

Employment in Europe. 1996 annual Report

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OBJECTIVE: the Confidence Pact with regard to employment in Europe is a comprehensive strategy proposed by the Commission in order to reduce unemployment. It has three objectives: . mobilization of all the actors (national, local and Community authorities and the social partners) in a comprehensive strategy through measures to be taken at all the levels, . better use of the European multiplier effects offered by the single market, . incorporation of the fight against unemployment in a medium and long-term view of society. **SUBSTANCE:** the point of the confidence pact is not to create new EU powers, nor to increase its expenditure, nor to bring in new criteria for EMU. It is, rather, to launch a collective enterprise involving the public authorities and the social partners and defining their respective commitments in the framework of a coordinated comprehensive strategy, covering both the macro-economic level and the internal market. In this general framework the measures proposed by the Commission deal with the following four priority areas: A) creation of a propitious macro-economic climate: this involves: . staying on course for a stable and sound macro-economic policy (public authorities and social partners), . giving better explanations of the beneficial impact of EMU on a macro-economic strategy propitious for employment (Community institutions and Member States), . accentuating the budgetary consolidation effort in compliance with the following recommendations (Member States): prefer spending cuts to tax increases; preserve expenditure on investment in human capital, innovation and infrastructure; reorient passive spending (unemployment compensation) towards active measures; shift the balance of taxation in favour of labour, . updating and reinforcing Member States' convergence programmes, . reinforcing the multilateral surveillance procedure, . pursuing an incomes policy conducive to competitiveness and employment (social partners). B) Harnessing the full potential of the internal market: the Commission proposes action in four areas: 1. completing and implementing the internal market: - adoption by the end of 1996 of three priority measures, namely the European company statute, legal framework for biotechnological inventions and the internal market for electricity, - incorporation into national law of directives relating to public procurement, investment services, insurance, intellectual property and company law, - drawing up of a White Paper on markets in services, - removal of obstacles to the free movement of individuals and workers. 2. enhancing the competitive environment in Europe: - regulate the question of supplementary financing for TENs, - make proper use of the Task Forces on Research and Industry, - draw up a plan of action to encourage further innovation, - adopt a clear regulatory framework for the Information Society. 3. helping firms to take advantage of the internal market: - adopt the new SME action plan by the end of 1996, - reconsideration of how state aids policies can best contribute to the creation of sustainable employment, while ensuring fair competition, 4. opening up further access to world markets, in particular by strengthening action to combat intellectual piracy and dealing with non-tariff barriers. C) Speeding up the reform of employment systems: the monitoring procedure for the implementation of the priorities of the White Paper 'Growth, Competitiveness and Employment' should be reinforced by Council and Commission recommendations and should be definitively institutionalized at the IGC. The Commission sets out two objectives: 1. better activation of national employment systems, in particular by: - a reform of national employment administration systems (simplification of recruitment and company-formation support schemes, personalized support for job-seekers), - mobilization of local actors (Commission, Member States and local authorities) through the decentralization of employment systems and the promotion of local initiatives for development and employment, - improved employability of young people (joint initiative by social partners on integration of young people and development of schemes based on Youthstart and Leonardo), - greater coherence between direct taxation and replacement income, which implies a debate and common policy on the future of social protection; 2. launching major projects on the future of work: - exploration of new forms of work organization: flexibility of working time; debate on the organization of working time; preparation of a Green Paper on social and societal aspects of the information society, - education and training as keys to the door of employment, in particular through the development of an Erasmus apprenticeship scheme, the development of a system of European articles of apprenticeship (Commission, Council, social partners)

and an action plan 'learning in the Information Society', development by the social partners of a reference framework for access to skills and a new proposal by the Commission on lifelong access to and validation of skills. D. European structural policies in the service of employment: the Commission proposes providing special support for employment of an additional ECU 5.5 billion provided by the deflator effect during the period 1996-1999 and giving priority to employment in allocating the new programmable resources (ECU 8 billion) for objective 2 under regional policy. There should also be a mid-term review before July 1996 of the structural action programmes for objectives 1, 2, 4 and 5b in the light of an assessment of their employment impact. The Commission also proposes launching territorial pacts giving a political go-ahead for these pacts following a process of selection in each Member State of a significant number of pilot towns, regions and rural areas; the first confirmation of these territorial pacts presented by the Commission should take place at the Dublin European Council. The Committee of the Regions would be invited to participate in the territorial pacts approach.