

Campaign to cure EU labour woes

By William Horsley
BBC European Affairs correspondent, Brussels

The EU is under attack from its own supporters for "failing the people" over growth and jobs.

EU leaders talk big about economic reforms but are accused of lacking the courage to see them through.

As EU leaders gather in Brussels this week to declare for the seventh year that they will take the painful steps needed to boost jobs and growth, here is the blunt message from one well-informed critic:

"Our leaders have to realise that the best social programme is a healthy economy. They must change the rules of the game. If they don't they will go into the history books as the ones who destroyed the social Europe we were all so proud of."

The speaker is Ann Mettler, a German-born economist who, like many Brussels insiders and business leaders, has grown weary of what she sees as the EU's broken promises over liberal economic reform.

Ms Mettler is a co-founder of the Lisbon Council, whose purpose is to advance the goals of the EU's Lisbon Agenda, named after the EU summit hosted by Portugal in 2000.

Then the leaders proclaimed a truly ambitious goal, to make Europe the world's most competitive economy by 2010.

But last year, after years of puny growth and stubbornly high unemployment, the leaders scrapped that goal. This week they will pin their hopes on more modest ones, like cutting red tape for business start-ups and spending more on scientific research.

Illegal workers

For several days in advance of the summit I accompanied Ms Mettler as she set out to show how Europe's unreformed economic system was in her words "failing people".

Her examples all come from the lives of people in and around the summit system in Brussels.

The reason employers shy away from hiring young people is that they can't fire them

Ann Mettler

First, a young mother from Poland who works in Brussels is forced into the "black" economy because Belgium, like most EU states, still maintains barriers against workers from the eastern European nations that joined the EU two years ago.

Julita agreed to be interviewed in a Brussels cafe. She has worked as a cleaner and a child minder, and now has a job as an assistant in a medical practice. But as an illegal worker she pays no taxes and has no social protection. She is one of up to 100,000 Poles working outside the law.

Ms Mettler calls this a "lose-lose situation" - bad for the workers involved, because they have no protection against exploitation; bad for the government, which misses out on taxes; and bad for consumers, because the prices of services remains high unless they also cheat the authorities by paying under the counter.

'Human disasters'

Next, Ms Mettler highlights the story of Jan Lodewijckx, one of 7,000 small business employers in Belgium who go out of business every year.

Jan was much distressed when in 1998 he was forced to shut down the family firm which his grandfather founded, making industrial equipment like heat exchangers.

"I turned 80 people out into the street," he recalls, blaming the very high costs of labour and compulsory social insurance.

Ms Mettler says the fault for such "human disasters" lies largely with a rigid system of official rules and banking practices which fail to support companies faced with global competition when they need to lay off workers or restructure.

Unemployment in Belgium hits the young especially hard. Ann Mettler calls it outrageous that in parts of Brussels with many immigrants joblessness stands at more than 40% among the young.

There are many young faces among the trainees when Ms Mettler visits the well-equipped Skills Training Centre for the unemployed at Vilvoorde, just outside Brussels.

Jos, an instructor, says even after acquiring skills in computers or metalwork the trainees' chances of finding new work have gone down.

"It used to be 90% who found work after leaving here," he said. "Now it's only 60% to 65%."

Ann Mettler sees these human stories as emblematic of Europe's "sclerotic" labour market. To her critical eye it denies the newest citizens of the EU the fundamental freedom they expect - the right to work. It penalises entrepreneurs, forcing many to shut up shop, adding to the jobless figures, while they seek a safer life as employees or freelances themselves.

Time is now

Ms Mettler says the only way to get more people into the world of work is to enact easier rules on hiring and firing workers.

"The reason employers shy away from hiring young people is that they can't fire them," she insists.

The current wave of strikes and protests in France and Germany shows how tough it is for some European governments to change Europe's cherished "social model", of high rewards and job protection for the lucky ones in work.

Luxembourg's Prime Minister Jean-Claude Juncker is reported as saying: "We know exactly what to do, but we do not know how to win the next elections after we have done it."

Ann Mettler, like many pro-EU reformers, says the time to do what is needed is now.