Action plan for employment. Essen European Council, December 1994

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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.