Employment in Europe. Annual report 1998

1998/2195(COS) - 14/10/1998 - Non-legislative basic document

OBJECTIVE: to present the Member States' employment rates in 1998. SUBSTANCE: This report aims to analyse employment performance in the EU in the recent past and to draw some conclusions about the potential contributions that individual Member States could make to achieve the desired significant increase in the employment rate. At 60.5%, the employment rate in Europe indicates a potential for employment expansion which is already used up in the USA and Japan. Twenty years ago employment rates in the EU and the US were similar, while in 1997 the spread was 14 percentage points (equivalent to some 34 million jobs). An analysis of employment rates by age group shows where the differences between the EU and the US lie. Employment rates for prime age males (25-54) are broadly similar to those in the US. Conversely, employment rates for young people (15-24), prime age women and older people (55-64), especially men, are much lower in Europe. They also vary widely within the EU. The Commission report considers that high overall employment rates depend on demand as well as supply side factors: - GDP growth is the primary determinant of employment growth but not necessarily of high employment rates; - the gap in employment between the EU and the US is not in agriculture, manufacturing or the public sector, but in the services sector; the difference in employment rates is particularly marked in communal services, business services and distribution, hotels and restaurants; - the differences between the Member States with high and low employment rates are essentially in these same sectors; - high employment rates in the Member States are associated with high rates of growth in employment of women; these could be improved by reforming the tax/benefits systems and childcare provision; - high overall employment rates are also associated with high youth employment rates; combining education and training courses with part-time jobs could allow young people over 18 to remain in education or training beyond basic schooling while starting work; - employment rates in the older age groups are either low (women) or declining (men); reversing trends towards early retirement will make an important contribution to raising the employment rate overall; - part-time work is an important factor behind high overall employment rates; a high degree of flexibility in working time improves the employment performance, both from the demand side (as flexibility is helpful for enterprises) and on the supply side (it is easier to combine work and family); - high employment rates are associated with high levels of education; - factors such as the taxation system, the way benefits operate, regulations on business and labour can be conducive to more employment or discourage it. The report also highlights areas where action could be taken to remedy this situation on the demand and supply sides of the economy. It suggests that the broader policy framework be constructed in such a way that it is conducive to the creation of jobs and that barriers which hinder employment be removed. The report proposes continuing the efforts which have already yielded results through applying the 1998 employment guidelines and associating them with macro-economic and structural reforms. Among the factors included in this report, some will feature in the 1999 employment guidelines (in particular, changes in taxation and unemployment benefits, rules on the employment market, improving qualifications and better provision of childcare).