Employment in Europe. 1996 annual Report

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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 thorough 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; - Pubic 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.