



High-Level Tripartite Dialogue on the European Social Model in the context of globalization, 1st-3rd July 2008

Session 3: Modernizing the EU Social Model for Sustainability – Statement

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The globalisation and the demographic change pose major challenges in the field of social policy. The question arises how policy-makers and stakeholders in Europe could face the effects of globalisation and the new challenges. From business point of view it must be emphasised that a functioning workable social model is in the interest of companies in Europe. The following points are important for a sustainable European Social model:

1. The level of regulation

One basic question is how much regulation is needed to face globalisation. Many layers of regulation, over-regulation and confusion in labour legislation create uncertainty for companies and prompt caution when it comes to new recruitments. Too much regulation in the field of labour law leads often to the result that the real goals can not be achieved. A rigid legislation is often contra productive.

2. Flexicurity

For employees it is important to have employment stability and security. On the other hand companies need flexibility to react to changes in their environment. Europe needs modern labour markets which give people greater security through better employment opportunities. This implies that security means more than just protecting existing jobs. Security must be orientated on employment security and no longer, as in the past, on the security of an individual job. Employment security can only be achieved in an integrated approach combining a flexible legal environment and transnational arrangements. That means labour markets and social systems that provide optimal support for reintegrating people in the labour market. To implement the concept of Flexicurity 4 elements are needed:

- A simple, transparent and predictable legal framework which allows companies to make the necessary manpower adjustments when new markets opportunities arise. This leads to more growth and employment.
- An effective labour market policy which is geared to early activation of the unemployed and their rapid integration in the primary labour market.
- Sustainable affordable social security systems which offer individuals reliable basic protection as and when needed and prevent them from falling into the abyss.
- Modern and lifelong forms of training which promote companies innovation capacity and competitiveness, and workers employability.

3. Make a success of the Lisbon strategy

The aim of the Lisbon strategy is to make Europe in the year 2010 the most competitive and dynamic knowledge-based economic region in the world. However, the Lisbon strategy runs the risk of failing. Therefore Europe must concentrate on the essential objectives, which are growth and employment. To reach this goal on way would be to cut non-wage labour costs. This requires EU Member States to take the necessary action at national level.

4. Transposition deficits regarding EU legislation

Europe needs to eliminate transposition deficits regarding existing EU legislation. Reliable conditions, evenly applied competition rules and legal certainty are particularly important for companies. This means that EU law must be applied evenly and completely in the new EU countries. Accordingly, the transpositions deficits in these countries – still considerable in some cases – must be eliminated.

5. Cutting red tape

European social legislation currently comprises more than 230 legislative acts. This brings companies to the limits of what they can bear and hence a reduction of bureaucracy is needed.

6. Principle of Subsidiarity and proportionality for the EU

The principle of subsidiarity and proportionality must be the thread running through EU action. It is particularly the case for social policy that rules can be shaped much more efficiently at national level than they can at European level. The EU is required to follow the principles of subsidiarity and proportionality when shaping its policies. The EU should concentrate on pushing for implementation of Member States' self-commitment under the various processes and at the same time stimulate the exchange of best practice.

7. Less but better regulation

"Less but better regulation" should become the motto of the European institutions. The task is to adjust social regulation to meet tomorrow's challenges. The open method of coordination should be used as an effective instrument for a Member State to apply the experience of other Member States in its own reform efforts. However, it should not lead to an increase in bureaucracy. This also means that the Commission must respect the autonomous role of the social partners. It should not seek to help shape dialogue between the European social partners from the outside, in terms of either content or structure.

8. Education and Training

Education and training must be conceived as investments in the future. Prof. Rodrigues pleads for a more dynamic identification of skills needs and the generalisation of the lifelong learning opportunities. In times of rapid technological progress, education and qualification becomes ever more important. For companies, training means an increase in their innovation capacity and competitiveness. For workers, it means an increase in their employability and hence creates opportunities on the labour market. This is one area where a win-win situation could be created.

9. Social policy must not be seen in isolation

Social policy and the European Social Model can not be seen in isolation. The challenges faced by European society can not be solved through social policy alone. Europe will only be able to achieve its social goals through more growth and employment. Social policy must be a component of a comprehensive reform strategy for more growth and jobs, which also encompasses measures in the area of taxes, education and innovation, pay and competition policy, public finances as well as better regulation. No less a body than the OECD has underlined the link between macro-economic policy and developments on the labour market. It emphasised that economic growth continues to be a central engine for more and better jobs, the basis for greater opportunities, better access and solidarity. Corporate competitiveness must be improved through appropriate framework conditions. Only then can Europe achieve sustainable employment growth which also opens up chances for weaker groups on the labour market.

10. Conclusion

To sum up it can be said that

- policy-makers should be very careful to create new regulation and more rigid legislation,
- a lot can be done to improve the functioning of the ESM,
- and finally, policy-makers and stakeholders should bear in mind that economic growth continues to be a central engine for more and better jobs.