

2004

## Declaration of the fourth Aix-en-Provence economic forum

The fourth economic forum organized on July 9, 10 and 11th 2004 by the Cercle des économistes was centred around the theme «European companies facing worldwide competition». How, for companies to provide a concrete content to the concept of «Europe with power» and, in turn, receive competitive advantages. Everything however shows that this evolution is risky and that the spontaneous mechanism of poorly coordinated States will not guarantee that balanced objectives and full employment be reached.

Starting with the idea that a European company is a company where the decisionmaking centers are located within the European Union, we examined how to avoid blockages, limitations, inefficiencies, delays and, on the contrary, enable it to enjoy fully the new advantages of the greatest domestic market in the world.

The challenges and the dangers are real. The States and the institutions of the Union will not suffice. Companies will have to battle on several fronts:

- the front of a weak growth generating few new jobs which companies outgrowing their local dimensions could face better,
- the front of the eastern or southern relocation for goods or services which must be mastered by the companies and not passively accepted,
- the technological front which needs to be upgraded when compared to the US and Japanese competitors resulting from inadequate research and development investments, the low status of researchers, the insufficient number of high level teaching programs and in general a slow growth in qualifications.
- the front of company governance where all the recent progress in terms of transparency, regulation and ethics are made nationally with no uniformity nor sense of urgency to the point where we can wonder if companies do not need more Europe and where the principle of subsidiarity in the economic governance and the elaboration of norms have now turned into shackles.

### The Cercle des économistes see 7 priorities to help European companies win the global competition.

- Keep the decision centers of large companies in Europe.

Today they are threatened. The localisation of the company centers is essential for the research units, employment and to maintain a European company culture. It is fundamental that our competition, fiscal and regulatory policies take this priority into consideration.

- Keep high added value jobs in Europe

Do not be content with full employment in specialized activities with a low technological level and low productivity but fight for an employment model of high qualifications. In order to accomplish this, provide specific advantages to European poles of excellence. Be concerned by the low level of university training and the malthusianism of national programs of higher education. Push for European policies on higher education and research carried out by a Union minister who would be as important as the future minister of Foreign affairs. Channel public aids, mainly aiming today at lowering the cost of unskilled labour, towards the enhancement of highly skilled work in public as well as in private research. Companies of several countries in the Union know that they would not have the engineers or the researchers to support or stimulate a higher growth and that they would have to reverse the migratory flows of workers with the highest skills. We recommend to start setting up a European system of «Universities of excellence», each country supplying those universities and corresponding resources. Those new universities would be under European authority ensuring that their performance norms are kept at world level.

- Encourage industrial strategies concerning some key professions for them to master growth and efficient specialization within international exchanges.

Facilitate partnerships and cooperation between large European companies by seeing to it that neither nationalistic interests nor errors of judgment on the reality of world competition lead to a frittering of the strength of those companies which remain too few as world leaders.

Do not deny to SMEs support policies which, outside of Europe explicitly aim at encouraging their creation and at lowering for them on a voluntaries basis the technical commercial or financial barriers to their emergence.

Accept that Union states legitimately support high risk sectors for which it is necessary to promote a safe environment in the medium term.

● Unify financial markets and ensure the emergence of a European governance.

More than the interconnection and concentration of the markets which are increasing but insufficiently, it is the quality of interdependent large ones which present new problems. A convergence of fiscal policies, accounting and governance norms cannot be left to subsidiarity. Some progress in terms of regulations as in monetary matters (Basel 2) or accounting (IAS) leaves out the problem of facilitating the access to the debt market for SMEs and, in some cases, even worsens it.

Issues, specific to Europe, such as the inadequacies of the financing for the creation of new companies and of the initiation of development with no satisfactory response in practically none of the European Union States must now be treated globally.

● Recognize the role of cultural factors in the competitiveness and success in capturing markets.

Europe has a unique heritage, a high quality public audiovisual system and should organize cultural events with a high economic impact. Its diversity which is its wealth also often brings division. To affirm common European positions within WTO and UNESCO is indispensable. Enhancing our potentials does not only mean supporting our creators, our museums, our heritage, it also implies encouraging all the innovations associating culture, new technologies and industry.

Investing in culture, supporting creativity is as important for our future as scientific research.

● Promote the social responsibility of companies.

Social work relations constitute a domain in which European companies have a considerable headstart when compared to States which will not be able to make their social rights, labour markets, trade unions realities, flexibility or wages converge. Even if it is illusory to decree a social space, the principle of the social responsibility of companies can be shared by the 25 countries of the Union with due respect for their differences.

It should be a priority for European companies to contribute to the increase of human capital and employability: development of skills, extension of careers hiring of young people, etc.

● Reinforce innovation and creation of companies in Europe.

In the sectors of «innovation» where the risks appear particularly high, as for example in bio-technologies, it is legitimate that public orders or financial support encourage the starting up of new companies.

In conclusion, we feel that a new stage must be reached by rapidly organizing a significant step towards fiscal and social regulations.

We are convinced that European companies can play a leading role in this direction.