Action plan for employment. Essen European Council, December 1994

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Adopting the report by Mr COATES (PSE, UK), the European Parliament stated that full employment could only be achieved through real social change and a radical rethink of the entire system of values on which economic life in Europe was currently based. Considering that the objective of job creation laid down Mr Delors' White Paper should be one of the top priorities, it called on the European Union and the Member States to implement an integrated approach and to ensure that there was complementarity between the various policies which impacted on employment. It also called for the right to work to be enshrined in the Treaty. I. POLICIES: Macro-economic policy: it welcomed the institution of the European Investment Fund (EIF), insofar as the progress achieved with a view to EMU should be counterbalanced by an active employment strategy and, more importantly, by creating additional financial instruments to relaunch investment and create jobs. It called on the Commission to publish its estimates of both the deflationary effects which meeting the convergence criteria might have and the possibility of counterbalancing these effects by extending loan and borrowing instruments. Aware of the fact that investment in research is needed in order to support this growth, it called for the Union to devote 3% of GDP to research between now and the year 2000. New organization of work: considering that economic growth alone is not enough to achieve the objective of 15 million new jobs, it considered that the system of leave for family, personal or training reasons, the promotion of part-time work and a reduction in working hours were one way of improving supply to the demand for work and responding to the need to improve the quality of life and develop leisure time. It therefore considered that it would be easier to achieve a massive extension in the movement to reduce working time if a system of direct or indirect aid was in place, to be financed from the savings made in the cost of unemployment benefits. Convinced that the introduction of various systems of leave responded to the need for people to reconcile their professional, social and family life, it called on the social partners to conclude an agreement at European level on this issue. Stating that it favoured the promotion of part-time work and a reduction in working time over the year or over the entire working life, career breaks, paid secondment with a view to encouraging continuing vocational training and other ways of reducing the length of time worked, it wished to ensure that competition between enterprises and social protection for workers were not adversely affected and to maintain the services on which workers relied. Consequently, it considered that it was impossible to improve the internal flexibility of companies and the organization of work without taking account of the specific situation of each sector of production and each enterprise. Reiterating that labour market deregulation was not a means in itself of creating new jobs, it called for flexible working methods introduced to be subject to the agreement of the social partners, in order to avoid a proliferation of poorly-paid jobs with poor working conditions. At the same time, it called on the Commission to draft a report on possible interactions between early retirement and the recruitment of the long-term unemployed. It also called for the promotion of professional mobility. New employment areas: the European Parliament called for innovative policies to be implemented in order to exploit important employment potential in individual and family services, in the social and cultural sectors, in tourism, leisure and, in particular, the environment. Adopting tax legislation to encourage initiatives taken by cooperatives and voluntary organizations would enable the objective of improving the efficiency and quality of social, cultural and environmental services and the objective of promoting employment to be pursued simultaneously. It also reiterated that SMEs had the greatest job creation potential and urged for their economic development to be supported by creating the right fiscal, social, administrative and legal conditions which allowed small businesses to create new jobs. A more active policy was needed in order to strengthen regional credit institutions, which play a primordial role in the promotion of local enterprises. It called for the Commission to submit a report containing proposals and suggestions on the methods and means which could be profitably applied at Union and Member State level in order to develop these new areas of economic and social initiative. Wage costs and social security: it considered that wage cost subsidies with

a view to reintegrating the long-term unemployed should be limited in time. Addressing the problem of financing social security systems, the European Parliament considered that it was impossible for labour to continue to bear such a heavy burden. As well as reducing expenditure, the solution was to find new sources of funding. The European Parliament therefore called for account to be taken of the introduction of new sources of funding (CO2 tax, tax on speculative investments, withholding tax on investment income and certain VAT rates). Training: insofar as apprenticeship offered the possibility of life-long learning, it was suggested that over-specialization in professions which have no outlet should be abandoned. This could be achieved by improving the quality of vocational teaching, upgrading the supply of vocational training, developing new vocational training channels, improving the transparency of the supply of continuing training and providing more accurate information on training prospects and training for young people starting out with no qualifications and adults with no formal qualifications or training. The prospects for women to take an active part in economic and social life should likewise be improved. Similarly, considering that programmes to combat poverty have led to new jobs, it called again on the Council to show its solidarity with the most disadvantaged social categories by adopting the Poverty IV programme definitively. Economic democracy: pointing out that increasing productivity is closely linked to information, consultation and the participation of salaried employees in the decision-making process in their company, the European Parliament suggested that there was a need for social dialogue at all levels. It also called for social standards to be introduced within the WTO and for the suspensive arrangements of the SGP to apply where any form of forced labour was practised and products manufactured in prisons were exported. II. PROCEDURES: Parliament considered that cooperation between Member States and Community institutions needed to be strengthened in order to avoid any individual approach to employment policy. As far as procedures for monitoring employment policy as defined by the Essen European Council were concerned, the European Parliament proposed that: - during the first half of the year: . the Commission publish its economic annual report earlier and use it to analyze the main trends in economic policy, . the initial opinion of the European Parliament be communicated to the national parliaments, . the ministers of social affairs be involved in defining the main economic guidelines, . the Council send the European Parliament the final text of its guidelines as early as possible; - during the second half of the year: . the Commission publish its report on employment in July and its summary report in September, . the Commission set out its analyses before the relevant parliamentary committees in the report, . the summary report contain an evaluation of the employment policies of the Member States, . the Commission report to the European Council and the Council's conclusions take the form of proper employment guidelines. Finally, the European Parliament considered that it should be fully involved in the new monitoring procedures. It therefore instructed its relevant committees to draft a joint report on the annual economic report and the recommended economic guidelines for each May session and a joint report on the Commission's summary report on employment for each November session. The committees were also instructed to define the methods of applying the provisions set out in the reports.