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**PRESIDENT'S SEILLIÈRE ADDRESS DURING THE SOCIAL DIALOGUE SUMMIT
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President, Minister, Commissioner, Ladies and Gentlemen

Having heard the testimonies of Jacques Delors, Emilio Gabaglio and Wilfried Beirnaert, I measure the progress accomplished over the last 20 years.

The development of the European social dialogue owes a lot to one of my predecessors: François Perigot.

The crisis of confidence and leadership that Europe is undergoing is about much more than economics, but if we fail to deliver growth and jobs, it will be difficult to restore trust. Like the UK presidency and the Commission, I am convinced that modernising our social model is at the heart of the solution and I very much hope that the informal EU Council next month will send a strong signal in this respect.

With the European strategy for growth and jobs, the EU has a roadmap to move forward. Most of the actions to implement this strategy have to be taken in Member States which have to present national action plans very soon. But, there is also a responsibility for the European social partners to help bring the European project forward.

In the debates around the French and Dutch referenda, one has sometimes projected a distorted picture of the European Union. Let there be no misunderstanding, European integration is an economic, a social and a political project. Why did Europe's leaders decide to build a Single Market, adopt the Euro,

or enlarge Europe? They did it because it was in the interest of Europe as a whole. By doing so, they fostered economic growth and employment.

Everybody agrees that Europe has 25 different national social systems, with their own specific labour market regulations, ways of providing public services, of organising social security or conducting social dialogue. However, these systems have in common an aspiration to combine competitiveness and social protection, productivity and solidarity.

If we want to keep this “model”, we must accept to modernise it and move away from a “job preservation” mindset towards a “job creation” mindset. Some member states have managed to do so. However, others are still struggling in battles against movements who spread the illusion that status quo is an option.

How can the EU social dialogue help to change the mindset?

During the last three years we worked a lot on employment issues as part of the work programme of the EU social dialogue for 2003-2005. We are engaging discussions to define how to pursue our work in the future. On the basis of our March 2005 joint declaration on the Lisbon strategy, I am convinced that we will be able to agree on a work programme.

Together with ETUC we defended the recommendations of the report “Jobs, jobs, jobs” by Mr Kok. Unfortunately, in some countries, trade unions still have ambiguous attitudes.

If we seriously wish to deal with demographic ageing, we cannot seek to delay or minimise pension reforms or advocate early retirement as a privileged tool to deal with restructuring. Similarly, if we really want to increase our competitiveness in

knowledge-intensive activities we must motivate companies and workers to invest, financially and otherwise, in lifelong learning.

Our problems do not come from a deficit in social legislation or insufficient public expenditure. They will not be solved by creating more “fundamental social rights”, whether imposed by the EU legislator or negotiated by the EU social partners. Nor will increased public expenditure help given the current high level of implicit and explicit debt. May I remind you that ten out of the twenty five Member States, among which the five biggest EU countries, are in breach of the deficit ceiling of the growth and stability pact.

Similarly, disregarding the fact that the needs of companies and workers vary a lot across Europe and trying to centralise collective bargaining at EU level would be a great mistake. The fact is that today, negotiations on working conditions increasingly takes place at company level.

The only way forward:

- to simplify our legislation so that genuinely fundamental rights do not become counter-productive because they are bogged down in red tape, and
- redirect public expenditure towards competitiveness-enhancing activities such as infrastructure development, research and development, training, etc.

The best way for the EU social dialogue to contribute to changing the mindset towards a job creating social model would be to study practical examples of modern labour market tools in various EU states and, inspired by them, define priorities for action for our members in their respective countries. In other words, we should broaden the work that we successfully completed on life long learning and on gender equality and negotiate a framework of actions on employment.

What do we expect from EU institutions?

During the UK Presidency, Member States will translate the integrated guidelines for growth and jobs into National Action Programmes. We will soon be able to judge if they fulfil the commitments made when adopting the renewed Lisbon strategy.

For the European growth and jobs strategy to gain momentum in Member States, policy at Community level must steer a clear course towards modernisation. Some dossiers will send important signals in this respect.

- Negotiations on the **financial perspectives**: they should not lose sight of the fact that the EU budget must be an instrument for implementation of the growth and employment strategy. The aim should be to ensure an appropriate financing of Community policies and to give the highest priority to competitiveness-enhancing programmes, such as research, trans-European networks, training and support to innovative SMEs.
- The **services directive**: the search for equilibrium should preserve the country of origin principle. Modifications to the Commission's proposal should focus on the elements which could be misinterpreted as undermining the posting of workers directive. They should neither lead to a harmonisation of social standards, nor unduly reduce the scope of application.

I would like to re-emphasise that 20 years of EU social dialogue demonstrates that EU social partners do not shy away from their responsibilities. European social dialogue accompanies ambitious European projects such as the single market, the Euro, enlargement, and improvement of the institutions treaty

I am convinced that the European social partners will do their best to agree on a meaningful social dialogue work programme by the end of this year. But I also hope that the Commission and the UK presidency will take the opportunity offered by the informal EU Council of 27-28 October. Citizens expect conclusions to be drawn from such an important meeting. Europe needs signals that politicians intend to lead them out of this crisis. I hope that the Commission will send a strong message to Member States on the urgency of reforming our social model.

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