‘It’s Our Job: Reforming Europe’s Labour Markets’

On the 5th May 2015 the Wilfried Martens Centre for European Studies organised a conference on the issue of Labour Market Reform and Employment. Over 200 people were in attendance at the Renaissance Hotel in Brussels. European Commission Vice-President Jyrki Katainen, Jobs, Growth, Investment and Competitiveness was the keynote speaker. This event also marked the launch of the latest Martens Centre Research Paper entitled ‘It’s our Job: Reforming Europe’s Labour Markets’ by Dr. Eoin Drea, Research Officer at the Martens Centre and Siegfried Mureșan MEP (EPP Romania).

President Dzurinda of the Martens Centre opened the event and gave his thoughts on current labour market models, emphasising that reforms must continue to be made in the EU member states to create sustainable employment. Dzurinda made the point that although the recent crisis has aggravated unemployment levels in Europe, there has long been a real unemployment crisis in many member states. He commended the publication ‘It’s Our Job: Reforming Europe’s Labour Market’ as it broke out of the EU bubble and performed analysis at a member state level. He also stressed that it is the youth that are suffering most with youth unemployment levels far in excess of average unemployment levels in many member states. Ireland was highlighted as a prime example of where reforms can restart job creation and economic growth. Dzurinda described his own personal experience as Prime Minister of Slovakia noting that ‘when you are committed to something, you accept no excuses, only results’.

Commission Vice-President Jyrki Katainen then provided a keynote address. He laid out a broad overview of the work of the Commission in attempting to stimulate employment throughout the EU. He noted that the Commission have submitted 185 recommendations on how best to create sustainable employment through structural change, reforms and an investment in skills. However, he also noted that it is up to member states to implement these recommendations and that the commitment to implementation can vary greatly between countries. Katainen further set out that the Commission is also working on a set of initiatives promoting free movement of labour while protecting against any abusive practices – a topic that is of particular importance given the emergence of a debate in some member states regarding potentially restricting the right of movement of fellow EU citizens. Katainen also highlighted that reforms are more important than ever as globalisation has altered the employment climate we find ourselves in. He declared that ‘reforms are the building blocks for a more successful and better society.’ He highlighted that increasing labour mobility is a key objective of the Commission’s work. He presented the audience with two examples where reform had directly created jobs. (1) Ireland under Enda Kenny’s government, where 6,000 more were employed through the Pathways programme introduced in 2011 and (2) Portugal where structural changes have resulted in reduced levels of unfair dismissal claims. Both these examples were unpopular in their member states but the people to benefit are those who got jobs as a result. He finished by noting that for the sake of job creation and employment we must sacrifice political convenience for the much greater objective of returning the European economy to jobs and growth.

Following his address, Katainen – in responding to a question from the moderator – provided his own personal experience of being a university student during the Finnish economic crisis of the early 1990s. That period in Finland, he noted, was characterised by a very sharp rise
in unemployment and a general feeling of pessimism, particularly among the young. He noted that the reform measures then introduced by the government – including consolidating the budget – were responsible in the long term for both returning the Finnish economy to growth and returning hope to the younger generations. He agreed that living through such a crisis has impacted on his view of the importance of implementing reforms, even if politically unpopular.

**Dr. Eoin Drea**, in providing some context to the discussion, put the levels of unemployment into stark context by stating that the 24 million people unemployed in the EU is equal to more than double the population of Belgium. He also emphasised that it was the job of the centre right in Europe to provide an updated social market economy model that reflects the realities of the labour market facing young people today.

**Siegfried Mureşan** stressed the fact that we tend to postpone reforms until we find ourselves in difficult economic times, when it is much harder to put structural changes into play. Instead reforms should be an integral part of policy. It is necessary to make labour markets work, there has been a loss of trust in the global market and so structural reform is the only solution. It is important also when designing the taxation system that we do not put too much burden of the economy on SME’s. Most employment created in Europe are in SME’s. Another issue that was underlined was the educational system. He noted the emerging gap between the skills that young people are graduating with, and the skills that are needed for employment. In countries where there is low youth unemployment there is a high correlation with vocational training. Clearly we need to try and tailor the skills that students are learning so that they are best able to enter the workforce upon leaving education.

After opening the debate to the audience there were a number of questions such as what additional measures could the Commission and European Parliament undertake to encourage implementation of their recommendations in Member States? Other questions included ‘If Britain did leave the European Union would it weaken the cause for those who want a more flexible labour market?’ The possibility of the Commission putting forward an employment policy that would work across Member States was also brought up, as national laws can sometimes be a major hindrance in hiring citizens of another EU country.