

Check on delivery

President Poul Nyrup Rasmussen: **Setting the real agenda**

Conference: *"Flexicurity" on the labour market: Are the EU-25 speaking the same language?*

14 September 2005, 16:00-16:30

Ladies and Gentlemen,

- Thank you for inviting me to this important conference on flexicurity (hosted by the European Policy Center, the Confederation of Danish Trade Unions, and the Confederation of Danish Employers).
- I would like to address how we can turn globalisation into a REAL opportunity for the peoples of Europe. The opportunity is in the timing – and we meet at an important moment in time:

- **[National level]**

In a few days the traditional engine of Europe, **Germany**, will vote on the directions of its future. The current government has slowly begun the reformation of the German labour market. Some positive signs in recent months have shown that it is possible – despite high oil prices – to create more growth and jobs in Germany.

But progress has been hampered by the specific challenges of the German political system. The double chamber system has slowed down progress. It is crucial that the German Social Democratic Party receives a strong popular mandate to speed up the reform agenda.

In Germany the shadow finance minister of CDU, Paul Kirchhof, dreams of introducing a flat tax rate. It is naive. A flat tax rate only promise for the future is to make multi-millionaires vastly better off at the expense of teachers, junior doctors and skilled workers. The future result will be a society broken in two - the poor and rich. That is not the future of the European Social model.

- **[European level]**

Prime Minister **Tony Blair made a pivotal speech** in June at the European Parliament opening the debate on the future social model of Europe. An informal summit of the European Heads of Governments will discuss the future social model of Europe. We, the Party of the European Socialist, are - in close cooperation with Downing Street 10 - preparing a pre-summit conference to put our stamp on the European Social Model. I will work directly with the European heads of Social Democratic governments to set an ambitious agenda for the future.

- **[Global level]**

In 100 years, we've come a long way for the European employees. In the next 100 years we need to dramatically improve the social model of the world. Our **social** responsibility is a **global** responsibility. Building a better Europe is part of building a better world.

- But to build a better world we need to understand that **we cannot justify the EU** alone with the argument of peace and avoiding wars. Especially when we address younger generations. Nor can we tell people that we need the EU to

make our voice heard at international level. Again, this is a very valid point, but it also fails to make the connection.

- The main challenge ahead is to make a **new connection** with people: to address ordinary peoples' worries and concerns, and what they consider being their main problems. Our discussion on labour market policy is a good starting point. When French and Dutch voters turned down the European Constitution it was also a cry-out for more direct and understandable answers to everyday challenges for Citizens of Europe.
- People say no to a **future without direction**, without coherent answers to their worries. People say no to **many years of sluggish growth and nearly 20 million unemployed**.
- **Europe's social democratic parties must live up to this challenge**. It is a question of fundamental political choices. **The Right in Europe is incapable of providing the vision and political leadership that is needed** - they still argue only for more market and money. With the neoconservative approach that the European Commission along with right-wing governments across Europe sometimes choose we will never obtain a sustainable growth.
- **Instead we want to offer a system of flexicurity**: equipping people to adapt to – inevitable – change; to go from the jobs of **the past**, to the new and better jobs of **the future**. Unfortunately the Right in Europe constantly forget half of the system - the security. Flexicurity is about flexibility **AND** security. Security is about shortening the distance between the old and the new job while socially and economically securing people between jobs. And it is about making social partners on the labour market co-responsible for development.
- But the magic formula to a better future for all is not flexicurity alone. We need to invest massively in research and innovation. We need to invest in upgrading skills and qualifications and in ensuring dynamism on the labour market.
- **Europe needs stronger economic growth**. Economic growth has been far too weak in many of our member states for far too long. We urgently need to **grow** - more and better - and to **create** - more and better jobs.
- More structural reforms are needed. Also more investment, both public and private. More investment is key to higher growth and to strong competitiveness. Structural reforms and higher investment become mutually reinforcing. **But we will only succeed with closer economic policy coordination among our Member States**.
- Europe will see no reforms without growth and investments AND we will have no sustainable growth without reforms.
- Only by having a European Growth and Investment Strategy will we succeed in delivering **decent jobs for all**. But this strategy must be supported fully by European capitals.

•••

- Despite clear procedures laid down since the Maastricht Treaty and annual European guidelines for economic policy, effective coordination has still not been achieved.

- This is despite the fact that a whole set of studies clearly show that closer economic coordination - combining a joint effort on investment and on structural reforms - would generate higher growth and would create several million more jobs over several years. Social Democrat Finance Ministers have already begun a close coordination. On initiative of The European Socialist Party we now meet before every Ecofin Council to ensure coordination.
- If member states coordinated public and stimulated private investments, around 3.4 million jobs would be created from now until 2010. This figure would rise up to 4.7 million jobs, once the effects were fully absorbed into the labour market.



- **Reforms as such are not the problem. The problem is: what kind of reforms? Neo-liberal reforms are not the same as progressive reforms.**
- The Neo-liberal agenda is the opposite of what we want: We refuse a model of society imposing flexibility without offering security; where the poorest could not have proper access to decent public services; where unemployed people are stigmatised for their conditions and leaving the most fragile people to become marginalised and excluded.
- Instead we should **offer a labour market based on flexicurity**: equipping people to adapt to change, to go from the jobs of the past, to the new and better jobs of the future. As we heard from the discussions today, this system has created tremendous results in the Nordic countries.
- We can no longer be accused of being nanny states. We have to become *enabling* states. Ones in which individuals have duties as well as rights. Above all, a right to a good minimum level of security in an increasingly open, flexible labour market; and a duty to refuse welfare dependency in favour of adapting to change and integrating the labour market.



- What social democrats must promote is a positive, rewarding flexibility that fits in better with changing competitive conditions and lifestyles. And we need **the European Commission** to fully accept this agenda and work with us to do this.
  - **One**, mobility must be coupled with security in order to combine low unemployment and high productivity;
  - **Two**, the unemployed must be very actively encouraged to search for a new job. All in all, these efforts and reforms were intended to make our entire social security system a “trampoline” for the individual into new job opportunities instead of dependency in a non-active system;
  - **Three**: permanent upgrading of qualifications in the workforce;
  - 
  - **Four**: increasing women’s participation in the workforce through policies favouring a better work/ life balance;
  - **Five**: Investing heavily in human capital through education, training and lifelong learning policies.

- This is key to our vision of modern social democracy: achieve all of this while maintaining our high level of social protection and welfare standards in a modernised and more efficient form.
- The Commission's has proposed a strategy to achieve this – but the strategy is far from our level of ambition. The Commission believes that growth and new jobs should be created through traditional structural reforms, a more entrepreneur friendly environment and increased investments in research and development, education and the infrastructure of Europe. Several of the proposals are in and by themselves reasonable and all right. But they are not enough to create the desired development and direction for Europe.
- The Commission has narrowed the Lisbon Strategy in a way that is jeopardising its completion. They regard social policies as a cost and a burden – not as a leverage for growth and prosperity.
- It is not a clever strategy - and clearly not the Lisbon Strategy! Rather than do as the Commission propose, we should be offensive and ambitious. We should compete on the best that the European social model has to offer. And do both structural reforms on the supply side and structural investments on the demand side.

•••

- **The REAL AGENDA proposed by PES should provide a launching pad to the future of the European social model.**
- **When I speak of Social Europe, I am perfectly aware that policies relevant to it are still mostly national policies. But this is the key. We can strengthen our national social models by learning from each other.** However, by missing out necessary - and complementary - action at other levels, we will fail to succeed in building the European social model of the 21st century.
- European citizens want the European Social model to be longstanding. They want to be guaranteed to have the right to live in dignity. Whether it is done on European or national level is not really their concern. They want their children to have good education, to benefit from efficient health services, to enjoy fine public services and good pension schemes for their old age.
- But, **first**, they can't accept that Europe would, or could, play a role in weakening their national welfare state or put into question their well being.
- And **second**, people are not convinced that we are building Europe's social model and its ability to deliver real benefits to people in the modern world.
- Therefore, while we agree that social matters are a national competence, we know that Europe is an essential complement to nation states in turning globalisation into opportunity.
- **We can broadly see that we have four social models in Europe. British, Continental, Nordic and the social model of the new memberstates. These have more in common with each other than any of them has with the US. What does this mean? That we can build social Europe by examining each other's strengths and, based on our own social democratic values, creating common principles.**

- As a consequence, we must agree on common principles and guidelines at European level in order to continue bringing social progress to our citizens.
- We must renew our vision of the social model; providing security in conditions of permanent globalised change. I want to underline that this reflection should be done according to one major principle: **Strong competitiveness and social security as part of a coherent system: they are not contradictions but pre-conditions for each other.**
- **Economic efficiency is fair distribution and a strong, active welfare state !**
- The fight for women's equality must also be central to Social Europe. Work-life balance, equal pay, eliminating violence against women, these must all be pillars of Social Europe.
- The **essence of our new agenda** is not that the nation state is becoming undermined.
- The essence is that we finally tell people:
  - That it is about doing things together; and
  - That it is about acting at the local, regional, the national - and the European level with the same goals
- If we do that, we can reach our goal of turning globalisation into opportunity.
 

●●●
- Is flexicurity a pancea for all EU member states? Yes, but we do all have different points of departure. Flexicurity has to be our common direction - even if we use different combinations of tools.
- It will not be easy; it will require a lot of hard work. But it can be achieved. And then Europe can make a difference. And if Europe makes a difference, then we can use our strength to also make a difference at the global level in solidarity with the workers of China, India, Africa...
- A new Europe is waiting to be built. I encourage the Commission to use this opportunity to begin putting the bricks together now. In PES we will support this work. Let's face it: It will not be a building where all of the bricks look exactly the same – but we have to build it together based on the same principles and direction.

*Thank you – I look forward to an interesting discussion.*