

A Cooperation for European Research and Innovation

Europe will not generate sustainable growth and enough jobs without a highly competitive industry. Policies based on the reduction of labour costs alone will not be enough to meet the challenges caused particularly by emerging countries. Lower labour costs will not compensate for the massive wage gap between Europe and countries like China or India! Inside Europe, to rely only on harsh fiscal and social competition would be a double mistake: households, companies and public budgets would end up poorer, and our capacities to invest in high value-added activities would be hampered. It is illusory -and quite arrogant- to believe that emerging countries will not rapidly bridge their so-called technology gap. Only competitiveness through innovation can generate sustainable growth, more jobs and higher revenues. We must choose innovation.

We must also make the choice of solidarity and cooperation. Solidarity with the “losers” of globalisation, creative cooperation between European partners.

This is why we must put forward a new economic strategy based on innovation, competitiveness and solidarity in order to meet the main challenges of this century; a strategy which must be ambitious and truly European. Without significant means, our action will remain fragmented and therefore inefficient. Today, industrial policy is focused on the national and regional level. Europe is our future; let us have the daring and inventiveness to deal with that key issue at the European level too.

With the European Coal and Steel Community in 1952, Europe was built on the idea of joining strategic forces to make war impossible and to foster cooperation. Peace is achieved, but economic war is raging. Political voluntarism was at the core of the European Union. It is high time to reactivate it.

Innovation and research are for economic war and today’s world what coal and steel were for military war and the Europe of yesterday. Our fathers were founders, we must be builders. I propose to establish within the Eurozone the first genuine “enhanced cooperation”: a Cooperation for European Research and Innovation (CERI). Open to any volunteer member-state, the CERI will be built on four pillars.

First pillar: a common budget for research aimed at replacing national equivalents. Fragmented objectives, divergent policies and complicated incentive mechanisms are not the way forward. We must strive for less bureaucracy and more synergies. This budget should be managed by a unique and independent authority steered by the scientific community. It will finance research (fundamental and applied, public and private) on the basis of calls for projects on strategic challenges like energy, environment or climate change. A minimum share will be allocated to Small and Medium-sized Enterprises (SMEs). Administrative costs will be strictly limited.

Second pillar: a common fund for innovation and reindustrialisation. To reach a critical size is essential if we really want to support our industry in globalisation. Two objectives should be pursued: first, to finance European or multinational projects put forward by companies, through well-known instruments such as financial guarantees, subsidies, and equity investments. Secondly, to create an industrial solidarity fund (ISF) designed to assist workers who suffer from relocations or restructuring. The ISF financial instruments must be very concrete. I suggest three options: a wage insurance (for displaced workers who are forced to accept a pay-cut in order to find a new job, the programme could pay half of the pay difference between the net salary of the old and the new job, for two years); a training insurance (the ISF will finance one year of training for those who lost their job); a mobility allowance (those having to move for a new job will receive a lump-sum equal to three months' pay in the previous job).

Third pillar: a single legal framework for innovative enterprises. This will include a unique patent system with the same legal effects across the whole CERI, as well as a unique legal status for young innovative companies, with incentives. It will also include common fiscal elements, in particular a minimum rate and a common base for the corporate income tax, hence initiating a step towards fiscal harmonisation.

Fourth pillar: an area of mobility for scientists and students. This includes a free career system across the whole CERI, guaranteeing transferability of rights as regards health insurance, pension and wage insurance. A unique legal status will facilitate mobility from academic research to the private sector. A mobility fund will be established for PhD students, post-docs and scientists, together with a system of automatic recognition of diplomas and the obligation,

in certain fields such as engineering or biotechnology, to spend one student year in another CERI Member-State.

Sceptics will say this ambitious project is unrealistic. In a uniform and paralysed Europe, I fully agree. That is why I propose to use the “enhanced cooperation” mechanism created by the European Treaties to move forward with those of our partners who really want it. The EU was not made at once, but gradually. The CERI will also be built step by step. Let's start.

The CERI will rely for its operation on the existing European institutions, agencies and mechanisms. But we must go further. The poisonous "fair return" concept, which is contrary to the spirit of the European project, must be disposed of. The CERI is not about “I want my money back”, but rather about “I want my Europe back”. To fund the project, several options should be explored: to allocate to the CERI a share of corporate income tax; to create a "green VAT" depending on the environment-friendly nature of consumer goods; to introduce an EU tax on fossil fuels and greenhouse gas emissions.

The proposal I put forward for a public debate in France and in Europe has been elaborated in consultation with interested parties. We have been working on it for several months. The details are available on my website*. I invite my compatriots as well as other European citizens to consult it and discuss it. Together, we can make Europe stronger and refocus European integration.

The year 2008 will be the last French Presidency of the EU before at least 2020. Next year, a revision of the EU budget will be on the table. This is a historical opportunity. I turn to the President of the French Republic. The CERI is a modern project in today's globalisation. It is genuinely European, environment-oriented and progressive. It is a bet on innovation, education and intelligence. Its creation would be a simple yet powerful message: Europe is back.

*<http://www.laurent-fabius.net>