

WHAT ROLE FOR THE EU CONCERNING EMPLOYMENT IN GLOBALISATION?

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Mouvement Européen
France

! **DROIT** D'INVENTAIRE
D'INVENTER

Notre Europe - Jacques Delors Institute and the European Movement - France held the fifth debate in the cycle entitled "Right of inventory - Right to invent: 60 years of Europe, successes worth keeping - solutions yet to be invented" in Evry on 4 April 2014, allowing the audience of citizens to address the following issue: "Employment and globalisation: challenges for the European Union" (EU).

Yves Bertoncini, Director of Notre Europe - Jacques Delors Institute, opened the debate by presenting the "Right of inventory - Right to invent" cycle for which citizen debates were held in the eight French European Parliament constituencies, addressing four major issues: democracy, employment, the euro and globalisation.

The dialogue, moderated by Alexis Poulin, Director of Euractiv.fr, then continued with the audience and the following guests, who were divided around two panels:

Employment solutions in the crisis

With the following speakers:

- Lynne Bentley, Chief of international projects at the Faculté des métiers de l'Essonne,
- Pervenche Bérès, Member of the European Parliament,
- Sofia Fernandes, senior research fellow, economic and social affairs, Notre Europe - Jacques Delors Institute.

What is the impact of globalisation on employment in the European Union (EU)?

With the following speakers:

- Patrick Le Hyaric, Member of the European Parliament,
- Guillaume Roty, Economic attaché at the Representation of the Commission in Paris,
- Christian Théron, Business manager and President of the Essonne branch of MEDEF.

1. Employment: finding a common framework?

Yves Bertoncini pointed out that in December 2013, unemployment in the EU was at approximately 11% and 12% in the euro area. Unemployment stood at around 11% in France compared to around 5% in Germany and around 26% in Spain. Young people were the hardest hit: 23% of people under 25 were unemployed in Europe, with up to around 54% unemployed in Spain and 60% in Greece.

For Pervenche Bérès, this data shows that the crisis is not behind us. Two significant gaps exist: between young and older workers, and between the EU and the euro area. Sofia Fernandes added that a divide exists between what citizens expect from the EU in terms of employment and the EU's actual means, which are very limited: employment, like social matters, is the remit of member states - proof that situations vary greatly.

The EU mistakenly believes that growth will bring employment (P. Bérès). Growth is a prerequisite, but not enough on its own (S. Fernandes). Proactive policy is also needed to achieve full employment (P. Bérès). An even balance must be found between budgetary consolidation and growth. In the treaties, the EU is a social market economy; a happy medium between liberalisation and protecting social rights is necessary.



Furthermore, the Lisbon Treaty stipulates that EU policy in this area must consider the impact on employment. This is never applied. Banking reform, for example, does not oblige banks to consider job creation in their investment choices. Banks, the market and the real economy need to be linked (P. Bérès). This is one of the goals of the Single Supervisory Mechanism (SSM), intended to restore the confidence of investors and facilitate access to credit in euro area countries, particularly for small- and medium-sized businesses (P. Bérès, S. Fernandes). Austerity leaves scars – one example is Portugal, where the EU, synonymous with prosperity for 20 years, now has a bad image (S. Fernandes).

The treaties and governance must be geared to employment. This issue must be placed on equal footing with the single market. Otherwise, the Court of Justice will always rule in favour of the latter. The EU and member states must meet citizens' expectations. Key to this is solidarity.



2. Employment: European solutions?

Some incipient solutions were outlined during this mandate but are not enough to change things completely (P. Bérès). Change and reform are possible by correctly implementing and further developing European tools such as the SSM, the European Youth Guarantee and the European Globalisation Adjustment Fund, which assists workers in transition after the closure of sites due to delocalisation. Why not create, as one citizen suggested, a European Monetary Fund similar to the International Monetary Fund (IMF) but which would adhere to European values and no doubt find more favour with the Troika? That said, the IMF has not only given bad advice; it told the European Commission that austerity had a negative multiplier effect given that social equality is linked to competitiveness and efficiency (P. Bérès). Better cooperation is also needed between public

employment services to achieve greater efficiency (P. Bérès), particularly if the EU supports mobility, in which case the portability of rights is an issue (S. Fernandes). Though it can only be a temporary solution, it can help deal with the demand for workers in northern Europe and the number of unemployed in the south.

Mobility is one of the EU's great achievements, in fact; the Erasmus+ budget has been increased (S. Fernandes). A member of the audience asked whom Erasmus spots were for exactly, whether it included apprentices, and how students benefit from it. Erasmus+ is for university students, professors, people interested in vocational training and apprentices. The exchange programme is good for apprentices, who, notwithstanding language barriers, discover that things can be shared through cooking, for example, said Lynne Bentley. In addition to training, participants discover another culture, which develops a sense of belonging (S. Fernandes). In terms of education and training, this spending must imperatively be redefined as an investment (P. Bérès). There is enormous potential here, especially in the apprenticeship system in France. An example to be followed is the *Faculté des métiers*, a school opened nine years ago with the Chamber of Commerce and Industry and the Chamber of Trade of Essonne, with the support of the Ile-de-France Regional Councils and Essonne Department Council. It merits greater recognition from the French education system (Lynne Bentley), especially since business owners like apprentices, who have experience when they complete their training (C. Théron).

The EU must also move towards the harmonisation of labour rights. A European minimum wage based on average salaries in member states, could appear in a few years given the recent creation of a minimum wage in Germany (P. Bérès). Further action is needed, however – the creation of guaranteed minimum unemployment coverage and social protection. The unravelling of workers' rights cannot bring about full employment. One participant added that to fight social and fiscal dumping, fiscal harmonisation should be considered. This is true: “fiscal policy saves social policy” (P. Bérès), but in recent years, member states have made no effort in this direction. The crisis brought some progress on VAT and, perhaps in the near future, a tax on financial transactions.

Lastly, we need to invest in home-grown sources of growth in the EU, like the digital economy (S. Fernandes, G. Roty) and green economy (P. Bérès).

Whatever the outcome of the election, the new European Parliament and Commission will have to move past austerity. Growth must be the top priority of European leaders, while efforts to shape up public finances continue (S. Fernandes). Paul-Arnaud asked what remains to be done to reduce the deficit to 3% of GDP. Another participant asked what sorts of leeway member states still have.

France, like other EU countries, has already made significant efforts (P. Bérès). The treaty set limits but these are not blind; they can be adjusted in exceptional circumstances, in the case of a deep recession or structural reform. Years of accumulated debt still need to be reduced and social partners must be more implicated to regain the fiscal and budgetary leeway needed to create an employment-friendly environment.

3. Globalisation: is the EU a good thing?

Sylvain, *Union populaire républicaine* (UPR), asked what could be done to counter the liberalisation of capital and subsequent delocalisation? Another participant asked what justified uneven trade relations between EU member states and third-party states. Lastly, Benoît (UPR) asked what the euro has done for us.

Global wealth is only made possible through trade, and protectionism has only led to war (P. Bérès). Free movement and free trade go hand in hand – money must be transferred to buy products, G. Roty pointed out. People believe a state-controlled economy exists in France, but on what grounds can the state take decisions for companies?

P. Le Hyaric pointed out that globalisation covers several realities and has gone through several stages of development, the most recent one being financial capitalism. With this form of globalisation, businesses, financial markets and the economy are interdependent. Heading this form of capitalism is the United States, which is threatening the EU with the TTIP¹: talks are focused on social, environmental, health and food standards, the poorest of which will be adopted to boost the profits of a handful of global oligopolies. This will have a disastrous effect

on small- and medium-sized businesses, agriculture, employment and the environment. New mechanisms are needed to supervise full free trade.

Nevertheless, the EU has been the biggest beneficiary of globalisation, on which its economic model is based (G. Roty). French industry needs to import raw materials and export what it produces (G. Roty and P. Bérès); France exports 23% of its production, making it one of the biggest players on the global export market (C. Théron). Giving up this model means giving up many every-day products, including iPhones (G. Roty). Globalisation does destroy many jobs, but creates new ones of a different kind. Major restructuring within companies, such as PSA Peugeot, only accounts for 2.5% of all lay-offs in France; small- and medium-sized businesses are the ones most greatly affected (C. Théron). New global patterns in employment need to be managed with European and national tools. Every country has different strategies. In France, the biggest problem is low activity – aside from job seekers, there are many people at home receiving state assistance. The best solution is to adapt to globalisation and improve communication on the subject of the EU, which is our force. One of the EU's main roles today is to promote globalisation as an opportunity for development (G. Roty). Moreover, it should take a new direction with the fight against global warming.



As for the euro, France chose to cooperate to avoid the threat of speculation and devaluation (P. Bérès). The expansion of the single market is based on an economic component to prevent fluctuating exchange rates and high rates of inflation (which discourage investment) and on a political component for a common policy of solidarity (G. Roty). Thanks to the euro, France has maintained some manoeuvring room where borrowing is concerned because rates are very low (C. Théron). Nevertheless, due to a lack of support the euro is rejected (P. Le Hyaric). The treaties specify an economic and monetary union

for a single market, not for people. The crisis uncovered a complete lack of solidarity – Greece is a case in point. Germans provided help, which was conditioned on reform efforts from recipients. In a modern context, however, one should define its own reform to build its future (P. Bérès). Globalisation must be transformed to be more humanist, even if other solutions than a German-led euro in the current framework (P. Le Hyaric).

Calls to exit the euro and close borders play on crisis-generated fear (P. Bérès). For over 60 years, the EU has protected peace and promoted economic

development on the European continent. The post-war generations are the first to experience this in two thousand years (C. Thérond). Nor is the EU to blame for the crisis (G. Roty). Solutions so far have not been ideal but the role of the Commission is to safeguard the treaties. Citizens attribute powers to the EU, which it does not have. Changing treaties to advocate a different model of society is a legitimate – but different – debate.

Photos and podcast of the debates are available on our website.

1. Transatlantic Trade and Investment Partnership.

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