Working in a partnership for Europe, Ladies and Gentlemen, is one of the key messages of Jean-Claude Juncker, the incoming President of the European Commission. What he is talking about is the revival of a strong institutional balance between the Commission, the European Parliament and the Council in a common effort to successfully implement his “new agenda for jobs, growth, fairness and democratic change”. This vision also includes a strengthened role for the national parliaments. Respect for the principles of subsidiarity, proportionality and better regulation will be at the core of the new Commission, we hear, as will reinforcing and streamlining European policy coordination through the European Semester. The focus here, we know, is on structural reforms to modernize labour markets and social protection systems; on sound public finances and on fiscal consolidation. The deepening of the Economic and Monetary Union is no longer just a matter of debate and, notably, extends to promoting social dialogue at all levels.

An ambitious package on jobs, growth and investment has been announced for the first three month of the new Commission. This will feature job creation and mobility of the workforce as well as tailored investment to get the younger generation back to work in decent jobs. It will seek to improve the conditions for geographical and professional mobility as well as the
recognition of professional qualifications. Nothing less than the social market economy is at stake we learn and understand that the construction of the European Union has reached a crucial point.

Against this background, we are here to discuss whether there is a role for the liberal professions in all this and - if the answer is yes – what then is the role of the liberal professions in a European partnership for growth?

Professionalism is about the use of trained intelligence in society and its relationship to the political and economic order. It is worth reminding that the notion of liberal professions is not a legal but essentially a sociological term. It is basically a reflection of liberal democratic thinking which historically strove for “liberalizing” these professions from any state-dependency that could undermine the autonomy of their judgment. The desired outcome is to guarantee the optimal fulfilment of their obligations to those seeking their advice or interventions.

Professionalism has both a technical and an ethical aspect. Technically, it promises competent performance of skilled work involving the application of broad and complex knowledge. Ethically, it promises to be guided by an appreciation of the social end it serves. Each liberal profession works on an important sphere of social life be it health, legal and fiscal advice, education, engineering, design, construction, communication etc. This socially essential knowledge can only be achieved through formal academic training. Governments adopt and promote licensing requirements recognizing a larger public interest in the competent performance of these jobs. From this perspective, the role of the liberal professions can be seen as intertwined with the idea of a modern welfare state.
An alternative perspective however emerges according to which professional functions are not activities which embody the idea of social purposes. Intellectual training in the formation of experts or specialists is seen here only in the service of purposes determined by market forces. The issue of social contribution has little meaning or interest, discounting any broader societal responsibility of private economic actors. Under this concept the idea of professionalism is disconnected from functions perceived to be central to the public welfare and exclusively connected to the idea of “expert knowledge”. The OECD, (Organisation for Economic Co-operation and Development), gives an interesting account of this approach. In its report called “European Policy Reform: Going for Growth” it underlines that a return to healthy and sustainable growth calls for ambitious and comprehensive structural reforms covering a broad range of policy areas. This includes the liberal professions and envisages the abolition of chamber membership requirements in professional services which are seen as creating barriers to entry and competition. From the economist’s point of view this approach bears some logic, since growth is measured in GDP, which indicates the total final value of goods and services produced in a national economy over a particular period. Following this logic professional development must be read in relation to the development of markets for professional services and the interest of organisations to employ large numbers of professionals.

In the same report however, the OECD underlines that “market regulation is essential for the well-functioning of market-based economies, notably to ensure market integrity and thereby preserve the general trust of consumers and investors in the conduct of private transactions. The challenge for policy

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1 For more, Steven Brint “In an age of experts”
makers, it concludes, is to design regulations so that these objectives can be pursued in a way that minimizes compliance costs for business”. These statements give a comprehensive account of the regulatory challenge involved.

It is not the absence of rules that will secure markets and generate trust but the smart management of rules, guaranteeing both high quality of services and at the same time minimize administrative burden and compliance costs for the suppliers. We all know that the establishment of the European Single Market has been achieved through 60 years of successful market integration. The overall functioning of it, however is still a fragile matter, embedded in the competing preferences of market participants and the efficiency of the rules that govern it.

It is also of interest to recall, confirmed by the European Court of Justice, that the asymmetry of information between the service provider and the client gives rise to the justification of a specific regulatory regime in order to protect the trust of the service recipients. A norm has to be binding to be legally effective and reliable. While the setting of norms lies within the final responsibility of the legislature, this role can be delegated. There are elements of both legitimacy and practicality here. It is also a fundamental expression of both the principle of subsidiarity and the principle of proportionality, respecting as much as possible the autonomy of the individual.

The particular value of self-regulation or co-regulation is that it allows the legislator to define the general context under which compliance can be secured. It is up to the professions themselves to prove that self-regulatory or co-regulatory regimes do not necessarily entail rent-seeking behavior on the part of the professionals. Rather they are well capable to act as flexible
partners and agents of change in modernized welfare states in which the State takes an activating role and the professions a subsidiary role. In a partnership for growth the role of liberal professions is largely seen as being a driver of growth in a knowledge-based economy and a source of new and competitive jobs in the future. It is widely accepted that in the creation of value through knowledge-based growth, the competitiveness of the economy reaps significant benefits from a strong performance of the liberal professions\(^3\). However, we may not forget that growth does not come alone but must inextricably be linked to specific quality requirements in order to guarantee not only strong but also sustainable economic performance. Experience has shown that this cannot be ignored with impunity otherwise markets move away from equilibrium which would lead to high socio-economic costs.

In its communication on the “Social Dimensions of the Economic and Monetary Union” the European Commission clearly states: “To prevent the process of economic integration from endangering social cohesion and welfare structures at national level, the EU complements its “market making” policies with “market correcting” policies.

This change of paradigm in the EU is driven by the need to overcome threats to sustainability and prosperity of European economies by defining “a sense of common purpose” and the strengthening of common disciplines. Policymakers at all levels are engaged in unprecedented policy reforms to face future challenges which arise from structural changes in the economy and society. The key analytical question is about how to achieve well-

\(^3\) “Action lines for Liberal Professions” – Final report of the Commission’s Working Group „Bolstering the Business of Liberal Professions“
designed welfare systems combining a strong social investment dimension with productivity and stabilization for recovery and future growth?

Again, professionalism is about the use of trained intelligence in society and its relationship to a political and economic order. In the light of a forthcoming European partnership for jobs, growth, fairness and democratic change and the new interdependencies within the EU that go beyond those created by the Single Market, the role and future of liberal professions is defined by a common commitment and obligation to participate. Strengthening market management where the actors are bound by common rules and principles on the basis of shared responsibilities without loosing the benefits of the market. This, Ladies and Gentlemen, I see as a contribution of Liberal Professions to the vision of pan-European efficiency on global markets.

I thank you for your attention