



A European Industrial Policy for growth and employment

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The future of Europe depends to a large extent on the state of its industry. Mass unemployment, economic decline and increasing inequalities cannot be overcome without an ambitious European industrial policy. Like all other successful economies in the world, the EU must ensure the existence of a strong agriculture sector, a strong industry sector and a strong services sector. Therefore, the Party of European Socialists (PES) calls on the European institutions and Member States to support the revitalisation of Europe's industry, with the aim to create new and decent jobs, to support sustainable growth and to improve working conditions for all Europeans.

In light of increasing global competition, a new international division of labour, the lack of investment, plummeting consumption and the pressure from financial actors to outsource production, a new, active European industrial policy needs to be introduced, with the active involvement of public authorities at all levels. Strengthening Europe's industry and ensuring that manufacturing contributes to the well-being of Europe's citizens, requires a new strategy to increase the competitiveness of Europe's industry. The attempt to compete with emerging economies by reducing wages and workers' protection and by weakening the role of the state has not led to economic success, but instead has increased social hardship, unemployment, inequalities, and contributed to lack of growth and higher budgetary deficits. Instead, Europe needs to invest in human capital and therefore allow companies to provide the most innovative products with the highest quality for the largest number of consumers. Europe's competitiveness must be increased by raising the skill levels of workers, by encouraging them to be more innovative and by ensuring a balance of security and flexibility.

The success of Europe's economy depends increasingly on the success of transforming Europe's economy into a knowledge-based economy. Europe's education and training systems face the enormous challenge of upgrading the skill levels of European citizens. This will only be possible with increased investment and by implementing structural changes in all parts of the education system: pre-school education, primary, secondary and tertiary education, formation and training, lifelong learning and non-formal education. Creating a better connection between the education system and the labour market is key to strengthen the economy and to create more employment opportunities. Special efforts should be made to stimulate technical education, at all levels. These measures must lead to the elimination of gender biases in education and on the job market.

With the emergence of a global knowledge-based society making Europe the most innovative region in the world is crucial. Innovation must be aimed at the major challenges of our time, including resource scarcity, demographic changes, making our economy sustainable and reducing inequalities. As top priorities, public and private investment in research, development and innovation must be increased and a closer coordination of innovation, competition, industrial, education, employment, environment, climate, trade and research policies on the European, national and regional level achieved. The Party of European Socialists is committed to reaching the European target to invest 3% of the EU's GDP in R&D and innovation. The use of European and national funds should be more targeted towards overcoming regional imbalances in innovation, especially in peripheral regions, amongst others by supporting regional innovation clusters. Strengthening research, development and



innovation must not be limited to new, future sectors, but is also urgently needed in traditional and mature sectors, such as the steel, chemical and automotive sectors.

An active European industrial policy must be based on better long-term planning of industrial policies and strategies, which anticipate economic, industrial, employment and technological developments. Comprehensive industrial development strategies, taking into consideration the specific strength of each region and each sector, should be developed in close cooperation with social partners. To this effect, industrial policy must be integrated fully into the Europe 2020 Strategy, by monitoring progress in all Member States.

The European Union and Member States need to improve the macroeconomic framework for industry, improving access to capital, providing better infrastructure, including access to energy, transport networks and ICT, protecting property rights and supporting in particular Small and Medium Enterprises and the social economy, in order to increase their competitiveness and access new markets. In order to allow Member States to support industry and to make Europe's industry more competitive on the global market, EU competition rules and state aids rules need to be interpreted differently. The full potential of the Lisbon Treaty where industrial policy is concerned should be better exploited. Reliable supply of sustainable energy at competitive prices is an indispensable prerequisite for strengthening Europe as an industrial base and for ensuring the competitiveness of European companies on the global market. To ensure that the financial market serves the development of the real economy and that investment in industrial activity increases, more effective regulation of financial markets must be introduced. To allow industrial recovery in countries which have been hit hard by the crisis, fiscal consolidation measures need to be complemented with concrete support for growth and industrial recovery.

An ambitious European programme for sustainable growth and active job creation is a precondition to enable Europe's industry to overcome the crisis. The European "Compact for Growth and Jobs" must be strengthened and its implementation properly monitored. European and national budgets must be used better to support the creation of new jobs for men and women, especially for young people, in particular in sectors with a large job creation and innovation potential such as renewable energy, energy efficiency, recycling, green transport solutions, ICT, creative industry (including art and design), tourism, logistics and bio technology. There is therefore a need to take greater account of the quality of public investment, in particular, in the European rules on macroeconomic surveillance. In addition, measures should be introduced to prevent the loss of viable jobs.

Strengthening Europe's industry is impossible without strong trade unions and meaningful social dialogue. Stronger European and national legislation to strengthen trade union rights, workers' rights to information, participation and co-decision, workers' protection and the role of social dialogue needs to be introduced, implemented and monitored effectively.

Developing an active European industrial policy must be mainstreamed in all European, national and regional policies. Especially in the framework of the European Semester, Member State governments and the European institutions, should regularly report on progress achieved in strengthening Europe's industrial base. Only if all industrial and political actors in Europe work hand in hand to strengthen Europe's industry, can we overcome the crisis and create sustainable jobs for all Europeans.¹ The Party of European Socialists will continue to be at the forefront of the struggle to revitalise Europe's industry.

¹ For more detailed proposals on European industrial policy, please see the PES background document "A European Industrial Policy for growth and employment".

