

Declaration of the First Economic Forum of Aix-en-Provence - 2001

At the Lisbon summit in 1999, Europe adopted an explicit and ambitious strategy in favour of innovation, employment and growth. Eighteen months later, the current economic slowdown emphasizes the fragility of this trajectory particularly considering the fact that the investment rate continues to be too low. The rate of participation of the population remains very low for the younger generations and for individuals over 55. On the eve of the introduction of the euro, disappointment looms: Europe, technically more complex, is becoming psychologically more distant. Allowing this gap to grow could have threatening consequences. The time for a radical reform of the European Union has come. The year 2001 is a pivotal year. Depending on the measures that the European governments will take or not Europe may tilt towards a new era of growth or a new period of crisis.

A year ago, it was asserted that Europe stood at the beginning of a long period of growth. But it hasn't been able to sustain a steady 3% economic growth. An economic slowdown is affecting the whole world. In this context, Europe has a key role to play and it must assert its economic and political project.

Le "Cercle des Economistes" gathered in Aix-en-Provence for its First International Economic Forum wishes, in this declaration, to draw the attention of the governments on the need to react without delay. It recommends to take three series of priority measures in industrial, financial and social sectors before the end of the year.

- In the industrial sector a priority should be assigned to the emergence of a Europe committed to growth and in this context to research, development and innovation.

The technological growth of Europe remains slow. Its ability to incorporate the new technologies into the productive capital and to apply the research is insufficient. With the exception of major successes such as "Airbus", European industry and research are often shaky as demonstrated by the incoherences concerning the setting up of a UMTS (Universal Mobile Telecommunication System). A significant increase in R&D expenses and an improved collaboration between public and private research must be targeted in the next few years in order to make up for lost time and reach a "Europe of Knowledge" which was the ambition of the European Council in Lisbon. Higher education and research must be central to all European projects. Both must be "Europeanized" through the implementation of a European university system which should be autonomous but based on common rules of stimulation and evaluation. This will require to be accompanied by a modernization of professional training thanks to the use of the new information and communication technologies. The Member States must commit themselves to encouraging the setting up of a high output European telecommunication network which should be capillary enough to compensate for the inequalities of geographic location. In other respects accompanying measures are necessary to allow the UMTS to be successful in order to avoid unsettling the whole telecommunication sector.

- In the area of macroeconomic regulation stabilizing policies with respect to demand should be combined with ambitious and converging programs of structural reforms notably concerning a better integration of the banking systems and financial markets. It is essential to make macroeconomic policies more reactive to changing economic climates. This implies, in particular, that the ECB provide a

greater and more transparent place to the evolutions of economic activities in the definition of its objectives.

The different facets of the macroeconomic regulations must be made more reactive. Furthermore, governments must accelerate the coordination of budgetary and fiscal policies in order to give to Europe the governance necessary for a lasting success of the euro and more financial autonomy. This is necessary to affirm its influence on the world economy and particularly on financial markets.

● In the social area, if Europeans want to benefit from the already accomplished unification efforts (which were dearly paid) a new stage in the construction of a European social model must be put in place. Industrial restructuring will continue. It means that the formulation of a new European social pact is all the more necessary, a pact which will both integrate an indispensable flexibility and a response to the legitimate need for economic security. The major changes in the past few years have affected the remuneration systems of capital and labour require a profound evolution and a greater transparency of the modes of this remuneration, of the financing of retirement's pensions and of the profit sharing of all the different corporate actors. The development of various modes of non-salaried remuneration has assumed a decisive position in our economies. Therefore, it is appropriate for all the social partners to get together and evaluate those changes and take the required emergency measures notably an extension of the new remuneration systems to all salaried employees.

The ultimate objective is to combine a European social model with a new mode of corporate governance encouraging sectorial and geographical mobility.

In conclusion, it is obvious that those measures will prove meaningful and positive :

- Only if the institutional and administrative machinery at the level of the countries and Brussels move out of their current paralysis. If political decisions are not taken and not implemented within five years European, citizens are entitled to question the necessity to keep those entities for which they voted increased powers. Rules for a decision-making calendar and for sanctions must be instituted so that citizens don't feel "abandoned" by their representative institutions at European level.
- And only if the "physical" introduction of the euro is a success. In this regard, "Le Cercle des Economistes" asks that the heads of states and governments solemnly commit themselves to ensuring in all possible ways that this introduction doesn't contribute to exclusion and doesn't give rise to inflationary pressures. Then and then only will the introduction of the euro be perceived as an ambitious feat and an opportunity for Europe and Europeans and not, as it is often the case, as a constraint and source of anxiety.