

**European Ideas Network - Summer University  
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**EIN POLICY ROUNDTABLE ON  
EMPLOYMENT, SKILLS AND HUMAN CAPITAL**

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**Conclusions**

**The best solidarity you can offer is a job**

Working Group 7 of the European Ideas Network met at The Grand Palazzo della Fonte, Fiuggi, Italy, on Friday 19th September 2008. Under the Chairmanship of Dirk Hudig of Fipra, the lead speaker was Kevin Andrews MP, from the Australian Parliament, with contributions from Janis Ošlejs, Chairman of Primekss in Latvia, Jean Pisani-Ferry Professor at Université Paris IX-Dauphine, Paris, Eugenio Belloni, Chairman, Fondazione Res Publica, Rome, and José Silva Peneda MEP, from Portugal.

The overall theme of this year's discussion and debate was **&quot;Is Regulation stifling employment opportunities in Europe?&quot;**

It was fortunate that Kevin Andrews, the Minister who had introduced the WorkChoices legislation in Australia was there to report on why this controversial legislation had been developed, how it had fared and what were the lessons learned for the future and indeed for other economies.

**Is regulation stifling opportunities in Europe?** The answer was clearly &quot;Yes&quot;. The role at EU level should be to make the single market more mobile. It is necessary to measure the degree of labour regulation, and where excessive, take action. There is an inverse correlation between a sense of security and the volume of laws for social protection, since finding new jobs is much more difficult in rigid markets. The regulatory framework must be open, transparent and easy to understand. Member States should have freedom to implement according to their own standards.

**What is the Impact from economic uncertainty?** The successful experience in Australia when facing an economic downturn was to deregulate. The decision was taken to exempt firms with less than 100 employees from employment protection regulations – the effect was a dramatic growth of 2 million new jobs in three years, in an existing job population of 10 million, as well as a 21% increase in earnings. The driver for growth in Europe is innovation - the best way to add value. There is no one single labour market; there are many, both local and global, so a &quot;one size fits all&quot; approach is damaging. The key to job growth is SMEs; cutting the burden on business and removing disincentives.

**Can social dialogue be more relevant?** We need to resist the urge to cling to old jobs and old practices, and have the courage to create new jobs and approaches. The focus should not

be on “social partnership” since institutions have different aims - the process should be driven by social outcomes.

**What can global competitors teach the EU on training and flexibility?** EU is not skills intensive (not even in exports); more access to tertiary education is needed; better funding and the governance of tertiary education; to meet education goal requires 1-2% more GDP expenditure – from private and public sources.

**Work and demographics.** To maintain high participation rates, measures such as statutory retirement ages should be removed. Incentives can be introduced, such as a premium to take up pensions later.

**Do we need a more active immigration policy?** Proposed is an auction to acquire higher skills and higher wages. The EU gets low skilled people with attendant problems.