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Enrico Giovannini
Former Minister for Employment and Social Policies, Italy

One of the main consequences of the "Great recession" will be a huge loss of human capital, especially in Europe, where youth unemployment has reached very high levels. Moreover, the uncertainty about jobs has increased in several countries, also because of the policies aimed at making the labour market more flexible. Finally, the increase in poverty rates, especially in the so-called "peripheral EMU countries", will not be reversed in the short run as the recovery is expected to be quite weak in the next two-three years.

All these phenomena are expected to produce a "scarring effect" on an entire generation of young people, with long-term consequences on potential growth and the wellbeing of European citizens. Beside the short-term interventions aimed at restoring economic growth, the main issue for Europe as a whole is how to re-build the stock of human capital and to overcome the uncertainty that, due the high unemployment, affects households' behaviour. Of course, these two aspects are closely related to the possibility to boost internal demand in the countries mostly affected by the crisis, but uncertainty about short-term and long-term employment opportunities can push households to save more than in the past, with a depressing effect on private consumption and economic growth.

In other words, instead of considering labour markets' dynamic and households' conditions an effect of economic growth, we have to reverse the perspective, "putting the car before the horses". To do that European fiscal rules should be modified to treat in a flexible way not only investments in produced capital (machineries, constructions, etc.), but also investments in human capital. This change should be permanent, in order to enhance countries' capacities to face future recessions in a more pro-active way. Moreover, to compensate the loss in human capital occurred in the last five years, a special program to re-build it should be agreed at European level. This program should be financed both by national and European funds, with a strict evaluation system based on outcome-oriented statistical indicators of people's competence, like the PIAAC survey carried out by the OECD.

The second line of action should be aimed at implementing the proposals developed over the last 12 months to strengthen the "social dimension of the EMU". They include the development of a truly integrated European labour market, the establishment of a European unemployment benefits scheme and the strengthening of the existing national systems to fight against poverty, following the model developed for the "Youth Guarantee". Of course, all these initiatives require financial investments and have to be carefully designed, learning from existing experiences, to be effective and minimize moral hazard.

The crisis that Europe is still facing may be not the last one. Experts in future studies tell us that, over the next twenty years, the world could go through a very turbulent period. The European Union was established to make Europe stronger in the world, but also more resilient to external shocks. One of the lessons learned thanks to the crisis is that Europe, and especially some parts of it, has to become more resilient and that resilience is mainly about people and their capacity to react to negative situations, i.e. is about human capital and psychological conditions. Investing in people's capabilities and in improving shock absorber mechanisms is one of the best ways to invest in our future.