



Procedure file

Basic information		
INI - Own-initiative procedure	1994/2093(INI)	Procedure completed
Action plan for employment. Essen European Council, December 1994		
Subject 4.15.02 Employment: guidelines, actions, Funds		

Key players			
European Parliament	Committee for opinion		Rapporteur for opinion
	ECON Economic and Monetary Affairs, Industrial Policy		Appointed 04/10/1994
	PPE ARGYROS Stelios		
	REGI Regional Policy		26/01/1995
	ELDR EISMA Doeke		

Key events			
20/07/1994	Committee referral announced in Parliament		
03/11/1994	Vote in committee		Summary
03/11/1994	Committee interim report tabled for plenary	A4-0056/1994	
01/12/1994	Debate in Parliament		
01/12/1994	Decision by Parliament	T4-0171/1994	Summary
27/06/1995	Vote in committee		Summary
27/06/1995	Committee report tabled for plenary	A4-0166/1995	
12/07/1995	Debate in Parliament		Summary
13/07/1995	Decision by Parliament	T4-0353/1995	Summary
13/07/1995	End of procedure in Parliament		
25/09/1995	Final act published in Official Journal		

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Committee interim report tabled for plenary		A4-0056/1994 OJ C 363 19.12.1994, p. 0002	03/11/1994	EP	
Interim resolution adopted by Parliament		T4-0171/1994 OJ C 363 19.12.1994, p. 0058-0062	01/12/1994	EP	Summary
Committee report tabled for plenary, single reading		A4-0166/1995 OJ C 249 25.09.1995, p. 0005	27/06/1995	EP	
Text adopted by Parliament, single reading		T4-0353/1995 OJ C 249 25.09.1995, p. 0120-0143	13/07/1995	EP	Summary

Action plan for employment. Essen European Council, December 1994

The committee an interim report on an action plan for employment which is to form the basis of Parliament's submission to the Essen European Council meeting of 10 and 11 December, 1994 when EU leaders will be reviewing efforts to reduce unemployment which currently stands at around 17 million across the European Union. After a marathon vote on over 200 amendments the draft motion for a resolution, presented by Ken COATES (PES, UK), was approved with just two abstentions, although several MEPs expressed reservations about some of the compromise amendments agreed during the vote. The motion will now go forward to the Brussels session on 30 November and 1 December for debate and adoption by Parliament. The motion for a resolution falls into three sections: general principles, implementation of the White Paper and a new action plan for jobs covering member states and the European Union. As a first general principle, the committee asserts that the problem of unemployment is the principle challenge facing the EU and 'that the objective of creating at least fifteen million sustainable new jobs by the turn of the century should be an overriding priority'. Since economic growth by itself will not create enough new jobs, the committee believes that the EU must pursue structural reforms in order to convert growth into more jobs. However, the committee is clear that this new approach must not diminish workers' social protection. A compromise amendment states: 'Expects the Council will not seek the solution to the problem of unemployment by systematic dismantling of social insurance or labour protection'. Instead, the committee emphasises the need for a programme of economic renewal based around improved economic and monetary cooperation between member states, completion of the internal market, improved competitiveness, tax reforms, more help for small and medium sized enterprises (SMEs) and other measures to boost industry and trade. The inclusion of a social clause in international trade agreements and arrangements covering child labour, the right of association and the prohibition of forced labour is another priority for the committee, as is the need to develop the social dialogue, as outlined in the Maastricht social protocol. On the implementation of the Commission's White Paper on growth, competitiveness and employment, which is regarded as the outright priority, the committee is concerned that the 8 billion ECU borrowing limit for the new European Investment Fund (EIF) is below what is required to meet the employment objectives of the White Paper. Hence, the committee feels the EIF could be given more resources without endangering policies to attain the Maastricht convergence criteria. On actions to be undertaken by member states, the committee feels that more needs to be done to reduce non-wage labour costs, particularly at the unskilled end of the labour market, by shifting the burden of taxation and employers' contributions so that the current levels of social protection are not reduced. A shift of the tax burden to the environment, natural resources and energy is suggested. There is also a call for an alternative scheme for financing non-wage labour costs for less-qualified jobs. Recognising that many of the new jobs needed in Europe can be created by SMEs, the committee believes that the member states need to do more to improve the business environment for small firms by simplifying regulations, providing a more favourable tax environment and improving their access to public contracts and to new technologies. With almost nine million people across the EU working an average of more than 48 hours a week, the committee concludes that there is scope for creating jobs if average working time could be reduced and by distributing the work available amongst more people. To achieve this the committee is calling for steps to encourage part-time work, career breaks and other ways of reducing working time. The committee stresses that more flexible working patterns must be accompanied by supporting measures such as better childcare and equivalent levels of social protection. Guaranteed access for young people to work or appropriate vocational training is another priority for the committee. As far as EU action is concerned, the committee insists that structural funds are fully and properly used. In addition, it is urging 'appropriate increases in the borrowing limits of the European Union and/or European Investment Fund to enable appropriate finance in the Trans-European infrastructure projects'. There is also a call for the Essen European Council to endorse equity investment in SMEs. On the key objective of reducing non-wage labour costs in the member states, the motion for a resolution concludes that this 'is dependent upon the adoption at European level of compensatory measures, particularly environmental, consumer and property taxes'. The conclusion to the motion takes the form of a declaration which the committee wants the President of Parliament to present to EU leaders in Essen. It states: 'There can be no more important priority than the implementation of the White Paper'. It goes on to call on the EU and the member states to commit themselves to certain objectives in the fight against unemployment. These include: creation of sustainable growth and employment, the mobilisation of private and public investment to improve production capacity and infrastructure, a flexible and active employment policy, strengthened policies to combat youth unemployment, tax reforms with due account of the environment and the stabilisation of financial markets.

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In its resolution on the action plan on employment policy, which has been submitted for adoption by the Essen European Council (9 and 10 December 1994), the European Parliament reiterated the Union's absolute priority of creating at least 15 million new sustainable jobs by the end of the century. In this respect, growth in the Union alone would not suffice to restart employment, which is why Parliament was in favour of the Union's pursuing its structural reforms while maintaining the European social model. Implementation of the White Paper: Although it reaffirmed its support for the strategy described in the White Paper "Growth, Competitiveness, Employment", Parliament felt that the resources currently earmarked for achieving the objective of 15 million new jobs were far too little and that the European funds could give the Member States aid for new employment initiatives. The implementation of the trans-European networks could also help to create new jobs. New action plan for ESSEN: as far as the employment plan to be adopted by the Essen European Council is concerned, Parliament distinguished between the measures to be implemented by the Member States and the measures to be developed by the Community: - measures by Member States: Member States should work on: . reducing labour costs still further (especially non-wage costs for unskilled jobs); . finding new sources of funding for social security, thereby relieving the burden on non-wage costs; . identifying new employment basins in all economic sectors, paying particular attention to SMEs (mainly by introducing measures to boost employment in this sector); . finding new ways of introducing flexible working times and reducing working times (e.g. in all countries where some workers work a 48-hour week); . encouraging the local authorities to develop measures to promote employment at local level; . guaranteeing training which responds to labour market requirements for young people at particular risk of unemployment; . guaranteeing real equal opportunities for men and women in the workplace. - measures by the Union: the Council should: . work on compensatory measures to reduce non-wage labour costs, mainly by adopting measures on eco-taxes, excise and wealth tax; . introduce measures to create new jobs within the framework of a social model based on sustainable development and environmental protection; . introduce measures so that the Union can obtain bigger loans to fund trans-European infrastructure networks. At the same time, the Commission should promote new initiatives along the lines of EURES in order to promote cross-border employment and the mobility of the workforce. It should also quickly identify the main economic policy guidelines of the Member States of the Community, as provided for in the TEU, paying particular attention to the problem of employment. As regards monitoring, Parliament proposed that the Commission, in consultation with the Social Affairs and Ecofin Councils, should introduce a system of global monitoring of this action plan. Monitoring should be submitted twice a year to the various European Councils and to other institutions, including the European Parliament. In addition, Parliament annexed a declaration highlighting several important points to its resolution to the text of the resolution. This declaration will be presented by the President of the European Parliament to the European Council in Essen.?

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A comprehensive European strategy to promote job creation and to halve the EU's unemployment rate, which stands at 11 per cent, has been approved by Parliament's temporary employment committee. The report, which was prepared by Ken COATES (PSE, UK) and voted through by 22 in favour to five against with six abstentions, after considerable amendment, now goes forward for debate in Parliament on 12 July in Strasbourg. With a warning that continuing mass unemployment threatens social and economic cohesion and progress to further integration in Europe, the committee wants the EU and its member states to adopt an integrated approach dedicated to job creation, encompassing all policies which have an impact on employment. The committee restates that the objective of the Commission's 1993 White Paper on competitiveness, growth and employment of creating 15 million new jobs must be one of the greatest priorities of the EU. In order to secure the creation of new jobs, the committee has made a series of recommendations on boosting investment, on working time and working patterns, on the promotion of new employment areas, on support for small firms, and on taxation. Investment While recognising that progress to economic and monetary union will improve employment conditions, the committee believes that this needs to be backed with 'additional, Union level, financial instruments capable of meeting investment and job-creation objectives'. To this end, the committee favours an expansion, where necessary, of the European Investment fund and Union Bonds which should help offset the possible deflationary impact of Maastricht convergence plans, as well as boosting investment and jobs. The committee wants the Commission to study the deflationary effects of meeting the Maastricht fiscal criteria. The committee is also calling for increased investment in human and physical capital and a doubling of R & D spending, with a goal of 3% of EU GDP devoted to research by the year 2000. Working time Based on a series of amendments tabled by Michel Rocard (PSE, F), on behalf of the social affairs committee, the employment committee recommends: - a framework directive on 'gradual retirement', to allow people to leave the job market in steps and provide young people with jobs - the opening of negotiations by the social partners on reducing maximum working time and on more flexible working practices - consideration of a system of direct or indirect aids to firms in order to facilitate cuts in working time and thus assist job creation - On labour market deregulation, the committee is clear that this is not in itself a means to create new jobs and must on no account lead to an increase in poorly paid employment or to jobs with poor working conditions and limited benefits - the committee is firmly of the view that moves to more flexible working should be accompanied by new regulations, if necessary at the EU level, so as to avoid the risks of social dumping. New employment areas The committee believes that there is great potential for the promotion of jobs in new, rather than traditional, areas, such as the social, cultural, tourism, leisure and environmental sectors. To achieve this, the committee wants the member states to implement appropriate fiscal policies and to encourage partnerships between private and public sectors. The committee also wants the job creating potential of new information technologies to be exploited. Small firms Once again, the temporary committee lays particular stress on the employment potential of SMEs and insists that everything be done to create the right fiscal, social and legal conditions, including completion of the internal market, to allow small businesses to flourish and create new jobs. Taxation With a consensus existing across the EU on the need to reduce non-wage labour costs, the committee favours environmental taxes, not only to protect the environment, but also to ensure that revenue for social expenditure is not jeopardised by labour market tax changes.

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Mr COATES stated that the major problem was that it was impossible for certain Member States to meet the EMU convergence criteria while creating jobs and he highlighted the need to take action to respond to this challenge. He thus proposed an extension of the European Investment Fund, set up by the Edinburgh European Council. He pointed out that the temporary committee on employment had been created to monitor the implementation of Mr Delors' White Paper, which aimed to create 15 million jobs by the end of the century. He felt that his report would contribute to this goal. The President-in-Office of the Council called above all for Member States' employment policies to be strengthened through a common EU policy. Such a policy would bring an added value? to the national policies and should be coordinated and compatible with the economic and monetary policy. The employment policy should also form part of the European social model. Over the last 50 years productivity had increased much faster than working time had reduced and he therefore called for a reduction in working time. Commissioner FLYNN recalled that EMU was a crucial development in guaranteeing the objective of full employment and the non-speculative

climate that would enable the Union to create 3 million jobs. This strategy should allow for synergies between vocational training and education and build bridges with industry. In addition, SMEs should have access to credit and to training for their employees. Finally, a solution needed to found to the delays in the high-tech industry as the qualified workforce in this sector arrived on the market ten years too late. As regards the Cannes Council, the Commissioner stated that it had succeeded in establishing a new balance between the microeconomy and the macroeconomy.

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Adopting the report by Mr COATES (PSE, UK), the European Parliament stated that full employment could only be achieved through real social change and a radical rethink of the entire system of values on which economic life in Europe was currently based. Considering that the objective of job creation laid down Mr Delors' White Paper should be one of the top priorities, it called on the European Union and the Member States to implement an integrated approach and to ensure that there was complementarity between the various policies which impacted on employment. It also called for the right to work to be enshrined in the Treaty.

I. POLICIES: Macro-economic policy: it welcomed the institution of the European Investment Fund (EIF), insofar as the progress achieved with a view to EMU should be counterbalanced by an active employment strategy and, more importantly, by creating additional financial instruments to relaunch investment and create jobs. It called on the Commission to publish its estimates of both the deflationary effects which meeting the convergence criteria might have and the possibility of counterbalancing these effects by extending loan and borrowing instruments. Aware of the fact that investment in research is needed in order to support this growth, it called for the Union to devote 3% of GDP to research between now and the year 2000. New organization of work: considering that economic growth alone is not enough to achieve the objective of 15 million new jobs, it considered that the system of leave for family, personal or training reasons, the promotion of part-time work and a reduction in working hours were one way of improving supply to the demand for work and responding to the need to improve the quality of life and develop leisure time. It therefore considered that it would be easier to achieve a massive extension in the movement to reduce working time if a system of direct or indirect aid was in place, to be financed from the savings made in the cost of unemployment benefits. Convinced that the introduction of various systems of leave responded to the need for people to reconcile their professional, social and family life, it called on the social partners to conclude an agreement at European level on this issue. Stating that it favoured the promotion of part-time work and a reduction in working time over the year or over the entire working life, career breaks, paid secondment with a view to encouraging continuing vocational training and other ways of reducing the length of time worked, it wished to ensure that competition between enterprises and social protection for workers were not adversely affected and to maintain the services on which workers relied. Consequently, it considered that it was impossible to improve the internal flexibility of companies and the organization of work without taking account of the specific situation of each sector of production and each enterprise. Reiterating that labour market deregulation was not a means in itself of creating new jobs, it called for flexible working methods introduced to be subject to the agreement of the social partners, in order to avoid a proliferation of poorly-paid jobs with poor working conditions. At the same time, it called on the Commission to draft a report on possible interactions between early retirement and the recruitment of the long-term unemployed. It also called for the promotion of professional mobility.

New employment areas: the European Parliament called for innovative policies to be implemented in order to exploit important employment potential in individual and family services, in the social and cultural sectors, in tourism, leisure and, in particular, the environment. Adopting tax legislation to encourage initiatives taken by cooperatives and voluntary organizations would enable the objective of improving the efficiency and quality of social, cultural and environmental services and the objective of promoting employment to be pursued simultaneously. It also reiterated that SMEs had the greatest job creation potential and urged for their economic development to be supported by creating the right fiscal, social, administrative and legal conditions which allowed small businesses to create new jobs. A more active policy was needed in order to strengthen regional credit institutions, which play a primordial role in the promotion of local enterprises. It called for the Commission to submit a report containing proposals and suggestions on the methods and means which could be profitably applied at Union and Member State level in order to develop these new areas of economic and social initiative.

Wage costs and social security: it considered that wage cost subsidies with a view to reintegrating the long-term unemployed should be limited in time. Addressing the problem of financing social security systems, the European Parliament considered that it was impossible for labour to continue to bear such a heavy burden. As well as reducing expenditure, the solution was to find new sources of funding. The European Parliament therefore called for account to be taken of the introduction of new sources of funding (CO2 tax, tax on speculative investments, withholding tax on investment income and certain VAT rates).

Training: insofar as apprenticeship offered the possibility of life-long learning, it was suggested that over-specialization in professions which have no outlet should be abandoned. This could be achieved by improving the quality of vocational teaching, upgrading the supply of vocational training, developing new vocational training channels, improving the transparency of the supply of continuing training and providing more accurate information on training prospects and training for young people starting out with no qualifications and adults with no formal qualifications or training. The prospects for women to take an active part in economic and social life should likewise be improved. Similarly, considering that programmes to combat poverty have led to new jobs, it called again on the Council to show its solidarity with the most disadvantaged social categories by adopting the Poverty IV programme definitively.

Economic democracy: pointing out that increasing productivity is closely linked to information, consultation and the participation of salaried employees in the decision-making process in their company, the European Parliament suggested that there was a need for social dialogue at all levels. It also called for social standards to be introduced within the WTO and for the suspensive arrangements of the SGP to apply where any form of forced labour was practised and products manufactured in prisons were exported.

II. PROCEDURES: Parliament considered that cooperation between Member States and Community institutions needed to be strengthened in order to avoid any individual approach to employment policy. As far as procedures for monitoring employment policy as defined by the Essen European Council were concerned, the European Parliament proposed that: - during the first half of the year: . the Commission publish its economic annual report earlier and use it to analyze the main trends in economic policy, . the initial opinion of the European Parliament be communicated to the national parliaments, . the ministers of social affairs be involved in defining the main economic guidelines, . the Council send the European Parliament the final text of its guidelines as early as possible; - during the second half of the year: . the Commission publish its report on employment in July and its summary report in September, . the Commission set out its analyses before the relevant parliamentary committees in the report, . the summary report contain an evaluation of the employment policies of the Member States, . the Commission report to the European Council and the Council's conclusions take the form of proper employment guidelines. Finally, the European Parliament considered that it should be fully involved in the new monitoring procedures. It therefore instructed its relevant committees to draft a joint report on the annual economic report and the recommended economic guidelines for each May session and a joint report on the Commission's summary report on employment for each November session. The committees were also instructed to define the methods of applying the provisions set out in the reports.?