Action plan for employment. Essen European Council, December 1994

1994/2093(INI) - 03/11/1994

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 competitivity, 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 measuressuch 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.