

Intervenção do Ministro das Finanças no Conselho Ministerial da OCDE sobre o tema “Promoção do Crescimento e do Emprego”

Paris, 21-22 Maio 96

Let me associate myself to your warm welcoming the new members of OECD, the Czech Republic and Hungary.

Their presence here among us is an excellent sign of the fast changing World we live in, especially in Europe.

As you said globalisation, the new information society, new technologies are shaping a new civilisation and economy, with its costs and benefits, where solutions cannot be found in the simplistic implementation of the traditional keynesian or liberal policies, even less in the temptation of protectionism, nationalism or compared economies.

Let us face the facts [as we see them from Portugal]: the unemployment rates are growing. Development and employment seem to be divorcing. And so seem our public opinions, steering apart and away from public policies and the business community. Hence a crisis of confidence and trust that strengthen unemployment trends and makes our duty to study and to explain the new global economy and the restructuration that is going on.

It is clear that, in many industrialised countries, and specially in many European Union economies, high and protracted unemployment is a sign of structural difficulties and also an incentive for finding a new structure society and new policies, in which social cohesion and competitiveness are not poles apart. Facing such new problems, we are challenged to carefully, studying macroeconomics and structural policies, mainly those aimed at promoting sustained non inflationary growth, the first key to fight unemployment. But that is not enough.

In the EU, the European Council in Madrid mapped out the steps for the 3rd Stage of European Economic and Monetary Union and reaffirmed its commitment to fiscal consolidation, essential for achieving sustained and sound public finances. These steps are necessary for fighting unemployment. But, as you, Chancellor Vranitzky, have stressed the “Economic and Monetary Union must earn its name”; it must be union, and that means solidarity (both political and social), mutuality between states, institutions, social groups and citizens. My Government thinks that stabilisation, free markets, fair competition, free change and fiscal consolidation are indispensable and should be improved, but are not enough. We are challenged to give a new priority, in our States and within the EU, to more efficient, active and proactive employment policies. In Portugal we aim to reach a 3% budget deficit in 97, as part of our stabilisation and convergence program we are committed to.

Let me stress some points concerning employment restructuration in our economy:

1) Fair rewards to productive work are part and parcel of fairness. In a society where freedom and justice prevail, increased competitiveness and flexibility are sustained by social cohesion, social rights and fair wage policies. Those are foundations for sound employment policies. But we need to commit ourselves to active job creation, not only job defence and job reward.

2) The high European labour costs, namely non-wage costs are not favourable to job creation; they reduce competitiveness and induce capital-intensive production methods. Down-sizing is becoming, for this reason, almost a corporate culture. This is an area in which action can be taken. Its financial consequences have to be compensated by lower expenditure or some revenue enhancing measures with low distortionary effects.

3) The educational and training system should be adapted both to the needs of markets and to the improvement of human capital, thereby fostering the growth potential of the economy. Well performing education and training systems — namely on the issues of school-to-work transition and life-long learning — could contribute positively to better employment outcomes, as recognised by the OECD’s *Jobs Study, Implementing the Strategy*, which indeed should be implemented and developed.

4) Innovatory employment initiatives can complement structural policies. These initiatives, to give some examples, include actions such as the following:

promoting higher employment content of growth, through improved management skills enhancing the use of qualified labour;

reducing labour hours and job taxation;
exploring new areas of job creation — from environment to health, etc.;
fostering innovation and technology diffusion;
nurturing entrepreneurship, namely, for small business;
improving education and training systems;
reforming Social Security.

5) Finally, in the EU area, specific action is needed to expressively support the consistent compatibility of EMU and Employment policies, by promoting balanced but decisive social policies, fighting social divergence emerging from economic and financial convergence, developing the employment goals and strategies in the EU Treaty, pushing tax harmonisation in the sense of sound fiscal justice, looking for new instruments and measures towards an adequate framework and funding of employment, investment and social policies.

The benefits of the Monetary Union will only be real and sustainable if we get to reach an acceptable level of common responsibility — in Europe and, further on, abroad — concerning growth and employment.

My Government is deeply concerned with the lethargy that, in the last years, has sometimes prevailed in this area and with the recent deterioration that is threatening industrialised economies and societies.

The success of such initiatives and of the connected structural reforms requires a high degree of social consensus, namely, through continuous social dialogue. A good example is the purpose of an European Pact for Employment, Growth and Competitiveness, launched at the initiative of Monsieur Santer, President of the European Community, that could play an important role in bringing together social partners and officials to improve co-ordination and confidence and opening a new path towards Growth and Employment as matters of European common concern and interest. This is a good field for mutual co-operation and mutual learning

My final words go to Monsieur Jean-Claude Paye, in wishing him the best and thanking him for the excellent work he did as secretary-general of OECD for close to 12 years. The OECD Jobs Study owes much to his steering capability and his efforts to carry on such difficult task.