picture of the burden that the European productive economy has to carry in order to sustain our social model – our way of living.

We need to reverse this trend. Europe has to restore its competitiveness. It is not limited to its external dimension: it means a sustained rise in welfare, for which productivity growth is the main driver.

And I believe we can, if we stay the course of reform. Not for its own sake, but reform for the sake of sustainable growth and job creation, and reform to reinforce the competitiveness of European industry.

To drive job creation and productivity, we need to support research and innovation. We need to stimulate entrepreneurship and private investment. We need to complete the financial repair to boost the flow of credit to households and SMEs. We need to support public investment, as with the capital increase of the European Investment Bank. We need to design smart regulation that achieves societal and environmental goals without hampering job creation and competitiveness.

And yes, we also need to continue reforms in our labour markets: balanced but ambitious reforms that remove obstacles to job creation, facilitate the creation of permanent contracts, ensure that those who lose their jobs in a downturn can count on real support to help them back into work or retraining. Reforms that respect the relevance of collective bargaining, as enshrined in the EU's Charter of Fundamental Rights.

Ladies and Gentlemen,

I firmly believe that the reforms Europe needs will be better designed and implemented, if they are the outcome of a genuine dialogue between social partners. Constructive social dialogue has been a key factor in the successful management of economic crises and structural change.

In the country I know best, the sectoral social dialogue between the employers' associations and trade unions have played an important role in pursuing policies to enhance competitiveness of industry and services sectors, and to maintain decent levels of employment.

Social dialogue was also crucial to overcome the devastating situation of rising unemployment and falling growth in Ireland in the 1980s and transform the country from one of the poorest members of the EU into one of the most prosperous ones. And our experience in those countries receiving financial solidarity from their European partners confirms that success is related to a high degree of social consensus.

Now it is vital that Europe gets back on track towards a job-rich recovery, with a view to bring the down the alarmingly high unemployment rates and ensure social cohesion. In that context, national unions have again a significant role to play and a special responsibility.

To better involve national unions in the EU debate, the Commission proposed the setting up of an EU tripartite format for exchanging views on wage developments in relation to productivity, inflation and internal demand, unemployment and income inequalities. This will help enhance the social partners' input into European economic governance, so that the EU institutions can benefit from national social partners' expertise.

The Commission is ready to pursue a tripartite policy dialogue with the social partners, both trade unions and employers' associations, on policies to enhance the competitiveness of European industry, and its capacity to create jobs. We need to save the industrial base of Europe. That calls for an inclusive and real dialogue between the partners.

Ladies and Gentlemen,

Let me conclude: To deliver the sustainable growth we need to maintain our social model, our productive economy must adapt. It must adapt so that it can face the challenges of long-term factors like population ageing and climate change. And it must adapt in a way that respects the key tenets of our cherished economic and social model, with its essential combination of entrepreneurial drive and social justice.

I am very much looking forward to hearing your views about the role of social partners in this time of such profound economic change – and about how the Commission can better support this essential partnership.