

MICHAEL DIEKMANN

Opening Remarks

6th ESMT Annual Forum “The Future of Jobs”

June 13, 2013

Ladies and Gentlemen,

Dear Guests,

Welcome to our 6th Annual Forum of the European School of Management and Technology, under the title of “The Future of Jobs”.

As in the years before, we do have high-caliber speakers and panelists – from politics, business and the academia – and we all hope that we will not only discuss the problem at hand but also advance some proposals for solution.

The subject of today’s conference could not be more timely. In today’s recession, the future of jobs addresses first and foremost the question: Where are the jobs in the future , especially for the Youth of Europe? The stakes are certainly high. Unemployment rates in the south of Europe are straining the social fabric of these societies and put Europe at a crossroads. How we tackle the job crisis in the

Eurozone could be decisive for the whole project of European integration.

We now have a clear understanding of what caused the misery. Many European economies lost their competitiveness in the first years of the Euro. After the easy and cheap access to capital, the good times came to an abrupt end with the fall of Lehman Brothers. Since then, financial markets are questioning the sustainability of the accumulated debt. As a result: The flow of capital stopped, forcing harsh adjustments on these economies. And up to today - even with the direct help through the ESM and indirect support by the ECB - the periphery is still stuck in deep recession.

So, the urgent question right now at the top of the political agenda is “How to retrieve growth and jobs in Europe?” - which happens also to be exactly the title of our afternoon panel. And we all know that there are no quick fixes.

Regaining international competitiveness and restoring productivity growth require structural adjustments in many respects:

- The opening of product markets to create new business opportunities.
- The completion of the EU single market, especially in services - in which many of the future jobs may be found, for example caring for the elderly.

- The fixing of Europe's banking system to ensure that young and innovative entrepreneurs find access to credit and capital.
- The reform of the education system to better align the supply and demand of skills; and this does not necessarily mean sending more young people to colleges and universities, what is really needed is occupational training to make people job-smart.
- The deregulation of labor markets to give young people a better chance to get a job and to gain experience.

Going through this list, it becomes clear that restarting the growth and job engine is not a short-term matter. These measures, even if implemented quickly, need time to make a real difference. But, even more importantly, the required measures also go beyond national responsibilities. Building a stable, resilient and growth-supporting banking system is only achievable if a European approach is followed; the same applies, without saying, to the single market of goods and services. The current job crisis is a pan-European challenge. We would miss the point if we would perceive it as just, say, a Greek or Spanish problem.

The good news is that some of these reforms are already agreed upon and in the process of implementation. The bad news is that the reform job is far from finished, let alone delivering results. So, the message Europe is currently sending to young people is "Be patient.

Just give us a few more years to overhaul the architecture of Europe and its monetary union.”

Hardly convincing! Europe’s youth should expect more than being asked to wait patiently – and rightly so.

At the next European summit, the job crisis will be the first priority. Redirecting funds of other European programs to tackle youth unemployment is overdue. Although the immediate impact on labor markets will certainly be rather muted, the new emphasis and vigor will send out the right message.

However, in my view, there is – besides initiating new job and training programs – another immediate perspective, speaking to the truly European dimension of the problem: Migration. Europe’s labor market is in dire need of more mobility. Mobility could not only ease the pain of regional unemployment. It could also improve the functioning of the monetary union by opening up an additional route to improve imbalances within the Eurozone. That is why we decided to dedicate our second panel to the topic of migration.

But like structural reforms, migration is no easy way out either. In the past, immigrants tended to have a higher unemployment rate. We all have to wholeheartedly embrace migration: The host country

by offering plenty of integration programs, the immigrants by adapting quickly.

In my view, making migration a success story of Europe is key for reviving Europe and maintaining its global role. Given the demographic change the lack of skilled labor will – and in some industries already is – the bottleneck for future growth. And this is a global phenomenon; the competition for qualified immigrants is a global competition. It would be a great pity if Europe were to lose out by letting its own people search for better jobs in other parts of the world rather than in the neighboring countries.

Furthermore, migration is not only a challenge for policymakers. There is also a corporate responsibility to make it work – in our own interest: How successful companies are in managing a diverse workforce is a decisive factor for being competitive in the marketplace. Therefore, today's conference has also reserved three parallel sessions shedding light into the future job requirements of business leaders.

A rich program, indeed. One day fully packed with speeches, presentations and – hopefully – lively debates. But it is certainly worth the effort.

Let me now hand over to our host Professor Rocholl, President of the ESMT, who will lead us through the Annual Forum.

Thank you.