



“The Voice of SMEs in Europe”

Press Release

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UEAPME: current economic crisis is mainly due to policy deficits and not to external factors

Brussels, November 19th, 2002. UEAPME, Europe’s SMEs employers association, adopted an European Programme on Growth and Stability that blames European decision makers’ wrong economic policies for the current economic downturn. The document was unanimously approved at UEAPME’s general assembly last week and will be the basis of the organisation’s position in the upcoming Macro-economic Dialogue. On the occasion of the presentation of the programme, **Hans Werner Mueller**, UEAPME’s Secretary General, declared “Sure there are external factors beyond decision makers control that affect our economic situation. But the current bad economic situation is mainly due to a policy problem. The lack of economic growth results from deficits in structural reforms, that are themselves the outcome of wrong economic policies or a lack of decision making.”

In UEAPME’s opinion, Europe’s economy is afflicted by a fourfold problem. Firstly, Member States are experiencing a lack of economic growth that is caused amongst other elements by high structural deficits that leave large member states less room to manoeuvre in terms of fiscal policy and by relatively high real interest rates in comparison to the economic dynamic. Secondly, the lack of consumer and industry confidence play also a role in the current downturn. Thirdly, there are unsolved structural problems that lead to high costs for businesses, which are hampering investments and the creation of new jobs. Amongst the structural problems UEAPME underlines the negative incentives from the national social protection system, which hinder employees to take on new jobs or to stay in employment. Finally, there are flagrant deficits in policy that determine the current situation such as the fierce opposition of trade unions against structural reforms, especially in the public services sectors. Despite the obvious interrelation between these different aspects, UEAPME believes that wrong economic policy making is the element that blocks economic development and the realisation of thorough structural reforms.

Amongst the recommendations described in the programme, UEAPME highlights two important elements that should be applied in order to improve Europe’s economic performance. First, the European and national trade Unions should support policies which create immediate employment instead of protecting traditional jobs within the public sector from where most of their members come from. Secondly, the ECB should reduce the interest rates by 0.5%. The paper also urges the EU no to delay the enlargement process as it will likely give a major boost to the European economy and calls on national governments to fight the ever growing shadow economy that harms national households.

Furthermore, UEAPME calls on other European business organisations and their national affiliates to put pressure on the national governments to find European solutions instead of fighting for particular national interests.

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