


# Procedure file

Basic information		
COS - Procedure on a strategy paper (historic)	<a href="#">1996/2202(COS)</a>	Procedure completed
Employment in Europe. 1996 annual Report		
Subject 4.15 Employment policy, action to combat unemployment		

Key players			
European Parliament	Committee for opinion	Rapporteur for opinion	Appointed
	<b>ECON</b> Economic and Monetary Affairs, Industrial Policy		11/10/1996
		PPE <a href="#">CASSIDY Bryan M.D.</a>	
	<b>REGI</b> Regional Policy	The committee decided not to give an opinion.	
Council of the European Union	Council configuration	Meeting	Date
	Social Affairs	<a href="#">1974</a>	02/12/1996
	<a href="#">Economic and Financial Affairs ECOFIN</a>	<a href="#">1973</a>	02/12/1996
	Social Affairs	<a href="#">1948</a>	24/09/1996
	Social Affairs	<a href="#">1930</a>	03/06/1996
	<a href="#">Economic and Financial Affairs ECOFIN</a>	<a href="#">1931</a>	03/06/1996

Key events			
03/06/1996	Debate in Council	<a href="#">1930</a>	
03/06/1996	Debate in Council	<a href="#">1930</a>	Summary
24/09/1996	Debate in Council	<a href="#">1948</a>	
09/10/1996	Non-legislative basic document published	COM(1996)0485	Summary
23/10/1996	Committee referral announced in Parliament		
12/11/1996	Vote in committee		Summary
12/11/1996	Committee report tabled for plenary	<a href="#">A4-0369/1996</a>	
28/11/1996	Debate in Parliament		
28/11/1996	Decision by Parliament	T4-0654/1996	Summary
28/11/1996	End of procedure in Parliament		
16/12/1996	Final act published in Official Journal		

Technical information	
Procedure reference	1996/2202(COS)
Procedure type	COS - Procedure on a strategy paper (historic)
Procedure subtype	Commission strategy paper
Legal basis	Rules of Procedure EP 142
Stage reached in procedure	Procedure completed
Committee dossier	EMPL/4/08301

Documentation gateway					
Document attached to the procedure		CSE(1996)0001	05/06/1996	EC	Summary
Document attached to the procedure		<a href="#">07196/2/1996</a>	06/06/1996	CSL	
Document attached to the procedure		<a href="#">08315/1996</a>	17/06/1996	CSL	
Non-legislative basic document		COM(1996)0485	09/10/1996	EC	Summary
Committee report tabled for plenary, single reading		<a href="#">A4-0369/1996</a> <a href="#">OJ C 380 16.12.1996, p. 0004</a>	12/11/1996	EP	
Text adopted by Parliament, single reading		T4-0654/1996 <a href="#">OJ C 380 16.12.1996, p. 0016-0084</a>	28/11/1996	EP	Summary

## Employment in Europe. 1996 annual Report

Following the conclusions on employment in Europe reached by the European Council at its meetings in Essen, Cannes and Madrid, the presidency decided to submit a joint interim report to the European Council in Florence. This report had been drawn up by the Economic Policy Committee and by the ad hoc group of personal representatives to the Employment Ministers, based on a draft from the Commission. This document had been approved by the Council through its Social Affairs/Employment groups and by Ecofin. The report took stock of the employment situation in the Member States and presented the main measures that had been taken to implement national multiannual programmes and the political initiatives that had been launched during the first half of the year. It also provided information on the preparation of the joint annual report to be presented to the European Council in Dublin.

## Employment in Europe. 1996 annual Report

**OBJECTIVE:** the Confidence Pact with regard to employment in Europe is a comprehensive strategy proposed by the Commission in order to reduce unemployment. It has three objectives: . mobilization of all the actors (national, local and Community authorities and the social partners) in a comprehensive strategy through measures to be taken at all the levels, . better use of the European multiplier effects offered by the single market, . incorporation of the fight against unemployment in a medium and long-term view of society. **SUBSTANCE:** the point of the confidence pact is not to create new EU powers, nor to increase its expenditure, nor to bring in new criteria for EMU. It is, rather, to launch a collective enterprise involving the public authorities and the social partners and defining their respective commitments in the framework of a coordinated comprehensive strategy, covering both the macro-economic level and the internal market. In this general framework the measures proposed by the Commission deal with the following four priority areas: A) creation of a propitious macro-economic climate: this involves: . staying on course for a stable and sound macro-economic policy (public authorities and social partners), . giving better explanations of the beneficial impact of EMU on a macro-economic strategy propitious for employment (Community institutions and Member States), . accentuating the budgetary consolidation effort in compliance with the following recommendations (Member States): prefer spending cuts to tax increases; preserve expenditure on investment in human capital, innovation and infrastructure; reorient passive spending (unemployment compensation) towards active measures; shift the balance of taxation in favour of labour, . updating and reinforcing Member States' convergence programmes, . reinforcing the multilateral surveillance procedure, . pursuing an incomes policy conducive to competitiveness and employment (social partners). B) Harnessing the full potential of the internal market: the Commission proposes action in four areas: 1. completing and implementing the internal market: - adoption by the end of 1996 of three priority measures, namely the European company statute, legal framework for biotechnological inventions and the internal market for electricity, - incorporation into national law of directives relating to public procurement, investment services, insurance, intellectual property and company law, - drawing up of a White Paper on markets in services, - removal of obstacles to the free movement of individuals and workers. 2. enhancing the competitive environment in Europe: - regulate the question of supplementary financing for TENs, - make proper use of the Task Forces on Research and Industry, - draw up a plan of action to encourage further innovation, - adopt a clear regulatory framework for the Information Society. 3. helping firms to take advantage of the internal market: - adopt the new SME action plan by the end of 1996, - reconsideration of how state aids policies can best contribute to the creation of sustainable employment, while ensuring fair competition, 4. opening up further access to world markets, in particular by strengthening action to combat intellectual piracy and dealing with non-tariff barriers. C) Speeding up the reform of employment

systems: the monitoring procedure for the implementation of the priorities of the White Paper 'Growth, Competitiveness and Employment' should be reinforced by Council and Commission recommendations and should be definitively institutionalized at the IGC. The Commission sets out two objectives: 1. better activation of national employment systems, in particular by: - a reform of national employment administration systems (simplification of recruitment and company-formation support schemes, personalized support for job-seekers), - mobilization of local actors (Commission, Member States and local authorities) through the decentralization of employment systems and the promotion of local initiatives for development and employment, - improved employability of young people (joint initiative by social partners on integration of young people and development of schemes based on Youthstart and Leonardo), - greater coherence between direct taxation and replacement income, which implies a debate and common policy on the future of social protection; 2. launching major projects on the future of work: - exploration of new forms of work organization: flexibility of working time; debate on the organization of working time; preparation of a Green Paper on social and societal aspects of the information society, - education and training as keys to the door of employment, in particular through the development of an Erasmus apprenticeship scheme, the development of a system of European articles of apprenticeship (Commission, Council, social partners) and an action plan 'learning in the Information Society', development by the social partners of a reference framework for access to skills and a new proposal by the Commission on lifelong access to and validation of skills. D. European structural policies in the service of employment: the Commission proposes providing special support for employment of an additional ECU 5.5 billion provided by the deflator effect during the period 1996-1999 and giving priority to employment in allocating the new programmable resources (ECU 8 billion) for objective 2 under regional policy. There should also be a mid-term review before July 1996 of the structural action programmes for objectives 1, 2, 4 and 5b in the light of an assessment of their employment impact. The Commission also proposes launching territorial pacts giving a political go-ahead for these pacts following a process of selection in each Member State of a significant number of pilot towns, regions and rural areas; the first confirmation of these territorial pacts presented by the Commission should take place at the Dublin European Council. The Committee of the Regions would be invited to participate in the territorial pacts approach. ?

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## Employment in Europe. 1996 annual Report

OBJECTIVE : The report on employment in Europe in 1996 presents the latest trends in employment and the labour market in the European Union. It analyses the current situation and outlines a series of economic policy issues which have to be addressed if the employment problem is to be resolved. SUBSTANCE: In outlining the main trends in the European labour market, the report points out that the unemployment rate remains very high (10.7% in mid-1996), youth unemployment being still proportionally twice as high as that of adults, at over 20% on average. Long-term unemployment has increased from 48% of the unemployed in 1995 to over 50%. Unemployment amongst women remains higher (at 12.5%) than amongst men in virtually all Member States. It is noted that Member States appear to have a narrow margin of manoeuvre in the struggle against unemployment and marginalization, as traditional demand management through public deficits has not proved effective in achieving sustainable growth and resolving the structural problems of Europe's economies. Employment-based growth can therefore be based only on an offensive strategy to promote increased demand and not on a defensive strategy based on the sharing of existing jobs. This requires a four-pronged investment-led policy comprising: - investment in physical productive capacity; - investment in human resources; - investment in an entrepreneurial environment; - investment in knowledge and skills through intangible investment. In addition, the reforms of the production and employment systems must help to eliminate structural rigidities in product, service and labour markets whilst respecting the principles of solidarity and social justice. The report therefore considers that the main issues to be addressed are: - Flexibility: better use should be made of the potential in terms of jobs offered by the increased flexibility observed on Europe's labour markets, with the emphasis on security in relation to employment in the global labour market so as to ensure a balance between flexibility and security; - Improving skills to respond to the challenge of new technologies: a quantum leap in investment in education and training is required and continuous training programmes based on partnership between public authorities and enterprises are needed to deal with the demands of continuous structural change; - Training for the unemployed: emphasis must be given to training for the unemployed to combat the process of deskilling and to give them better access to jobs; - Young people: active labour market policies should concentrate on early, targeted measures of linked work experience and training; - Public employment services: their role will be crucial, in particular as regards the implementation of early action including monitoring of those most at risk, counselling services and a range of active measures; - Women: policies must continue to be aimed at creating conditions that ensure equal opportunities for men and women whilst recognizing the specific needs of women in reconciling work and family responsibilities. Measures should concentrate on breaking down occupational segregation. Lastly, the employment strategy calls on Member States to re-balance their labour market policies in favour of active measures (at the expense of expenditure on passive labour market measures). For the strategy to succeed, there must be a concerted effort on the part of all the Member States and the Union aimed at: - rebalancing macroeconomic and structural policies; - achieving a balance approach to efficiency and equity, based on the participation of all interested parties. ?

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## Employment in Europe. 1996 annual Report

The Committee on Social Affairs and Employment adopted the proposal for a resolution on the Commission report entitled "Employment in Europe - 1996". The rapporteur, Mr Wolf (V, A), started by drawing the Commission's attention to the need for increased coordination between macro-economic and labour market policies. The parliamentary committee departed from the Council's position, which only referred to the measures needed in order to attain the convergence criteria on the date on which the broad outlines of economic policies are adopted and addressed a number of recommendations to the Commission, the Council and the Member States which related, within the planned context of low inflation and the trend towards growth, to: a less restrictive monetary policy, a close link between income policy and salaries, increased productivity and an appropriate level of internal demand, a policy to stimulate public and private investment, taxation and social security structures which are compatible with job creation and active education and training policies. The draft resolution also emphasizes: the use of comparable socio-economic indicators to monitor developments on the labour markets in the Member States, a new sustainable production and development model based on reduced and restructured working times, funding for sustainable Community investment projects in transport, the environment and communications and with regard to local employment initiatives and recourse to certain anti-speculation measures to slow down investment in immovable and financial assets at the expense of investments in real capital following the deregulation of the financial markets. Finally, the addition of a new chapter in the Treaty on the employment policy of the Union and the Member States was heartily supported. ?

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## Employment in Europe. 1996 annual Report

In adopting the report by Mr Friedrich WOLF (Greens), Parliament welcomed the Commission's Employment in Europe - 1996 report, while regretting the limited progress and the absence of a common position on the deterioration of the quality of employment, action to combat mass unemployment - in particular long-term unemployment - and social exclusion. It therefore called on the Commission, the Council and the Member States to focus both macro-economic and structural policies at national and European level on the fight against unemployment taking full account of the following policy recommendations: - a less restrictive monetary policy; - a reasonable - growth-oriented - approach to budgetary discipline; - an investment policy which stimulates public and private investment; - a taxation policy and social welfare structures which act as an incentive to employment creation; - an active education, training and re-training policy at Community and national level particularly in high technology sectors. Parliament considered that the priority of coordination between macro-economic and labour market policies has to be strengthened with a view to lowering the non-direct cost of labour at the lower end of the wage scale, provided that this reduction is brought into balance with other forms of funding (for example indirect taxation or taxation on energy consumption). Moreover, Member States should promote measures that facilitate self-employment and the creation of SMUs, especially in areas of social, cultural and ecological innovation. Special attention should be given to young persons, the long-term unemployed, women and older workers. Parliament appealed to the two sides of industry, the Member States and the Union to take measures to promote part-time work, sabbaticals, paid leave for continuing education and training and other forms of reductions in working time, without the competitive position of undertakings or the social protection of employees suffering as a result. It also called for measures with a view to creating employment in the peripheral and island regions of the EU. Parliament considered investment in human resources a vital component of the employment strategy and called for Community support not only for the development of skills and human resources but also for greater investment in undertakings that respect the environment. Finally, it invited the Member States to agree, within the framework of the IGC, the addition of a new chapter on the employment policy of the Union and the Member States in the new Treaty. ?