# Employment and productivity and their contribution to economic growth

2004/2188(INI) - 09/06/2005 - Text adopted by Parliament, single reading

The European Parliament adopted a resolution based on the own-initiative report drafted by Ona JUKNEVICIENE (ALDE, LT) on employment and productivity and their contribution to economic growth. (Please see the summary of 20/04/2005.) It regretted that the Council no longer regards the Stability and Growth Pact as imperative for the improvement of conditions for economic growth and the creation of employment opportunities. It reaffirmed the validity of the strategic goals of the Lisbon strategy and stated that economic and monetary union and the Stability and Growth Pact will enhance the internal market and foster a non-inflationary, macro-economic environment with low interest rates. This will improve conditions for economic growth and the creation of employment opportunities and establishing a durable basis for social cohesion.

Parliament believed that a successful and sustainable economic and monetary union, a well-functioning internal market and high employment levels should not be exclusively addressed by structural reform of the Member States' social protection systems: structural reforms need to be comprehensive in scope, as opposed to limited or occasional measures, and address in a coherent manner the complex issue of incentives for job creation. It advocated reforms of tax and benefit systems to make work pay, active labour market policies to improve employability, the modernisation of work organisation including more flexible employment contract arrangements, efforts to encourage geographical and occupational labour mobility and efforts to make collective bargaining systems more employment-friendly.

In order to foster economic and employment strategies in the EU which take into account the objectives of social protection, more attention should be paid to improving market efficiency, technological innovation, training and education systems, competitiveness and productivity as prerequisites for growth and employment. Innovation and entrepreneurship are critical to growth, job creation and productivity.

Parliament also felt that more attention should be paid to simplifying Community and national legislation and advocated support for instruments and means of financing SMEs, such as venture capital. It recognised the important role of the European Investment Bank in creating employment through investment opportunities in Europe, and urged the EIB to step up its activities in this respect. Parliament went on to state that that a strengthened internal market combined with labour market reform and integrated capital markets would provide great potential for significant growth in European GDP. Therefore, the deepening of the internal market, especially in services, is essential.

Finally, Parliament drew attention to the need for improved labour mobility, in both geographical and occupational terms, as well as the need to encourage active ageing and discourage early retirement.