



Jobs Summit 20-21 November 1997

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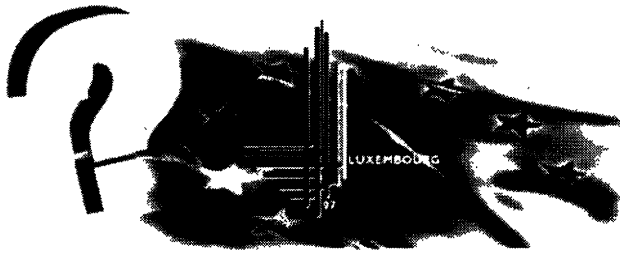
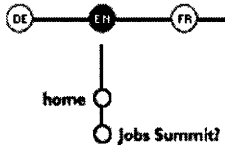
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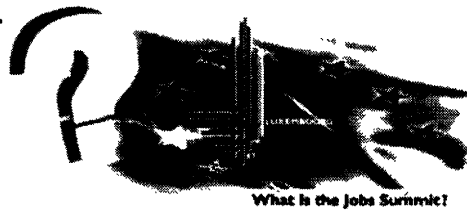
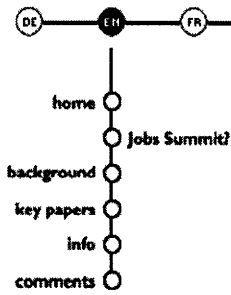
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What is the Jobs Summit

JOBS

SUMMIT

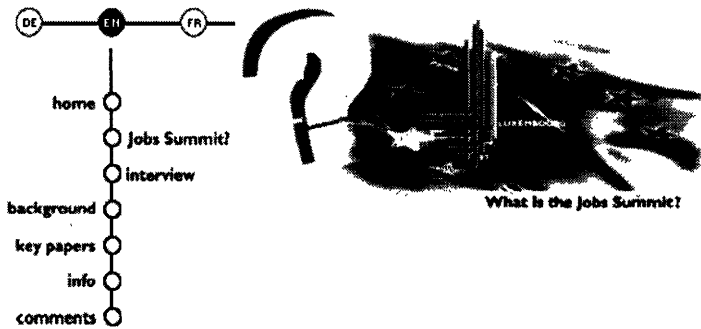


An interview with Allan Larsson

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What is it all about: The European Jobs Summit

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"We need a new strategy which goes beyond the current "wait and see" attitude"

An interview with Allan Larsson

Allan Larsson is Director-General of DG V (Employment, Industrial Relations and Social Affairs).

The Member States already advise the Commission on employment policies in the so-called "Employment Committee". You have been actively involved in the work of the group. What are the main results?

The Committee started its work in the beginning of 1997. We have a very busy work programme and very constructive debates. The work until now has laid a good foundation for the Joint Report and the new Employment Guidelines. There is general support for the political orientation expressed in the four "pillars": entrepreneurship, employability, adaptability and equal opportunities, and the analysis behind these four priorities.

However, the Summit will not be a success if we limit ourselves to merely describing the general orientation. There must be very clear commitments from the Member States, to make the strategy concrete and the commitments measurable and comparable. So concrete and so comparable that they will have an impact in each of the Member States.

What is the role of the social partners (employers and employee organisations) in the new approach towards employment policy?

We have great expectations on the Social Partners. The European Commission's Guidelines give them an important role. They have the means, at national and local level, to either keep the doors closed or open for job seekers to get the training and practice they need to become employable. Public policies are important to create the right incentives, but they will not work unless the employers and unions can agree on joint efforts for a better labour market. Therefore it is very positive that the Social Partners are working together through the Social Dialogue Committee in preparing a joint contribution from the Social Summit in the middle of November for the Jobs Summit.

For a long time you have been promoting a rethink of employment and social

policy on European and national level. What is your personal opinion on the recent developments?

Yes, there are now strong forces looking for a modernisation of the employment policies in the Member States. The main failure of European employment policies is the “wait and see”- attitude that has led to the high and persistent long term unemployment. It is a known fact that the present policies lead to an inflow of 2 million people every year in long term unemployment. This gives a clear indication of the need for a new strategy.

Early identification and early intervention, based on the needs of every individual job seeker, in order to prevent long term unemployment, is the only way to success. The more the employability measures are linked to the realities of working life the better the chances for success. This strategy is the cornerstone of the Guidelines we have presented. The choice of strategy in this field will make the difference between success and failure.

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On 20 and 21 November, the Heads of State and Prime Ministers of the 15 EU Member States will gather together in Luxembourg to address the key challenge facing Europe: how to provide more and better jobs for its citizens and move from words to action in combating unemployment. This extraordinary European Council meeting on Employment (Jobs Summit), to be presided by Mr. Juncker, Prime Minister of Luxembourg, was called for by the European Council of Amsterdam, upon the adoption of the new EU Treaty in June.

The stakes are high: Europe continues to suffer from high and persistent unemployment (10,9 %), while all the macroeconomic indicators show that Europe now has a real opportunity to come to grips with this problem: we have a trade surplus of over 1% of GDP, we have low, stable inflation (under 1.5%), creating a positive and predictable environment for business; we have a steady 2% a year growth in productivity.

Against this backdrop, the Summit is expected to address three sets of issues:

First, it will have to indicate the degree of commitment of the Member States as to how they are going to implement the provisions of the new Treaty, and in particular how they are going to give life to its key messages: to achieve high levels of employment, to make employment really a common concern, and to integrate (mainstream) the employment aspect in all their actions.

Second, the Summit is expected to undertake a thorough comparison of best practice, based on examples of successful policies provided by the Member States: What progress have the Member States made in the implementation of the European Employment Strategy, what are the concrete measures which seem to be working and which ones are not. In this sense, the Summit is expected to benchmark employment policies: to make progress together by learning from each other's successes and failures.

Third, the Summit will discuss steps for future action on the basis of the first Employment Policy Guidelines, an innovation introduced by the new Treaty, which will constitute a parallel process to the elaboration of the Broad Economic Policy Guidelines. The Employment Guidelines will introduce a number of quantifiable targets, which the Member States will commit themselves to attain with individual and concerted action. The attainment of these targets will be monitored and examined by the Commission, on the basis of Member States' reports.

The adoption of the Employment Title in the new Treaty of Amsterdam implies a recognition of the employment challenge as a key issue of European concern, equally important as macroeconomic and fiscal objectives. The employment challenge must be met if the Union is to attain its ambitious objectives to provide for material well being and social justice for all its citizens. Indeed the challenge is to demonstrate that higher levels of employment and more flexibility in the labour markets can be achieved without abandoning the basic foundations of solidarity and social rights upon which the European societies are built. The Jobs Summit has an important role to play in this process.

BACKGROUND



The employment situation in the European Union

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What to do? A European employment strategy based on four pillars

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Best practice examples: What can Europeans learn from each other?

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What does the Amsterdam Treaty mean for Employment?

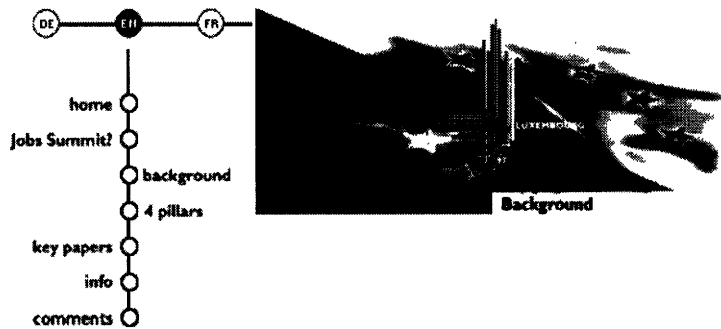
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The employment situation in the European Union

		Annual data				
Labour market indicators		1992	1993	1994	1995	1996
Activity rate ⁽³⁾		68,1	67,7	67,6	67,6	67,8
	<i>Men</i>	80,0	79,1	78,5	78,2	78,0
	<i>Women</i>	56,4	56,5	56,8	57,1	57,5
Employment rate ⁽³⁾		61,8	60,4	60,1	60,3	60,4
	<i>Men</i>	73,5	71,4	70,6	70,8	70,5
	<i>Women</i>	50,2	49,6	49,6	49,9	50,3
Employment growth rate		-1,2	-1,8	-0,3	0,7	0,4
	<i>Men</i>	-1,8	-2,3	-0,7	0,5	0,0
	<i>Women</i>	-0,4	-1,1	0,2	1,0	1,0
Share of long-term unemployed ⁽⁴⁾		40,6	43,2	47,4	49,2	48,3
	<i>Men</i>	39,6	41,0	46,0	48,3	46,6
	<i>Women</i>	41,7	45,7	48,9	50,0	50,1
Unemployment rate		9,3	10,7	11,1	10,7	10,9
	<i>Men</i>	8,1	9,7	10,0	9,4	9,6
	<i>Women</i>	10,9	12,2	12,7	12,5	12,6
Youth unemployment rate, 15-24y		18,2	21,4	22,2	21,6	21,8
	<i>Men</i>	17,3	20,9	21,4	20,2	20,6
	<i>Women</i>	19,2	22,0	23,0	23,2	23,3

- (1) Annual percentage change
(2) Annual consumption deflator
(3) Percentage of population 15-64
(4) Percentage unemployed

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What to do?

A European employment strategy based on four pillars

How Member States could shape their employment policies in 1998

A successful employment policy must be designed as an integrated set of policies. This integrated strategy has to be implemented in a consistent way over a number of years. This relies on a sustained, non-inflationary and growth oriented macroeconomic framework. The European Commission, in drafting European Employment Guidelines, has suggested that this integrated strategy must be built on four priorities (“pillars”): entrepreneurship, employability, adaptability and equal opportunities. The approach suggested is based on the thorough analysis of relevant data.

What does this mean? A set of measures is suggested for each pillar. At the same time, global targets specify further the objectives to be met by implementing the measures suggested.

1. Pillar: A new culture of Entrepreneurship in the EU: What to do?

The idea behind this pillar is to engender a new climate and spirit to stimulate the creation of more jobs and better jobs. We must

- **Make it easier to start-up and run businesses** by providing a clear, stable and predictable set of rules. Member States should review and simplify the administrative burdens on small and medium size enterprises.
 - Reduce significantly the overhead costs for enterprises of hiring an additional worker.
 - Adapt existing regulations to facilitate easier transition to self-employment. Obstacles, especially those within existing social security regimes, for people moving from employment to self-employment and setting up micro-enterprises need to be tackled.
- **Develop the markets for venture capital**, thereby mobilising Europe’s wealth behind entrepreneurs and innovators. Member States should examine the specific needs of small and medium enterprises as regards financing, principally in the form of equity or guarantee capital.
 - Establish a pan-European secondary market for trading in less important stocks and shares, particularly designed for small and medium enterprises (secondary capital market) by the year 2000.

- **Make the taxation system more employment friendly.** In order to encourage enterprises to create new jobs, Member States must reverse the average long-term trend towards higher taxes and charges on labour (which have increased from 35% in 1980 to over 42% in 1995).
 - Set a target for reducing the tax burden on labour, while maintaining budget neutrality, with a view to achieving substantial progress by the year 2000.

2. Pillar: A new culture of Employability in the EU: What to do?

The idea behind this pillar is to tackle the skills gap, by modernising education and training systems, and by strengthening their link to the workplace, so that all workers, especially jobseekers, are equipped to take new employment opportunities. Currently, over 20% of young people in the Union leave education and training without recognised qualifications. Only 10% of those adults who are formally unemployed are getting any training at all. It means that jobs are often vacant because no one with adequate skills can be recruited. To improve the employability of people we must;

- **Tackle long-term and youth unemployment.** Member States should seek early identification of individual needs and early action to ensure that
 - every unemployed adult is offered a new start - in the form of a job, training, retraining, work practice or other employability measure - before reaching twelve months of unemployment.
 - every unemployed young person is given such a new start before reaching six months of unemployment.
- **Ease the transition from school to work.** Employment prospects are poor for the 10% of young people who drop out of the school system early and many of the 45% who do not complete upper secondary education. Member States must seek to
 - reduce the numbers dropping out of the education system early by 50% within five years and progressively reduce the share who do not complete upper secondary level.
 - improve the apprenticeship systems and increase participation in apprenticeship training in line with the best performing Member States.
- **Move from passive to active measures.** Benefit and training systems should ensure that they actively support employability and provide clear incentives for the unemployed to seek and take up work or training opportunities. Each Member State should
 - set a target for the number of people to be transferred from passive income support to active employability-related measures.
 - seek to increase the numbers of unemployed who are offered training from the current EU average of 10% towards the average of the three best performing Member States i.e. above 25%, within 5 years.
 - look at ways of linking measures to improve skills with measures to reduce the cost of hiring lesser skilled workers.
- **Develop a partnership approach.** Both enterprises and the social partners should be involved in joint efforts to invest Europe's wealth in its future by offering the necessary work experience/training positions. The Social Partners are urged to
 - decide on a framework agreement as soon as possible on how to open workplaces across Europe for training, work practice, traineeships and other forms of employability measures and to agree on the terms and

conditions.

- continue the impressive contribution which they have made over the past five years to the wage moderation which has contributed so much to the improved economic outlook and the improved prospects for new job creation.

3. Pillar: A new culture of Adaptability in the EU: What to do?

The idea behind this pillar is to equip enterprises and the workforce to embrace new technologies and new market conditions. To promote and encourage adaptability we must;

- **Modernise work organisation.** Social partners and Member States should rethink existing working patterns. It is suggested that
 - Social partners negotiate, at the appropriate levels, agreements on work organisation and flexible working arrangements, including reductions in working time.
 - Member States put in place a framework for more adaptable forms of contracts. Those in non-standard work should be given greater security and occupational status. Those who opt to work reduced hours should not be penalised in terms of career progression or in terms of maintaining social security protection.
- **Support adaptability in enterprises.** In order to renew skill levels within enterprises, Member States should
 - remove fiscal and other obstacles to the promotion of investment in human resources and offer tax incentives for the development of in-house training. Incentives to workers to avail of training opportunities should also be encouraged.
 - re-focus their State Aid policies on upgrading the labour force, the creation of sustainable jobs and efficiently functioning labour markets.

4. Pillar: A new culture of Equal Opportunities in the EU: What to do?

The idea behind this pillar is to modernise societies so that men and women can work on equal terms, with equal responsibilities, to develop the full growth capacity of our economies. To strengthen Equal Opportunities we must;

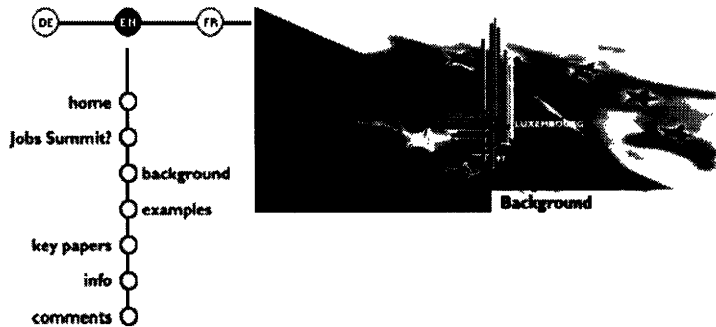
- **Tackle gender gaps:** Member States should translate their commitment to equality of opportunity and breaking down gender segregation, and
 - make consistent efforts to reduce the gap in unemployment rates between women and men by actively supporting the increased employment of women.
- **Reconcile work and family life:** Policies on career breaks, parental leave and part-time work are of particular importance to women. As are adequate provision of good quality care for children and other dependents. Member States should
 - seek to raise levels of care provision, using the standards of the best performing Member States as a benchmark.
- **Facilitate return to work:** Specific attention should be given to women considering a return to the paid workforce after an absence. They may face problems of poor employability due to outdated skills and may have difficulty in accessing training opportunities if they have not been

registered as “jobseekers”. Moreover, negative taxation and benefit systems may reduce financial incentives to seek work. Member States should address these and other obstacles.

These four pillars represent the European Commission’s view of the priorities for action. They represent priorities for a Europe in transition. These guidelines refer to Member States’ employment policy, not to new initiatives at European level. The guidelines represent a challenge to traditional thinking by declaring long term objectives.

Europe can change its employment situation by working together to ensure that employers and employees are equipped to engage fully in the new, more diverse, skill and process driven European economy.

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Best practice examples: What can Europeans learn from each other?

Good ideas should always be imitated. But how do I know that the concepts of my neighbours do work? The European Commission helps bridge that knowledge gap by collecting successful examples of policy measures. The Joint Report on Employment, which will be discussed in Luxembourg, provides for the examination and comparison of best practice in Member States.

The following models chosen out of several in the Joint Report on Employment demonstrate that the concepts of employability, adaptability, entrepreneurship, and equal opportunities are not just abstract. When translated into national policies they can and do bring positive results as the following examples show.

Denmark: Better employability through active labour market policies

In 1994 Denmark shifted the focus from passive income support to active labour market policies. The period over which the unemployment benefit was paid was reduced from 7 to 5 years. Those failing to find a job during the first two years of unemployment passed into an “activation period” during which they had both a right and duty to accept a training offer.

A number of instruments have been created for the activation of the long-term unemployed:

- **Ordinary job-training**, giving access to a wage subsidy, for the unemployed who are in fact employable for ordinary work in private firms or in the public sector;
- **Individual job-training** for those unemployed who cannot become employed under normal conditions. Individual job-training may take place in private firms or in the public sector (normally in the municipalities).
- **Education** (including educational leave for the unemployed) with or without a subsidy from the labour market authorities.

Both, education and job-training activated the workforce and lowered subsequent unemployment. However, the best results were achieved through job-training in the private sector which highlights the fact that private firms have greater possibilities for keeping trainees after the subsidy terminates.

Individual guidance of the unemployed was given high priority in this Danish labour market reform. Some people were even given a personal “plan of action”. The plan specified the employment goal of the unemployed individual and the kind of activation (education, job-training etc.) that the individual should undertake in order to regain ordinary employment. In four out of five cases, the employment goal specified in the plan was in line with the wishes of the unemployed individual, which was crucial in obtaining high motivation on the part of the unemployed person for any action that was proposed.

The success in Denmark was not only based on training but also on the understanding that the right/duty to full-time activation meant that the measures during the activation period were based, to a greater extent than before, on systematic control of the duty to be available for work and on the motivation effect.

Austria and Greece: Re-adapting workers affected by industrial restructuring

In 1987 Austria launched the Arbeitsstiftungen (Labour foundations) offering a list of measures to those affected by collective dismissals, industrial restructuring and company insolvency. The main objective was to bridge the gap between the former and future job without going through a period of open unemployment. The package consisted of career guidance, active job search, occupational placements, traineeships, training, and support in the creation of new businesses. Labour foundations were not limited to the company level, but were also aimed at the regional and sectoral levels, to cover several companies affected by similar restructuring problems due to industrial change.

The foundations are funded by the companies, the employees, the Labour Market Service, Länder and communes, and receive ESF support. Participants in the foundations receive unemployment benefits in the form of training allowances for a maximum of 3 years, in exceptional cases up to 4 years, as well as a “foundation scholarship”.

In 1995, 43 different foundations existed at all levels. A recent evaluation of the foundations in the foodstuff and transportation sectors showed a high re-employment rate. After following the measures, 83% of people in the foodstuff industry foundation and 73% in the transport sector foundation were re-employed. 6 months later, the re-employment rate continued to be high at 75%. Almost 60% of participants succeeded in maintaining or improving their former wage income.

Greece is implementing a programme with similar characteristics, which addresses the needs of workers affected by collective dismissals in areas of industrial restructuring. The “Integrated Programme of Intervention” consists of a list of measures aimed at the re-integration of dismissed workers through active support for a period of 37 months. It includes training allowances, subsidised jobs and start-up grants for the creation of own business. In contrast with passive income support, that in the past has been widely used to deal with similar problems, the new programme attempts to create the right conditions for the re-integration of the unemployed into active life. It is expected to play an important role in supporting the current privatisation process.

Italy: Measures to promote enterprise creation by young entrepreneurs

Start-up grants have enjoyed wide popularity in Europe, despite the evidence that the “mortality rate” of such businesses can be high. A solution to improving their effectiveness can be found in the provision of specific training in combination with finance and an appropriate assessment of the feasibility of each business project.

Since 1986, Italy has been running a Programme of Support to Youth Entrepreneurial Activity quite successfully, with the aim of encouraging young entrepreneurs to start up a business. People under 36 years of age are eligible for financial aid. This can amount to 90% of costs (in the Mezzogiorno region) or 60% (in northern and central regions) and is granted in addition to other support services (technical assistance, training, market orientation). Financial aid for investments may be in the form of non-refundable grants or loans at favourable interest rates. The management of the system is ensured by a public development company.

In 1996 a new initiative called Prestito d’onore (Loan Based on Honour) was launched, with the aim of supporting unemployed people who wished to enter self-employment in the crafts or manufacturing sector and who demonstrated the ability to translate an idea into a profitable activity. Under this scheme, small-scale self-employment initiatives in the Mezzogiorno are funded partly by non-refundable grants and partly by loans on favourable terms. The projects are selected and their feasibility checked at the end of a self-employment training course organised by public authorities. The ESF supports the training part of this activity.

An “activation” element is included in the scheme, to the extent that workers who have been made redundant may claim early payment of compensation when they propose to enter self-employment .

ITL 30 Billion for 1995 and ITL 50 Billion for 1996 have been earmarked for the implementation of this scheme However, more than 35,000 applications have been submitted so far, which has led the Government to increase the financing of the programme.

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Labour Market Indicators 1996

Belgium

Employment rate	56,6
Unemployment rate	9,8
Youth unemployment rate, 15-24y	22,9

Denmark

Employment rate	75,5
Unemployment rate	6,0
Youth unemployment rate, 15-24y	10,6

Germany

Employment rate	62,9
Unemployment rate	9,0
Youth unemployment rate, 15-24y	9,6

Greece

Employment rate	56,9
Unemployment rate	9,6
Youth unemployment rate, 15-24y	31,0

Spain

Employment rate	47,2
Unemployment rate	22,2
Youth unemployment rate, 15-24y	41,9

France

Employment rate	60,3
Unemployment rate	12,3
Youth unemployment rate, 15-24y	28,9

Ireland

Employment rate	56,3
Unemployment rate	12,3
Youth unemployment rate, 15-24y	18,1

Italy

Employment rate	51,4
Unemployment rate	12,0
Youth unemployment rate, 15-24y	33,5

Luxembourg

Employment rate	59,6
Unemployment rate	3,2
Youth unemployment rate, 15-24y	9,1

Netherlands

Employment rate	65,1
Unemployment rate	6,6
Youth unemployment rate, 15-24y	11,5

Austria

Employment rate	69,8
Unemployment rate	4,1
Youth unemployment rate, 15-24y	6,0

Portugal

Employment rate	66,0
Unemployment rate	7,3
Youth unemployment rate, 15-24y	16,7

Finland

Employment rate	61,7
Unemployment rate	15,7
Youth unemployment rate, 15-24y	38,2

Sweden

Employment rate	70,3
Unemployment rate	10,0
Youth unemployment rate, 15-24y	21,1

United Kingdom

Employment rate	69,8
Unemployment rate	8,2
Youth unemployment rate, 15-24y	15,5

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What does the Amsterdam Treaty mean for Employment?

In June, the European Council, made up of the Heads of State and Governments of the 15 Member States of the European Union, agreed on a new Treaty for the European Union, known as the “Amsterdam Treaty”. The Treaty - still to be ratified - declares that Member States shall treat employment “as a common concern, and shall co-ordinate their action”.

This marks a new start in European policies on employment: While the main responsibility for deciding and implementing employment policies remains with the Member States, the new Treaty emphasises the need for coordinated, joint action and provides for action on European Union level. “The objective of a high level of employment” it says, “shall be taken into consideration in the formulation and implementation of Community policies and activities.”

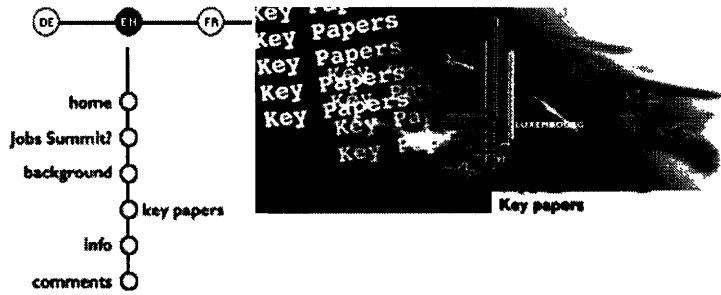
The following instruments have been created to structure the monitoring process of the new co-ordinated European employment strategy:

- The Heads of State and Governments will each year reach conclusions on the employment situation in Europe.
- The Council, composed of the Ministers of the Member States, will adopt by qualified majority voting employment guidelines for the Member States. These guidelines will be proposed by the Commission, having consulted the European Parliament, the Economic and Social Committee, the Committee of Regions and the Employment committee.
- The Council will examine each year the implementation of the guidelines and will issue, if necessary, recommendations - based on a Commission recommendation - to the various Member States. The Council and the Commission will draft a joint report on the employment situation in Europe every year and submit it to the meeting of the Heads of State and Governments.
- The Treaty will provide for programmes to support innovation in employment policies through pilot projects, (which can run for a maximum of five years), aimed at exchanging information and best practice.

An Employment Committee, composed of Representatives of the Member States, will assist in the European monitoring process.

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KEY
PAPERS



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Employment in Europe Report 1997

Executive Summary

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Issues and policies

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Joint Employment Report 1997

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DA - EL - ES - FI - IT - NL - PT - SV (Word6)

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Guidelines for Member States Employment Policies 1994

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Social partners' contribution to the Employment Summit

available as Word6 or PDF files



I am very pleased to be presenting these three proposals on employment. This interlinked package forms the backbone of the Commission's contribution to the special Jobs Summit that will be held on 20-21 November.

Commissioner Padraig Flynn

The package comprises three distinct elements:

- the 1997 Employment in Europe Report,
- the Joint Report on Employment, and
- the Commission's proposals for the Employment Guidelines.

1. The Employment in Europe report

This is the Commission's annual review of the employment situation in the Community. It aims to present a factual, statistical overview of the main employment and labour market developments, so as to provide policy makers with a firm basis on which to work. Over the years, it has become one of the Commission's "flagship" reports, and it is very widely read across the Community. This year's report provides the detailed analytical underpinning on which the Joint Report and the Guidelines are constructed.

The editorial of the Employment in Europe Report draws out the key policy messages flowing from the analysis presented in the body of the report, and gives us the opportunity to highlight some more political messages. This year's report makes clear that the main problem remains job creation, and focuses particular attention on the need to tackle the skills gap, improve flexibility and mobility, and address the needs of specific groups.

2. The Joint Employment Report

The Joint Employment Report looks more specifically at recent developments in employment policies, on the basis of Member States' submissions and their Multi-Annual Employment Programmes.

I should emphasise two things at the outset about this Report.

First, it is a Joint report. It is presented by the Commission but it will be negotiated and agreed with the Council. So while we have a free hand in putting forward this draft, we do not have total editorial control thereafter.

Second, this year's Report has a particular focus, since it draws on the examples of "best practice" that the Heads of State and Governments have submitted in response to a request from Prime Minister Juncker.

From these examples of best practice, and drawing from the Multi-Annual Programmes, we have sought to distil the key lessons to be learned from Member States current experience. The Joint Report presents the results of this exercise, drawing out what has been tried, what has worked and, to an extent, what has failed. The aim has been to identify the "golden nuggets" which we have used to underpin the employment guidelines.

You will appreciate that striking the right balance between a factual presentation and an analytical critique of Member States' policies has been a delicate task, all the more so since we now have to negotiate this text with the Council.

Nonetheless, I think that there is a strong message to come out of the Joint Report. While a lot is being done in all Member States to meet the employment challenge, all too often measures do not form part of an integrated strategy. There is a plethora of disparate initiatives, which tends to reduce the overall impact significantly. Much greater co-ordination and integration is needed.

3. Employment Guidelines

This brings me on to the third and most important element of the package - the Employment Guidelines.

Before introducing the Guidelines themselves, I should briefly like to recall the process that we are following, since it is a new one.

The Amsterdam Summit agreed a new Title on employment, under which employment is to be considered as a matter of common concern and the co-ordination of national employment policies is reinforced. Moreover, the new Treaty establishes a new mechanism for making this co-ordination effective. First, it foresees the establishment of common guidelines on employment - to be adopted by the Council on a proposal from the Commission. Second, it sets out the possibility for the Council subsequently to issue Recommendations to individual Member States, again on a proposal from the Commission. In some ways, therefore, this new procedure is similar to that followed for the broad economic policy guidelines.

What is more, the Amsterdam Summit agreed that these new procedures should be made effective immediately, and called a special European Council to discuss the employment situation. The Presidency has requested the Commission to present the first set of guidelines as a framework for discussion at this Summit.

So, this is the start of a new, annual, process of closer collaboration and co-ordination of employment policies. This process will be interactive. Each Member State will have to draw up its own action plan, adapted to its own

circumstances, but within a common European framework of objectives and guidelines. And each year from now on, the Commission will report on the implementation by the Member States of the employment guidelines, present updated guidelines and - if necessary - propose Recommendations to individual Member States.

The fact that the first set of guidelines will be discussed by a special European Council underlines the importance of the exercise we are now engaged in.

The guidelines before you today are built around the framework that we discussed during our orientation debate at the beginning of September, namely the four themes of entrepreneurship, employability, adaptability and equal opportunity.

Within each of these lines of action, we have sought to identify a limited number of specific - and where possible quantifiable - targets for Member States to aim at. While not every target will be appropriate for every single Member State, we have deliberately focused on actions which should have a strong net positive effect at European level.

In addition, at the beginning of the guidelines we have spelt out broader aims, which are what we hope these guidelines should deliver if fully implemented. These aims - an employment rate of 65% and an unemployment rate of 7% within 5 years - are ambitious but achievable, so long as the potential for stable growth is realised and is combined with forward looking structural reform.

I should just briefly like to highlight some of the key elements of the guidelines.

First, entrepreneurship, or enhancing our capacity to create jobs. This involves both facilitating the creation of new businesses - for example by improving access to venture capital - and facilitating the creation of new jobs - for example by reducing non-wage labour costs.

Second, employability, or enhancing people's capacity to be employed. This is, in many ways, the core of the guidelines. It involves, for example, tackling long-term and youth unemployment, by offering a guarantee of a new start to every long-term or young unemployed person within 12 or 6 months respectively. This idea has been under discussion by the Member States themselves for some time. It also involves tackling the skills gap, by reducing the numbers leaving school early or without adequate qualifications. And it involves mobilising the huge resources in the tax and benefit system to provide active employability measures rather than passive income support. Member States have much to do in this area.

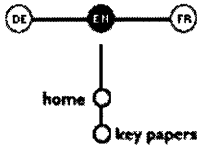
Third, adaptability of enterprises and of individuals. Here the social partners have a key role to play in negotiating agreements on new forms of work organisation and working time. We are also placing a significant emphasis on promoting investment in skills, for example through the encouragement of tax incentives, while of course respecting our state aid rules.

Fourth, equal opportunities. Unemployment is higher for women than for men. Their rate of participation in the labour market is significantly lower. If we do not tackle these problems, we stand no chance of improving Europe's overall employment performance. And in the longer term, because of demographic trends, the growth in employment necessary to sustain our living standards and the European social model is critically dependent on an increase in the participation of women in the labour force. We are therefore looking to boost the employment rate of women in the Community (currently only 50%), and to reduce by half the unemployment gap

between women and men within 5 years.

In conclusion, let me emphasise that we have deliberately set out to be ambitious in this document. But we are also realistic. We have spent a long time building momentum and political commitment at the European level, and now is the time for decisive action. I believe that these guidelines set a challenging agenda for the Member States and offer a sound basis for decisive action.

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An employment agenda for the year 2000 : executive summary

The Employment in Europe report 1997 comes at a defining moment in the development of the Union. The new Treaty, agreed at Amsterdam, makes employment a matter of common concern and introduces employment as an explicit goal for the Union. This report contributes to the preparations for the extraordinary European Council on employment and unemployment and to the further development of the European employment strategy. It presents the latest trends in employment and the labour market and looks forward to the challenges of the 21st Century as the European Union prepares itself for this new phase in its development with the completion of the Single Market, the third phase of EMU and the preparations for the new wave of enlargement.

Recent developments in jobs and employability

At 1.5%, economic growth was slow in 1996, the recovery not gathering momentum until the end of the year. Inflation, at 2% continued to be low and wage developments were moderate.

- employment rose by some 600 000 in 1996, not enough to make significant inroads into making good the job losses of the recession or reducing unemployment;
- part-time jobs again accounted for all net job creation in 1996, as they have each year since 1990;
- the rise in job opportunities led to a renewed rise in labour force participation. Participation of women increased further, from 56% to 57% and withdrawal of men from the labour market slowed down;
- unemployment remains stubbornly high at 10.8% in mid-1997, and over 5% of the labour force in the Union had been unemployed for a year or more in 1996;
- the unemployed had great difficulty in finding jobs: under a third of men, and a quarter of women who were unemployed in 1995 had found a job by 1996.
- unemployment of women is still some 3% points higher than for men (12.7% compared with 9.4%)
- while youth unemployment has improved slightly, due to demographic factors and a higher participation in education, the average rate in the Union remains at over 20%;
- job losses over the last 10 years have been concentrated in sectors which account for less than a quarter of total employment in the Union;
- of the working age population is hampered by disabilities; nearly half of these are in the 50-64 age group. The average employment rate of disabled people is 44%, nearly 17% below the overall rate.

The main questions for the employment agenda

The challenges of the next decade raise serious questions about the ability of the European labour market to respond to them. The single market and EMU focus attention on mechanisms of economic adjustment and their effectiveness and on whether the European labour market is sufficiently flexible to secure a balanced and sustainable development of employment in the years to come.

The main problem is job creation

Whatever the relationship between employment and output growth, it is clear that the major problem remains the creation of more jobs. The response in terms of increased labour market participation to the relatively small improvement in job opportunities in the period 1994-96 shows that there is a labour reserve in Europe which can be mobilised, over and above those recorded as being unemployed. Compared with the employment rate in the US, this reserve amounts to over 20 million people to be found jobs. A range of measures are needed to unlock this growth potential and to make growth sustainable.

While in the short term, net job creation depends mainly on the rate of output growth, in the longer term it also depends on institutional structures and societal choice on the priority given to employment and how possible conflicts, between this and maintaining productivity growth and competitiveness are reconciled.

Tax-benefit systems should continue to be made more employment-friendly to create an environment that stimulates enterprise and the creation of jobs.

investment, particularly in Europe-wide infrastructure projects, can have a major impact on employment, adding to capacity and productive potential, with less inflationary risk than consumption, and promoting competitiveness and sustainable growth.

Job creation depends to a high degree on creating the right economic environment. Product and services markets need to function in a more effective way in order to create new opportunities which will generate additional demand for labour. Measures proposed under the action plan for the Single Market should therefore be implemented without any delay at national and Community level.

The skills gap - A major structural problem

The ageing of the Union's labour force, allied with the increasing pace of new technology means that we are facing an ever-expanding skills gap. Societies must maintain their competitiveness with a shrinking number of young people with modern skills and a large proportion of older workers who have been trained for technologies no longer used or for jobs no longer needed. A triple-pronged strategy which aims to ensure that learning, training and updating skills and competence is an on-going process throughout life is therefore called for: first, to reorganise fundamentally initial education and training systems to bridge the gap between school and work and to enable young people to be adaptable in later working life by ensuring that they have the relevant skills and competence. Second, to commit government and business to much more than the current token efforts to upgrade and continuously train the whole of the adult labour force so that they have the ability to meet the challenges brought about by new technologies and third, to develop better programmes combining training, incentives and opportunities for unemployed and displaced workers to equip them with the skills and abilities to enable them to reintegrate into the mainstream of society. *Bridging the skills gap is a key to a more flexible and dynamic labour market.*

At the same time, efforts to improve the skill levels of the work force must go hand in hand with continued efforts to ensure sufficient flexibility in labour markets and that labour costs are conducive to job creation so that employment opportunities are provided for those whose skill levels are likely to remain limited irrespective of the kind and extent of training received. This means that the overall cost of employment for the latter, including the non-wage element, is at an appropriate level in relation to productivity and that artificial barriers inhibiting job creation are removed. Such measures will also help to increase confidence that policies for fostering labour demand will not simply lead to increased inflation.

Flexibility in working patterns

Flexibility in goods and services markets, in the form, for example, of the relaxation of restrictions on Sunday trading, is translated in the European labour market into non-standard patterns of work and employment contracts. Part-time working and fixed-term contracts have become the standard response to slow market growth and uncertainty. Such patterns can also result from high levels of regulation, which alter the way in which employers hire labour, as well as affecting the rate of net job creation. A new approach is therefore required which neither condemns them outright nor promotes them superficially. *Carefully designed programmes of reform are required, preferably negotiated through social dialogue between governments and social partners. Such programmes should both end the discrimination against permanent work contracts due to excessive regulation, and extend social protection, acquired and transferable rights, to non-standard forms of work*

Flexibility in wages and salaries

Differences in wage levels across Europe tend to be wider than in the US, not only between Member States, which is to be expected, but also between regions within Member States. Average labour costs vary at the extremes from ECU 5 per hour to over ECU 25 per hour. Such differences largely reflect variations in labour productivity and there is little sign of wages being excessive relative to the contribution of labour to value-added. Analysis of labour cost differences between regions in Europe and the US suggests that *regional problems of inadequate infrastructure, low local labour force skills and so on may be as important as wage flexibility in giving rise to unbalanced rates of economic development and employment growth. Policy, therefore, needs to be focused on correcting these problems, together with labour market rigidities which can deter job creation.*

Geographical mobility

The scale of migration into the Union is relatively small: less than 0.5% of the working-age population in 1995. Inflows into the Union have slowed significantly since the early 1990s; only half of immigrants are from third countries and many of the rest are returning nationals. While the policies for labour migration must continue to give priority to absorbing the excess labour supply in the EU, it must also recognise the value of the contribution made by migrants to the economies of the Union and, in accordance with the Treaties in force, promote their rights and equal treatment commensurate with that contribution.

Within the Union, movements of labour between Member States are also small, much smaller than movements between different parts of the US. Less than 2% of the working age population in EU Member States are from other EU countries. However, movements between regions within Member States are much larger than between countries and are comparable in size to those between States in the US. In 1993-94, an average of just under 1.5% of the population moved between NUTS 1 regions in Europe, which compares with just over 2.5% in the US. In most instances, these movements are linked to employment or education and training opportunities and are particularly important among younger age groups. *Policy should aim to provide people with a real choice between staying in the place where they were brought up and moving elsewhere to live and work.*

The scale of regional migration was slightly lower in 1994 than in 1990 both in Europe and in the US, perhaps because economic activity was lower in the later year. This suggests that the availability of jobs may be just as important in encouraging people to move as job shortages. It may also reflect the constraints which exist, in both Europe and the US, on someone who is unemployed moving from their home to another part of the country to look for work. *Policy should aim at alleviating these constraints.*

Regional mobility is not confined to migration. Large-scale commuting occurs in many parts of the Union and is potentially important in correcting labour market imbalances. *Policies should aim at improving the trade-off between such benefits and disadvantages which arise in other policy areas in relation to the provision of social services, traffic and environmental degradation.*

Occupational mobility

Sectoral and occupational mobility are equally important aspects of labour market flexibility and there is evidence that this is relatively high in most Member States. In 1995, job turnover was around 16% for men and 19% for women. *Making it easier for people to change jobs and ensuring access to the necessary retraining is important for combating emerging skill shortages, narrowing productivity gaps and thereby promoting growth and employment.*

Adjusting to the capacities of individuals

Flexible labour markets mean that employers also, adapt to the needs and capacities of individuals and to capitalise on their potential so as to maximise the supply of skills. Evidence of a lack of such adjustment is the low rate of training of workers and the low employment rate of disabled people. While this varies between Member States, it tends to be higher in countries where the overall employment rate is also high. Disability is often the result of dangerous working conditions and poor safety standards. 10 million people every year are stricken by occupational diseases, injuries or accidents. *A decisive implementation of agreed health and safety standards would substantially improve the safety situation, reduce public expenditures and increase the employability of the work force.*

Dynamics of the labour market

An average of 30% of the unemployed find work within a year. This proportion tends to rise slightly in periods of strong growth. In 1996, some 5 million people had been unemployed for more than two years. In 1992, this figure was 3 million, suggesting that even the hard-core long-term unemployed can be tackled with a period of sustained employment growth. Structural unemployment reflects the nature of the economy, not the individual. *Policy needs to recognise that dealing with the unemployed is three-fold: bringing about a sufficient, but sustainable rate of growth, tackling the employability of the unemployed by enabling them continually to update their skills in line with labour market needs and improving and simplifying the business environment.*

The way forward: an employment agenda for the year 2000

The Amsterdam Resolution called for the improvement of the functioning of European markets and enhanced coordination of economic policies. It also called for an immediate implementation of the relevant provisions in the Employment Title in the new Treaty. The key provision is the reference to employment as a common concern. That is why it provides for the appropriate coordination of employment policies at EU level and the development of a common employment strategy. The message of Amsterdam is that the completion of the single market, monetary discipline and job creation have to be pursued in parallel. This is the task for all those concerned.

The Commission Communication "Agenda 2000" presents the economic, technological and social trends in European society in the years to come. This communication is the basis for the Commission's contribution to the further development of the European employment strategy. It indicates four directions for action in this respect: setting the conditions for sustainable, employment-intensive growth; putting knowledge and technology to the forefront; modernising employment systems; improving living conditions. Certain priority programmes, with a high value-added from Community-level action are highlighted. They include the trans-European networks, research, education and training, the introduction of environmentally-friendly technologies and measures to support SMEs.

The European employment strategy is of fundamental importance in tackling the employment problem, and will be even more important when Economic and Monetary Union is implemented. While high employment and well functioning labour markets are priority objectives in their own right, high employment is the best way to make EMU successful. The existing employment strategy, based on a combination of macroeconomic stability and structural reform to modernise labour markets, has been underway since December 1994. There are experiences of good progress and performance both on a national scale and at local and regional level.

The 1997 Demographic Report has focused on the underlying population changes which will affect labour force trends in the first decades of the new century. These changes must be taken into account in the development of the Employment strategy for the year 2000.

There is, however, a question of responsibility for action and how it should be shared.

Member States continue to have responsibility for employment policy and the provision of sustainable growth and a favourable business environment.

Employers, above all, must maintain the competitiveness and job creating capacity of their enterprises. Maintaining and developing the productive capacity and motivation of their work force depends on the provision of on-going and relevant training and by treating this as an investment rather than as a cost for the enterprise. Many job opportunities are lost when businesses face complex and difficult administrative requirements during their start up and early years, and when businesses are transferred. Simplifying the business environment would help to overcome these difficulties faced by employers.

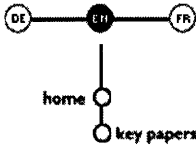
Trade Unions have a major role to play in promoting equity in the labour market in encouraging responsible wage determination which increases investment, productivity and welfare and which helps insiders to keep their jobs and outsiders to gain access to them.

Local governments, within a coherent national strategy, must bring all relevant bodies together in partnerships for local development, to tap local capacities and local markets to identify sources of jobs. They must also act as agents for change, promoting sustainable local restructuring.

Individuals have a claim on opportunities offered to them. But they must also combine these opportunities with an individual responsibility: a willingness to adapt, to respond to incentives and to seek and master new capacities and skills.

The European Institutions have an important contribution to make. In line with the conclusions of the Amsterdam European Council, the Commission will present a proposal for a Joint Employment Report and draft guidelines for Member States' employment policy to be submitted to the Jobs Summit to be held at the end of 1997. These will be designed to specify an agenda for employment for the year 2000 and beyond and provide the basis for operational action to provide for more and better jobs in the Union.

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An employment agenda for the year 2000 : issues and policies

The Employment in Europe Report for 1997 comes at a defining moment in the development of the Union. The adoption of an employment Title in the Treaty provides both the recognition that employment is an issue of common concern and the tools necessary to address this issue at European level. The Report examines the challenges of employment and labour market policy in the years to come and suggests where the main priorities for policy should lie.

Employment is a common concern

The inclusion of an employment Title in the Treaty marks a new departure for the recognition of employment as an explicit objective for the Union. The Treaty now states that "Member States ... shall regard promoting employment as a matter of common concern and shall co-ordinate their action." This reflects the commitment of Member States who have the main responsibility to implement the decisive action required to produce a substantive and sustainable improvement in employment performance. It also provides for action at Community level: "The objective of a high level of employment shall be taken into consideration in the formulation and implementation of Community policies and activities." The Treaty identifies the promotion of "a skilled, trained and adaptable work force and labour markets responsive to economic change" as a key objective in developing a coordinated strategy for employment. Furthermore, the revision of Article 2 of the Treaty also confers on the Community the task of promoting equal opportunities for men and women. It is not only the culmination of a process which began with the White Paper on *Growth, Competitiveness, Employment* in 1993, but also the recognition that the roots of the present situation go back 25 years, to the economic shocks of the 1970s, and the apparent inability of the European economic system to recover sufficiently from periods of economic downturn. The third, and most recent of these shocks, aggravated by the failure of economic policy to maintain growth in the last decade, has brought us to the present situation.

In the turmoil of the early 1990s, half of the new jobs created in the period of rapid growth of the late 1980s were lost - 4.9 million between 1991 and 1994 (though as noted in last year's Employment Report, employment in SMEs increased between 1988 and 1995, compensating in some degree for job losses in larger enterprises). Unemployment soared to new peaks, exceeding 11% on average for the first time ever in 1994. Neither the production system by itself nor the macro-economic policies underpinning it seemed capable of generating the growth of output needed to deal with the employment problem. In a world of increasing globalisation, attention turned to improving the performance of the European employment system within the context of stability-oriented economic policies and structural reforms aimed at increasing the employment-content of growth.

Meeting the challenge of insufficient growth and intolerable unemployment requires a profound modernisation of Europe's economy and its social system for the 21st Century without giving away the basic principles of solidarity which should remain the trademark of Europe. The completion of the Single Market and the move to Economic and Monetary Union will bring the potential for greater prosperity, stability and choice to citizens both as workers and consumers. This is being matched by the modernisation of the labour market and reform of social security systems to bring about a new balance between flexibility and security.

The new Treaty provisions strike a new balance by making employment an explicit objective and by giving the Union a role in developing a common employment strategy.

Economic and Monetary Union and employment

Europe has now left behind a long period of monetary instability and high inflation. There is now a strong political will to maintain monetary stability, to be achieved through the third phase of Economic and Monetary Union and the convergence programmes. EMU, as a fundamental change in the economic policy framework, will influence growth and employment performances through its impact on the policy-mix in the Euro zone as a whole. Successful implementation of the employment strategy will be even more important under EMU.

Efforts undertaken in the late 1980s and 1990s to create a single market was a major supply-side stimulus for the European economy. The introduction of the single currency, together with the implementation of the Action plan measures, will significantly improve the functioning of the single market. This will provide the European economy with the solid economic basis which will help to ensure that EMU will work.

The objective of Economic and Monetary Union is to modernise the European economy, to bring about a more integrated system aimed at monetary stability, leading to an increase in long-term rates of economic growth and employment with living standards in the Member States rising in step.

Under EMU, the suppression of exchange rate and currency disturbances between participating countries eliminates an important obstacle to growth. At the same time, the adoption of a common, price-stability oriented, monetary policy, the budgetary discipline resulting from compliance with the convergence criteria and the Stability and Growth Pact will reduce considerably the risks of conflict between budgetary and monetary policies. In such a context, it is probable that wage developments will also take into account the objective of price stability and the profitability of employment-creating investment. Thus the risk of a stability conflict, which, in the past, repeatedly contributed to the unsatisfactory growth and employment performance of the Community, could be avoided in the coming years.

Although EMU as such is not an "employment policy", it provides the opportunity to achieve a macroeconomic policy mix favourable to a sustainable growth of output above the rate of growth of labour productivity, thus resulting in net employment creation. In this way, it would fulfil its role as set down in Article 2 of the Treaty to achieve *a high level of employment and of social protection, the raising of the standard of living and quality of life, and economic and social cohesion and solidarity among Member States*.

The macroeconomic policy mix is determined by the interaction between the three main variables: money, public budgets and wages.

A single monetary policy will strongly influence the macroeconomic policy-mix of the whole Euro-area. While the primary objective of this is price stability, a second objective is to support the general economic policies in the Community, including explicitly sustainable and non-inflationary growth and a high level of employment. The more the stability task of monetary policy is facilitated by appropriate budgetary measures and wage developments, the more it will be favourable to growth and employment.

Expenditure from national budgets amounts to about half of Community GDP and budgetary policies will remain under Member State responsibility. In addition to the provisions for achieving and preserving budgetary discipline, the Stability and Growth Pact will reinforce the implementation of the required discipline, thus ensuring that no conflict will occur between budgetary and monetary policies.

In addition, the implementation of this Pact will allow Member States to restore the room for manoeuvre that budgetary and fiscal authorities need for an optimal management of their economies in a full EMU.

Wage developments will continue to be determined largely through negotiations between the social partners, though with significant differences in the specific features of national systems across the Union. Wages, including social contributions, account for about half of Community GDP. The macroeconomic policy mix will be favourable to growth and employment insofar as wage developments do not contribute to a stability conflict with the single monetary policy and preserve, or strengthen as appropriate, the profitability of employment-creating investment. Wage developments by country, region, qualification and sector will not be the same all over the Euro-area. Differences in price and productivity trends and competitiveness will play their normal role in the wage-setting process at all levels.

Because of their role in determining wage developments, the Social Partners have an important responsibility under EMU to facilitate the pursuit of a growth and employment-oriented policy, as recognised by the European Council at Amsterdam.

EMU in no way replaces the need to carry out the structural reforms required to improve the functioning of the labour market which have been defined by successive European Councils since Essen in December 1994. These reforms are an integral part of the European employment strategy, with or without monetary union, and efforts to pursue them must continue as before, reinforced by the surveillance procedure provided for in the new employment Title.

EMU focuses attention on mechanisms of economic adjustment and their effectiveness. Under EMU, a principal adjustment mechanism to respond to short-term fluctuations in economic activity in particular parts of the Union are the automatic fiscal stabilisers rather than discretionary changes in monetary or budgetary policy. Adjustment of exchange rates is no longer an option with a single currency. Policy will therefore need to ensure that such stabilisers are allowed to function as effectively as possible, so that regions suffering a decline in economic activity and increased unemployment will benefit from the higher net fiscal transfers from national budgets (in the form of lower tax payments and higher social transfers) which are the automatic result of their operation.

At the same time, there will need to be a greater focus on achieving balanced regional development to prevent excessively large migration of labour in response to lack of jobs, which needs to be avoided in order to maintain economic cohesion within the Union. This will continue to be a major objective for the Structural Funds.

Labour market adjustment is the other major element in these mechanisms. Is the European labour market sufficiently robust to face up to the challenge of helping to secure balanced development of employment across the Union at a rate high enough to ensure jobs for both the unemployed and newcomers on to the labour market? These issues are addressed below.

Major trends in 1996

More detailed analysis of the trends highlighted below is set out in the background analysis annexed to this report.

Economic performance evens out

Between 1991 and 1996 the EU economy registered its worst post-war performance over a 5-year period in growth and employment. While this poor performance has often been attributed to globalisation or the

introduction of new technologies, it was mainly caused by the deep recession of 1992/93, which resulted from a stability conflict: initial overheating in the production process was aggravated by a distorted policy-mix, amplified by the effects of German unification.

After a setback to economic growth in the second half of 1995 and in early 1996, a gradually strengthening upturn in economic activity seems to be underway, underpinned by a sound re-balancing of the macroeconomic policy-mix and progress towards convergence. Combined with low and declining inflation rates and prospects for moderate wage increases, these have paved the way for a significant easing in monetary conditions. Thus the stance of economic policies has become more conducive to sustained expansion of output, investment and employment.

For the Community as a whole GDP growth is expected to be 2.4% in 1997 and 2.8% in 1998. This progressive acceleration in GDP growth above the upward trend in labour productivity is forecast to result in employment growth of 0.5% and 0.9% in 1997 and 1998, a cumulative increase of about 2 million jobs. However, the decline in unemployment will remain somewhat limited (from 11% of the labour force in 1996 to 10.3% in 1998) since labour supply is still expected to rise by about 0.5% a year.

The policy challenge

These positive developments rely upon the continuation of a favourable policy mix, including credible budgetary policies and appropriate wage behaviour. Budgetary consolidation combined with the political determination to start EMU as announced contribute to the improvement in the economic prospects themselves. The inherent risks in these forecasts are about the credibility of pursuing such a strategy and the timely realisation of the third stage of EMU. Slippage from budgetary targets would put at risk the favourable trends in interest and exchange rates and therefore would undermine the prospects not only for EMU but also for stronger economic growth and employment.

Employment and unemployment rates stabilise

1996 can be described as a year of "time-out" in terms of employment and unemployment. The situation did not get much worse, but neither did it improve significantly. The increase in employment which began in 1995 faltered in 1996, rising by less than 600 000, half as much as in 1995. The total number employed in the Union is now just over 148 million, still over 3 million below the peak of 151.5 million reached in 1991. There has been only slow progress in making up the 5 million job losses of the early 1990s, let alone in achieving the rate of expansion of jobs which is needed to provide employment for the increased numbers of people who would like to work.

The employment rate in the Union has therefore also remained virtually unchanged since last year, at just over 60% of working-age population. In both the US and Japan, by contrast, the employment rate reached a post-war high in 1996, in line with the upward trend of the last 25 years.

Furthermore, in 1996 as in previous years, part-time employment accounted for all of the net addition to jobs and the proportion of people working part-time went up again.

Because of the low growth in employment, there was no reduction in unemployment. Unemployment even edged up at the beginning of 1996 to reach 11% in March and since then it has hardly changed at all, but then stabilised and in July 1997, the rate was still 10.6%. In 8 of the 15 Member States, the rate of unemployment in July 1997 was higher than in 1994, in Germany markedly so. Unemployment also rose in Japan for the fifth consecutive year. In the US, on the other hand, unemployment continued to fall and in 1996 was only just above the lowest rate of the last 22 years.

Young people - brighter signs

For young people of both sexes under 25, though participation continued to decline (to 47%), it did so at only half the rate of the preceding four years. The long-term trend towards a higher proportion of young people remaining longer in education and training was still evident, but the rise was smaller as job opportunities increased.

Youth unemployment has declined somewhat over the last 15 years. Although it still remains at around twice the rate for adults (around 20% as against under 10%), the composition of the unemployed has changed significantly over the last decade as the relative number of young unemployed has declined as a result of both demographic factors and falling participation, while the relative number of adult unemployed is much higher.

More jobs for women

Almost two-thirds of the net additional jobs created in the Union as a whole in the two years 1994-96 went to women, continuing the trend of the recent past. While part-time work has enabled many women to enter the labour market, it has not yet contributed to a greater equality of treatment between part-time and full-time workers. Employment of women had remained broadly unchanged during the recession years, while that of men had fallen markedly.

The average rate of unemployment of both men and women in the Union has remained virtually unchanged for the past two years, although the rate for women is still some 3 percentage points higher than for men at 12.7% compared with 9.4%. Unemployment of men tends to be more affected by fluctuations in economic activity than that of women, both because of the greater concentration of men in cyclically sensitive sectors - manufacturing and construction, in particular - and because of the trend increase in the participation of women in the labour force as compared with the trend decline in the case of men.

Long-term unemployment - an intractable problem

Long-term unemployment rates have largely followed the trend in overall unemployment rates over the last 15 years, with a lag of a year or more. Although total unemployment began to fall in 1985, the rate of long-term unemployment continued to rise and only showed signs of falling in 1986, when total unemployment was falling for the second year running. Both then continued to fall together until 1990. While unemployment then began to rise with the onset of recession, long-term unemployment rates continued falling and only increased in 1992, and have continued to do so since, reaching 5% in 1996.

The evidence of the last 12 years suggests, therefore, that for long-term unemployment, even more than for unemployment, to fall, there needs to be both relatively strong and continuous growth in employment. A more detailed analysis of these three policy areas (youth employment, equal opportunities and long-term unemployment) will be published later in the year.

Underlying factors - structural trends and adjustments

The likely responses of the European economy to economic shocks and structural changes is a function of existing underlying economic trends and in the way in which the European economy, and in particular, the labour market, adjusts to these. The challenges facing the Union over the immediate future will raise serious questions about the strength and flexibility of those adjustment mechanisms and about whether Europe is ready to face up to them. The following sections provide an analysis of some of the reasons behind the overall trends described above. Deeper analysis of all these issues depends on the continued provision of timely, harmonised and consistent labour market statistics and, in particular, the

need to move towards a continuous labour force survey providing at least quarterly results.

Output growth and its employment content - two necessary elements

The slowdown in employment growth in 1996 is a reflection of the slowdown in output growth in the Union - from 2.5% in 1995 to 1.5% in 1996. Indeed, the increase in employment which occurred in the two years 1994-96 was in line with the long-term trend relationship in the EU between GDP and employment growth which implies that growth of GDP of just under 2% a year is necessary in order to generate any rise in the number employed at all. This relationship has remained very stable over the past 20 years, though there are signs of a very small increase in the employment-content of growth over the past 10 years as compared with the previous 10 years.

The policy challenge

A central aim of policy across the European Union is to seek to ensure that the employment-content of growth is compatible with other economic objectives, such as the maintenance of competitiveness over the long-term. There are substantial differences between countries with comparable income levels in both the way in which GDP is generated and the number of jobs which it supports. This suggests that the number of people in work is far from being the mechanistic result of market forces operating in an institutional vacuum and that there is a significant element of choice over this (in a societal rather than an individual sense) and that, therefore, this provides an opportunity for policy action.

- The disparities in GDP per head between European Union Member States are partly associated with differences in levels of labour productivity, partly with differences in rates of employment, in that the more prosperous countries tend to have both higher levels of productivity per hour worked and a higher proportion of their population in work. The association, however, is by no means systematic and there are striking differences in both productivity and employment rates between countries with similar levels of prosperity.
- While some countries succeed better than others in attaining high rates of employment, the additional jobs which result are not concentrated in particular sectors and differences in the pattern of jobs between high employment rate countries seems to reflect differences in comparative advantages. Tourism is an example of a sector which offers good prospects for growth and employment. It already accounts for some 5.5% of GDP and 6% of total employment, and this is forecast to rise to 9% by the end of the next decade. Similarly, the social economy, with 5% of total employment and 6% of the enterprises in the private sector, could be an important potential source of new jobs if given the right support.

Getting the unemployed into jobs

A relatively small proportion of those who had been unemployed in 1995 had succeeded in finding a job one year later. Over the Union as a whole, under a third of men unemployed one year previously had found a job in 1996 (at the time when the LFS was conducted). Half were still unemployed - which is consistent with the figures for long-term unemployment - while the remainder (17%) had left the labour force completely (in the sense that they were no longer actively looking for work). For women, the proportion of those unemployed in 1995 finding work in 1996 was even lower, at only just over a quarter, with half remaining unemployed and 23% becoming inactive.

The figures for individual Member States are broadly similar to those for the Union as a whole. In Belgium and Ireland, the proportion was under 20%, in both cases the low chances of the unemployed finding work being reflected in the figures for long-term unemployment which are much higher than in the rest of the Union. In Ireland, therefore, the high rate of net job creation (of 3.1% in 1996) has not been of much benefit to the unemployed, with most of the increase in employment being fed by a growing labour force (by emigrants returning from abroad as well as by increased participation) rather

than by people moving from unemployment into jobs.

The policy challenge

The inability of the unemployed to get back into work has long been a feature of the European labour market, even in periods of job growth, although this is certainly a necessary pre-requisite.

- a large proportion of the unemployed are not equipped for the labour market: in 1996, 35% of both unemployed men and women over 25 had no educational qualifications beyond basic schooling;
- maintaining the employability of the unemployed, and particularly the long-term unemployed is essential if this is to be improved;
- early identification and early action are among the ways in which policy can better target the reintegration of the unemployed and prevent them becoming long-term unemployed.

Labour force trends - participation and employment

The increasing number of job opportunities has affected labour force trends. During the late 1980s, increased participation combined with the growth of working-age population added almost 1.5 million people a year to the Union's labour force. In the four years 1990-94, falling participation reduced total labour force growth by 1 million a year, so that instead of expanding by 5 million or so over the whole period, it only increased by just over 1 million. The decline in the availability of jobs was, therefore, accompanied by a fall in the proportion of people of working age actively looking for work. This had a substantial effect in containing the rise in unemployment.

Over the two years 1994-96, while the participation of men in the labour force declined, this decline was much less marked than in the recession years. With the exception of the under 25 year-olds, participation of women continued to increase, at an even greater rate.

In 1996, with the renewed rise in participation some 850 000 people joined the labour force - almost as much as over the entire four years of recession. The increase in the number in employment in 1996 was, therefore, accompanied by a rise rather than a fall in unemployment.

The policy challenge

The average age of the European population will increase significantly in future years as a consequence of declining birth rates, increasing life expectancy and the ageing of the post-war baby-boom generation. The ageing of the population is set to have major consequences both for the European labour force and social protection budgets in 10 to 15 years time as post-war generations reach retirement age. Projections suggest that by 2015, the working-age population in the Union will be declining in almost all Member States and well over half will be 40 years old or more.

- The underlying demographic trends in the Union have clear implications for the productivity and adaptability of the labour force. The full impact on the labour force of these demographic trends will depend on future changes in participation rates. The experience of the last decade shows clearly that changes in these are closely linked to changes in both economic activity and employment.
- If current trends in participation continue, they could reduce the extent of the ageing of the Union's labour force over the next 10 years or so, but thereafter, they are unlikely to offset the demographic trend towards ageing significantly. The pressing need will be to maintain the skills and capabilities of an ageing work force. This emphasises the importance of reversing the trend for men to withdraw from the work force at an ever younger age, though this itself requires a fundamental change both in attitudes towards older workers among employers and in the underlying labour market situation which for too long has been characterised by too many people looking for too few

- jobs.
- This prospective decline in the Union's labour force should not be seen as a solution to the unemployment problem.. The low employment rate in the Union compared with similar developed economies demonstrates the extent of the labour reserve to be absorbed (over 20 million). A detailed analysis of these developments is presented in the main report.
- The Union's employment problem will not go away as prospective demographic trends unfold. On the contrary, it could well become more acute as the population ages and as their need for income support grows

Flexibility and employability - the skills gap

There are some signs of a widening skills mismatch in the Union. Occupational trends in the Union are reinforcing the two-speed labour market, with an increasing concentration of employment, and new jobs, in the high-level occupations. Virtually all the net addition to employment in the two years 1994-96 was accounted for by a growth in jobs with a relatively high skill content. While the number of managers, professionals and technicians increased considerably, by over 2% a year, the number of people in elementary occupations declined. The only less-skilled jobs which expanded significantly were those for sales and service workers, and around two-thirds of the net addition to these jobs went to women.

There is some evidence to suggest that skill shortages may be a particular problem for small and medium-sized enterprises. Comparing surveys of enterprises carried out in 1989 and 1994, the shortage of adequately skilled applicants continued to be a greater problem for enterprises with less than 200 employees than for larger enterprises. In effect, in 1989, between 59% and 62% of large enterprises in all size classes above 200 employees considered said this an important or very important obstacle to employing more people. In 1994, however, only for enterprises with fewer than 200 employees (41%) or 200-499 employees (33%) was this still a major obstacle. The figures for larger enterprises of 500-999 (26%) and of over 1000 employees (16%) had fallen considerably. It should be borne in mind, however, that economic conditions were very different in these two years: 1989 was a year of high employment growth, while in 1994 labour demand was at its lowest level for many years.

Although participation in education and vocational training beyond basic schooling has risen markedly in all Member States in recent years, it remains the case that a disproportionate number of the unemployed have insufficient qualifications to be able to compete effectively for jobs. In 1996, over the Union as a whole, over half of all men aged 25 to 64 had no educational qualifications beyond basic schooling and just under half of women. By contrast, only just over a third of men who were in employment, and about the same proportion of women, were in a similar position.

This difference is particularly significant in many Northern Member States where a relatively high proportion of economic activity is in comparatively advanced sectors, such as business and financial services, where jobs typically have a high skill content, and a low proportion in sectors where low-skilled jobs predominate, such as agriculture, basic manufacturing and distribution.

For women, there is an even bigger difference in educational attainment levels between those with jobs and those who are inactive than between the employed and the unemployed. Over the Union as a whole, 63% of women aged 25 to 59 who were economically inactive had no educational qualifications beyond basic schooling as opposed to only 34% of those in employment. As noted in *Employment in Europe, 1996*, the difference is significant in all Member States but is especially pronounced in countries where the participation of women in the work force is still comparatively low, such as Spain (84% of inactive women having no qualifications as against 51% of those with jobs) and Ireland (62% against 27%). This almost certainly reflects in part differences in attitudes towards working as between well educated and less well educated women in these countries, but it also reflects the relative lack of job opportunities for those with only basic education.

The policy challenge

To meet the challenges of the next decade, we need a fundamental reform of our systems of education and training, based on the concept of lifelong learning, to raise skill levels throughout the labour force, beginning with our young people, and continuing through to those at the end of their working life, but whose usefulness we will need in the years to come.

- Over a third of young people aged 20 to 24 join the labour force with no qualifications beyond basic schooling. Efforts should be made to bring average levels up to those of the best Member States. For those who find it difficult to benefit from formal education, a wider range of vocational training opportunities should be found, preferably with a work experience component to reinforce the possibilities of obtaining employment at the end of it.
- Bridging the gap between school and work is a crucial stage, whatever the level of a person's qualifications. Apprenticeship is one of the most effective means of helping young people to develop the skills and competencies which match labour market needs, and thus make this transition. Different approaches to apprenticeship should be developed across the Union, accompanied by adequate provision of careers guidance.
- At the same time, a policy of increasing skill levels must go hand in hand with continued efforts to ensure that labour markets are sufficiently flexible and that labour costs are sufficiently conducive to job creation to provide employment opportunities for those whose skill levels are likely to remain limited irrespective of the kind and extent of training received. This means, in particular, that the overall cost of employment for the latter, including the non-wage element, is at an appropriate level in relation to productivity, and that artificial barriers inhibiting job creation are removed.
- But this is merely to lay the foundations of the flexible and adaptable labour force of the future. The speed of technological change is such that the labour force of the future will be increasingly required to change and adapt to new skills and capacities, and to radically change jobs frequently over the lifetime of work. This means that training must not only be aimed at those at the beginning of their working life, but at everyone right up to the end of their working life. Such a strategy of skills-upgrading is the only way in which the Union will meet the challenges of adjusting to the new environment.
- Unemployment in Europe is concentrated among the low-skilled, or those who have lost their skills. The seemingly intractable nature of long-term unemployment is partly a reflection of this. A major reduction in unemployment, and in long-term unemployment in particular, will not occur unless the skill levels of those affected can be raised through training.
- Occupational segregation between women and men removes an element of flexibility in the labour market. Girls and boys should be encouraged to diversify their occupational choices, thus contributing to greater desegregation on the labour market and greater chances for women to find jobs.
- Since high-skilled jobs in the Union are disproportionately located in the growth sectors, the problem of the skills gap is likely to become more acute over time, with an increasing proportion of those with only basic qualifications finding it ever more difficult to find employment. Upgrading and broadening skills while in work could be the most significant and cost effective investment in preventing long-term unemployment and increasing employability.
- The Union has no shortage of potential entrepreneurs, nor do our new businesses fare any worse on average than those of our competitors. It is nevertheless, important for our education systems to encourage the development of entrepreneurial skills and an enterprise culture.
- There should also be a new reform of social protection systems to make them more employment-friendly. Income maintenance programmes alone do nothing to promote the employability or the security of those temporarily excluded from the labour market. The sums spent on unemployment benefit and other passive labour market measures, which still make up some two-thirds of total labour market expenditure, should be redirected and mobilised for promoting employability and re-integration into working life. Such a restructuring of public expenditure is important in the longer term in order to reduce dependency and social exclusion as well as to help

people realise their full potential - for the good of the economy as well as themselves.

A triple-pronged strategy is therefore called for: improving the initial education and training of young people to help them into the labour force and to enable them to adapt to new challenges later in life; a positive approach to upgrading the skills of the existing work force throughout their working life and an active programme of training for the unemployed, particularly the long-term unemployed. The European Social Fund will underpin this strategy.

Flexibility and work organisation

The increasing flexibility in working patterns noted in last year's Employment in Europe report continued in 1996.

Beyond the overall job turnover of 10 million jobs or more created and destroyed every year in the Union, the prevalence of the standard working week, a standard contract or a standard career with a lifetime job is gradually declining. During the recession, all of the net addition to jobs was in part-time working, suggesting a flexible response to difficult labour market conditions. While there was some net addition to full-time jobs in 1996, the long-term trend towards more part-time working is continuing.

17% of all employees now work part-time. The long-term rise in part-time working among men has been common to all Member States. In the 6 years 1990-96, the proportion of men employed part-time has increased from under 4% to 5.5% in the Union as a whole and there has so far been little sign of this trend abating as total employment has increased.

The trend rise in part-time working women also continued in 1996, with over 31.5% of all women in employment working part-time. Part-time jobs for women accounted for around 60% of the rise in the number of women employed during the year.

While 12% of the Union's labour force have fixed term contracts there is wide variation between Member States in their use which reflects the legislation and regulations in force. These affect the operation of the labour market, as well as the behaviour of both employers and workers, leading them to choose different forms of flexibility. What is much less evident is whether these different forms of flexibility affect employment performance, growth of output, or standards of living. Comparisons based on the OECD index of regulation, a relatively subjective measure, show at best only a weak correlation between these variables.

The policy challenge

The European employment strategy which has been pursued since 1994 has rightly placed a strong emphasis on increasing flexibility in labour markets. The type of flexibility which will be required of the European economy in a context of a fully-functioning Single Market and Economic and Monetary Union will be much more complex than simply deregulating labour markets.

- The new kind of flexibility should be a parallel process of continuing the structural reforms in both markets for goods and services, and in labour markets. Deregulation and greater competition in goods and services markets should be seen as a way of improving productivity and job creation on a lasting basis. This is particularly true in services, where there is still enormous potential for job creation in a whole range of activities.
- Flexibility in product markets means flexibility at the level of the firm. Such flexibility will require an increasing focus on new types of work organisation, which may lead to more flexible patterns of working time. The 'flexible firm' should become the norm, not the exception. In introducing new

patterns of working, a certain number of principles should be respected: they should be specific to the individual plant or office, and they should be negotiated between the employers and the workers. The new agreement on part-time working negotiated by the Social Partners at European level in the context of the Social Protocol should be seen as a first step in the search for such preferred strategies.

- Flexibility and security need not be mutually exclusive. To a growing number of people, job security will probably no longer mean a job for life, but the demands of new technology and the new flexibility mean that a new partnership should be developed between workers employers and governments to guarantee employability throughout the working life. This means, first and foremost, measures to maintain and upgrade skills.
- The Commission will intensify efforts to simplify and improve the business environment, including the setting up of the eBusiness Environment Task Force in response to the invitation from the Amsterdam European Council.

Flexibility and labour cost dispersion

Labour costs vary considerably across the Union, ranging from around 5 ECU per hour in industry in Portugal in 1992 to around 23 ECU per hour in most German regions, and ECU 27 in Hamburg. These differences largely reflect variations in labour productivity. In terms of unit labour costs, there is relatively little variation across the Union and, certainly, no tendency for unit costs to be lower in places where the average cost of employment is also low. Productivity differences tend to compensate for labour cost differences and there is, therefore, little incentive in this regard for firms to shift production from one Member State to another - at least at the aggregate level.

Differences in labour costs between regions are much less pronounced in the US, and there is comparatively little variation in the unit costs of producing in one part of the US than another. This is only to be expected, however, since the US has effectively been a single economy for a long time, has a single currency and enjoys a higher degree of economic integration between the individual states than is yet the case in Europe. In terms of labour market adjustment, a more relevant comparison is between the extent of labour cost differences within Member States in Europe and within different parts, or broad regions, of the US.

Average labour costs in the two highest-cost regions were around 30% higher than in the two lowest in four of the five largest European countries in 1992. In the fifth country, Germany, the difference was 18%, if the new Länder are excluded. In the US broad regions, the difference was between 20 and 30% in each case. Using a more sophisticated statistical measure of disparity (the variance or standard deviation) and weighting regions according to the numbers employed, all of the nine US regions except two have a smaller variation in average labour costs than is the case in European countries.

There also tends to be less variation in unit labour costs between US States than European regions within countries, especially in Spain and the UK. This suggests that economies are more flexible in the US than in some parts of Europe, or that there are fewer obstacles to mobility of both producers and workers, in the sense that there is more of a tendency for market forces to eliminate any unit labour cost differences which emerge (through, for example, encouraging shifts in economic activity between States). A more detailed analysis is presented in the main report.

The policy challenge

The Amsterdam European Council stressed the need to make tax and social security systems more employment-friendly, and to create a tax environment that stimulates enterprise and the creation of jobs. In particular, the prevailing structure of the tax system in Member States, and the scale of the tax wedge

(between the cost of labour to employers and employees' take-home pay) need to be re-examined in the light of the effect on employment growth, especially of less-skilled, lower-paid workers.

- Member States should have flexibility in choosing the method of reducing taxes on labour and the means of financing those reductions. However, there are great benefits to be gained from exchanging information and experience regarding these issues as well as from coordinating tax measures as part of a Community-wide effort to reduce unemployment.

Migration and mobility

Mobility of the labour force is one of the ways in which the labour market brings about adjustment to long-term divergence in economic and employment opportunities between countries and regions - divergences which structural policies seek to minimise. As time goes on, however, the need for an adjustment to long-term divergences should decline as a more balanced economic development is achieved and there is greater economic and social cohesion between countries and regions

Some 5% of people resident in Union Member States who are of working-age are non-nationals. Of these, around a third come from other EU countries.

Although most Member States in the Union have experienced net immigration since the late 1980s, which has added to their population of working age, the scale has been relatively small. Only in Germany, Greece and Austria has net immigration consistently amounted to much more than 0.3% of population over this whole period, and this has now declined. The peak period of net immigration, which was around the turn of the decade when it reached 1% of population in Germany and Austria and just over 0.5% in Greece, mainly because of inflows from Central and Eastern Europe, now seems to have passed.

Some 30% of immigrants into Member States are returning nationals and another 17% citizens of another Member State. Immigration into the Union from outside amounted to under 0.5% of the Union's population of working age in 1995. This is only slightly lower than the inflow into the US. Moreover, in the EU, about half of the inflow of migrants was offset by people emigrating from the Union (more than the very low outflow from the US). Since this is around twice the increase in the natural growth of population, the inflow of migrants is making a significant contribution to the growth of working-age population and to the Union's potential labour force. The inflow is particularly important in Member States such as Germany where population is naturally falling.

The scale of labour movement in the US is greater than in Europe, but not significantly so. In practice, while movements over long distances, from one part of the country to another, are more frequent than between different parts of Europe, the scale of migration between regions or states within these 'parts' or broad regions (within, say, the Mid-West or the North-East) is only slightly higher than between regions in Union Member States. In 1993-94, an average of just over 2.5% of the resident population moved between either state or broad region in the US, which compares with a figure of just under 1.5% who moved between either NUTS 1 regions or Member States in Europe at about the same time.

Migration between regions in Member States is not so different from movement between states in the US. In 1993-94, an average of just under 1.5% of people (14 in 1000) in each of the 9 broad regions of the US moved from one state to another within that region.

Across the Union, significant numbers of people regularly travel quite long distances from their homes to their places of work, and in some cases even cross national borders. Such commuting serves to enlarge what might normally be defined as a local labour market and is a far more common occurrence than people moving house to take up employment.

In 1995, just under 3.5% of employees lived in one NUTS 1 region and worked in another. In Belgium, the figure was substantially above the Union average at almost 13%, and in Austria, it was over 10%, mostly consisting of those travelling to Brussels and Vienna respectively.

Around 0.5% of employees (600 000 people) in the Union in 1995 lived in one country and worked in another. Half of these worked in another Member State, the other half in a country outside the Union, (mainly Switzerland). Not all of these necessarily commute on a daily basis, but may work in another country for a lengthy period of time without changing their place of residence. The great majority, however, almost certainly commute regularly.

The policy challenge

There are various obstacles to migration between European countries, such as cultural and linguistic difficulties, rigidities in regulations, the spillover effect of restrictions on third country migrants, and racist attitudes. These are difficult to overcome through economic and labour market incentives to migration.

- The adjustments required in a more integrated European labour market do not, however, call for large increases in migration or geographical mobility. The development of EMU should make wage and price comparisons more transparent, but other factors play a possibly greater part in the employment-wage decision. The need is to provide a situation where potential migrants have a real choice - between the opportunity to stay and the security to move, through adequate rates of job creation where they live, and the dismantling of artificial barriers to their ability to work elsewhere.
- Promoting job opportunities in potential migration areas - both those which send and receive migrants - will decrease barriers and improve integration. In particular, such policies will address the problem of discrimination in local labour markets based on fears of jobs being taken by those coming from elsewhere.
- Beyond this, policy should aim at facilitating freedom of movement through removing remaining restrictions on labour mobility (many of which are not actually linked to the labour market, such as pensions and housing), improving information on job opportunities, and extending mechanisms such as EURES which help those wishing to move. While barriers to cross-border commuting have been reduced considerably in recent years, there are still significant obstacles, to people working in another Member State.

Facilitating mobility adjustments will make a positive contribution to combating emerging skill shortages, correcting productivity differences and thereby promoting growth and employment.

Sectoral and occupational mobility

The extent of mobility between sectors is relatively high across the Union. In 1995, job turnover for men was around 16% a year and for women around 19%. These figures, however, conceal substantial differences both between sectors and between Member States.

In general, the rate of new entry tends to be higher in sectors which are expanding more than others, although the link with employment growth is not systematic. In particular, the scale of sectoral mobility is much higher in sectors like hotels and restaurants (around 25% of all employees in the sector not having worked there the year before), where a high proportion of new entrants tend to be school-leavers, than in sectors like banking and insurance, education or health, where higher education attainment and skill levels required of the work force both limit the number of suitable applicants and make employers reluctant to lose people once they have been recruited and trained. High rates of labour turnover, in other

words, are not necessarily synonymous with a high degree of competitiveness.

The policy challenge

Differences in the extent of turnover, however, do not seem to be systematically related to the degree of labour market regulation, or more specifically, to the severity or laxity of protection against dismissal, which is generally held to affect the willingness of employers to take on new people. Spain, for example, has one of the strongest systems of job protection (as assessed by the OECD) but also one of the highest rates of labour turnover, while Finland also has a high rate of turnover coupled with an above average degree of worker protection and Belgium with the lowest turnover rate in the Union is judged to have below average restrictions on dismissal.

- Rather than deterring employers from hiring new people, tight restrictions on dismissal may alter the way they do so, in particular, by encouraging them to take them on under fixed-term contracts. This, paradoxically, would tend to increase the rate of labour turnover rather than reduce it, and the evidence suggests that this is indeed the case.
- Restrictions on dismissal tend to increase the number of people employed on temporary contracts and, accordingly, the rate of labour turnover. This could lead to the development of a dual labour market with established employees enjoying a high degree of protection against losing their jobs and others having little or none. This is not necessarily the most desirable or efficient way of increasing labour market flexibility.
- There is a need for a radical rethink of all relevant labour market systems - employment protection, working time, social protection and health and safety - to adapt them to a world of work which will be organised differently, in which the concept of security for workers has to be reformulated, focusing more on security based on employability in the labour market rather than security in a specific job.
- The focus should move away from a simplistic debate about regulation and deregulation towards a new balance between flexibility and employability security, with tangible benefits for both workers and employers. Workers will be better able to combine professional and family life, while employers will be given the opportunity to adapt faster to the increasing changes of the market.

Integrating disabled people into the labour market

If past trends continue, as the Union's population ages, there will be an increasing proportion of people with disabilities among those of working age. This poses multiple policy dilemmas on a sensitive issue which has polarised debate in the past and which the Employment in Europe Report this year addresses in a special section.

Approximately 17% of the Union's working-age population is hampered by disabilities. Nearly half of these are in the 50-64 age group. The average employment rate of hampered people in the Union at 44% is nearly 17 percentage points below the overall rate, though this varies markedly between Member States. Rates tend to be higher in countries where the overall employment rate is also high. A significant proportion of those who are in employment, moreover, tend to be people who have become disabled while working and who have remained with the same employer, if not necessarily in the same job. Indeed, around 10 million people a year are affected by occupational diseases or accidents and injuries at the workplace. Contrary to conventional wisdom, rates of unemployment for disabled people are not much higher in most countries than for the rest of the work force. In the Union as a whole, the average rate is under 2 percentage points higher than for the total labour force.

The proportion who are inactive is, however, considerably higher than for other groups. This is especially so in countries like Greece, Spain, Ireland and Italy, where family support is still strong.

These are also the countries, together with Portugal, where the educational attainment of disabled people is lower than for the rest of the population and where disproportionate numbers are employed in agriculture and in elementary occupations generally, whereas in other countries where disabled people have a similar educational attainment level to the rest of the population there are not significant differences in the sectors and occupations in which they work.

The policy challenge

In the past, there has been a strong socio-economic bias in many Member States towards granting disability benefits to those who have difficulty in finding employment. As a result, expenditure on such benefits has become the third largest item in the Union's social protection budget after pensions and sickness benefits, amounting to 10.5% of the total budget in 1993. This is larger than the amount spent on unemployment benefits (7% in 1993).

Two of the main obstacles faced by disabled people in terms of access to employment are prejudice and bias. As a result, there has been an extensive movement among disabled people for the introduction of anti-discrimination legislation to protect their civil rights and for 'reasonable accommodation' so that they can exercise their right to employment. In economic terms, this is an investment in human capital which, as well as the social benefits, promises positive financial returns for State budgets, insofar as additional employment generates more tax revenue in place of the expenditure required to support the income of those who are inactive.

- Anti-discrimination legislation should be complemented by measures aimed at improving the employability of disabled people, as in Sweden, for example, so strengthening the competitiveness of the Union's work force as well as improving the job prospects of disadvantaged individuals.
- Quota-levy systems should be completely re-oriented to respond to new working environments where employees are encouraged to learn and to change the work process as they learn, so becoming part of a company's capital. In such adaptable and employment-friendly environments, those with disabilities are much more likely to stay on and develop their personal skills. The employment prospects for disabled people, however, cannot be divorced from general labour market conditions. Disabled people are usually the first to lose their jobs and among the last to get hired: the imposition of quotas is self defeating if the employment-base to which they are applied is shrinking.

Environment and employment

The environment has become an area of significance for employment. Environment related jobs include a wide range of activities, with the core ones such as waste-water treatment, waste disposal, air pollution control, soil remediation and noise abatement providing the bulk of jobs and accounting for at least 1.5 million jobs or 1% of all employment in the European Union.

Other jobs are linked to the provision of environmental goods and services which are not for environmental purposes only and so are less easily identifiable. These include: recycling, the use of renewable energy, nature and landscape protection and the renovation of urban areas. Preliminary estimates suggest that these activities may account for further 1.5 million jobs in the Union, so increasing employment in the environmental sector broadly defined, to around 2% of the Union total. The environmental sector is a sector with positive forecasts for job growth.

Of course, environmental policies may also have adverse effects on employment in other sectors as controls on pollution and measures to reduce ecological damage are introduced. Despite the problems that this may cause for particular sectors or regions, especially in the short-term, there is no convincing

evidence that environmental policies are liable to have an adverse effect on employment or competitiveness overall and in the longer term are likely to strengthen both. Recent analysis suggests that pursuing environmental objectives has, on the whole, a positive, albeit limited employment effect.

Much more important for the sustainability of growth in the long-term than "green industry" is the problem of the prevailing pattern of consumption and investment. Major investment is likely to be needed in the coming years to renew the current capital stock by putting in place more environmentally-friendly technologies and production methods, especially in manufacturing, agriculture, energy and transport.

The way forward

The 1997 Employment in Europe Report highlights a number of the major factors which are likely to make the long-term environment of the European labour market significantly different in the next two decades than in the last 25 years of the 20th Century.

The European employment strategy, built on the concept of employment as a common concern, set out in the Amsterdam Treaty, will play an important part in securing a high rate of net job creation which is essential for ensuring the success of EMU. This strategy, initiated at the Essen Summit, combines macroeconomic stability and structural reforms to modernise the functioning of the labour market.

In the coming decade, it must put even more emphasis on the development of a knowledge infrastructure which will ensure sustainable growth in a competitive world economy and will enhance human resources, so that everyone in the labour force can maintain and increase their skills and employability. Flexibility must be built on the confidence of workers in their adaptability and employability and on constructing an effective partnership between the work force and employers.

At the level of the Union, a number of political decisions have been taken, new commitments made, and new institutional arrangement put in place to focus the employment policy actions of the Union and the Member States:

- the inclusion of the employment Title in the revision of the Treaty will provide the Union with the tools necessary to develop a coordinated employment strategy adapted to the needs of the 21st Century, while at the same time taking account of the different situations in the Member States;
- the creation of an Employment Committee provides a forum for promoting coordination between Member States on employment and labour market policies. This Committee will monitor employment policies in the Member States and the Community, and advise the Council and the Commission on such issues;
- the Commission will draw up employment policy guidelines which will be discussed and approved by the European Council after extensive prior consultations. They will be consistent with the Broad Economic Guidelines;
- there will be monitoring and surveillance of Member States employment policies in the light of these guidelines;
- employment will be taken into account in all Community policies and actions, accompanied by an examination of all relevant existing Community policies to ensure that they are geared towards job creation;

Employment policy must respond to global challenges. In the last analysis, everything depends on our ability to provide decent and acceptably paid jobs for all of our citizens who want to work. Europe must respond to that challenge.

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Employment and labour market
Employment policy

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1. INTRODUCTION

This Joint Employment Report examines recent developments in employment policies, principally on the basis of submissions made by Member States and their Multiannual employment programmes. In addition, the Report draws upon the examples of “best practice” which the Heads of Government have indicated in reply to the request formulated after the European Council of Amsterdam by Prime Minister Juncker, with a view to serving as a **basis for an exchange of experience on new and successful initiatives at the European Jobs Summit in November 1997.**

The integrated employment strategy was initiated by the European Council in Essen, in December 1994, as a follow up to the White Paper *Growth, Competitiveness, Employment*. The European Council asked Member States to establish Multiannual employment programmes (MAPs) and to report to the Commission on their implementation. The reports describe the major policy measures taken by governments to implement their Multi-Annual Programmes (MAPs) over the previous 12 months, assess in some cases the impact of such measures on the employment situation and announce major policy reviews or new initiatives.

The so-called Essen strategy was further developed by the European Council in Madrid (December 1995) and in Dublin (December 1996) each time on the basis of a Joint Report prepared by the Commission and the Council (ECOFIN and Social Affairs) and including a synthesis of the reports on the implementation of MAPs. In Florence (June 1996) and Amsterdam (June 1997), the European Council received shorter Joint Interim Reports.

The Amsterdam Treaty institutionalised this procedure (Art. [4] of the new Title on employment) and introduced two major innovations. Acting by a qualified majority on a proposal from the Commission, and after consulting the European Parliament, the Economic and Social Committee, the Committee of the Regions and the Employment Committee, the Council shall each year draw up guidelines on employment which shall be consistent with the broad economic policy guidelines. Acting by a qualified majority on a recommendation from the Commission, it may also make recommendations to Member States in the light of its yearly examination of their employment policies. In Amsterdam, the European Council decided to make the relevant provisions of the employment title immediately effective.

The preparation of this Joint annual Report to the European Council on the employment situation in the Community is part of the procedure instituted by Art. [4] of the Employment Title. The employment strategy must, of course, be part of an overall integrated approach, involving sound macroeconomic policies, a functioning Single Market and the taking of employment into account in all Community policies.

This Joint Report starts with a presentation of the employment situation and outlook (chapter 2). It then focuses on labour market reforms and highlights progress in the implementation of MAPs, based on Member States reports, and examples of best practice selected in function of their applicability in several Member States (chapter 3)

2. EMPLOYMENT AND ECONOMIC CONTEXT

The poor performance of the EU economy between 1991 and 1996 - with an average rate of real GDP growth of 1.6% per year and a cumulated loss of 4.4 million jobs -, was mainly the result of a stability conflict which led to an overburdening of monetary policy. Indeed, the lax budgetary policies since 1988, the overheating and acceleration of inflation since 1989, and wage developments inconsistent with the objective of price stability in the early 1990s, induced strong tightening of monetary conditions with very high interest rates. The ensuing slowdown was exacerbated by currency crises reflecting the insufficient credibility of economic policies and the lack of policy co-ordination.

Recovery began in mid-1993 and strengthened in 1994. Employment increased by over 1% between the first quarter of 1994 and the third quarter of 1995. But exchange rate turbulence linked to a lack of credibility of some Member States policies aborted this recovery, affecting both the countries whose currencies appreciated and those countries whose currencies depreciated.

A gradually strengthening upturn in economic activity is now underway, based on a sound re-balancing of the macroeconomic policy-mix together with convergence progress. Progress in budget consolidation, combined with low and declining inflation rates, noticeable wage moderation in most Member States and prospects for moderate wage increases, have paved the way for a significant easing in monetary conditions. Thus economic policies have become more conducive to a soundly based and sustained expansion of output, investment and employment. Their effect has been enhanced by progress in completing the Single Market.

For the Community as a whole the pace of expansion is expected to reach 2.4% in 1997 and accelerate to 2.8% in 1998. This progressive acceleration in GDP growth above the labour productivity trend results in net employment creation, at a rate of 0.5% and 0.9% in 1997 and 1998, corresponding to a cumulated increase of about 2 million jobs. This represents only slow progress, however, in making up the 5 million job losses of the early 1990s, let alone in achieving the rate of expansion of jobs which is needed to provide employment for the increased numbers of people wanting to enter the labour force or to re-enter it after a spell of inactivity.

The decrease in unemployment will remain somewhat limited (from 11% of the labour force in 1996 to 10.3% in 1998) since labour supply is still expected to grow at about 0.5% per year due to a further rise in participation of **women and fewer men withdrawing** from the labour force.

But many groups find it difficult to get into jobs even when they are available. At EU level, long-term unemployment began rising in 1992 and it has reached 5.2% of the labour force in 1996. Youth entry into the labour market also remains a major issue, with an EU unemployment rate around twice the rate for adults, though it has fallen significantly from the very high levels of the early 1980s.

In its 1997 Recommendation on the broad economic policy guidelines¹, the Commission underlined the interrelationship between non-inflationary growth, consolidation of public finances and the possibility of solving the unemployment problem. It pointed out that most Member States needed to implement structural reforms since structural deficiencies continued to restrain both growth and the degree to which growth could be translated into additional employment. At the same time, it emphasised that policies to improve competitiveness and the functioning of product, services and labour markets will bear full fruit when the economy is expanding rapidly and is generating a high number of jobs and it underlined that an employment-friendly growth must be supported by higher investment, both private and public.

The single currency and a fully functioning Single Market will bring a fundamental change in the economic policy framework. Under EMU, the suppression of the risk of currency disturbances between participating countries eliminates an important obstacle to growth. At the same time, the adoption of a common, price-stability oriented, monetary policy and the budgetary discipline resulting from the respect of the Treaty provisions (Articles 104-104c and 105) and the Stability and Growth Pact will reduce the risks of conflict between budgetary and monetary policies. In such a context, wage developments should also take into account the objective of price stability and the need to preserve or strengthen - if needed - the profitability of employment-creating investment. The risk of a new stability conflict, which, in the past, repeatedly undermined the growth and employment performance of the Community, could thus be avoided in the coming years, assuming the continuation of a balanced policy-mix favourable to growth and employment. In this way also the conditions can be provided for creating more and better jobs for the citizens of Europe, while at the same time fostering social justice and an environmentally sustainable growth process.

¹ COM (97) 168 of 23.04.1997

3. EMPLOYMENT POLICIES AND BEST PRACTICES IN MEMBER STATES

In accordance with the monitoring system agreed in the European Council of Essen, and implemented by the Employment and Labour Market Committee, all Member States have reported in 1997 about the implementation of their Multi-Annual Programmes for Employment. In addition, the Heads of Government have indicated a number of policy measures that have proved particularly successful in their respective countries, in reply to Prime Minister Juncker's request for examples of "best practice".

These two series of documents provide a fair amount of evidence enabling the Commission to review and assess the progress made in the European Union towards the reform of the labour markets, against the background of the policy recommendations successively adopted in the European Councils since December 1995. The present chapter:

- Examines Member States' policies in the framework of MAPs, putting the emphasis on recent measures and initiatives, so as to highlight the major tendencies and assess progress made towards tackling structural employment problems in Europe.
- Selects 11 examples of "best practice" drawn from a total of about 50 suggestions from national governments ², and examines their potential for transfer into other Member States. Only policy measures that have already been implemented were considered for the selection, and preference was given to those measures that have been subject to evaluation. Consequently, measures that have been announced more recently, while potentially promising, could not be selected on this occasion.

The scope of this chapter is very broad, so as to encompass the variety of structural problems facing all Member States of the Union, and their respective policy strategies. Section 3.1. deals with reforms in three policy areas, that are crucial to increase job creation and improve the functioning of the labour market: the activation of labour market policy, tax systems and wage policy.

Section 3.2. covers the targeted structural policies identified in the Madrid Council: preventing long-term unemployment, curbing youth unemployment and implementing effective equality of opportunities in the labour market.

Section 3.3 deals with the need to adapt flexibly to current structural change in skill requirements, production systems, and individual preferences. Current reforms and initiatives in the areas of training and life-long learning as well as work organisation and working time, are dealt with in this section, which also stresses the important role of social partners in supporting policies in these areas.

² The whole list of suggestions of best practice can be found in the Annex 2.

Section 3.4. emphasises the increasingly important role of the local dimension in current policies to promote job creation in new services and the social economy, and in reforms to make the employment services more responsive to the local labour market needs.

In their reports all Member States recognise the importance of problems such as the lack of skills and of motivation among the unemployed, the lack of suitable jobs for those experiencing greater difficulties to get back into employment, high non-wage labour costs and too rigid rules on the organization of work and working time. Plenty of policy measures, initiatives and projects have been reported by Member States, reflecting genuine concern with the structural causes of unemployment. In many, social partners, local authorities and interest groups have been actively involved in the search for solutions.

The overall picture that emerges however, is somewhat obscure, given the insufficient integration between policy measures and the absence in many cases of any clear long-term strategy, or well defined policy goals. It is therefore difficult to assess whether the Union and each of its Member States individually is going in the right direction, and which policy changes should be brought forward in order to increase the effectiveness of the measures taken.

In some cases, the reforms and policies have been too timid considering the scale of the problem or too patchy without a comprehensive and coordinated approach. The outcome has been, in some cases, the emergence of a sort of two-tier labour market where the impact of reforms falls mainly upon marginal groups of the labour force. There remains the need to tackle the key problems in the functioning of the labour markets and to gather wide support for bold reform projects.

Morover, monitoring and evaluation remains a serious problem. For a few individual policy measures, evidence has been provided as to their positive impact in improving the employment situation. But, either because of the short time elapsed since implementation or of insufficient evaluation research, there is yet no solid ground for assessment of many policy measures. Where they exist, evaluation results suggest that there are no undisputed successes in employment policy, and that the transfer of policies between countries should be accompanied by careful examination of the institutional and economic context.

Improved co-ordination of employment and labour market policies in the Union requires more and better monitoring and evaluation of the impact of employment and labour market policies and a more active dissemination of results.

The Commission and the Member States received a mandate from the European Council in Dublin to assess the possibilities of benchmarking as an instrument for the effective monitoring and evaluation of employment and labour market policies and the identification of good practice.

During 1997, work has been under way in the Employment and Labour Market Committee in order to arrive at an operational definition of benchmarking in the employment field and obtain some preliminary results with a view to their inclusion in the present Joint Report.

In this context, benchmarking is seen as a formalised process by which the employment performances of all Member States are compared with each other, in order to highlight the best ones, to identify which policies have been most effective in raising performances and to set desirable outcomes of policy.

Benchmarking can help to underpin the European strategy for employment, by providing national governments with a common understanding of the need for reform, a framework for diagnosis of major weaknesses in national policy, and a set of clearly understandable employment targets against which future progress can be assessed. In addition, benchmarking can contribute to greater convergence of employment performances in Europe.

Three priority areas have been agreed for the benchmarking exercise in 1997, in line with the three structural objectives identified in the European Council of Madrid: long-term unemployment, youth unemployment and equal opportunities in the labour market.

The method of benchmarking has been a very useful learning tool, that builds on the variety of situations and policies within the Union, to highlight the effective role of well established policies and institutions in contributing to good employment performance in a number of Member States. The material so far produced in the context of this exercise has been introduced in the relevant analytical sections below, and will be considered as part of the quantitative rationale underpinning the Employment Guidelines.

The potential of the benchmarking method deserves to be further exploited, and to this end the Commission and the Member States will work closely together in the framework of the Employment and Labour Market Committee.

3.1. MAKING POLICIES MORE EMPLOYMENT-FRIENDLY

3.1.1. Activation of labour market policies

Successive European Councils have issued recommendations to re-balance public expenditure from passive to active labour market policies and regularly assess the cost efficiency of active measures.

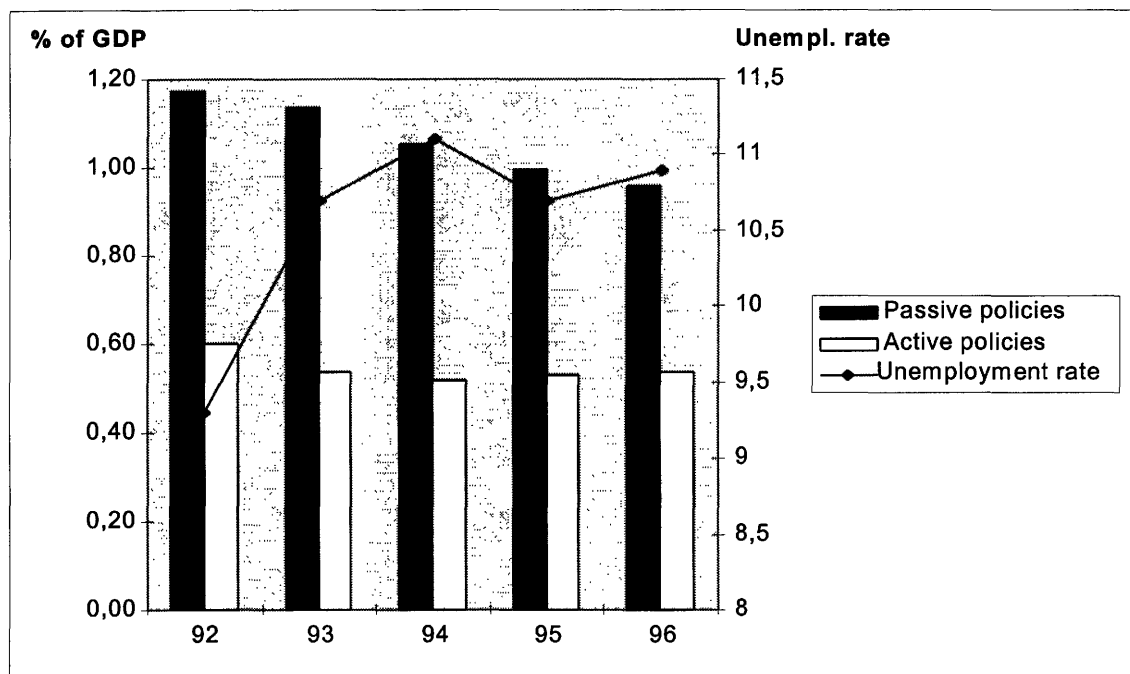
An excessive emphasis on income protection for the unemployed to the detriment of measures providing for training and job experience creates undue disincentives to active job search and contributes to the loss of motivation and skills, thereby jeopardising the chances the unemployed have of getting back into paid jobs.

The majority of Member States devote a disproportionate share of labour market expenditure to passive income support policies, like unemployment and early retirement benefits, instead

of active policies. In 1992, the ratio was of 2 to 1. Since then, the policy-mix has shown some signs of improvement, albeit slowly and in a one-sided way. For the EU 15 as a whole, standardised spending in passive policies, defined as spending as a percentage of GDP and per 5% of unemployment, declined steadily from 1.17 % in 1992 to 0.96 % in 1996, (see Chart 1) indicating that on average Member States are adopting less generous support measures and submitting them to greater control. Active policies, after declining to 0.52 % until 1994 in relative terms (as a result of the crowding-out effect linked to the rise in unemployment), have recovered slightly since then to 0.54 % in 1996. They represent now 36 % of the total amount spent on labour market policies.

These trends suggest that, instead of a resolute shift of resources from passive to active policies, the majority of Member States seems to be giving priority to budgetary consolidation and spending less in relative terms on the labour market.

Chart 1 - Active and passive policies in the EU 1992-96
(as a % of GDP per 5% of unemployment)



Assessing member States' performance on the sole basis of this indicator can however, be misleading.

Re-balancing spending from passive to active measures can also be achieved by a careful design of both passive and active policies so as to increase complementarity between these two.

All Member States report on recent efforts undertaken in this direction. While some of them are linking more effectively income maintenance and participation in training or employment programmes, in order to increase the number of unemployed job-seekers actively taking part, others are reshaping or modernising the institutional arrangements for dealing with

unemployment protection in order to reduce undue disincentives and fight abuse and fraud. Some Member States combine the two approaches.

Reshaping unemployment protection. In many Member States, the eligibility criteria and/or the duration and level of unemployment benefits have been tightened, while stricter definitions of availability for work and tougher sanctions on those refusing available jobs, or attendance at a training course, were introduced. Payment of benefits is becoming more dependent on the efforts made by the recipient to find suitable work. In some countries, personal registration periodically at the employment office is mandatory, in order to continue receiving benefit.

Best Practice Example no. 1

Activation and individualised service

The 1994 reform in **Denmark** introduced profound changes in the functioning of the labour market, by shifting the focus from passive income support to active policies. The period over which the unemployment benefit is paid was reduced from 7 to 5 years, and those failing to find a job during the first two years of unemployment pass into an "activation period" during which they have both a right and duty to accept a training offer.

A number of instruments have been created for the activation of the long-term unemployed:

- *Ordinary job-training*, giving right to a wage subsidy, for those unemployed who are employable in ordinary work in private firms or in the public sector;
- *Individual job-training* for those unemployed who cannot become employed on normal conditions. Individual job-training may take place in private firms or in the public sector (typically in the municipalities).
- *Education* (including educational leave for unemployed) with or without a subsidy from the labour market authorities.

In general, activation seems to have had a positive impact in the sense that it lowers subsequent unemployment. This goes for both education and job-training. However, better results of job-training by the private sector are consistently found in evaluations of Danish labour market policy. For those activated early, private job-training reduces subsequent "gross" unemployment by 16 percent, while public job-training just achieves 4 percent.

These superior results of job-training with wage subsidies in private firms reflect superior quality of training in the private sector as compared to the public sector, and the fact that private firms have greater possibilities for keeping trainees after the subsidy terminates.

However, the overall positive results of the reform cannot be attributed only to the employment effects of training. The right/duty to full-time activation means that the measures during the activation period are based to a greater extent than before on systematic control of the duty to be available for work and on a motivation effect.

Individual guidance of the unemployed was given high priority in the Danish labour market reform. Each unemployed person who is considered within the special risk groups defined by the regional labour market councils is given an "individual plan of action". The plan specifies the employment goal of the individual unemployed and the kind of activation (education, job-training etc.) that the unemployed must undertake in order to regain ordinary employment. In some cases the unemployed may take the initiative to get an individual plan of action.

The recent evaluation of labour market reform has shown that individual action plans are effective as instruments for reallocating the unemployed towards new areas of employment, as three out of four of the unemployed have goals for their future employment which differ from the previous employment and educational background. Furthermore, in four out of five cases, the employment goal specified in the plan is in line with the wishes of the unemployed, which is crucial to obtain high motivation on the part of the unemployed person for any action that is proposed.

Activating the unemployment benefit. In an increasing number of countries, the unemployment benefit is now being “activated”, i.e. transformed in a wage subsidy or a training allowance. In Denmark, with the 1994 labour market policy reform, the focus shifted from passive support to active policies. It is estimated that the number of persons-years spent on active generation schemes in 1997 (including unemployed persons on training leave) will amount to 87,000, or 5,000 more than in 1996. This increase is due entirely to the phasing in of the right and obligation to participate in activity generation after two years. At the same time, there was a decentralisation and individualisation of measures involving a right and duty to activation of unemployed persons who were insured against unemployment or receiving social assistance. (see Best Practice no. 1). Measures going in the same direction have been also reported by Austria (special integration assistance and training allowances), Belgium (occupational transition programmes and first work experience contracts), France (co-operation agreements), Netherlands (active use of unemployment benefits to promote work experience) and Germany (bridging allowance).

Topping up low income with welfare payments. In-work benefit schemes, providing for the payment of income support on top of earned income below a certain minimum level, continue to be implemented in Ireland (Family Income Supplement), UK (Family Credit) and more recently, Belgium (Guaranteed Income Allowance) with the aim of reducing the disincentive to taking up low-paid work. Ireland also maintains the Back-to-Work Allowance Scheme, which provides for the retention of reducing amounts of unemployment payments over three years. This scheme has enabled over 19 000 former long-term unemployed to re-enter the labour force. Some 50% of the scheme participants are self-employed. *Despite a long history of in-work benefit schemes, evaluation findings are mixed. There is some evidence that these arrangements actually help get people into low-paid work in the short term, but may subsequently provide a strong disincentive for moving into better paid work or from part-time to full-time jobs.*

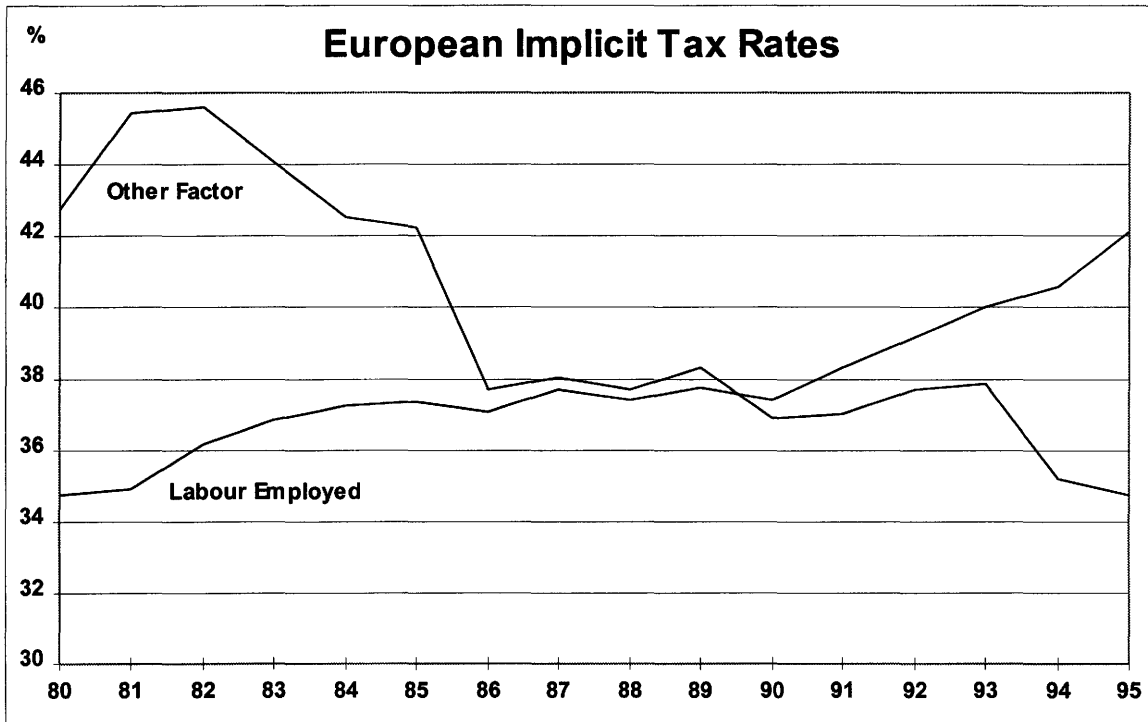
⇒ *Progress towards a more balanced policy-mix between active and passive policies has been slow. Member States still spend only 36 % of their labour market expenditure on active measures. Budget consolidation seems to have taken precedence over expenditure restructuring. More carefully designed policies, based on the activation principle, have been reported, suggesting that qualitative improvements are under way and that greater complementarity between active policies and the benefit system is being sought. Evaluation of recent policy measures is crucial in order to assess whether effectiveness of labour market policy is being enhanced.*

3.1.2. Reforming taxation systems

The Dublin Declaration advocated more employment-friendly taxation and social protection systems, in line with the Essen Council recommendation to cut non-wage labour costs, with particular emphasis on unskilled workers.

Trends over the last 15 years in Member States show an increasing tax burden (i.e. taxes and social security contributions) on labour (chart 2). The implicit tax rate (i.e. tax revenues divided by the appropriate base) on labour employed has increased steadily in the EU from 34.9 % to over 42 % between 1980 and 1995, whereas the same rate for other factors of production (capital, energy, natural resources) has decreased from 45.5 % to less than 35 %. Unless this trend towards increasing taxation of labour is reversed, employment will be further discouraged, because labour becomes more costly for employers, less rewarding for workers and less advantageous relative to capital

Chart no. 2 - EU implicit tax rates - 1980-95



Of particular concern has been the increase of social security contributions paid by employers which now represent more than 20 % of total labour costs on average for the majority of Member States. This high share of contributions represents a disincentive for recruitment, particularly at the bottom range of the wage structure. The proportional or regressive structuring of contribution rates is responsible in the majority of Member States for a disproportionate share of non-wage labour costs for low-wage workers, which adds to the difficulties which in certain cases can be created in this respect by statutory as well as

collectively agreed minimum wages. Another problem remains the treatment of households as a single taxation unit, which in practice acts as a disincentive for the labour supply of women and their participation rates.

Adapting taxation systems to make them more employment-friendly. Some Member States have reduced marginal income taxes in the lower brackets, so as to remove disincentives to taking up low-paid or part-time work³. Others are considering more general tax reductions to encourage job creation especially among small firms. Across-the-board reductions in social contributions have been implemented recently in a few countries (Finland, Spain, Portugal). In Germany, fiscal reform has so far focused on the abolition of the wealth tax in 1997 and the local business tax on capital as from 1998, as well as the reduction of the fiscal burden of inheritance and donation taxes in cases where an enterprise is bequeathed. In Sweden, where payroll taxes have decreased during the 1990s, the reduction of the payroll tax for smaller enterprises was expanded in 1997.

Reducing taxes and social insurance charges on employers. Member States are implementing cuts in social insurance contributions targeted to low-wage workers, in order to reduce labour costs, encourage job creation and/or maintenance, and boost competitiveness in particular of labour-intensive sectors.

Belgium, France and Netherlands have implemented wide ranging reforms with the aim of reducing the level of non-wage labour cost for workers at the bottom end of the pay structure, which in these countries was far above the EU average. Ex ante evaluations have given rise to positive expectations about the job creation effects particularly among the low-skilled, and the effects on competitiveness.

In France, reductions in non wage labour cost amount to some 180 Ecus per month at minimum wage level, which means a wage cost decrease of 12.6%. A degressive reduction applies up to 1.33 times the minimum wage level. The budgeted cost of the measure for 1997 is 6 billion Ecus.

The Netherlands are also targeting reductions in non-wage labour costs at the low paid. Employers receive this reduction on the condition that the worker earns below 1.15 times the statutory minimum wage. At minimum wage level, this reduction now amounts to 830 Ecus per year and per worker, which corresponds to 28% of employers' social security contributions and to 5% of the wage bill. The reductions will be doubled in 1998. Reductions are higher when the long-term unemployed are hired. The estimated budget costs of these measures are 420 million ecus in 1997 and 545 million Ecu in 1998.

The "Maribel quater" scheme in Belgium provides for a reduction in social security contributions for all firms employing manual workers. The reduction is a general measure in the form of a flat rate amount plus an additional reduction in proportion to the extent to which the firm relies on manual labour. In addition, Belgium mobilised the hiring potential of the self-employed and households by launching the "Plus-One Plan" in 1994. The

³ This kind of policies will not be examined in the present chapter.

programme grants persons or firms which have never employed workers, a three-year reduction (on a declining scale) in employers' social security contribution for the first worker that they take on, provided that she or he is an unemployed person. In 1997, the plan was extended to the second and third workers taken on.

Low non-wage labour costs. In the UK , non- wage labour costs are low relative to those in most other EU countries. This partly reflects lower overall levels of taxation and contributions, but also the fact that health services are largely financed out of general taxation. A further important feature in the UK is that the social insurance contributions paid by employers are progressively structured, with the payments representing 10 % of gross wages for a worker employed on average earnings, falling to only 3% for a worker on 25 % of average earnings. Government policy is to keep non-wage labour costs as low as possible, particularly at the low end of the wage spectrum.

Temporary reductions in social insurance contributions as an incentive for hiring. In addition to structural reforms aimed at reducing non-wage labour costs, almost all Member States have implemented temporary reductions in social insurance contributions or opened up the possibility of paying wage cost subsidies aimed at encouraging the hiring of certain categories of job-seekers such as young people, the long-term unemployed, older workers, etc. *Very little evaluation has been done on the effects of such schemes, which tend to be ad hoc in nature and vary frequently from year to year. However, it is likely that such reductions entail considerable substitution and deadweight effects, and contribute little to overall employment growth. Previous ex post evaluation of wage subsidy schemes have produced estimates of 10-25% of net employment creation effects.*

Alternative sources of fiscal revenue. Overhauling the tax system in the required scale so as to make it more employment-friendly necessitates a sustained effort towards the restructuring of fiscal revenue. The proposal for an energy product tax (COM(97)30) gives member States the opportunity to shift the burden of taxation away from employed labour and towards the use of natural resources which damage the environment. The implementation of the energy product tax could create a very substantial number of jobs assuming that the revenues are used to reduce social security contributions ⁴A number of member States (Denmark, Finland, the Netherlands, Sweden and the United Kingdom) have specifically included tax shifting in the design of environmental taxes, some specifically recycling revenues to reduce the cost of employed labour.

⇒ *While there is ample evidence that the high tax burden on labour has militated against recruitment of workers, particularly those with lowest skills and in low-wage sectors, few Member States have undertaken a thorough overhaul of the tax system in order to make it more employment-friendly. Instead, they have tended to adopt ad hoc and temporary cost-cutting measures. Moreover, frequent changes in policy design in this*

⁴ Studies carried out by independent research institutes point at the creation of between 155 000 and 475 000 jobs by 2005.

area make it more difficult to assess the effects of such measures in the longer term. In any case, non-general cost-cutting measures must be in conformity with Articles 92-94 of the EC Treaty.⁵

3.1.3. Wage policy

The need for real wage costs per head to remain below overall productivity growth, so as to stimulate productive investment, has been repeatedly stressed by the European Council as a key condition for employment growth in the long run.

In contrast with wage behaviour in the 1970s and 1980s, when the rise in the wage share in output had been responsible for falling profitability and investment, recent trends have been more moderate. The average level of profitability is now higher than at any time since 1970 but real interest rates are also higher than in the 1960s⁶.

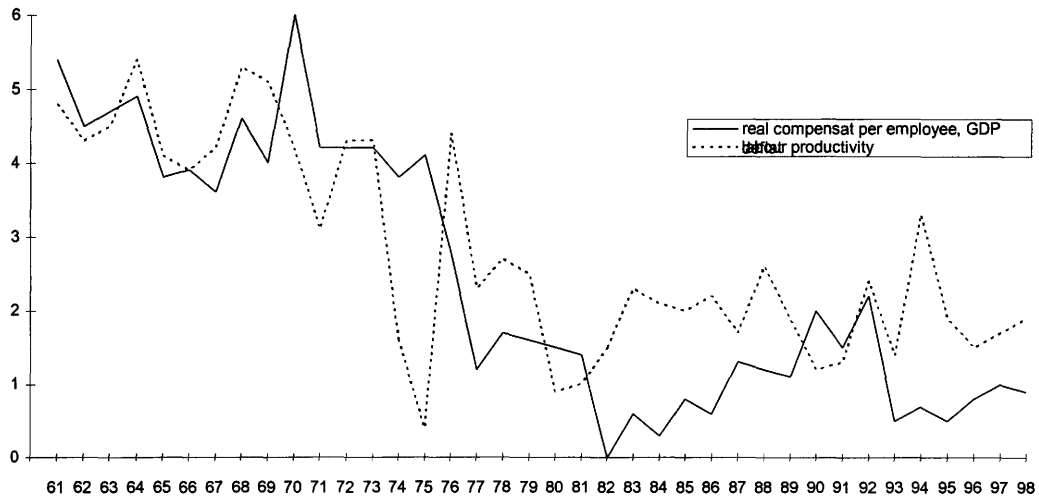
Against a background of low and falling inflation, wage moderation has prevailed in most Member States over the last year. Average nominal wage growth in the EU is now forecast to remain close to the 3% level⁷, which is consistent with the maintenance of price stability and the improvement of investment profitability. A moderate increase in real wages is expected, which will remain below real productivity growth.

Chart no.3 - Wage developments in the EU - 1961 - 1997

⁵ “Guidelines on aid to employment”, OJEC 95/C 334/04, and “Notice on monitoring of State aid and reduction of labour costs”, OJEC, 97/C 1/05.

⁶ cf. Annual Economic Report, 1997.

⁷ cf. Annual Economic Report, 1997.



In many countries there are ongoing agreements between the social partners to moderate the growth of real wages to less than the growth of productivity or in comparison with wage increases of their major trading partners. These have generally proved successful in maintaining wage moderation.

The minimum wage has been raised in Greece, France and Luxembourg, but these moves are not likely to change the overall wage trend. As women are over-represented among the low-paid in the EU, this will have an impact on the wage gap between women and men.

Best Practice example no. 2

Wide-ranging tripartite agreements

Tripartite negotiation of wages at national level is now widespread in the European Union, and has been credited with a large share of the responsibility for generalised wage moderation and modest increases in unit labour costs over the last couple of years. The potential of tripartite agreements has been further exploited in several Member States to tackle wider problems in labour market reform, including social assistance, organisation of work and working hours, fiscal issues and active labour market policies.

An example of such an agreement is Ireland where the *Programme for Competitiveness and Work*, which was in force until end of 1996, has played a decisive role in promoting strong economic growth and employment creation. A new tripartite agreement for the period 1997-2000, called *Partnership 2000 for Inclusion, Employment and Competitiveness* has been concluded. Partnership 2000 sets a medium-term ceiling for wage increases, establishes a framework for enhanced use of active labour market policies, and promotes information and participation of workers at enterprise level.

In addition, the government made a commitment to maintain the real value of welfare payments over the period of the agreement, and to make significant reductions in personal income tax.

Despite the unquestionable role of the tripartite agreements concluded in Ireland since 1987 for the economic recovery that followed, it is debatable whether this same approach can be applied with equal success in other Member States. The outcome depends significantly on the prevailing circumstances, both those that relate to cultural and social aspects within a country and also the economic situation in any particular period. In Ireland, Partnership 2000 is encountering problems : while the basic provisions are again moderate, there are increasing numbers of claims for exceptional wage increases and claims for increases in public expenditure which may weaken the discipline and coherence associated with earlier agreements.

The UK is planning to introduce a statutory minimum wage and an independent Low Pay Commission including i.a. the social partners has been charged with presenting recommendations to the government on the level at which it might be introduced. In Netherlands, the government is encouraging the social partners to lower the gap between the statutory minimum wage and the lowest collectively agreed wages.

⇒ *In general, the recommendations of the European Council and the Commission as far as wage moderation is concerned have been followed. The key contribution of social partners in this process is recognised. Wages are increasing less than productivity and unit labour costs are decreasing in real terms (see list of indicators in Annex 1). Therefore, it does not seem that the present employment problems can be attributed to excessive wage growth.*

3.2. TACKLING STRUCTURAL PROBLEMS IN THE LABOUR MARKET

3.2.1. Preventing long-term unemployment

Member States, together with the social partners, should engage in a more active policy for the prevention of long-term unemployment, and give to all unemployed people an opportunity of retraining or reintegration before reaching the point of long-term unemployment. In particular, the intensification of efforts regarding action in favour of groups particularly hard hit by long-term unemployment such as older and disabled workers, should be intensified.

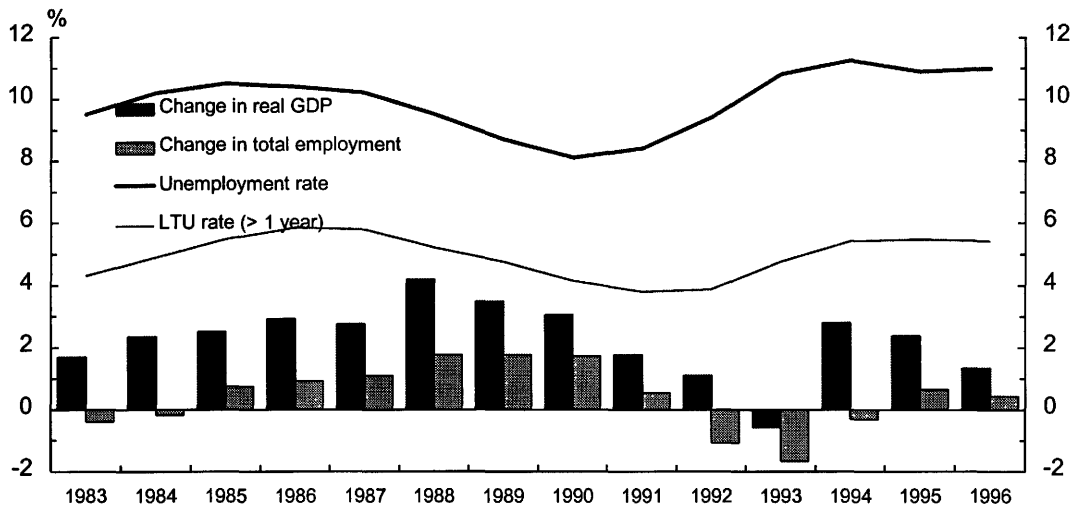
Throughout the Community, long-term unemployment has become an increasingly difficult problem to solve. Most Member States have experienced the emergence of a hard core of unemployed with prolonged unemployment periods resulting in loss of skills and motivation. A disproportionately large share of long-term unemployed are low-skilled and older workers.

Following a decline of long-term unemployment in the late eighties, most Member States experienced in the course of the 1990s a new rise in their proportion of the labour force becoming long-term unemployed (see Chart 4). The rate of long-term unemployment in the EU-15 has stagnated since 1994, despite economic recovery since then. In 1996, it was 5.2 %.

To tackle high and persisting long-term unemployment, Member States have adopted a variety of policy measures designed to increase the employability of the long-term unemployed, through the provision of counselling and job-search assistance, training programmes, and subsidised employment. All Member States report with more or less detail on such policy measures, but the data provided do not even allow for a rough assessment of the main tendencies in this respect.

Chart no. 4

**Total and long-term unemployment rates and changes
in real GDP and total employment in EU12, 1983 to 1996**



Promoting more preventive action to tackle long-term unemployment. Preventive measures involve the provision of vocational guidance, counselling services and assistance with active job seeking. There is clear evidence in the national reports, that these activities are attracting increasing attention, in relation to more traditional functions of the employment services. Some Member States have addressed the need to improve methods for early identification and early action. However, attempts to identify those at risk of becoming long-term unemployed, through statistical screening methods, have met with difficulties, which underpins the need for a greater emphasis on customised case-management within employment services.

Training programmes targeted at the long-term unemployed. All Member States have well-established programmes to encourage active job search and promote employability through training. There is a great variety of programmes depending on the age, educational level and professional background of the unemployed. Also, the moment in the unemployment spell when these programmes are offered as well as the extent to which attendance is compulsory vary a great deal.

Evaluation results suggest that the most closely targeted programmes tend to be the most effective, with broadly targeted schemes consisting of class-room training showing no significant positive results upon the employment prospects of trainees. However, and despite the variety of schemes in force in all Member States, there are indications that only a small percentage of the long-term unemployed is given an actual chance to participate in training programmes.

Subsidised employment. Most Member States provide some kind of subsidised employment enabling long-term unemployed to acquire work experience. These programmes can be in the form of recruitment subsidies, targeted reduction in social security contributions or temporary job programmes.

Evaluations of such schemes have yielded mixed results partly depending on the specific target group being offered subsidised employment and the type of work that has been carried out. They show that the substitution effect and the dead-weight effects of such programmes can be high, which draws attention to the need to supervise their overall impact. In most cases, continued use of such programmes can only be justified by their giving more equal chances to disadvantaged groups in the labour market.

Tackling the social consequences of industrial restructuring to prevent unemployment. In some Member States, measures have been implemented in the context of sectoral restructuring programmes to avoid that workers affected by collective dismissals drift into unemployment. In most cases, lack of adaptable skills and old age make re-employment difficult and risks of long-term unemployment are high. Austria, through the Labour Foundations, and Greece, through the recently implemented Integrated Programme of Intervention, are examples of this approach (see Best Practice Example no. 3). But this policy approach has older traditions in Europe and has been implemented also in France and in Spain, with support from the ESF.

Keeping elderly workers in work and making efforts towards their re-integration. In view of demographic trends and the costs incurred to finance early retirement schemes, many Member States increase their efforts to keep older workers in work and/or to reintegrate them into the labour market once they have been dismissed.

The situation of older unemployed persons is perceived as a major government concern in several countries, where measures range from the reimbursement of social security contributions when recruiting the older unemployed (Luxembourg and Finland), the activation of unemployment benefits of older unemployed when working outside the ordinary service in the public sector (Sweden), measures with regard to extending working life (Finland) and more generally, fighting age discrimination (Netherlands, UK). Part-time work is being offered to older workers in combination with financial incentives for recruitment of substitutes. In Germany, the Act on Old-Age Part-Time Work has made it possible that on the basis of corresponding agreements between the social partners, elderly workers may gradually retire from working life.

Promoting the employment of disabled people. Specific measures to promote the employment of disabled people and improve their conditions in work are provided in all Member States. Employment subsidies are widely used. In many, a more intensive use of the available mainstream support instruments and/or the relaxation of general eligibility criteria in favour of this target group are also encouraged. ESF mainstream financing as well as support from the Horizon strand of the Community Initiative on Employment are additional means which are often used in this context.

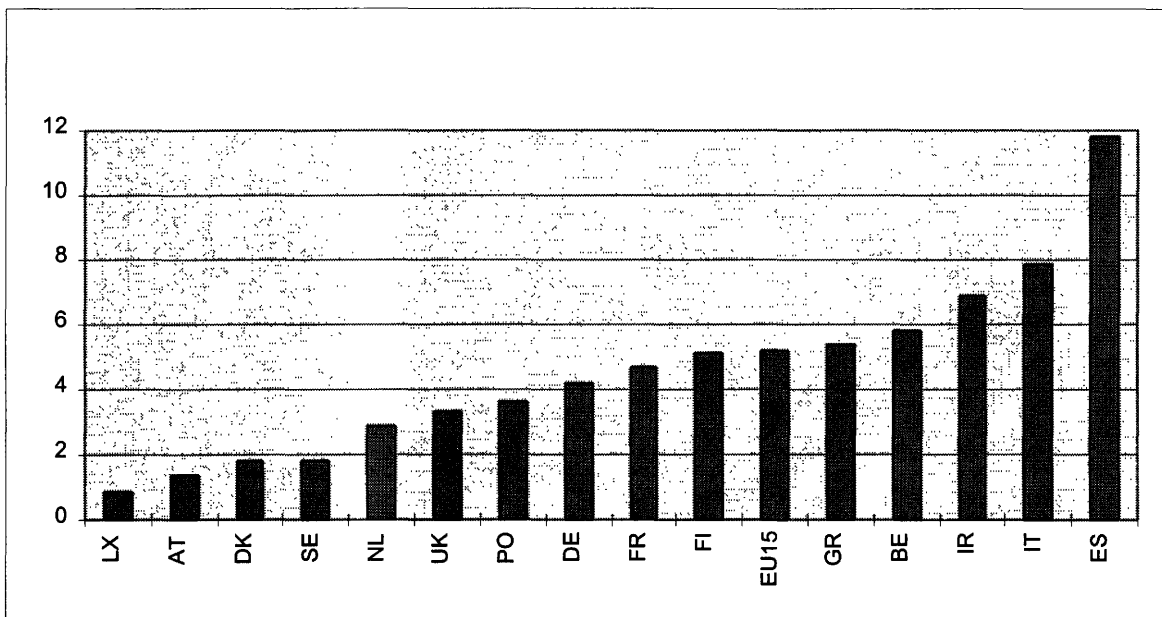
In Austria, work and project assistance as well as skill training measures in sheltered workshops and job coaching for young disabled have been introduced in order to foster the

occupational integration of disabled persons. In the Netherlands, a bill will be introduced in Parliament concerning the reintegration of disabled workers, as an alternative to income support, an objective also shared by the social partners. The occupational integration of disabled people by training and employment incentives, notably in sheltered workshops, is common to many Member States, and has been reinforced recently in Luxembourg and the Netherlands.

Benchmarking. The work carried out in the context of the benchmarking exercise in 1997 confirmed wide discrepancies within the Union as to the severity of the long-term unemployment problem, as measured by the proportion of the stock of people unemployed for more than 12 months in the total labour force (see Chart 5).

Four countries show rates of long-term unemployment below 2%: Luxembourg, Austria, Denmark and Sweden. On the other side of the range, Spain, Ireland and Italy have the most severe long-term unemployment problem, with rates well above 6%. Although countries with low levels of long-term unemployment tend to be characterised by lower overall unemployment, and vice-versa, this relationship is by no means systematic across the EU nor has it remained unchanged over time. There is considerable scope for explaining inter-country differences in long-term unemployment on the basis of policies and institutional features.

Chart 5
Rates of long-term unemployment - 1996



⇒ *On the basis of the evidence provided, it is possible to conclude that well-resourced employment services and an extended use of active labour market policies are the best documented factors accounting for best performance. Other factors playing an*

important role are the articulation between the unemployment protection system and the use of active policies and the effectiveness of the delivery system.

⇒ *Evidence also shows that the chances of getting a job fall significantly with the duration of unemployment. This confirms the importance of preventive policies in breaking long spells of unemployment with participation in labour market programmes in order to maintain employability and increase the chances of re-entering the labour market.*

Best Practice Example no. 3

Re-integrating workers affected by industrial restructuring

Austria has launched in 1987 the *Arbeitsstiftungen* (Labour foundations) offering a menu of measures to those affected by collective dismissals, industrial restructuring and company insolvency. The main objective is to provide a bridge between the previous and the future job without going through a period of open unemployment. The package consists of career guidance, active job search, occupational placements, traineeships, training, and support in the creation of new businesses. Labour foundations are not limited to the company level, but can also be set up at regional and sectoral level, covering several companies affected by similar restructuring problems due to industrial change.

The foundations are funded by the companies, the employees, the Labour Market Service, Länder and communes, and receive ESF support. Participants in the foundations receive unemployment benefits in the form of training allowances for a maximum of 3 years, in exceptional cases up to 4 years, as well as a "foundation scholarship" of 1 000 to 1 500 AS per month on average.

In 1995, 43 different foundations existed at all levels. Notably two sectoral foundations, in the foodstuff and transportation sectors, directly address structural problems resulting from joining the EU. The first one, the largest of its kind, plans to retrain 6,000 participants over three years. The foundation in transportation is designed to help 1 000 participants. The first foundation, set up in the iron and steel industry in 1987, is currently preparing 400 participants for new jobs.

A recent evaluation of the foundations in the foodstuff and transportation sectors shows a high reemployment rate. After leaving the measures, 83% in the foodstuff industry foundation and 73% in the transport sector foundation were reemployed. After 6 months, the reemployment rate continues high at 75 %. Almost 60% of participants succeeded in maintaining or improving their former wage income .

Greece is implementing a programme with similar characteristics, which addresses the needs of workers affected by collective dismissals in areas of industrial restructuring. The "Integrated Programme of Intervention" consists of a menu of measures aimed at the re-integration of dismissed workers through active support for a period of 37 months. It includes training allowances, subsidised jobs and start-up grants for the creation of own business. In contrast with passive income support, that in the past had been widely used to deal with similar problems, the new programme attempts to create the right conditions for the re-integration of those dismissed into active life. It is expected to play an important role in underpinning the current privatisation process.

The programme, the implementation of which involves the OAED (public employment service), local authorities and the social partners, has already been

applied to 400 workers affected by the restructuring of the "Piraiki-Patraiki" company, and is currently being applied in other industrial companies

⇒ *Coming to grips with long-term unemployment involves both policies preventing the short-term unemployed from drifting into long-term unemployment and adopting measures that aim at re-integrating the long-term unemployed into the regular labour market. According to the Eurostat Labour Force Survey, only 10 % of the unemployed in 1996 took part in some kind of training in the EU as a whole. A more ambitious effort to tackle long-term unemployment in Europe is clearly warranted.*

3.2.2. Integrating young people into the labour market

In addition to greater investment in vocational training, the European Councils have recommended that Member States should direct their efforts towards school leavers with little or no qualifications or training, by offering them employment or training.

Integrating young people into working and social life and avoiding their drifting into exclusion is a major challenge for Europe. 4.8 million young people are without jobs, which represent about 10 % of the total population aged between 15 and 24. Almost 2 million young people have been out of work for over 12 months.

Despite a steady decline in the size of the young population, and a structural upwards trend in the levels of participation in education and training, the unemployment of young people has not improved over the last decade, as the number of jobs taken up by young people continue to decrease (see Chart 6). Still to a large extent, this is caused by insufficient qualifications of a sizeable share of the young population. It is estimated that about 10 % of students leave school without any qualifications. Moreover, 45 % of the young people aged between 15 and 24 leave school before having completed upper secondary education. Supply-side factors do not explain however why, having in average higher skills than adult workers, there are twice as much young unemployed persons. Specific difficulties on the demand side have also to be taken into account.

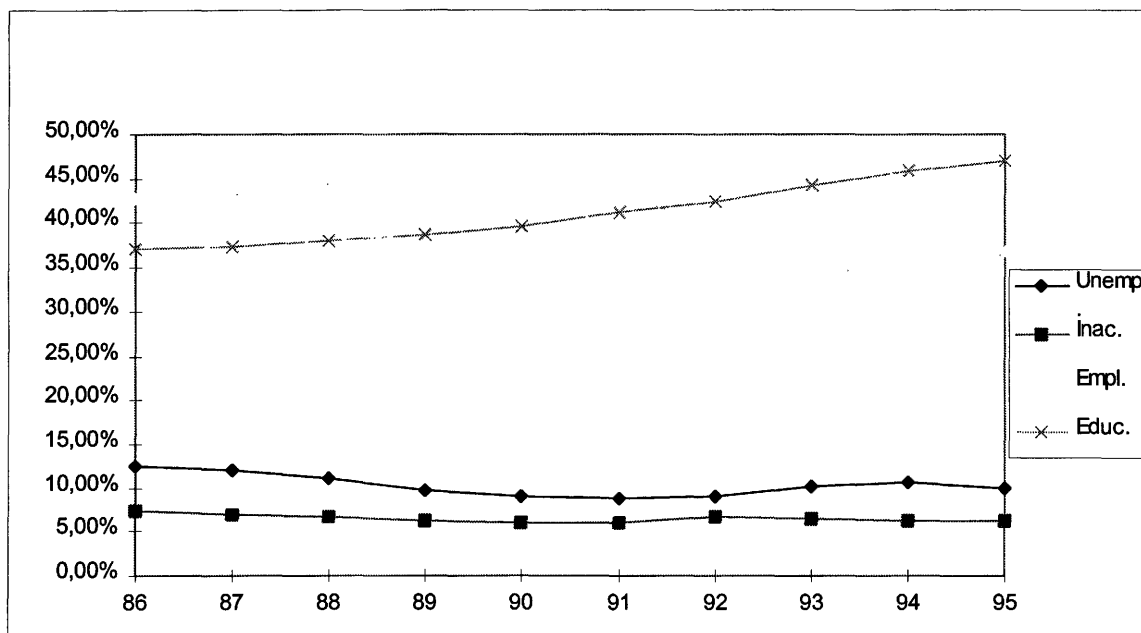
Policy measures reported by member states reflect this two-fold concern with supply and demand-side causes of the youth unemployment problem.

Supply-side policies. Improving and extending initial education and training and adapting it to the needs of working life appear to be the guiding principles of the policies and actions implemented by Member States (see below section 3.3.1.). In addition, activation policies have been targeted towards unemployed young people with low qualifications, who have often left school prematurely.

Following on from earlier experiences in other countries that have known considerable success (see Best Practice example no. 4), Belgium (*P.E.P. Première Expérience Professionnelle*) and the UK (*New Deal for the Young Unemployed*) are also considering or starting to implement ambitious programmes to tackle the problem at an early stage (3 to 6

months of registered unemployment) and replace the right to unemployment benefit or other form of social protection by the right to a job and/or a training offer.

Chart 6 - Young people by status in the EU-12 - 1986-96



Specific schemes developed by Ireland, Spain and Portugal are based on *integrated approaches* combining education and training, educational and occupational counselling, support during the transition process and assistance with access to a first work experience. They are targeted to youth with particular difficulties of integration and early school leavers. *Workshop Schools* have been quite popular in Spain as a measure for unskilled youth and have now been introduced in Portugal in the context of the development of traditional crafts and local development (see Best Practice example no. 5). In Ireland, the *Youth Reach Programme* is designed specifically for early school leavers. Having been identified as high priority in the recent mid-term review of the ESF, this measure will be refinanced in 1998-99, which will allow for an increase of over 1400 places. The renewed scheme will offer advice and counselling, a bridging facility, a preventive package focused on young people at risk and a "Preparation for Youthreach" pathway.

In countries where unemployment of university graduates is rising (Portugal, Greece), new programmes have been designed to facilitate access to the labour market through acquisition of a first work experience.

Many cities and regions have expressed interest in the setting up of "second chance schools" which aim at combating exclusion and unemployment by education and training. The target groups are young unemployed people beyond the age of obligatory schooling (between 15/16 and 25) with no qualifications and who are subject to social exclusion. The second chance schools are based on the use of individualised teaching methods, the application of

new computer and multimedia technologies, and on close involvement with local employers. To date, 12 such schools are planned as European pilot projects in agreement with the relevant national education authorities (France, the UK, Germany, Spain, Italy, Finland, Portugal, Greece and the Netherlands). The first 6 “second chance schools” should be open before the end of 1997 with a planned total capacity of some 1,500 students.

New pathways to facilitate the transition from school to work have been introduced in some Member States. They combine specific counselling facilities with traineeships and guidance in the process of searching a first job. In France, local missions and special facilities for information and guidance (PAIO) targeted to youngsters with particular difficulties, have been created. The local missions and the special facilities, which now number 650, are set up and financed by the State and the local authorities. These structures play an important role in the integration of young persons, including in social aspects like health, training or housing, and provide a follow-up of their early professional pathway.

Best Practice Example no. 4 **Activation policies for the young unemployed**

The activation of labour market policies seeks to reduce the number of unemployed people living on welfare benefits by offering them subsidised jobs, participation in training programmes and temporary jobs in socially useful activities. It normally involves some form of conditionality related to continued eligibility for welfare payments.

For young people with low qualifications searching for a job and living on welfare payments, the intervention of public authorities should start soon enough to avoid discouragement and minimize the risk of social exclusion.

The **Netherlands** initiated this type of policy in 1992 with the *Youth Guarantee Act (JWG)* which is still in force. Under the JWG, the municipal organisation hires young people who are threatened with long-term unemployment and places them in temporary jobs. Explicit purpose of this scheme is the placement of young unemployed in regular jobs when they have gained sufficient work experience. The group that qualifies for JWG has been expanded, in view of the success of the scheme, and now the age limit is 27 years. However, the JWG is not comprehensive. At the end of 1994, 82 % of the target group was reached, but a considerable share of those having a JWG contract did not have a JWG job (38 % in 1994).

Almost half of those under the JWG had not completed secondary education, and 70 % would have found severe difficulties in finding a regular job without specific support in the form of work experience. Evaluation results show that 30% of those entering the JWG transferred to regular work in two years.

Since 1996 **Denmark** has developed a new scheme targeted on young people between 18 and 25 years of age, without formal qualifications, who have been unemployed for at least 6 months within the last 9 months, and receive unemployment benefits. The youth measures include a right and a duty to undergo education or training of at least 18 months duration. Beneficiaries are expected to be activated no later than 5 weeks after the qualifying period.

Training allowances corresponding to 50% of the maximum rate of unemployment benefit are paid to participants. If a young person refuses to accept a reasonable offer of training or education he or she will forfeit the right to unemployment benefit.

Until the summer of 1997 a total number of 9,000 claimant unemployed persons have been covered by the special measures for the youth, of which 5,000 have ceased to be unemployed before concrete activation measures were taken and 4,000 have actually been activated in connection with the special youth package. The results of preliminary evaluation show that about 70% of the participants have on their own initiative taken a job or resumed education after completion of the programme and that only 25% remained unemployed.

Young persons on social assistance also have a duty to accept an activation offer at the latest after having received social assistance for 13 weeks. The offer must have a

duration of at least 18 months and 30 hours per week, and its extent will be decided by the municipal authorities.

Best Practice Example no. 4 (cont.)

In **Luxembourg**, the *Temporary Auxiliaries Division (DAT)* aims at creating temporary jobs for the young unemployed in work of public interest and in response to real collective needs. DAT members are liable to be assigned temporarily to work on public or cultural-interest tasks under the auspices of a central or local government body or an institution. Registered unemployed of 30 years or less are eligible for the DAT. An allowance is due, varying between 46 000 and 55 000 francs per month (corresponding to minimum wage for unskilled and skilled workers respectively).

In 1996, 762 contracts were concluded representing a 37% increase over 1995. Job assignments are for one month minimum and can be extended for two 6 month periods and one final 3 month period. Evaluation has shown that more than 90 % of the participants in DAT find a job before this final extension.

In **Sweden**, the municipalities have (since October 1995), on a voluntary basis, the responsibility for young people aged less than 20 years of age. These are entitled to complete education on upper secondary school level, and should be given first priority. In addition, the municipalities can develop local measures corresponding to the needs of the youth and the requirements of the local labour market. Evaluation of these measures has shown positive results in curbing the number and duration of unemployment for young people.

In **Finland**, since the beginning of 1996, the qualifying conditions for labour market support were tightened. Except for those under active measures, young people without any training beyond basic education are not eligible for support before the age of 20 (25 since 1997). Therefore, young people are encouraged to look actively for a job or accept a training offer. Some 11,000 young people between 20-24 transferred from passive receipt of support to training or trainee work. At the same time, apprenticeship and other vocational training has been considerably expanded, and priority was given to people under 20 with no previous vocational training. The number of students in post-comprehensive training increased by about 14,000, most of them young people. Partly as a result of these measures, youth unemployment as declined substantially in Finland (from 31% in July 1995 to 25 % in July 1997).

Most of these activation schemes are consistent with and have extensively benefited from ESF support under Objective 3.

Demand-side policies. Some Member States have attempted to intervene on the demand side by facilitating access to employment, notably through the reduction of starting-wages and social insurance contributions.

The reduction of indirect labour costs to encourage young people's recruitment has been implemented by several Member States. Despite continuing controversy about their actual impact on employment, targeted reductions in social security contributions are now widespread and cover young unemployed people or first job-seekers in most cases.

A more global approach to youth employment has recently been conceived in France with the new scheme "Programme 700 000 jeunes" the first part of which will be based on the development of new activities addressing emergent or unsatisfied needs in social, environmental and household services. These new activities are to be developed mainly by local associations and authorities and projects will receive funding in the form of a subsidy to the operating expenses. In a second phase, the scheme will address private companies. The subsidised new activities are expected to create durable jobs for young people and not just temporary placement.

Actions to improve the integration of youth addressed to demand, be it through the traditional policies of labour cost reduction, or the development of new activities, should be carefully assessed in terms of their possible discrimination effect upon other hard-to-place groups among the unemployed.

Benchmarking. Integration of young people into the labour market follows very divergent paths in the different Member States, reflecting the differences in their respective education systems, labour market institutions and socio-cultural characteristics. Four groups of countries can be identified in this respect⁸:

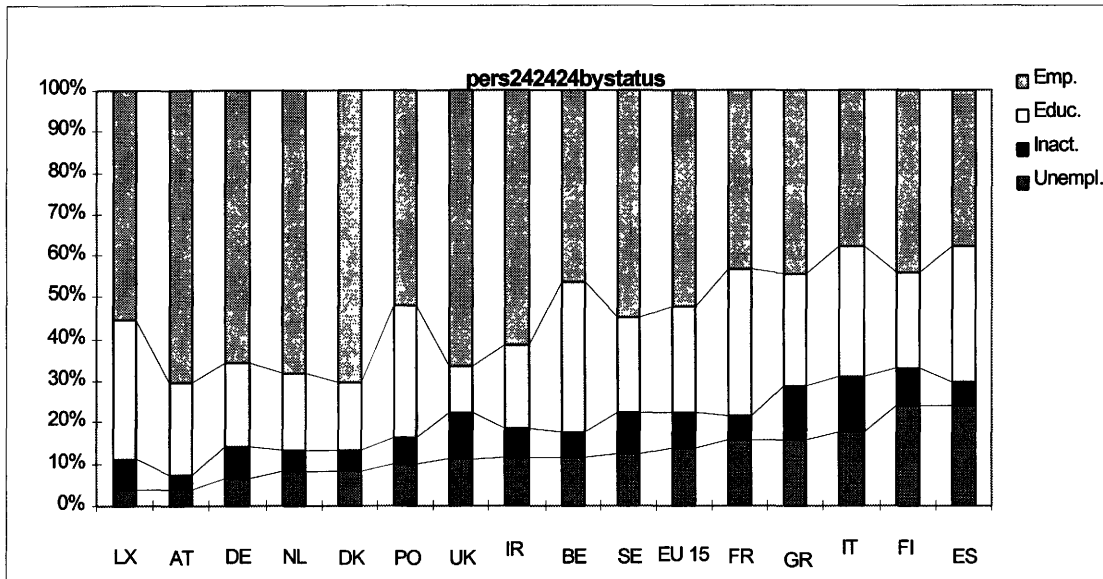
- Germany, Austria and Luxembourg - low rate of youth unemployment, little difference between youth/adult unemployment rates, close and systematic relationship between training and initial work experience, little use of part-time working as an insertion path;
- Denmark, Sweden, U.K. and the Netherlands - low/average youth unemployment, short duration of unemployment, strong links between employment and training generally through part-time working combined with continued study;
- France, Belgium, Portugal and Ireland - average unemployment levels, marked difference between youth and adult unemployment rates, tendency towards lengthy unemployment spells;

⁸ Due to insufficiently comparable data, the position of Finland is difficult to establish. Eurostat data for 1995 suggest however high youth unemployment.

- Greece, Italy and Spain - very high youth unemployment including long-term unemployment, great difference between youth/adult levels, little use of part-time working.

Chart no. 7

Young persons 20-24 by status - 1995



These different types of integration are reflected in very divergent performances as regards the ratio of unemployment to the youth population, which are particularly revealing for the 20-24 age group where difficulties in finding stable employment on completion of the education cycle are accentuated (see Chart 7) In the best performing countries in this respect (Luxembourg, Austria and Germany) rates vary between 4 and 6% while the European average is 13.7%. Above the European average, are France, Finland, Greece, Italy and Spain.

The analysis allows for the following explanations of the differences observed across the Union:

- the general situation of labour demand - unemployment will tend to be highest where demand is lowest;
- the offer on the labour market from competing age groups - youth unemployment is more pronounced in countries with high activity rates for adult and elderly workers;
- the effectiveness of the training system - a significant vocational training element in the education system and completion of upper secondary level education have a positive influence on the integration of young people into the labour market.

- the type of vocational training - a strong weight of training in working situation is an advantage especially for the early phase of integration into the labour market.
- in addition, active policies can be useful for disadvantaged young with little or no qualifications, by giving them complementary training and/or a subsidised first working experience. Above all these policies can help to prevent the emergence of long-term youth unemployment.

⇒ Many Member States are increasing their efforts to upgrade their education and training systems and thus provide all young people with a minimum level of education and training. The fact remains that 10% of young people leave school without any qualification and that more than 45% of the young people do not complete upper secondary level education. Despite a reduction in the number of young persons entering the labour market, due to demographic changes and due to the fact that they tend to stay longer in education, most of them meet with difficulties in their transition from school to employment. Complementary active programmes are necessary for the most disadvantaged, combining work experience and training, while avoiding early dependence on welfare schemes.

3.2.3. Promoting equal opportunities in employment

Since the Essen Council, the promotion of equal opportunities for women and men and the fight against women's unemployment are priorities of the Union.

Over the last decades, the employment rate of women has steadily increased in the European Union. It remains however, at a level of almost 50%, well below that of men, which is 70%.

The unemployment rate of women remains higher than that of men in almost all Member States. The unemployment rate of young women (younger than 25 years) varies considerably from one country to another. It is very high in Spain (46%), Greece (41%), Italy and Finland (both 39%). Other indicators (participation rate, wage gap, segregation indices) show that the objective of equal opportunities is far from achieved in the EU. Wide disparities are still found between Member States in the delivery of social services such as care for children and the elderly, which could facilitate the entry of women onto the labour market.

In line with the Council recommendations, all Member States are developing actions in favour of equal opportunities and to reduce women's unemployment. However, they often appear to consist of (often several) isolated and dispersed actions, which aim to improve women's training or to desegregate the labour market.

Mainstreaming equal opportunities in employment policy. While mainstreaming was totally lacking in the past, four countries now announce this approach in their employment strategy. (Belgium, Austria, Sweden and UK). It is recognised that specific unemployment measures will not be sufficient to bring about equal opportunities for women and men with regard to employment, and that general measures must be adopted to eliminate segregation of women in the labour market, to ensure that they receive equal pay and to upgrade women's work in general. As a general principle, all activities with impact on employment must have an equality perspective.

Best Practice Example no. 5

Workshop Schools

In Spain, the *Escuelas Taller* carry out training and employment programmes aimed at integrating unemployed young people (less than 25 years old) with few or no qualifications. These programmes combine formal training and work experience in areas relating to preserving the environment, development of traditional crafts and restoring the cultural and historical heritage. The programme of *Escuelas Taller* is coordinated at national level, its implementation being assured by a myriad of different agencies acting at local level. In fact, the aim is that the objectives and the courses given in each school should be integrated in territorial employment plans and respond to real demand in the labour market.

Between 1994 and 1996, 44,500 trainees completed courses, and placement rates of around 50% have been reported for the whole of Spain. High satisfaction rates from local agencies were also registered regarding the quality of the workshops' output. As regards the effects on participants, career advancement and wage increases have been reported in some regions for those who found a job. However, differences between men and women tend to subsist at this level. As regards progression to further studies, this has been reported for a relatively small number ranging between 5 and 25% depending on the regions.

Portugal launched recently a Workshop Schools programme within the framework of local development. This programme aims to offer young first-time job seekers and long-term unemployed adults vocational qualifications in traditional crafts or environmental activities, so that they can set up their own business or be eligible for a paid job. The training programme lasts 12 months and comprises theoretical and practical training. The trainees receive a training grant and a subsistence allowance

Trainees intending to become self-employed are eligible for a course on management training and for a non-refundable grant, as well as other types of financial aid.

The advantage of these schemes is to offer an immediate alternative to early school leavers, normally with serious economic and social difficulties, while at the same time contributing to the maintenance of traditional skills and to a regionally balanced distribution of job opportunities.

Furthermore, some countries have made efforts to assess the impact of labour market policies from an equal opportunities perspective (Belgium, Greece, France and Ireland). In Sweden, the job creation initiatives include the modernisation of labour law, which has been guided by the objective of strengthening the position of women.. In Portugal the adoption of a new law on equality opportunities is expected to strengthen the regulatory framework for effective equality.

Finally, in some cases, specific measures in favour of women take the form of legislative action, as in Belgium, where the regulations on job classification, night work and parental leave have been modified with the aim of improving women's position on the labour market.

Specific measures in favour of working as well as unemployed women. Measures aimed at promoting training and life-long learning have a direct impact on equal opportunities for women and men in the economy. Only a few Member States retain women as a target group for training measures. In Luxembourg, several training programmes are set up which focus on women (including women returners). In the context of the European Year on life-long learning, a special project for (young) women was set up. In Ireland, "back-to-work skills" are provided for women who have been out of the labour force for a long period of time. The integration of women returners is also a priority in Austria, where more than 7000 women found a job through career guidance courses, skill training opportunities and employment projects.

In order to increase the proportion of women starting up their own business, special entrepreneur's loans and training grants have been introduced in Finland and Sweden. Other measures to encourage women to start up their own business include courses for new entrepreneurs aimed solely at women. Women's entrepreneurial activity is supported by a specific law in Italy and an innovative project to support entrepreneurial initiatives by women has been launched in Portugal.

⇒ Member States' reports on their Multiannual Programmes show that the search for equal opportunities in employment between women and men is receiving increased attention. However, in most countries the equal opportunities goal is not yet fully integrated in national employment and labour market policies. Therefore, mainstreaming the gender approach has not been translated into action in most Member States. It is worth noting that none of the selected examples of best practices refer to equal opportunities. A continuation of the benchmarking exercise is called for in this respect.

3.3. ADAPTING TO CHANGE

3.3.1. Education, training and life-long learning

Successive European Councils have issued strong recommendations for increased investment in human resources and for embedding the concept of lifelong learning, in order to promote the development of competences and access to training for all workers.

Investment in human resources is a key factor in enabling Europe to keep pace with the new technologies, in particular in the field of information and communication, and to increase its competitiveness. Despite the expansion of lesser skilled jobs in services and sales, Europe is clearly on a high skill track and virtually all the net addition to employment in 1994-96 was accounted for by high skill jobs.

However, although participation levels in education and training have risen in all Member States, in 1996 for the EU as a whole, still more than half of the men aged 25 to 64 and just under half of the women had no educational attainment beyond basic schooling. The skill mismatch between supply and demand still appears to be an important reason for the difficulties encountered by young people and most of the unemployed in integrating the labour market.

The skill gap is bound to widen over the next decade with the ageing of the labour force. Relatively fewer young workers, more acquainted with the new technologies, will enter the work force, and in contrast, there will be more and more older workers, with experience, but with outdated qualifications.

Policies concerning training and life-long learning in Member States reflect the varying labour market conditions they face and the stages at which they are in the reform of their educational and training systems. The reports provide information both on the core system arrangements and on the specific measures for youth, the unemployed, equal opportunities and other groups at risk. While the latter are covered in section 3.2., this section covers the progress reported on the core arrangements for training and education in Member States. The following common concerns have been noted:

- improving the training provisions for young people and life-long learning;
- making more direct and improved links between education and training and becoming employed;
- system improvements to adapt to structural changes.

Expanding apprenticeship and other forms of high quality traineeship (dual-system).

The predominance of the initiatives concerning apprenticeship and other forms of training based on work experience illustrates the increasing awareness in member states about the positive effects of this system in facilitating transition from school to working life and further training. In the UK since 1995, 100,000 young people have signed up for a Modern

Apprenticeship and demand is growing fast. Finland has increased apprenticeship by 4,000 raising its apprenticeship level to 21,000. The Netherlands will increase their apprenticeship by 5,000. Sweden has initiated a new form of apprenticeship taking in 3,000 in 1997.

Some Member States have in addition implemented reforms aimed at improving the vocational training system, with the aim of increasing the levels of participation and attainment, and providing greater flexibility to students in shifting between levels and courses. The UK has launched the Target 2000 programme with the aim of ensuring that every 16-17 years old who is able to do so is actively engaged in the learning process. The maximum number possible are studying for basic educational qualifications and as many as possible are aiming for higher level qualifications. The increase in staying-on rates post 16 is expected to ensure that young people get a better start to working life and increase their skills and employability.

Improving links between training and re-integration into working life. Most Member States report about the growing number of *partnerships with industry, enterprises and the social partners* to combine training with job offers. Belgium is currently training 4500 in enterprises in schemes offering a job contract. Greece is about to run programmes in which groups of businesses can run vocational training for the unemployed on condition that they are employed by the firms after three-month training. Portugal launched a pilot scheme focusing on entrepreneurs, management and firms employing less than 50 in which trainees will be employed by the firms after completion of their training. Luxembourg is doing similar work with skilled trades.

In general efforts to develop the acquisition of skills through actual work experience tend to permeate the whole education and training system, including higher education. Some Member States seek to move away from an undifferentiated treatment of the unemployed and towards a better adaptation to the individual's and companies' situation and needs. These efforts are particularly well documented in the cases of the Netherlands, United Kingdom, Finland and Belgium.

The pathway approach, combining many of these elements has been intensively supported by the ESF which contributes to the dissemination and transposition of good practice through Member States.

Reforming accreditation of competence/qualification systems. Several countries (UK, Ireland, Greece, Netherlands, Austria) are in the process of generating new arrangements which address key or national certification issues while at the same time examining the need for new competences, curricula development, individualisation of credits etc. In addition, some Member States have implemented reforms aiming at improving the internal coherence of the whole vocational system, providing new pathways between levels and courses.

The European Year of Life-long learning has contributed to raising political awareness of this key issue. Throughout Europe over 5000 projects were undertaken, 2500 events were organized and around 3500 press articles published. Several countries have now taken steps in the direction of Lifelong Learning. Initiatives such as the "Learning Boutiques in Denmark, the "Adult learning week" in the UK, or the "Train of knowledge" in Finland, are examples of the efforts to find innovative ways to tackle the question of "learning"

throughout life, and move away from a “training delivery approach”. Specific structures and instruments addressing both individuals and companies, with the required flexibility, are planned in Germany, the UK and France.

Best Practice Example no. 6 - The Dual-training system

Training in the dual system provided both in the company and at vocational schools is a main feature of initial training in **Austria, Germany and Luxembourg**. The apprentices are trained, over a period of up to four years, in recognised occupations requiring formal training, which are defined in accordance with the requirements of the labour market, in close cooperation between official bodies and the social partners. On-the-job training is based on national curricula and given by master craftsmen. School training complements on-the-job training on a more theoretical basis, including acquisition of both general and job-related knowledge. In average, 2/3 of pupils leaving compulsory school in Germany and 40% in Austria enrol in the Dual System.

The legal basis for the apprenticeship relationship is a contract between the employer and the apprentice. Monetary compensation is set by collective agreement. The cost of on-the-job training is borne by the employers and school-based training is financed by the public authorities.

Close combination between specialized skills and training of a general nature has played an important facilitating role in the integration of youth into working life. Although the companies are not obliged to keep on the trainees after they pass the final examination, 2 out of 3 successful graduates of the Dual System in the old Länder, and 3 out of 4 in the new Länder, stay initially in their training company. Roughly 55% of those trained under the Dual System still work in the occupation in which they were trained after 5 years. Many young persons can also find jobs in occupations for which they are not formally trained.

The dual-training system has been also traditionally of great interest to enterprises, as it enables them to share the costs incurred in developing firm-specific skills.

The dual-training system has been associated with low youth unemployment. In all the countries that have developed dual-training systems, the unemployed represent less than 6% of the total population in the age group 20-24, whereas the EU average stands at 14%. The success of the system in these countries depends however to a certain extent of specific cultural and institutional features, and in particular the business structure, that are not common to other Member States.

Both in Austria and Germany the advantages and drawbacks of the system are being re-considered in the light of recent developments. There has been a sharp decline in the number of apprenticeship places in the two countries, as large companies in manufacturing in particular started to reduce their offers. A high degree of professional specialisation and the provision of know-how by initial rather than continuous training has been seen as contributing to limiting the flexibility and adaptability of the employment system. Moreover, dual training is costly for the enterprise as compared with the cheaper alternative of "free" public training. In addition, a growing number of students prefers higher educational tracks, which deteriorates the average learning capacities of the trainees in the Dual System. These

critical considerations underline the need for a reform of the Dual System in the countries where it is further developed.

Best Practice Example no. 7

Job rotation schemes

The main feature of a job rotation project is to train and provide work experience to unemployed persons so that they can temporarily replace employees who are given paid leave to participate in further training. Job rotation has been an important and successful instrument of active labour market policy in **Denmark**, establishing a link between measures to enable life-long training and activation measures, and meeting the needs of several labour market actors.

- Job-rotation is enterprise-based. The skills of the employees are up-graded and at the same time the work is carried out in the enterprises while the employees are away on training courses. This is an advantage for the enterprises because they get in contact with new potential employees.
- The skills and qualifications of the employees are up-graded and this gives them a better chance of improving their attachment to the ordinary labour market.
- From a labour market policy view, job rotation is an instrument for continuous training of the labour force.

The number of participants in job rotation projects may vary from two to several hundred persons. The duration of the training programme also varies very much. Projects have been implemented in a flexible way, providing for different sorts of financial support and subsidies.

The number of previously employed persons participating in job rotation has been increasing fast, from 12,200 in 1994 to 21,000 in 1995, and 30,600 in 1996. However, the number of previously unemployed persons participating in job rotation projects decreased in 1996 to 5,800 from 8,000 in 1995 and 5,600 in 1994.

The general trend is that a bigger number of employed than unemployed persons participate in job rotation projects. Although no comprehensive evaluation of the effects of job rotation is available, figures from 3 regions indicate that 67-75 % of the substitutes obtain employment either in the job rotation enterprise or in other enterprises on completion of the job rotation project.

The ESF is supporting the job rotation scheme in Denmark. In addition, a project under the ADAPT Community Initiative is in place to disseminate this good practice in other Member States.

Promoting life-long learning through leave schemes and job rotation. In Denmark, but also increasingly in Finland, Belgium and Sweden, innovative steps have been given towards the promotion of life-long learning in the context of leave schemes for education purposes and job rotation projects (see Best Practice Example no. 7).. The interest of such schemes is that they provide an effective possibility for workers to upgrade their skills while offering an opportunity to unemployed people to get a replacement job. In Denmark, the leave schemes for educational purposes have proven to be very popular with 72,700 persons taking leave in 1996, which is more than the number of persons taking child-minding or sabbatical leaves. While labour shortages have been registered in specific cases as a consequence of leave schemes, both employers and employees have positive evaluation of the education leave because of its effects in upgrading skills and enabling job rotation: in 70% of the cases, a substitute has been hired and about 50% of the substitutes were unemployed.

The issue of long-life learning is increasingly connected with the issue of redistribution of available employment under new working time models.

Promoting access to continuing training. The first European survey on continuing training (CVTS) showed that the rate of access to continuing training varies strongly according to the size of the enterprise : 13% of enterprises with 10-49 employees provide continuing training compared to 43% of those with more than 1000 employees. This trend has not yet been reversed despite widespread efforts to provide support for SMEs in order to promote “tailor-made solutions” (such as “Prostart kunto” in Finland, the “Lernwerk” in Bavaria or the “Vrijmarkt” in Netherlands).

Reflecting increasing concern with the need to increase flexibility to adapt to rapidly changing requirements, some Member States have focused efforts to new skills related to information and communication technologies. An example is Sweden, where for some years a successful training programme has been in place to provide specific training in information technology-related skills (Datortrek) to young job-seekers.

Numerous actions have also been implemented in order to facilitate access to continuous training for SMEs with the support of ESF Objective 4. The mid-term evaluation of the ESF gives strong evidence of positive results, especially for Germany and Spain.

⇒ *The national reports show that Member States are making widespread efforts to modernise education and training systems and the links between these systems and the workplace. The reforms in the core system appear to reflect dissemination of good practice across the Union, as well as the progressive incorporation in national policy of elements identified elsewhere as success factors. New initiatives have been developed which augur well for the improvement of employability particularly among the young. Apprenticeship schemes are being reviewed and expanded in a number of countries. However, weaknesses persist as regards the quality of training and the number of places made available to the unemployed. Also, long-life training should be integrated more consistently in national policies, and be reflected in the arrangements concerning work organisation and working time, as well as social insurance. The*

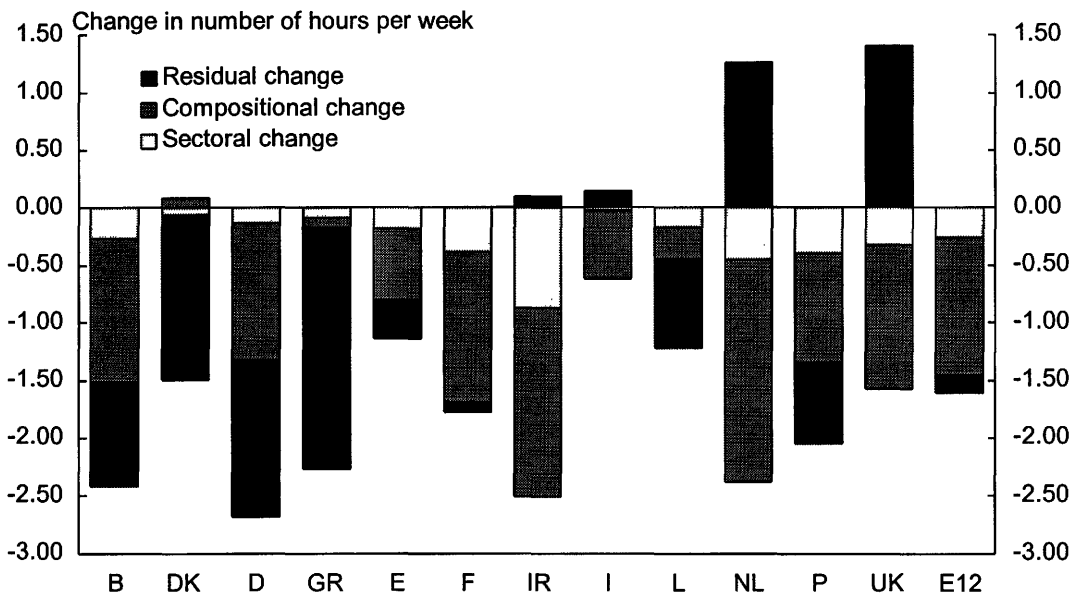
involvement of social partners in the search for solutions is key for the expansion of life-long learning.

3.3.2. Work organisation and working time

The 1996 Dublin European Council endorsed the recommendation that the social partners should be encouraged to negotiate agreements on flexible working arrangements and that all fiscal and social obstacles to a more flexible organisation of work and working time should be progressively removed.

At EU level, flexible working arrangements rather than reduced hours have been the main focus of action. Between 1983 and 1995, average weekly working time declined by a little more than 1 ½ hours in the EUR12 (see Chart 8), but this decline can largely be attributed to a structural shift from agriculture and industry to services (sectoral change), and to an increasing trend in part-time working (compositional change). The role played by other factors (the most important of which is collectively agreed reductions in working time) varies strongly between Member States. While it has been relatively minor in net terms for the whole Union, it has played a major role in Denmark, Greece, Belgium, Luxembourg and Germany

Chart no. 8 - Changes in average hours worked and effect of sectoral and compositional changes in employment - 1983-95



National programmes indicate that for Member States this is a period of transition, with most Member States simultaneously encouraging social dialogue and pursuing revisions in the statutory legal framework with the aim to reform, adapt to, and accommodate new ways of working. There is also in many Member States a renewed commitment to, or examination of, policies for reducing working time. The stated policy aims for a reduction in working time are twofold : to enhance job creation through redistribution and to allow for more welfare/better quality of life for the workforce.

New flexible working time arrangements. Working Time Acts in Germany (1994), Netherlands (1995), Finland (1996) and Austria (1997) have enabled the social partners to implement new flexible working time arrangements through collective agreements. In Germany, the new framework conditions have encouraged the social partners to make use of the possibility to introduce annual working time models. Besides, longer term agreements have already been concluded which provide for a flexible distribution of the working time within a reference period of up to three years under certain circumstances. Most prominent is the *Volkswagen* agreement of 1994 by which weekly working time was reduced to 28.8 hours in exchange of the continuation of job contracts of almost 100,000 workers. In the course of growing production in the following years, the working time arrangements provided Volkswagen with considerable scope for working time adjustments. Similar arrangements have been agreed in other manufacturing companies, in particular in the metal-processing and the chemical sectors, and in some cases it has been possible to go beyond mere job maintenance and to increase net creation of jobs.

Changes in labour regulation. In some countries, legal initiatives have been adopted recently to introduce more flexibility in labour contracts and increase security in employment for workers unprotected by collective agreements or existing legislation. The legislation has been revised in a few countries so as not to discriminate on the basis of working time and to give part-time workers parity with full-time employees.

In Spain, the employment stability agreement (*Acuerdo para la Estabilidad del Empleo*) negotiated by the social partners and subsequently transformed into law by the government, is expected to introduce significant changes in the functioning of the labour market. A new type of contract is introduced provisionally for a period of 4 years, under which the legal redundancy pay for “objective dismissals” is lowered from 45 days per year of service to 33 (and the ceiling from 42 months to 24) for open-ended contracts newly established with groups more affected by unemployment (young workers, older workers, long-term unemployed and disabled) as well as workers under fixed term employment. This change is expected to contribute towards reducing the excessive weight of temporary employment (presently at 34% of total wage employment in Spain) and the consequent high labour turnover, while improving the employment security for workers under fixed-term contracts.

Collective reduction of working time. France is engaged in a policy to promote the adjustment and negotiated reduction of working time in the interests of boosting employment and will bring together all the social partners this Autumn in a National Conference on Employment, Pay and Working Time. An outline law reducing the statutory working week

to 35 hours will be proposed, and the continuation of the Law of 11 June 1996 on working time reduction, will be considered in this new context. Belgium has extended and enlarged the Employment Agreement Scheme for the 1997/1998 period (see Best Practice Example no. 8). The public sector has also been encouraged to adopt half-time pension or the four-day week on voluntary basis with provisions for partial compensation in both cases.

Statutory reductions in in working time are being considered in Italy, Sweden and Greece, and are being implemented in Portugal, following a tripartite agreement.

⇒ *Member States are adjusting labour market regulations and practices to the new ways of production and changing individual preferences as to the distribution of time between work, leisure and education. It remains the case, however, that social security systems and taxation policies are not yet fully geared to flexible forms of work, though progress has been made. Work redistribution is currently (re)appearing as an issue on Member States' political agenda, but it is perceived and addressed differently throughout the EU. Some Member States associate it closely with a reduction of working hours in the full-time working week, while others tend to associate it more with working-life time policies. The involvement of social partners at all levels (local, sectoral, national and European) has an important role to play.*

3.3.3. The Role of Social Partners at European level

The three cross-industry umbrella organisations adopted in November 1996 in Dublin a “*declaration on employment*”. In their joint contribution the social partners stressed the need for an integrated approach to employment, encouraging improvements in the macroeconomic environment, exploiting the potential of the internal market to the full and implementing structural reforms in the labour market. They paid particular attention to lifelong learning. This, however, has yet to lead to practical follow-ups in terms of clear commitments and concrete actions.

In June 1997, the Social Partners signed a Framework agreement on part-time work. The scope of this agreement is significant, as part-time work has become one of the main features of the labour market and as it has a great potential with respect to job creation.

The sectoral social dialogue made progress in several areas. For example, the agricultural sector reached an agreement aimed at reducing working time, enhancing training and developing new poles of activity. This is the first agreement at European level on working conditions (reduction of working time, organisation of work and flexibility) with the aim to improve the possibilities of employment. In the cleaning industry the European deliberations on new sources of employment prompted the industry's social partners to adopt

a memorandum on new services to private individuals and on agreements covering the workers engaged in the new activities thus created.

The integration of the Agreement on Social Policy in the Amsterdam Treaty confirms that the social partners have a major role to play in the strengthening of the Community social policy, and the European Council acknowledged the importance of the contribution of the social partners to the process of European construction.

**Best practice example no. 8 - Greater flexibility
in the management of working time**

At the level of the enterprise or of a entire branch, collectively agreed reductions in working time and flexibilisation through annualised distribution, part-time work, leave schemes, etc. can provide an efficient joint solution to problems of adjusting capacity to demand, meeting individual preferences for specific working schedules and increasing total productivity by extending the economic life of capital. In addition, such agreements may effectively contribute to maintaining jobs that would otherwise be economically unfeasible or to creating new jobs for the unemployed.

In many Member States, the authorities have reformed the legal framework in order to offer a larger range of possibilities and eliminate unnecessary rigidities. In Belgium and France, the authorities went a step further by encouraging sectors and enterprises to conclude agreements producing a net growth in jobs along with work sharing and/or the reduction of working hours.

In **Belgium**, the Employment Agreements were proposed by the social partners under the 1995-96 cross-sectoral agreement and have been extended and enhanced for the period 1997-98. The social contributions payable by the employer are reduced by around 3,750 Ecus a year for each additional worker that an employer takes on for the period in which the agreement is valid. Applications were made in respect of 120,000 workers during the 4th quarter of 1996, which reveals an increasing trend in coverage.

Henceforth the agreements must comprise a minimum of two measures from a list including: career breaks, part-time work, collective reduction of working hours, flexible working hours, half-time pensions, and additional training during working hours. Under these agreements, enterprises can also opt for a subsidy for creating additional jobs reducing employers' contributions by 20 % of average pay in the enterprise. Following the 1997-98 sectoral negotiations, 85 employment agreements were concluded at sectoral level, covering 70 % of workers in the private sector.

In **France**, the law on reduction of working time of 11 June 1996 provides for a reduction in social insurance contributions of 40% in the first year and 30 % in the subsequent 6 years, for firms that introduce collectively agreed working time reductions. These should have the effect of reducing working time by at least 10%, provided that it is associated with recruitment corresponding to at least 10% of the annual average workforce level in the company concerned. The extent of the reduction in contributions increases to 50% and 40% in the case of 15% reduction of working time and 15% recruitment.

Best Practice example no. 8 (cont.)

A similar measure offering a reduction in social insurance contributions applies to firms reaching an agreement under which, by means of a 10% reduction in working time, mass redundancies are avoided. The first evaluation results of the 1996 Law are very encouraging, confirming the very positive response it has got from the social partners in France. Until July 1997, 920 agreements had been signed in a one-year period., of which 2/3 for the creation of new jobs and 1/3 for job maintenance. 90,000 employees are currently concerned by the agreements in place.

Concerns about the too high financial cost of this measure are not confirmed by the latest evaluation results. In comparison with more traditional job creating measures, this measure entails a substantially lower net cost per unemployed.

Probably more evaluation will be needed in order to assess fully the impact of this law. However, it is already clear that it has the merit of encouraging firms to rethink with employees the organisation of work and working time. In this respect, it leads to a more active response than for instance traditional cost cutting measures.

3.4. STRENGTHENING THE LOCAL DIMENSION

3.4.1. Job creation initiatives and local involvement

The Essen Council advocated the promotion of initiatives, particularly at regional and local levels, that create jobs which take account of new requirements e.g. in the spheres of environment and household and social services. It was agreed that this required both an improvement of the legal, tax and financial environment affecting such jobs, and a mobilisation of all actors at the relevant level.

Enhancing the role of the local actors in job creation. In line with the Council recommendations, job creation initiatives in many Member States are becoming increasingly locally based.⁹ In some Member States local initiatives have been supported through the establishment of new and decentralised bodies at local level to implement new policies and measures for job creation. It is the Southern European countries (Italy, Greece, Portugal and Spain) who stress more the importance of such initiatives within their general employment strategies.

Employment initiatives at local level offer new opportunities for employment and enable emerging needs to be met by creating new occupations. In addition to their direct labour market function, such initiatives often provide social and economic benefits and services to the local community. They mobilise local partnerships and can contribute to local processes of economic, social and environmental renewal and development of rural and urban areas.

The Commission is examining the employment potential of the social economy (not-for-profit sector). The development of pilot projects, the dissemination of information and the promotion of networks in this sector is underway, with funding provided in the 1997 budget by the European Parliament. In response to the Dublin European Council's request, a report on the potential of local development for stimulating employment growth is being prepared. The report will concentrate on best practice and experiences, and pay particular attention to the way co-operation between public authorities, private enterprises, social partners and local groups has led to initiatives matching the needs of the unemployed.

Territorial pacts. At the initiative of the Commission some 90 projects due to become Territorial Employment Pacts have been drawn up in partnership, at regional or local level, by representatives of public authorities, employers and employees, citizens' associations, representatives of training and educational institutions and various other bodies. They will cover more than 10% of the EU population in areas registering an unemployment rate above national average, and the Community will co-finance them, by using the available resources

⁹ A working paper of the Commission services gives fuller information about local employment initiatives. Cf. "Premier rapport sur les initiatives locales de développement et d'emploi" SEC(96) 2061. du 7 novembre 1996.

of the Structural Funds and especially their margins of flexibility. There are three criteria for such pacts:¹⁰

- a “bottom-up” approach, whereby initiatives should come from local level;
- the involvement of a broad public-private partnership made of all relevant actors with a significant influence on employment in the area, thus going beyond the normal partnership within the framework of the Community structural funds by actively including the private sector, the social partners and the relevant NGO’s;
- a plan of action based on an analysis of the local situation, to be used to develop an integrated strategy and innovative job-creation measures.

Improving the effectiveness of start-up grants. Most Member States provide financial incentives and assistance in order to help those wishing to start up a new business to do so. These are long standing schemes, whose success rates tend to be low when the new entrepreneurs are unemployed with low skills, and high when the beneficiaries are skilled, but in this case the deadweight cost is likely to be important. Some countries have developed innovative approaches combining financial aid with specific training and technical assistance often addressed to the unemployed in regions suffering from structural difficulties (see Best Practice example no. 10). In this connection, Germany has improved the conditions for financial support to the unemployed who set up their own business by activating the unemployment benefit, and wage subsidies are available when the newing self-employed recruit extra personnel.

Promoting the “intermediate” labour markets. The national reports indicate that there has been a further expansion of initiatives for the most hard-to-place, by unlocking the potential of the the social economy. This involves the creation of work in socially-useful activities, which do not generally compete with private businesses. Although these jobs are often temporary in nature, evaluation from earlier initiatives shows that they can have a more positive effect than traditional, mass government schemes (see Best practice example no. 9).

Such initiatives have been launched in Ireland (Community Employment), the UK (in the Glasgow area), in Germany (especially in Eastern Germany, where they account for 3% of employment), and in Austria (Gemeinnützige Eingliederungsbeihilfe - G.E.B. in the social care sector). Partly on the basis of earlier experience in the Glasgow area, the UK government will designate certain areas of high incidence of social exclusion as Employment Zones where local partnerships will be established to provide employment in the intermediate labour market or help those becoming self-employed with specific training.

¹⁰ cf Commission Communication on the Interim Progress report on the Implementation of Territorial Pacts for Employment CSE (97) 3 of 10.06.1997

Best Practice Example no. 9 - "Intermediate labour markets"

Several programmes providing temporary work experience to the long term unemployed and other disadvantaged groups have been in place for years in many Member States, with mixed results. Much of the evaluation suggests that the programmes have high costs per capita, lead to displacement of other activities and have little or no effect on the participants' long-term employment prospects in the real labour market. In addition, attendance of such programmes becomes a stigma for participants in the eyes of future employers.

More recently, small-scale "intermediate labour market" schemes combining work experience and training in socially useful activities have shown more positive results. Often such programmes are implemented in sectors responding to unfulfilled demand. According to evaluation, the initiatives of this type which improve participants' job chances the most appear to be: those offering an environment as close as possible to "normal jobs"; those which include job-relevant training; and those which are locally organised around activities filling existing demand in the local community (e.g. household, environment, culture and social care).

Ireland launched *Community Employment*, a scheme providing part-time work in the social economy and personal and skill development for the long-term unemployed and other disadvantaged groups. The workforce engaged in the scheme gains invaluable work experience while providing community and enterprise support facilities, environmental improvements and important community-based services.

The scheme has enjoyed remarkable success, as shown by the growth in the number of participants from 15,000 to the present 40,000 annually, which is attributed to the attractive conditions of the programme: Participants are normally paid at a level equal to or greater than unemployment benefit and also retain secondary benefits. It is estimated that 36 % of participants have subsequently moved to full-time employment and a further 30% into education/training programmes. These are very significant results, far above the results of comparable measures elsewhere and in Ireland. This success can be partly attributed to the current upswing in the Irish labour market, but also reflects improvements in the range and quality of activities covered.

The scheme was modified in April 1996 to provide two distinct options which target better the needs of the long-term unemployed, in particular. The "Part-Time Integration Option" will be aimed at those unemployed over 12 months with reasonable prospects of finding employment and will last for one year. The "Part-Time Job Option" will offer the possibility of up to 3 years participation for those over 35 years old and registered unemployed for at least 3 years.

The ESF has been supporting the Community Employment Scheme from the beginning and it is planned to refocus ESF on the older long-term unemployed following the Mid-Term review.



Best Practice Example no. 10 - Measures to promote enterprise creation by young entrepreneurs and the self-employment of unemployed persons

Start-up grants have enjoyed wide popularity in Europe, despite the evidence that the "mortality rate" of such businesses can be high, especially when they are addressed to the unemployed, and that only the best qualified candidates can take effective advantage of such schemes. A solution to improving their effectiveness can be found in the provision of specific training in combination with finance and an appropriate assessment of the feasibility of each business project.

Since 1986, Italy has been running quite successfully a *Programme of Support to Youth Entrepreneurial Activity*, with the aim of encouraging young entrepreneurs to start up a business (Law no. 44/86). The conditions for entitlement of benefits were recently revised. People under 36 years of age are eligible for the financial aid, which can amount to 90% of costs (in the Mezzogiorno) or 60% (in northern and central regions), in addition to other supporting services (technical assistance, training, market orientation. Financial aid for investments may be in the form of non-refundable grants or loans at favourable interest rates. The management of the system is ensured by the IG SPA (*Società per l'imprenditorialità da giovanile*), a public development company.

In 1996 a new initiative called *Prestito d'onore* (Loan Based on Honour) was launched, with the aim of supporting unemployed persons who wish to enter self-employment in the crafts or manufacturing sector and demonstrate the ability to translate an idea into a profitable activity. Under this scheme, small-scale self-employment initiatives in the Mezzogiorno are funded partly by non-refundable grants and partly by loans on favourable terms. The projects are selected and their feasibility checked at the end of a self-employment training course organised by IG SPA. The ESF Objective 1 programme supports the training part of this activity.

An "activation" element is included in the scheme, to the extent that workers who have been made redundant may claim early payment of compensation when they propose to enter self-employment.

ITL 30 Billion for 1995 and ITL 50 Billion for 1996 have been earmarked for the implementation of this measure. However, more than 35,000 applications have been submitted so far, which led the Government to increase the financing of the programme.

Promoting new jobs in new household and social services. Some Member States seek to develop the employment potential of new service sectors in the economy, to match unfulfilled demand, through targeted labour cost reduction, administrative simplification and structuring of the supply of services. In France and Belgium, employment in household-related services has been promoted through a variety of methods including service vouchers and fiscal reductions. In addition, the “Maribel Social” programme in Belgium provides for a flat rate reduction of employers’ contribution in the field of health and social welfare, on the condition that new jobs are created (4,500 forecast for 1997).

⇒ *National reports indicate plenty of examples of job creation initiatives, mainly at the local level, with very different goals and under different institutional settings. This is the area where most experimentation seems to be undertaken. It is probably too early to draw conclusions about the effect of such initiatives. In some cases, it appears that the objectives of developing new services and of re-integrating the hard-to-place unemployed have been mixed up. This may have reduced the effectiveness of such measures, and reduced their credibility for potential employers and qualified workers, whereas the unemployed may not find permanent jobs in such services to the extent required. Job creation initiatives in new service areas will have to be seen in a broader perspective integrating changes in working time, working life and consumption patterns.*

⇒ *These new sources of employment need to be exploited much more decisively, particularly as regards services to people and to local communities, and the not-for-profit sector. Local employment initiatives and territorial pacts bringing together all involved at local, regional and national levels, in a broad partnership approach have proved particularly effective. The lessons drawn from these successful experiences need to be promoted as part of a wider local development drive throughout Europe.*

3.4.2. Increased role and decentralisation of employment services

Recommendations of the European Councils have also stressed the need to reform public employment services and enhance their role in job brokerage, informing job seekers and employers and assisting the active search for work.

Decentralising delivery of active policies. Decentralisation is designed to ensure improved accessibility and tailoring of measures and provisions to local labour market needs. It normally entails the devolution of responsibility for policy implementation and formulation to the local services. In addition it has often been accompanied by a closer involvement of the social partners and of local community groups in the search for concrete solutions at the local level. Decentralisation is expected to give a major boost to improving the effectiveness

of public employment services in finding jobs for the most hard-to-place and to serve the needs of both employers and job seekers.

The European Social Fund (ESF) priorities clearly support and favour decentralisation at regional and local levels, and the ESF programmes are therefore acting as a significant stimulant to this tendency.

In many Member States, the Public Employment Service (PES) is being reorganised in a more decentralised way and local employment offices receive much more scope for gearing their resources to the requirements of the local labour market. While decentralisation is well established in Sweden, Finland, Denmark and the Netherlands, it has been promoted more recently by initiatives in Germany, Austria, Ireland and Belgium. In France de-concentration is currently being piloted in six regions.

In Germany, the revised *Labour Promotion Act*, which came into force on 1st April 1997, enlarges the fields of action and decision-making, as well as the autonomy of local employment offices. On the basis of the budgetary resources at their disposal, they are free to choose amongst existing instruments of active labour market policy those which are most suited to local labour market requirements. In addition, the local offices have now the possibility of using up to 10% of their resources for active labour market policy to develop innovative measures which go beyond existing measures and which they deem necessary for promising insertion actions. In order to reveal the efficiency and effectiveness of their actions, the offices have to report annually on and account for their active labour market policies. This is also seen as an instrument for increasing competition between the various offices.

In the UK, since 1991 delivery of most active policies has been decentralised to local *Training and Enterprise Councils* (Local Enterprise Companies in Scotland). These bodies which are run by local partnerships (led by the private sector), act under contract to the central government to deliver training and other labour market measures according to performance targets laid down by the government. The evaluation results have been globally positive, and stressed the TEC's worth in providing tailored solutions to local labour market problems.

Apart from TECs, there is no evaluation of the degree to which employment services' efficiency can be explicitly attributed to different degrees of decentralisation. While the devolution of responsibility for measures to local interests clearly brings advantages, there is also a need for co-ordination in order to avoid overlapping and duplication. Furthermore, within such a "hands off" approach, it is desirable that the stated policy objectives are pursued, especially in relation to the targeting of the most hard-to-place unemployed.

Promoting Customer-Oriented Service. Together with decentralisation, PES reforms have increased the possibility of individualised service to the unemployed. Measures are selected in accordance with the duration of unemployment, motivations and characteristics of the unemployed, in the framework of individual contracts drawn up between the unemployed and the employment service - individual case management (see Best Practice examples 1 and 11). The national reports also stress the importance of interlinking the services in charge of employment, social welfare and the local authorities, in order to achieve a more efficient use of resources. In some cases these reforms have led to the establishment of just one reception

office (*guichet unique*) for the unemployment, for dealing with re-integration and social protection.

New Role for Private Employment Services. In many countries, there has been a move towards ending the monopoly of public services; in others (Italy, Greece), a similar move is being considered. Although the development of private services following de-regulation has been quite uneven, with a relatively small market share so far for the private services, the present more competitive environment paves the way for new partnerships between private and public services.

⇒ *Many countries are strengthening the capacity and role of the PES. This key development enables the PES to improve its market penetration, and to perform its multiple role in matching the supply with the demand of jobs, providing information on the labour market, and supporting the re-integration of the most hard to place unemployed . Full exploitation of the possibilities of new information and communication technologies should enhance the capacity of PES to ensure these tasks.*

3.5. SUPPORT FOR EMPLOYMENT PROMOTION IN MEMBER STATES PROVIDED BY THE STRUCTURAL FUNDS

The Structural Funds, acting in support of economic and social cohesion, have an important role to play in promoting sustainable growth and employment. They contribute to improving the performance of the productive sector through the development of infrastructure, the support extended to productive investment, rural development activities and the adaptation of human resources. Programmes aim at increasing the employment content of growth, by taking employment into account and by exploiting local potentialities and new sources of employment. The interventions are also targeted at immaterial investment (research, services to enterprises, human capital) and technological innovation.

In the context of structural change within labour markets and in order to enhance employability as needed, the Funds, particularly the European Social Fund, underpin Member State efforts through: improving education and training systems within the less developed regions, as well as supporting lifelong learning across the EU as a whole; matching labour supply to the changing demands of the economy; promoting social inclusion and equal opportunities for all; acting as a catalyst for change within the Member States' human resource development policies and labour market systems. As well as these medium-

and long-term structural effects, the Funds also have a short term impact through extra demand for goods and services.

Despite the process of real convergence already achieved between the Member States, large disparities remain in terms of competitiveness, skill levels and unemployment. The Commission attaches great importance to ensuring consistency between the continuing effort of the Structural Funds and the European employment strategy.

Best Practice Example no. 11 - Public employment services

Early identification and early action to prevent long-term unemployment require well-resourced and well-run employment services, and a fully developed range of active measures. Sweden runs a well-equipped employment service, which plays a fundamental role in underpinning active labour market policy. With 390 employment offices and 1,700 staff per million workers, Sweden has one of the the highest coverage in Europe. Almost 90 % of the unemployed are registered with the employment services. Individual case-management and early identification of the most difficult to place among the unemployed are actively promoted. Most unemployed having reached 6 months of unemployment are offered participation in an active measure (4 months for the young unemployed).

The 1996 Employment Bill gave a stronger role to municipalities in the use of labour market funds. Already before the decentralisation reforms, the individual employment offices already had a rather wide scope of decision in the choice of programmes for each beneficiary.

Two-thirds of the labour market policy budget goes to active measures. Around 5% of the labour force is involved in some kind of active programmes. A monthly average of between 40,000 and 50,000 unemployed participate in training, whereas the monthly average of those in work experience schemes (ALU) was 42,000 and 53,000 in 1995 and 1996 respectively.

Active labour market policies of this magnitude have certainly played a decisive role in maintaining relatively low rates of long-term unemployment in Sweden despite the deterioration in the employment situation since the early nineties. The long-term unemployed represent less than 2 % of the labour force in Sweden against a EU average of 5.2 %. However, evaluation results have pointed out to the "vicious circle" between either recurrent unemployment or transitions back and forth between open unemployment and labour market programme participation. Low integration rates have been observed in such schemes, in the present difficult employment situation, thereby transforming active schemes for many participants simply in a way to renew benefit eligibility. Recent evaluation has furthermore indicated undesirable substitution effects in the work experience schemes and suggested the need to increase the target-orientation of programmes and to design individual action plans that are flexible enough to adjust to individual needs.

This is in line with recent decisions to strengthen individual case-management. Concrete individual plans of action should be drawn up between the employment office and the job-seeker, and participation in programmes should reflect individual characteristics and motivations.

Analysis of the Multi-Annual Programmes shows the coherence between the priorities set out in the employment strategy and the operation of the Structural Funds, and the European Social Fund in particular. The mid term evaluation and review of Objective 1, 3, 4, 5b and 6 programmes as well as the new programming period for Objective 2 regions provide the opportunity to sharpen the focus of Structural Funds support on employment.

Guidelines issued by the Commission to the Member States at the end of May 1997 provide a policy framework for programme adjustments. These guidelines emphasise a number of key priorities including: the need to shift from passive to active labour market measures, with the preventive approach lying at the heart of the latter; strengthening links between education systems and the labour market; the potential for job creation through local development and employment initiatives; maximising the spill-over effect on local employment from infrastructure work; increasing the employment impact of state-aid cofinancing in terms of sustainable jobs creation; the need to give high priority to start up SMEs and to improve their international competitiveness, especially in the services sector. Actions in support of the principle of equal opportunities would seek to facilitate access to employment and business services as well as to improve social infrastructure and the terms and conditions of employment.

The role of research, technological development and innovation as factors for competitiveness and jobs creation was highlighted. Guidelines have also been issued on how to achieve sustainable development and employment in Objective 2 regions.

In Agenda 2000 the Commission has set out the political and financial perspectives for the period 2000-2006. Within a streamlined structure of Objectives, the aim will be to achieve greater concentration on regions and target groups experiencing greatest disadvantage. Objective 1 support will place special emphasis on improving competitiveness as the fundamental condition for creating and maintaining employment. In order to facilitate economic diversification and dynamism in the Objective 2 regions, particular priority will be given to training and access to new technologies to unlock employment opportunities. The new Objective 3 will underpin Member State efforts to modernise their education, training and employment systems, with its main guidelines being defined within the framework of the European employment strategy.

Annex 1 : The Employment Indicators

The employment situation in the Union **improved somewhat** in 1995/96, after the deterioration registered in 1992/94 (cf. Macro-economic and employment indicators hereafter). The employment rate increased marginally to reach 60.4% in 1996 versus 60.1% in 1994. It picked up for women (50.3% Vs 49.6%) while stabilising for men (70.5% Vs 70.6%).

The improvement halted temporarily in 1996, in line with the deceleration of economic activity (GDP grew by 1.6% Vs 2.4% in 1995 and 2.9% in 1994). The employment rate increased by 0.1% only and the unemployment rate rose by 0.2%, to 10.9%, after having fallen by 0.4% in 1995. However, the data available for 1997 are encouraging. The monthly rate of unemployment for July, at 10.6%, was 0.3% below its level of 12 months before.

This improvement was largely due to the increase in the number of **part-time jobs**. The employment rate in full time equivalent hardly moved over the last two years (55.2% in 1996 Vs 55.1% in 1994). The improvement recorded for women was limited (42.2% Vs 41.8%) and the fall continued for men (68.4% Vs 68.8%).

The growth in employment registered for **women** (1.0% increase in 1995 and in 1996) was essentially due to their **increased participation** in the labour force and yielded therefore no significant reduction of unemployment. While the activity rate for women moved up from 56.8% in 1994 to 57.5% in 1996, their unemployment rate fell from 12.7% to 12.6% only. On the contrary for **men**, the activity rate continued to fall (from 78.5% in 1994 to 78.0% in 1996) so that the rate of **unemployment decreased** (from 10.0% in 1994 to 9.6% in 1996).

The percentage of **long term unemployed**, i.e. those who had been without a job for more than one year, **fell** in 1996 to 48.3% of all unemployed, after the sharp rise recorded between 1992 (40.6%) and 1995 (49.2%). Only **men** benefited from this change. For them, the share of long term unemployment decreased by 1.7 percentage point to 46.6% in 1996 while it increased by 0.1 percentage point to 50.1% for women.

The unemployment rate for youth moved in line with the overall unemployment rate over the last two years. It fell from 22.2% in 1994 to 21.6% in 1995 but rose to 21.8% in 1996. However, the **unemployment rate kept increasing for young women** (from 23.0% in 1994 to 23.3% in 1996)

In 1996, the employment rate **increased** significantly in 8 **Member States**: Luxembourg (+1.3%), The Netherlands (+1.2%), Spain (+0.8%), Ireland (+0.8%), Denmark (+0.5%), Greece (+0.5%), Portugal (+0.5%) and the United Kingdom (+0.5%). This has much to do with **output growth** as GDP grew, in 1996, by more than 2% in all these countries.

The employment rate grew only marginally in Italy (+0.2%). It did not change in Belgium and Finland. It decreased in France (-0.2%), Germany (-0.7%), Austria (-1.0%) and Sweden (-1.8%). These countries, except Finland, experienced GDP growth below 1.5% in 1996. In **Finland**, where GDP increased by 3.3% in 1996, the **stagnation of the employment rate**, despite a growth in employment of 1.4%, is essentially accounted for by a strong rise of the **population of working age** (+1.4%).

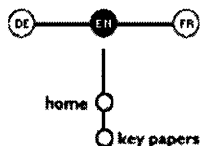
ANNEX 2

LIST OF EXAMPLES OF BEST PRACTICE SUGGESTED BY MEMBER STATES

1.	Network for the integration of hard-to-place young people	F
2.	Decentralisation of delivery of active measures	F + D+ IRL+I
3.	Promotion of new activities for youth employment	F
4.	Promotion of jobs in household services	F
5.	Reform and reduction of working time	F
6.	Reform of the financing of social protection	F
7.	Employment agreements on wage moderation and redistribution of work	B
8.	Local Employment Agencies (ALE)	B
9.	First Work Experience (PEP)	B
10.	Guaranteed income Allowance for part-time workers	B
11.	Career breaks	B
12.	Reduction of labour cost through cuts in social insurance contributions	B
13.	Community Employment Scheme	IRL
14.	Back to Work Allowance	IRL
15.	Welfare to work - the New Deal	UK
16.	Transition from School to Work (Target 2000)	UK
17.	Low non-wage labour costs	UK
18.	Liberalisation of product markets	UK
19.	Dual Training System	D + A
20.	Wage policy	A

21.	Labour Foundations	A
22.	Insertion grant for Social Employment (GEB)	A
23.	Adult Education and Higher Education for life-long learning	S+ FIN
24.	Active Labour Market Policies	S + FIN
25.	Agreements for Employment Stability in the framework of social dialogue	E
26.	Workshop Schools	E
27.	System of Qualification and Certification	E
28.	Traineeship contracts	E + L
29.	Management of job vacancies by INEM through television	E
30.	Multi-Annual Employment Programme	E
31.	Temporary Auxiliaries Division (DAT)	L
32.	Reemployment Aid	L
33.	Tax Relief	L
34.	Made to measure training and re-training for unemployed persons	L
35.	Solidarity agreements for reduction of working time	I
36.	Support to youth entrepreneurship in the Mezzogiorno	I
37.	Area contracts and Territorial Pacts	I
38.	Extensive tripartite cooperation	FIN
39.	Early identification and early action to prevent long-term unemployment	IN
40.	Activation of unemployed young people	FIN + DK
41.	Integrated Programme of Intervention	GR
42.	Subsidised working posts for special groups of unemployed	GR
43.	Schools of Technical Apprenticeship	GR
44.	Measures on activation	DK

- 45. Job rotation DK
- 46. Measures to prevent bottlenecks at the regional level DK



1 October 1997

Commission Communication

Proposal for Guidelines for Member States Employment Policies 1998

I. A new ambition

The European Council in Amsterdam was a watershed for employment policies in the Union. With the adoption of the employment Title, the Heads of State and Government agreed that employment should be considered as a matter of common concern. Building on the existing procedure launched at Essen, the new Treaty reinforces the coordination of national employment policies and foresees the establishment of common guidelines which can in due course lead to recommendations to Member States.

Following the Amsterdam agreement to anticipate the application of the new employment Title, the Commission now presents these guidelines as a framework for discussion at the extraordinary European Council on 20/21 November. The Commission will, on the basis of the Presidency's Conclusions from the Jobs Summit, present a final proposal for adoption by the Council.

It is important to understand the essence of this exercise. The new Treaty has launched a process which enables the Member States to consider the employment situation each year and adopt guidelines for their national employment policies. The latter must, of course, be part of an overall integrated approach which also involves sound macroeconomic policies, a functioning Single Market and the taking of employment into account in all Community policies.

A window of opportunity

After a period of slow growth, the underlying conditions necessary for sustained growth in output and employment in the EU are now in place: inflation is at an historic low; public finances are in a much sounder position; business profitability has recovered strongly; exports are rising sharply and confidence levels are much improved. Continued macroeconomic stability and the realisation of EMU, as well as the completion of the Single Market in accordance with the Action Plan adopted by the Amsterdam European Council, will underpin and sustain this process.

The current cyclical upturn and these improved prospects must not, however, lead to complacency. Tackling the present levels of unemployment in the EU requires a protracted period of strong growth, but growth alone cannot solve Europe's unemployment problems. These problems result from a continuing inability to create enough new jobs, inadequate workforce skills, failure to adapt to new patterns of work and inequality of opportunities. There is, therefore, a need for continued medium and long-term structural reforms. Experience shows that such reforms are best implemented in a climate of growth and rising demand. Governments should, therefore, consider the improved growth prospects as a window of opportunity for bold structural reforms of their employment systems.

The present Guidelines do not call for increased expenditure but rather a restructuring of expenditure, a reform of benefit and taxation systems and a move from passive income support measures to proactive policies so as to maximise the return on existing budget outlays. In particular, policy changes are needed to enhance the capacity and willingness of enterprises to invest and to give individuals the opportunity to

meet the ever-growing demand for new skills and versatility in the face of increasing technological change.

These guidelines are, therefore, aimed at ensuring that the economic recovery is accompanied both by a high level of job creation and a stable macroeconomic environment, and that this favourable combination is sustained. To achieve this objective the Commission believes that Member States will have to strengthen their focus on four main lines of action in their employment policies:

- Entrepreneurship;
- Employability;
- Adaptability, and
- Equal opportunities

These actions must form part of an integrated approach and be drawn together into a comprehensive strategy. This integrated approach offers the best conditions for achieving both the flexibility needed to adjust to changing market conditions and the security of good jobs needed by workers.

Any real progress at the European level will require detailed action plans by Member States that reflect their own circumstances but which are drawn up and implemented within a common European framework of objectives and guidelines. This process must be interactive, involving both the Member States and the Union. The action plans will need to be updated and monitored on an annual basis.

The main challenge

The EU's longer term objective must be to move progressively towards an employment rate of over 70% in line with those of its main trading partners. In order to achieve this, Member States must in the medium term commit themselves to ambitious employment targets and policies while seizing the opportunities afforded by growth and macroeconomic stability. Considering the current favourable outlook for economic growth, the combined efforts of the Member States based on these guidelines, with EU support where appropriate, could result in an increase of the current employment rate of 60.4% to 65% within 5 years and a reduction of the unemployment rate to 7%. This will imply the creation of at least 12 million new jobs.

In this paper, the Commission has sought to focus on actions which, drawing on Member States' experiences and best practices, can be expected to have a real impact and added-value.. Moreover, while recognising that the employment and labour market situation differs between Member States, these guidelines set out some ambitious targets in order to focus the attention of policy-makers at all levels.

II. Create a new culture of entrepreneurship

Stimulating entrepreneurship means creating a climate where companies can thrive and individuals are encouraged to exploit their creative energies and new ideas to the full, thereby creating new jobs. One third of the jobs in the private sector are in micro-enterprises of less than 10 people, while another third are in enterprises of less than 250 people. Most new jobs are created in these enterprises. If Europe is to succeed in meeting the jobs challenge, it has to create more jobs by stimulating the growth of these enterprises, particularly in the services sector. This requires a new entrepreneurial culture.

The preconditions for this are already in place. Europe is not short of innovative ideas or talented individuals and it is more than capable of competing on the world stage. But Europe has yet to realise its full potential. There is an urgent need for co-ordinated and sustained efforts by all Member States to create a better business environment and a new entrepreneurial culture capable of transforming this

potential into jobs. There is clear evidence that policies which take a comprehensive approach towards entrepreneurship are most successful.

However, the need for entrepreneurship and job creation extends further and experience has shown the significant potential for job creation at local level and within the social economy. These new sources of employment need to be exploited much more decisively, particularly as regards services to people and to local communities, and the not-for-profit sector. Local employment initiatives and Territorial Pacts bringing together all involved at local, regional and national levels, in a broad partnership approach have proved particularly effective. The lessons drawn from these successful experiences need to be promoted as part of a wider local development drive throughout Europe.

Moreover, Europe must harness new technology and innovation for the creation and development of enterprises and the promotion of environmentally sustainable production and consumption patterns. Member States should develop strategies to promote access to the Information Society at all levels, thereby stimulating the use of new technology and the creation of jobs in new and expanding sectors. The Member States must also significantly boost RTD expenditure as a percentage of GDP, thereby raising the European average from 1.9% to 2.5%, so as to match its global competitors, while at the same time encouraging more effective sharing of innovation and new technologies through reinforced cooperation between large, medium and small enterprises.

Further efforts are required, however, to promote a new culture of entrepreneurship in Europe:

Make it easier to start-up and run businesses by providing a clear, stable and predictable set of rules. Member States should review and simplify the administrative burdens on SMEs, taking into account the new proposals to be developed by the Business Environment Simplification Task Force.

- particular attention should be given to reducing significantly the overhead costs for enterprises of hiring an additional worker.
- the obstacles, especially those within existing social security regimes, to people moving from employment to self-employment and setting up micro-enterprises need to be tackled and existing regulations must be adapted to facilitate easier transition to self-employment.

Develop the markets for venture capital, thereby mobilising Europe's wealth behind entrepreneurs and innovators. Member States should examine the specific needs of SMEs as regards financing, principally in the form of equity or guarantee capital, building on EIB initiatives in this area.

- a pan-European secondary capital market should be established by the year 2000.

Make the taxation system more employment friendly. In order to encourage enterprises to create new jobs, Member States must exploit the current favourable macroeconomic climate to finally reverse the average long-term trend towards higher taxes and charges on labour (which have increased from 35% in 1980 to over 42% in 1995). Each Member State should

- set a target for reducing the tax burden on labour, while maintaining budget neutrality, with a view to achieving substantial progress by the year 2000.

The Commission will support Member States in their efforts to give more attention to entrepreneurship in education and training systems, identify current obstacles and disseminate information on good practice and new initiatives, and will launch an Entrepreneurship in Europe Initiative to drive this process forward.

III. Creating a new culture of Employability

In its workforce, Europe has great potential for economic growth and prosperity. There are about 18 million unemployed and a further 8-9 million people who would like to work if they thought they could get a job. To turn this potential into reality, a new culture of employability has to be developed. Employability means the capacity for people to be employed : it relates not only to the adequacy of their skills but also incentives and opportunities offered to individuals to seek employment.

The ageing of the Union's workforce and the fast pace of new technology means that Europe is facing an ever-increasing skills gap. Enterprises are looking for new and adequate skills, but most of the unemployed have old skills or no skills. Moreover, many young people leave school early, or without any qualification, while large parts of the labour force have very little access to adult education and training, in particular those with lower skills and non-standard work contracts. Less than 10 per cent of the unemployed are offered training.

But training alone is not enough. There is a clear need to make benefit and taxation systems more employment-friendly by promoting active measures that favour employment or encourage people of working age to acquire new skills and update existing skills. Member States are spending about ECU 200,000 million on their labour market policies but only one third of this is spent on active measures. All social transfers should be examined to see whether they could be used more effectively in promoting rehabilitation, reintegration, training or work experience.

The capacity of Member States' employment services to help jobseekers should be reformed and strengthened in line with best practice, in particular by exploiting new information and communication technologies. Employment offices should also strengthen their role vis-à-vis employers by improving the level of market penetration in order to enable them to fulfill their double mission of providing employers with adequately skilled jobseekers and the job seekers with job opportunities. Passive unemployment support should be regarded as a last resort

Tackle long-term and youth unemployment. Member States should adopt preventive and employability-oriented strategies built on early identification of individual needs and early action and ensure that

- every unemployed adult is offered a new start - in the form of a job, training, retraining, work practice or other employability measure - before reaching twelve months of unemployment.
- every unemployed young person is given such a new start before reaching six months of unemployment.

The combined effect of preventive and reintegration measures can be expected to reduce the rates of long-term and youth unemployment in the Member States by half within 5 years. This will also improve the employment situation of the disabled, many of whom are long-term unemployed.

Ease the transition from school to work. Employment prospects are poor for the 10% of young people who drop out of the school system early and many of the 45% who do not complete upper secondary education. Member States must seek to

- reduce the numbers dropping out of the education system early by half within five years and reduce progressively the share who do not complete upper secondary level.
- apprenticeship provides a particularly effective way of equipping young people with relevant skills and Member States should, where necessary, significantly increase participation in apprenticeship training in line with the best performing Member States and improve their systems accordingly.

Move from passive to active measures. Benefit and training systems should be reviewed and adapted to ensure that they actively support employability and provide clear incentives for the unemployed to seek and take up work or training opportunities. Each Member State should

- set a target for the number of people to be transferred from passive income support to active

- employability-related measures.
- seek to increase the numbers of unemployed who are offered training from the current EU average of 10% towards the average of the three best performing Member States i.e. above 25%, within 5 years.
- consider how reducing the cost of hiring less skilled workers through measures such as targeted reductions in non-wage labour costs, can be better linked to measures designed to boost skill levels.

Develop a partnership approach. Both enterprises and the social partners should be involved in joint efforts to invest Europe's wealth in its future by offering the necessary work experience/training positions. The Social Partners are urged to

- conclude as soon as possible a framework agreement to open workplaces across Europe for training, work practice, traineeships and other forms of employability measures and to agree on the terms and conditions.
- continue the impressive contribution which they have made over the past five years to the wage moderation which has contributed so much to the improved economic outlook and the improved prospects for new job creation.

In so far as the Structural Funds are concerned, a significant level of investment already goes towards underpinning Member States' efforts to promote higher skills, the activation of labour market policies through targeted measures aimed at preventing long-term unemployment, and at the promotion of entrepreneurship and adaptability. In the next programming period, Member States should seek to further increase the level of structural funding allocated to their human resource development policies and activities. In the short term, Member States should avail of the current mid-term review to reinforce the employment content of their Structural Fund programmes.

The Commission will support the Member States in developing their employment services by organising the exchange of knowledge and experience as well as developing benchmarks for the improvement of their performance. It is essential to remove the remaining obstacles to labour mobility while improving the flow of information on job opportunities and incentives to mobility, and the Commission will shortly present a package of measures to help achieve this objective.

IV. Promote and encourage adaptability

In Europe, as elsewhere, enterprises are undergoing a period of fundamental restructuring brought on by new technologies and new market conditions. This is visible in the form of mergers and acquisitions, new products and services and greater competition, all of which are affecting individual enterprises and leading to new work patterns. Through this process a new economy is emerging with technologically more advanced enterprises and with a growing services sector, often in the form of new small firms.

The capacity to adapt is decisive for the viability of enterprises, and their ability to seize new opportunities, as well as for employment and job security. However, workers often feel that they have not been adequately informed and consulted, and may see little prospect for a good job and a decent income after restructuring or downsizing. Member States should, therefore, make the adaptability of enterprises, and of those employed in enterprises, one of the main objectives of their employment policies. The Social Partners have a key role to play in this regard.

Modernise work organisation In order to promote the modernisation of work organisation and working patterns:

Social Partners should

- negotiate, at the appropriate levels, particularly in economic sectors undergoing major structural change, agreements on work organisation and flexible working arrangements, including where appropriate reductions in working time, with the aim of making enterprises productive and competitive, and achieving the required balance between flexibility and security.

Member States should

- put in place a framework for more adaptable forms of contract, taking into account that forms of employment are increasingly diverse. Those in non-standard work should be given greater security and occupational status and those who opt to work reduced hours should not be penalised in terms of career progression or in terms of maintaining social security protection

Support adaptability in enterprises. In order to renew skill levels within enterprises, Member States should

- remove fiscal and other obstacles to the promotion of investment in human resources and offer tax incentives for the development of in-house training. Incentives to workers to avail of training opportunities should also be encouraged.
- re-focus their State Aid policies on upgrading the labour force, the creation of sustainable jobs and efficiently functioning labour markets, while respecting Community state aid provisions.

The Commission will assist this process by promoting its policies for a new organisation of work, and information and consultation of workers in respect of decisions affecting them as well as bringing forward clear guidelines concerning training aid.

V. Strengthen the policies for equal opportunities

There are sound economic and social reasons for a reinforcement of the efforts of Member States to promote equal opportunities in the labour market. While the employment situation of women has improved over recent decades, unemployment is higher for women than for men (12.6% as against 9.7%) and their rate of participation in work is lower (50.2% as against 70.4%). Within work, women are over-represented in some sectors and professions and under-represented in others. These labour market rigidities, which impede Europe's capacity for growth and job creation, must be tackled.

As the Commission's Demography Reports have outlined, the working age population is now growing much slower than it did during the last 20 years and over the next decade it will start to decline. In the longer term, therefore, the growth in employment necessary to sustain our living standards and the European social model is critically dependent on an increase in the participation of women in the labour force.

Tackle gender gaps: Member States should translate their commitment to equality of opportunity into increased employment rates for women and breaking down gender segregation, and

- make consistent efforts to reduce the gap in unemployment rates between women and men by actively supporting the increased employment of women.

Reconcile work and family life: Policies on career breaks, parental leave and part-time work are of particular importance to women. Implementation of the various Directives and social partner agreements in this area should be accelerated and monitored. There must be an adequate provision of good quality

care for children and other dependents in order to support women's entry and continued participation in the labour market. Member States should

- seek to raise levels of care provision, using the standards of the best performing Member States as a benchmark.

Facilitate return to work: Specific attention should be given to women considering a return to the paid workforce after an absence. They may face problems of poor employability due to outmoded skills and may have difficulty in accessing training opportunities if they have not been registered as "jobseekers". Moreover, taxation and benefit systems may interact to reduce financial incentives to seek work. Member States should address these and other obstacles.

Above all, Member States should, in developing, implementing and reporting on these guidelines, take into account the particular labour market situation of women. Specific strategies to promote entrepreneurship among women, to improve their employability and adaptability should be developed.

VI. The Implementation of the Guidelines

Member States should, from 1998 onwards, report on the implementation of these guidelines; they should highlight their best practices and their impact on employment for examination by the Commission and the Council. The Commission will present a proposal to ensure an agreed comparable database in Member States, and agreed indicators, in order to monitor the implementation of these guidelines.

In preparing the 1999 guidelines, the Commission will examine how each Member State has taken the current guidelines into account in implementing their employment policies and present its assessment in Autumn 1998 for adoption by the European Council at the end of 1998.

▲ Top

EUROPEAN TRADE UNION CONFEDERATION
UNION OF INDUSTRIAL AND EMPLOYERS' CONFEDERATIONS OF EUROPE
EUROPEAN CENTRE OF ENTERPRISES WITH PUBLIC PARTICIPATION

13 November 1997

Social partners' contribution to the Employment Summit

I. Introduction

1. The Social Partners welcome the Amsterdam European Council's renewed emphasis on the deeply worrying issue of unemployment. They welcome the pursuit of an integrated and co-ordinated European strategy, building on the decisions of the Essen Summit and on the new development represented by the Employment title of the Treaty. The process of economic co-ordination should also be improved in view of EMU, as requested in the Amsterdam Resolution on Growth and Employment. The Social Partners also consider as crucial the enhancement and the development of the Broad Economic Policy Guidelines not only as an instrument for ensuring sustained convergence but also for favouring growth and employment. They stress that the Broad Economic Policy Guidelines and the Employment Guidelines should be mutually consistent and reinforcing.
2. The Social Partners should be fully involved in this process both at EU and at national level.
3. The Social Partners support the efforts made by the Commission to give an operational interpretation to Article 2 of the Treaty, that assigns the objective of a high level of employment to Community policies. In its proposal for the Employment Guidelines, the Commission asserts that the long-term objective must be to move progressively towards an employment rate¹ of over 70% on average for the Community. Such a level was approached in the early sixties, even before the massive entrance of the female workforce into the labour market, while it is currently achieved by the Community's main trading partners (US and Japan). Moving from a 60% to a 70% employment rate is, nevertheless, an ambitious long-term objective, since it implies a net creation of more than 25 million jobs. On the other hand, the possibility of moving to such an employment rate does represent a very important growth potential beyond the productivity trend, that is not available in the US and in Japan. The utilisation of this

¹ The employment rate is the ratio between total employment and working age population.

potential would greatly alleviate Member States' public finances and social security systems, facilitating the safeguarding and development of common European social values, as well as the reduction of tax pressure both on companies and on individuals.

4. The intermediate goal set by the Commission of an employment rate of 65 %, and an unemployment level of 7%, by 2002/2003 is also challenging, as it requires the creation of 12 million jobs. It implies a 1½ % increase in employment per year, with annual GDP growth being 1½ percentage points higher than labour productivity growth. If the productivity trend remains at around 2% per annum, as was the case over the past 25 years, GDP growth would need to reach 3½ % per year up to 2002. However, the intermediate target could be achieved with a lower growth rate of about 3%, which requires significant structural reforms in the context of efficient markets to reduce the employment threshold of growth by a ½ percentage point.
5. The achievement of these objectives is possible, provided that a macroeconomic policy-mix conducive to growth and employment is maintained and structural reforms aimed at strengthening competitiveness, avoiding tensions in the growth process, and increasing the employment content of growth are implemented consistently.
6. Apart from putting in place a macroeconomic framework conducive to growth and employment, ETUC, UNICE and CEEP support the proposal to refocus Member States' employment policies on the four priority areas identified in the Guidelines: entrepreneurship, employability, adaptability and equal opportunity. The Social Partners wish to make their contribution to the process of promoting employment in Europe.

II. An economic policy towards full employment

7. ETUC, UNICE and CEEP welcome the fact that, according to the European Commission's latest Autumn Forecast, a strong economic recovery appears to be on track in the EU as a whole. GDP growth at the Community level is expected to reach 2.6% in 1997 and 3% per year in 1998-99, along with an increase in equipment investment between 6% and 7%, and a growth rate of private consumption of 2 1/2%.
8. In the macroeconomic field, the first condition for the realisation of both the medium and long-term objectives is to secure the sustainability of the present cyclical recovery. The second step will be to turn it into a sustainable medium-term job-creating growth process.
 - 8.1. Regarding the short-term perspective, the supply fundamentals (inflation, profitability...) are, if anything, as good as and even better than those prevailing in the recovery of 1994 and even during the full employment period of the sixties. In addition, monetary conditions are now more growth-supportive than they were during the 1993-94 upswing due both to credible and sizeable efforts by public authorities to ensure convergence, and to an appropriate macroeconomic wage development on average for the EU. All the conditions are thus gathered for an endogenous development of domestic demand, after exports' first impetus to the cyclical revival.
 - 8.2. It is now crucial to ensure that the cyclical recovery will not be stifled by monetary turbulence, as was the case in 1995. That is why it is imperative to keep financial

markets' confidence in the implementation of EMU within the timetable laid down in the Treaty (1 January 1999), by avoiding any action which could undermine the credibility of the convergence process. In this context, the Social Partners welcome the Council's agreement to fix bilateral exchange rates at the same time as first participants in EMU are chosen. This is helping to ensure the credibility of the EMU process. Moreover, the risk of short-term inflationary tensions stemming from capacity constraints is rather small, as free production capacities are available and as the upturn becomes increasingly supported by capacity-expanding investment.

- 8.3. In the medium term perspective, the transformation of the present recovery into a sustainable job-creating growth process requires strong, capacity-enhancing investment to increase the potential output growth from 2¼ % to 3½ % over five years. This is also a prerequisite condition to reach progressively a substantially higher employment level within ten years. The realisation of EMU can facilitate this task by avoiding or alleviating major macroeconomic obstacles to growth that were observed in the past. Indeed, EMU will remove - by definition - the risk of intra-EMU monetary turbulence, and it will also favour a macroeconomic policy-mix that, in the coming years, will reduce the risk of a stability conflict between the three major components of the policy mix (budgetary policy and wage developments on the one hand, monetary policy on the other).
- 8.4. The implementation of the Stability and Growth Pact in a high-growth environment, will minimise the risk of a resurgence of such a stability conflict. Budgetary consolidation, which has already contributed to major reductions in interest rates and which is opening the way to reducing excessive burdens of taxation and other charges, is a continuing obligation in most countries. Once stability has been assured in accordance with the Pact, budgetary policy will regain greater room for manoeuvre to underpin growth and employment objectives. The Social Partners agree on the need to promote greater consistency between Member States' taxation policies in order to create a tax environment that stimulates enterprise, in particular SMEs, and the creation of jobs.
- 8.5. The stability framework designed by EMU will also facilitate maintenance of wage agreements compatible with the objective of price stability and with the need of improving investment profitability and raising living standards. The Social Partners are aware that the evolution of wages and profitability is a major factor influencing the policy mix and thus the medium term employment-creating growth process.
- 8.6. With stability being so assured, monetary policy will not be overburdened and, in conformity with Article 105-1, "shall support the general economic policies in the Community with a view to contributing to the achievement of the objectives of the Community, as laid down in Article 2" of the Treaty, including growth and employment.
9. Structural reforms are necessary to realise the medium and long-term objectives and must, therefore, accompany the appropriate policy-mix, as the Social Partners have underlined several times. The ETUC, UNICE and CEEP welcome the European Council's reaffirmation of its attachment to this global strategy in the conclusions of the Amsterdam Summit. Structural measures should enhance competitiveness and skills, avoid tensions in the growth process, and increase the employment-content of growth,

mainly through the improved functioning of product and labour markets, which will also contribute to the good functioning of EMU, as underlined in the Resolution on Growth and Employment.

- 9.1. Improved functioning of markets for goods and services requires timely completion of the internal market programme, in conformity with the Commission's Action Plan on the Single Market, strict control of State aids, the development of the information society, the promotion of research and technology, the realisation of the Trans-European Networks, the elaboration of a business and regulatory environment more favourable to SME's and more generally to entrepreneurship. All these measures will positively impact on productivity, and hence competitiveness, which is crucial in the EMU perspective and which should also reduce risks of tensions in the growth process. The employment benefits of these productivity improvements will more easily be fully realised in a context of stronger economic growth.
- 9.2. This also applies to more effective and active labour market policies which should enhance both the employability and adaptability of the labour force, as discussed further on in the Social Partners' contribution to the Employment Summit. To this end the Social Partners will examine what changes may be needed in the operation of labour markets in the context of EMU and the single currency.
10. In conclusion, a macroeconomic policy-mix under EMU, conducive to growth and employment, must be combined with efficient structural measures in order to ensure that the medium and long run growth potential lying in the employment reserve of the EU is fully exploited, and that the employment objectives laid down in the Employment Guidelines can be achieved progressively within the envisaged timetable.
11. The Social Partners therefore urge the European Council to reiterate its full commitment to this strategy, to ensure that there is the necessary degree of macroeconomic and structural policy co-ordination for its efficient and complete implementation. Benchmarking performance both in the macroeconomic and structural fields could help to achieve the employment objectives, in the same way as the nominal convergence criteria are supporting the process towards EMU.

III. A more efficient employment policy

III.1 Entrepreneurship

12. The Social Partners share the analysis that, in order to meet the employment challenge, Europe must stimulate business creation and encourage existing businesses to grow, in particular small and medium-sized enterprises where most jobs are created.
13. UNICE, CEEP and ETUC support the three priority actions proposed in the guidelines to create a climate in which businesses can be set up, take risks, grow and create new jobs.
14. The difficulty of access to capital and under-capitalisation is one of the main obstacles encountered by European SMEs and budding entrepreneurs. The proposals regarding

examination of the specific needs of SMEs from this angle and regarding a pan-European secondary capital market by the year 2000 are therefore essential elements for a European employment strategy.

15. The existence of a clear, stable, simple and reliable regulatory framework is also necessary to bring about the Commission's goal of kindling a spirit of enterprise. Europe must remain an attractive place for investment. UNICE, CEEP and ETUC welcome the objective of simplifying the regulatory framework in general, including procedures for recruiting additional workers, as they do that of removing obstacles to the move from being paid employees to becoming entrepreneurs.
16. Beyond these priorities, ETUC, UNICE and CEEP recall that, in order to nurture development of an enterprise culture and underpin the growth and continuity of businesses, the following areas are also of particular importance:
 - training, guidance and awareness-raising measures, which must start as early as school and continue in training for adults, in particular management training programmes;
 - research and technological development, for which the available resources must be improved in the direction of the Commission proposals to increase the proportion of expenditure devoted to these activities from 1.9% to 2.5% of GDP. A greater involvement of SMEs in existing programmes should be encouraged, inter alia by promoting partnership between companies;
 - training measures geared to the specific needs of SMEs in order to stimulate innovation and the introduction of new technologies in these enterprises;
 - existence of high-quality public services and services of general economic interest, which are a factor for the competitiveness of companies and therefore for growth and employment.
17. In addition, UNICE, CEEP and ETUC underline the importance of encouraging the development on a sound basis of services responding to local needs (child care, assistance to the old, environment, renovation of habitats, etc.).

III.2 Employability

18. The second area for improving the job-creating potential of economic growth is employability, through training measures, incentives to seek work and improved chances of finding a job.
19. ETUC, UNICE and CEEP support this three-pronged approach which seeks to refocus Member States' policies on:
 - fiscal and social protection systems more suited to promoting integration in the labour market;
 - active measures to get people to work.

20. In this context, the campaign against long-term and youth unemployment is of particular importance. The Commission proposes to adopt preventive strategies and recommends to identify individual needs as early as possible and make personalised proposals before one year of unemployment in the case of an adult and six months in the case of a young person. The Social Partners are attached to such a strategy but underline the need to take account of the specific context of each Member State.
21. Similarly, noting that on average in the EU, only 10% of the unemployed currently receive training, they urgently ask Member States significantly to increase training offers, where a lack of training is the main cause of long-term unemployment, drawing inspiration from the experience of the Member States with the best performance.
22. Given the importance of basic education to prevent youth unemployment, CEEP, UNICE and ETUC believe that measures should be taken at the appropriate levels to:
 - improve the quality of education and over the next five years progressively and substantially reduce the rate of scholastic failure and develop training schemes to close the gap for young people who leave school without qualifications;
 - target educational and professional guidance better towards labour market needs,
 - promote apprenticeships and alternance-based training schemes as a good way of imparting the skills needed for integration in the labour market.
23. In their statement to the Dublin European Council, the Social Partners recommended that Member States' programmes should include a possible contribution from the structural funds for implementation of the guidelines agreed in Essen, notably regarding investment in vocational training.
24. Lastly, to increase job and geographical mobility within Member States, the effectiveness of employment services is a key element. ETUC, UNICE and CEEP favour exchanges of experience as a way of improving the performance of national systems in this area. Regarding mobility within the EU, it is essential to remove the remaining obstacles, in particular regarding recognition of diplomas and transparency of qualifications, transferability of supplementary pension rights, and to improve information flows between national employment services. The social partners await with interest the Commission's proposals for achieving this objective.

III.3 Adaptability

25. CEEP, UNICE and ETUC believe that Member States should make adaptability of firms and of employees one of the main objectives of their employment policies.
26. Concerning the adaptability of companies, UNICE, CEEP and ETUC believe that, in order to increase the employment content of growth and to promote competitiveness, agreements negotiated between the social partners at the appropriate level should aim at creating the conditions for efficient organisation of work and a good balance between flexibility and security. In view of their differences of opinion about the impact of reductions of working time on employment, they agree to continue developing their reflexions on this issue.
27. To promote the adaptability of workers and increase qualification levels within companies, it is essential that the national tax environment encourages investment in training, by both companies and individuals. The Social Partners will study with interest the guidelines on training aid which the Commission is to present and they hope that the need to facilitate access to lifelong vocational training will be taken into account in this context.
28. In the area of education and training, they underline the importance of
 - improving co-operation between the social partners and the public authorities at the appropriate level;
 - identifying- in the context of the responsibilities of the social partners, including through social dialogue at the appropriate level - the methods and instruments which facilitate access to life long learning.

III.4 Equal opportunity

29. UNICE, CEEP and ETUC underline the importance of promoting equal opportunity and treatment between the sexes with a view progressively to increasing the employment level in Europe. They therefore support the recommendation that the particular situation of women on the labour market should be taken into account when Member States take measures to implement the employment guidelines.
30. However, the Social Partners recall that, beyond implementation of the existing legislative framework to combat discrimination between women and men, Member States should seek to:
 - promote a spirit of enterprise also among women and access to credit for women entrepreneurs;
 - improve women's capacity to enter or re-enter the labour market, and to adapt through training measures,
 - promote desegregation of the labour market;
 - improve infrastructures for and access to child care facilities and care for dependants, inter alia by encouraging development of local social services in accordance with the Council recommendation on child care.

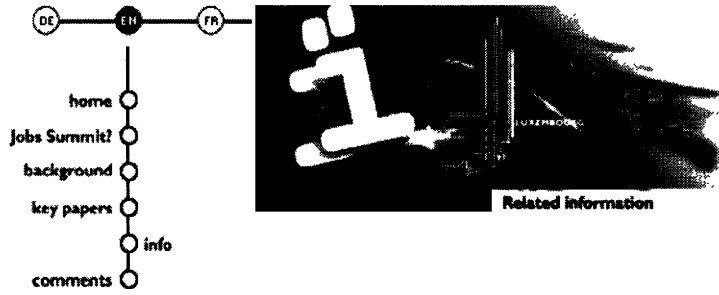
IV. Contribution of the Social Partners at European level

31. Recognising that part-time work has had an important impact on employment in recent years, UNICE, CEEP and ETUC recently concluded a framework agreement on part-time work. As stated in the preamble of that agreement, ETUC, UNICE and CEEP are considering the possibility of a new negotiation, in view of a similar agreement on other flexible forms of work.
32. Europe is going through a phase of industrial change, modernisation and restructuring. The Social Partners agree this is a process necessary to maintain the competitiveness of companies, to secure their growth and ability to create jobs, and that the process should be accompanied by appropriate social measures.
33. Because industrial restructuring can have an impact on employment and may affect the economic and social situation in the towns or regions concerned, ETUC, UNICE and CEEP underline the importance of social dialogue and information and consultation of the workers concerned and their representatives in accordance with existing national and European legislation, agreements and practices. Information and consultation in this way can allow early identification of obstacles to restructuring and can facilitate forward planning of employment at company, sectoral or regional level as stated in ETUC, UNICE and CEEP's joint opinion of 13/02/90. Conscious of the relevance of this matter, the social partners will continue developing their reflexions on this subject in the framework of the social dialogue.
34. In addition, as a follow-up to their joint contribution to *Action for employment in Europe*, ETUC, CEEP and UNICE will next spring organise a "stock exchange" of projects designed to promote youth employment. The objective of this initiative is to highlight and analyse the partnership dimension of projects in favour of youth employment, promote an exchange of good practices at European level, encourage greater mobilisation for youth employment, thereby furthering the emergence of initiatives involving social partners, notably in the context of European programmes.
35. Lastly, CEEP, UNICE and ETUC are particularly sensitive to the difficulties encountered by the disabled on the labour market and are currently preparing a compendium of good practice for inclusion of the disabled in the labour market.
36. The Social Partners intend to play their full role in the European employment process and ask to be fully consulted by the Employment and Labour Market Committee.
37. UNICE, CEEP and ETUC wish the social partners to be fully involved in the preparation, implementation and evaluation of the guidelines for employment at national and European level. They hope that consultation procedures at European level will contribute to better synergy between economic and employment guidelines, in particular by involving representatives of the EcoFin and Social Affairs Councils. They would like the Standing Committee for Employment to be re-defined to this end.
38. ETUC, UNICE and CEEP affirm their conviction about the fundamental role of the social dialogue and contractual relations at the appropriate levels as necessary conditions

for economic and social cohesion in the European Union. They call on their member organisations to promote the guidelines defined in this joint contribution.

* * *

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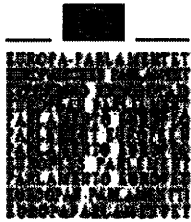


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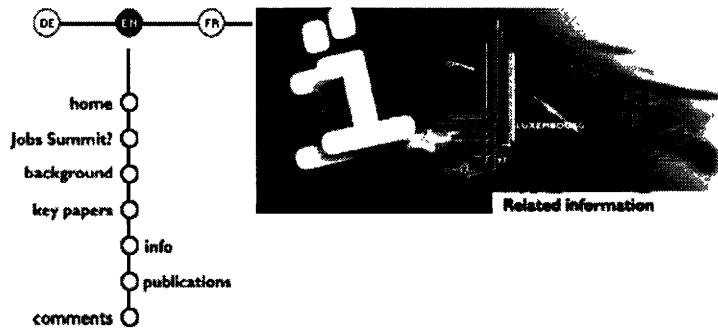
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- **Employment in Europe 1996 – Analysis of key issues.** The three reports included in this publication supplement the report on “Employment in Europe 1996”, taking a more detailed look at “The employment intensity of growth”, “Intersectoral mobility on the European labour market”, and “Family characteristics of unemployed people in Europe”. Available in English, French and German. Price: ECU 15. Catalogue number: CE-06-97-424-EN-C, ISBN: 92-828-1749-0 (EN).
- **Tableau de Bord 1996.** The synoptic tables collected by the European Employment Observatory present an overview of the principal labour market measures taken by each Member State. It complements the “Employment in Europe 1996” report and “The Way Forward: the European Employment Strategy”. Price: ECU 11. Catalogue number: CE-98-96-574-EN-C, ISBN: 92-827-9023-1 (EN).
- **Employment in Europe 1997.** The aim of this report is to establish a firm link between strategic objectives and the reality of hard data on trends, progress and problems. The report tracks the efforts to modernise Social and Economic Europe. The full report of 144 pages is available in English, French and German. Price: ECU 15. Catalogue number: CE-05-97-729-EN-C, ISBN: 92-828-1575-7 (EN).

The policy section (20 pages) under the title “**An employment agenda for the year 2000**” will be available from November in the 11 official languages of the European Union and can be obtained free of charge from the European Commission’s office in each Member State. Catalogue number: CE-05-97-995-EN-C, ISBN: 92-828-1742-3 (EN).

- **Territorial employment pacts – examples of good practice.** This booklet provides answers to a number of key questions facing those responsible for setting up and implementing partnerships and territorial pacts for employment, giving examples from regions and localities facing a variety of economic, social and institutional conditions. Available in the 11 official

languages of the European Union. Price: ECU 15. Catalogue number: CE-07-97-216-EN-C, ISBN: 92-828-1158-1 (EN).

- **“Forum” No 1.** This first issue of the new magazine “Forum” is concerned with the organisation of work. Available free of charge in English, French and German from the European Commission’s office in each Member State. Catalogue number: CE-NF-96-003-EN-C.
- A series of **studies on the labour market in the Member States** sets out and analyses the situation in each of the European Union’s Member States. These studies are available, price ECU 29.50, for the following countries.

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NB The study on Luxembourg (catalogue number: CE-64-96-011-FR-C, ISBN: 92-827-8756-7) will be available at the beginning of 1998.

Periodicals produced by the European Employment Observatory

- **“Policies”**, the periodical produced by MISEP (Mutual Information System on Employment Policies) gives a quarterly run-down on recent developments in labour market policies in the Member States. The bulk is taken up with the national reports submitted by the national correspondents, and there is a brief overview which places these reports in the broader framework of the five recommendations on an integrated employment strategy.
- **“Trends”** is the periodical produced by SYSDÉM (Community System of Documentation on Employment). It appears twice a year, giving a comparative overview and a more detailed look at measures and developments on the Member States’ labour markets.

Available free of charge in English, French and German from:

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- **First report on local development and employment initiatives – Lessons for territorial and local employment pacts.** The aim of this first report is to enable future territorial and local pacts to benefit from the experience of local development and employment initiatives. Available in English and French. Price: ECU 15. Catalogue number: CE-07-97-272-EN-C, ISBN: 92-828-1571-2 (EN).
- **Implementing the European employment strategy – The challenges of young people’s integration, long-term unemployment and equal opportunities.** This publication analyses the causes of youth unemployment, long-term unemployment and female unemployment in the European Union and takes a look at European initiatives. Available in English, French and German. Price: ECU 15. Catalogue number: CE-05-97-002-EN-C, ISBN: 92-828-1735-0 (EN).

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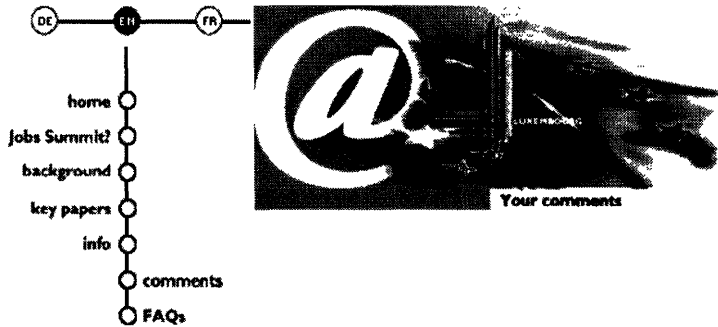
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General questions on employment

How many jobs do you think the Employment Guidelines will create?

Guidelines don't create jobs. Enterprises, workers and governments create jobs by the way they work together. These Guidelines propose new, more effective ways for Governments and social partners to work together to achieve their common goals. And they explain how we, in the Commission, aim to support them.

Is the employment target indicated in the Guidelines realistic?

Yes. Our objective is to increase employment by some 12 million job in 5 years. That would raise the average employment rate from 60% to 65%. That is realistic. Some Member States - Denmark, Sweden, Austria, the U.K. and Portugal - already achieve over 65%. Success would bring unemployment down to 7%.

How will the EU achieve the extra 12 million jobs?

Through growth and structural reform. Economic growth of 3% is forecast for 1998. The structural reforms we propose will enable us to sustain that growth over the next 5 years. That would give Europe around 9 million extra jobs. Further labour market improvements - more flexibility, more local service sector jobs, further changes in working time - would give 2, 3 or 4 million more jobs.

What do you mean by the 'employment rate'?

The employment rate is the percentage of the population of working age - the 16 to 65 year olds - who are in work. The rest are either unemployed, or inactive i.e. they are not seeking to work. We prefer to use the employment rate, rather than the unemployment rate, since the unemployment rate under-estimates the numbers of people who would work if work were available.

How do you expect the Member States to react to their new strategy and

guidelines?

Positively. The Member States have been extremely supportive.

They agreed a strategy at Amsterdam - accepting employment as a matter of 'common concern'; introducing the policy guidelines; and raising the profile of employment.

In all Council discussions, the Member States have strongly supported the four pillars - entrepreneurship, employability, adaptability and equal opportunities.

We will be working with the Member States as they develop the guidelines and pursue the common goals.

The Guidelines don't mention Europe's competitiveness problem

They don't need to. Most pundits get it all wrong. There is nothing uncompetitive about the EU economy. We pay our way in the World with a surplus on trade. We have low, stable, inflation. We have a steady 2% a year growth of productivity. We have declining unit labour costs and the highest profitability for 30 years or more.

Europe's problems are not linked to the cost of its social policies. If you don't pay for health, education and the rest out of taxes, you pay out of your pocket.

Europe's problems have been three-fold:

- Under-developed economic policies - lack of co-operation
- Under-investment in human resources
- Out-dated labour market and social protection systems.

EMU and the Economic Policy Guidelines address the first problem. Our employment guidelines address the second and third.

Have you not taken over the UK's old Tory/new Labour agenda?

No. We have not taken over anybody's agenda. We have developed the middle way, the third way. We support the best from all experiences. There is a spirit of co-operation between European governments. All are totally committed to solving their employment problems, together.

This new agenda combines flexibility with security at the workplace. It is not a one-sided attack on the workforce.

Why do you not learn more from the US success in job creation?

We do. The US had had a remarkable success in job creation. But we have to ask why. And we have to look at side-effects.

We learn more from the US in terms of economic policy management, than in terms of labour market and social policy design. Most of the US employment success is down to its effective use of a Single currency in a Single market.

US labour market and social policies have led, directly or indirectly, to costly social problems - working poor, crime, the 'ghettoisation' of increasing parts of its society. Those are problems that we, in Europe, have more successfully avoided.

Procedural questions

What happens next?

These guidelines will first be presented to the Parliament and Committee for comment. The whole package will then be submitted to the Jobs Summit. At the Jobs Summit, the Presidency will draw conclusions which will be sent back to the Commission.

The Commission will then review its Guidelines in the light of comments, and submit its final version to the Council. The Council can adopt/reject, or modify by a unanimous vote. After that, the Member States will report back on progress to the Commission.

How will you check up on what the Member States do?

The procedure consists of a rolling programme, with Annual Reports prepared by each Member State, reporting back on their progress in relation to the previous year's Guidelines.

These results will be taken into account in setting the Guidelines for the following years.

In time it is envisaged that specific recommendations would be made to each Member States.

What sanctions do you have?

You are on the wrong planet. We work with governments, not against them. We are building co-operation not conflict. If governments fail to tackle unemployment, the sanctions will be political - back home.

Who is going to pay for all this?

It is not a question of more money. We need to use existing expenditures more effectively - to improve employability, to encourage individuals to invest in themselves, and enterprises to invest in new jobs.

Unemployment is costly to public budgets, as well as the people directly affected. The most effective way to improve public budgets is to have higher growth, higher levels of employment, and more efficient social protection systems.

Do you really think high unemployment countries will listen?

Yes. All countries are keen to see the back of unemployment. They sense the new opportunities. They see what other countries have achieved. They know they can do it. They welcome support and encouragement from the Community.

Specific questions

Entrepreneurship - is this a new departure for the Commission?

Yes. We must make it easier for job-creating businesses to be set up and to grow. We have made some proposals in the Guidelines - to make start-ups easier, to develop the market for venture capital, and to make the tax system more employment-friendly. We want to change the climate and culture in Europe, and we will be launching a new initiative to address obstacles to setting up in business, and to the development of the entrepreneurial spirit in general.

Employability - is that what the long-term unemployed need?

Yes. People out of work need support to get back on their feet. And it gets worse the longer you are out of a job. That is why we are proposing that every unemployed adult and every unemployed young person is offered a new start - in terms of a job, training or other measures before things have gone too far.

We also want to address school failure; to shift more public spending from passive income support to active measures that can help people into a job; and to encourage the Social Partners to develop partnerships that offer more opportunities for the unemployed.

Does that mean you want to abolish unemployment benefits?

No. We are not talking about cut-backs in unemployment benefits. What we are saying is that we need to make best possible use of public money - not least for the sake of the unemployed. They want to work, and they have a right to ask their governments to help them acquire the skills and experience they need. They don't want to stay on the dole forever.

Adaptability - is this old-style flexibility with a new name?

Not really. The world of work is changing. New types of businesses - now mainly in the services sectors. New types of job. New patterns of working time. New types of team work.

Businesses and social partners are trying to adapt to these new challenges. They address a variety of issues - contracts, tax arrangements, state aids. We will support these changes.

Equal opportunities - so what's new?

Quite a lot. Despite progress on equal opportunities, we are still have men's jobs and women's jobs; inadequate provisions for partners to reconcile work and family life; and difficulties for women returning to work. Member States must

act if more women are to continue to enter the labour market.

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CHAT

Commissioner Flynn's Internet Chat on the Jobs Summit, 13 November 1997

Almost 300 European citizens took part in a live Internet chat with Employment and Social Affairs Commissioner Padraig Flynn, organised on 13 November by the European Commission in the run up to the Jobs Summit (20-21/11).

From 6 p.m. to 8 p.m., Commissioner Flynn replied to over 500 questions, ranging from the impact of EU enlargement on employment, to the role of SME's and micro-enterprises, to the relationship between flexibility and security for workers.

Whilst questions varied in form and content, they all shared the same common thread: how to increase employment in Europe in general, and how to reduce youth unemployment and encourage local initiatives, in particular.

The forthcoming Jobs Summit featured prominently in the debate, as did the Commission's Employment guidelines for Member States Employment policy (which can be consulted on the special Europa server "Job Summit" website).

The exercise was remarkable, not just for the degree of interest shown by the public (few subjects are as close to the hearts of European citizens as employment), but also for the relevance and the quality of the questions asked, showing that, far from considering it a distant and ultimately abstract political exercise, people are closely following the development of the European employment strategy, with a sense of personal involvement, as the following examples show:

"What is your opinion on the quantification of targets to reduce unemployment in each Member State? Do you believe such a measure can be approved at the Luxembourg summit?" (Question from Greece)

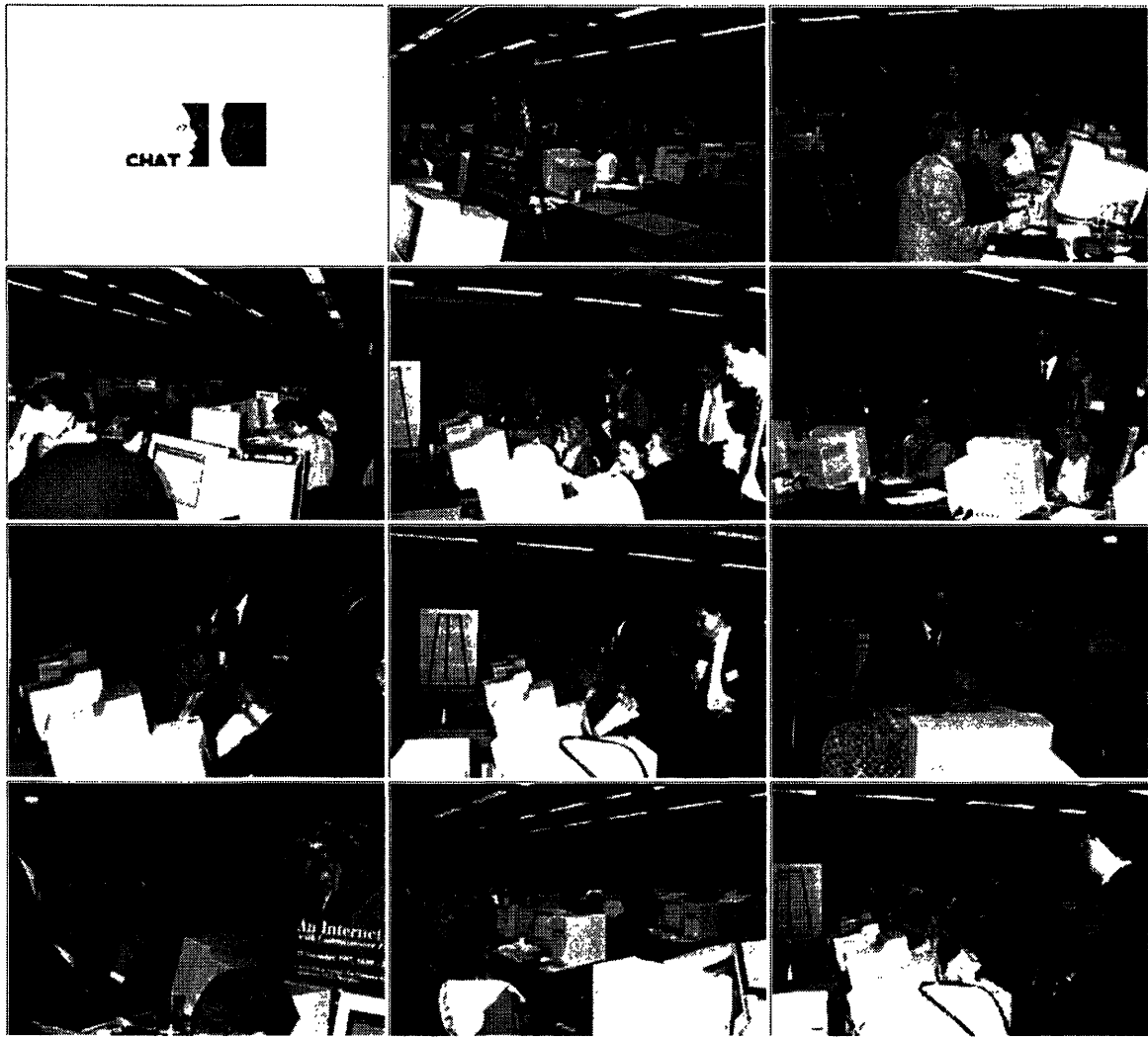
"How can we increase employability? ... Could we do better, and how?" (Question from France)

"How can schooling be better linked to vocational training?" (Question from Italy)

"What will be the repercussions of the Euro in terms of unemployment?" (Question from Portugal)

"Do you contemplate 'creating employability' as an employment generating measure? And how?" (Question from Spain)

"Everyone at Amsterdam agreed that employment is a matter of common concern ... but where is the concrete action?" (Question from Sweden)



[back](#)



moderator Ladies and gentlemen, the chat is now open. Let's start with the early question of ccodet : "is there a center for territorial development in Oviedo, Spain"

EC-Athens The EC representation in Greece organizes an "open-doors" event on this occasion, to enable journalists and opinion-makers to ask questions to the Commissioner. We appreciate the possibility to do so in Greek and we will use both EN and EL languages, depending on demand.

EPIZO-GR Greetings from Greece Commissioner, our 1st question is: Is an increase in productivity in correspondence with reduction in working time?

ccodet Sorry, you did not understand. I said We are that. :-)

treball Hello! We speak in representation of Labour Department of Catalonia.

moderator Congratulations for this initiative EC Athens

moderator Welcome to all

Viking # Appears as ARMANDO.

Flynn2 To Epizo, GR: Working time - the more we can increase productivity, the more we will be able to reduce working time. VBut we need to do it in that order.

Pascal Hello Mr.Flynn .. I was wondering ... how do you think that flexibility on the labour market will affect everyday life? Thank you.

EPIZO-GR Thank you for your answer Commissioner, our 2nd question is: Within conditions of fixed working rhythms, should the reduction in working time be almost proportional to the increase in productivity?

toDA from Vilmer Andersen DA what are the reasons for the mass unemployment in the EU countries which has remained at a constant 18-20 million jobless for many years

fromFI To Commissioner Flynn: From Eeva Laatikainen: FI. The Finnish Association of Engineers includes some 38 000 members. Many of them are self-employed. Their interests are being promoted by a working party which met today to discuss the topics you had given. Their regards are the following: Employment can best be improved by raising the degree of processing of European export goods; Child labour must be stopped both in Europe and elsewhere. Furthermore the worki
*** fromDA sets mode: +o fromDA

ccodet Para el Sr Flynn: ¿Qué trascendencia piensan darle a los Pactos Territoriales Por El Empleo?

Flynn2 To Epizo, GR: Fixed working rhythms. It depends where you are starting from. If you have low productivity, it does not make a lot of sense to cash in the benefits of increased productivity too early by reducing working time.

helper # Appears as ANNA.

toNL from Laurent Bursens NL : One of the objectives of the employment summit is to create 12 million new jobs. How many new jobs will be foreseen for handicapped people, and which concrete measures will be taken?

moderator Please post your questions in english only in this channel.

toES from ccodet How important will the Territorial Pacts for Employment be?

Flynn3 to ccodet, oviedo, territorial development; all structural fund aid for spain is given on a regionalised basis and the asturias has an important objective 1 programme of its own

Flynn1 to vilmer andersen, da : there are two major reason for high unemployment in europe; the first : europe has problems with macroeconomic policy coordianation and therefor has lost out in economic growth; 2 : the european labour market need to be reformed to become more flexible; the european labour force needs to learn faster to adopt to structural changes and to technological revolution;

moderator If you wish to ask your questions in others languages : please do ... in the corresponding channel. Interporetors are ready to forward your question in english, as well as the answer of the Commissaire.

EPIZO-GR Thank you again for your answer, Commissioner, our 3rd question is: How is it possible to explain the slowdown of the reduction in working time in Europe between 1950-1990 (2 hours per decade) compared to the one having taken place in hte centennium 1850-1990 (3,6 hours per decade) in condition of productivity doublication?

Flynn4 to Laurent, nl - handicapped we cannot break it down it like that but our whole approach is based on employing as many people as possible in Europe. Persons who have reduced capacity on one area, possess skills and capacity in other areas fully commensurate with the needs of the labour market.

*** fromFR sets mode: +o fromFR

fromFR Question from Sevy, FR: Isn't it time to recognise, once and for all, that there is no longer, and there never will be, enough jobs for all?

toES from Marta Proposals on working time reduction

treball how can we reduce the working time without reducing the wages?

toEL

fromEL, Papadopoulos What is your opinion on the quantification of targets to reduce unemployment in each member state? Do you beleive such a measure has any possibility to be approved in the Luxembourg Summit?

Flynn2 To Epizo, GR: reduction working time - working time fell because productivity was very high until the mid-1970s. Since then, productivity growth has been lower so the reduction of working time has slowed down or stalled.

fromFI To Commissioner Flynn: from (FI) Seija Utriainen: How can we ascertain the eqivalence of European university degrees and diplomas within the EU? In practice a Finnish Engineering degree which meets the requiremetns of Dir. 89/48/EEC is not accepted in Portugal, Greece and Austria. What is going to happen to the principle of the free movement of labour since non-acceptance of degrees means no work permit?

Flynn3 to ccodet, es, territorial pacts, the first 89 are launched as a pilot for approaches which could be used throughout the eu and the lessons will be vital for designing the next phase of structural fund operations

helper email from Juan José Marana: How will disabled people participate in the Information Society ? Will they be provided with the facilities to be able to do so ?

EPIZO-GR Commissioner, thank you again for your reply. :-))

Flynn1 to sevy, fr : enough jobs : I do not agree with you with higher economic growth coming up and more decisive efforts in labour market policies and training we will be able to create much more jobs than we did over the last 10 years, let's not forget that europe was able in second half of the 1980's to create 10 million jobs within 5 years

toEL

fromEL,Papadopoulos Which are according to your opinion the highest priorities among the guidelines for employment that have to be financed?

Alung I'm an economist working in France but British. There appears to be a very different attitude or set of employment policies advocated by the UK Government (New Labour) than the French Government (PS) One advocates flexibility, the other "Keynesian" treatments (emplois jeunes). How can these apparent differences be resolved in the construction of Social Europe

Flynn4 To sevy, fr : enough jobs - NO the problem is that Europe needs to create 12 million more jobs to be on the same level as th US. I am not willing to be less ambitious

Pascal From:Pascal Lieblich: Now that it becomes clear that there will be no fixed 'quotas' for employemnt (like the EMU criteria), do you believe that the job market will be totally independent or will there still be some political intervention when necessary?

fromFR Question from Fernando Sorgal, FR: Does the Community consult countries on their "success stories" in terms of jobs? If so, what lessons can be learnt from their experience?

toES from ccodet Could you tell us how much money will be spent on financing the Territorial Pacts for employment?

toEL

fromEL,Papadopoulos How are the employment measures in application of the guidelines going to be financed?

Flynn4 to helper, disabled - the information society provides many new opportunities for disabled people. It will be in every bodies interest to better use the skills of disabled people in the future. There is an economic sence in providing people with adeauate facilities

Flynn1 to papadopoulos, el, priorities : the commission guidelines are budget neutral, they suggest new measures such as training and counseling for the unemployed but we can finance this through a better use of the expenditure for unemployment benefit and I don't think we need to increase overall expenditures

Flynn3 to seija utriainen, fi, equivalence, in a world of fast moving curricula and standards, equivalence must be handled on the basis of mutual recognition and trust amongst the authorities in the member states, but we are monitoring the situation so as to aleviate such problems

fromFI To Flynn from STT FI: Do you belive that Europe will achieve full employment by the yeat 2020? Do you find full employment a reasonable objective?

Flynn2 To Alung, FR - employment policies: you are well-placed to recognize that we need two strands of policy - more flexibility but also more security for a workforce which is faced with many new challenges. The guidelines for employment policy that we are sending to the

Job Summit are intended to promote policy changes along those lines in the Member States.

toES from treball is it possible to reduce working time without reducing salaries?

Flynn3 to ccodet, es, we will send an exact figure, but the sums at present are modest since the action is largely experimental

transIT froò Passat IT national law, Coòdunity legislation seeò to penalize the young unemployed. Why?

Flynn1 to pascal lieblich, fr, I'm strongly in favour that the european union agrees on some basic criteria on empl

Thuardian hello

fromES from Ulysses Will reducing the working week to 35 hours generate more extra time rather than more employment?

fromDA from Vilmer Andersen the average unemployment rate in Europe among 15-24 year olds is at 21,8 %. what actions are considered in the EU to reduce youth unemployment in the EU as soon as possible.

Flynn2 To Treball, ES. Reduced working time - No unless you can raise productivity. The bigger risk is that you will simply create inflation.

transIT from Passat IT reduction in working hours is a topical issue in Italy, but is it likely to lead to an increase in employment?

helper email from Keith Ross: If only a few of us have access to technology and software how can unemployed people be exposed to new ideas and services needed to participate in new media businesses ?

Pascal Mr.Flynn, is there according to you a 'right to employment' for european citizen?

Flynn4 to Passat, IT (national law) In our proposals to the Member States for employment guidelines we want them to guarantee a job or a training opportunity for every young person who is unemployed for 6 month or longer. I believe that Europe must get all its young people into work.

Flynn1 to pascal lieblich, fr : 2nd attempt : I'm strongly in favour that the european union agrees on some basic criteria on employment which should be followed up in a similar way as europe did so succesfully with the emu criteria; governments don't create jobs, people and their enterprise do but governments can help to create conditions which enable enterprise to flourish

Flynn2 To Passat IT: reduced working hours. If we look at past experience there is not much evidence that reductions in working time create employment. Employment comes through economic growth backed up by efficient labour markets.

Flynn3 to ross, access to technology, my recent communication on the social dimension of the information society deals directly with the need to include all categories of society so that we do not have IT haves and have nots. You should read it....

toEL

fromEL,PapadopoulosWhat is your opinion on the quantification of targets to reduce unemployment in each member state? Do you beleive such a measure has any possibility to be

approved in the Luxembourg Summit?
 *** federico is now known as SSLMIT2

fromES from ccodet Is it possible that employment pacts become community programmes or initiatives within the next programming period?

Flynn1 to vilmer andersen, da, reduce youth unempl : europe needs to do 2 things : 1 : we have to improve our education system and link it much closer to the working life; 2 : we have to provide ways into jobs for the young people by opening enterprises and convincing them that to take on an unexperienced person is a good investment for everybody

fromDE from DE, VZSH After the introduction of the EURO will countries with relatively higher wages have bigger unemployment problems than others

fromFR Question to Mr. Flynn from SVA, Wilfrid Merlet, FR: It is my impression that the employment issue is stuck in a sterile debate where the same causes of problems and the same types of solution are always mentioned. Isn't it time to come up with a dynamic vision based on what we might call a new economy, with new sectors (SDI, biotechnology etc.)?

Flynn2 To Ulysses Will, ES - reduced working week. The short answer is - yes, although if the reduction in working time improves productivity it can help to create more employment. The main point is that we should not be simply seeking to share work - we should be looking to create more employment through growth and labour market efficiency.

helper email from Sally Ball: What steps are taken to ensure complementarity between the various employment measures taken at EU level (eg. as between the programmes administered by DG V and those administered by DG XXII) ?

EC-Athens Ch. Karras:Mr Flynn, As far as I know, the target of the E.U. is for the next five years to increase the proportion of the working age from 60% to 65% which means an unemployment rate of 7% and creation of 12 millions hobs. Question: Do you believe that it is possible and if yes by what measures and reforms

Pascal In a recent study ordered by the Dutch Government, the Deutsches Wirtschaftsinstitut said that there is no link between flexibilisation of the labour market and greater chances for employment they wrote that there percentagewise more low-skilled people unemployed in the States than in Europe. What is your opinion and reaction to this?

BRE list

Flynn3 to ccodet, employment pacts, it is too early to say but we know the value of locally based initiatives which bring together all of the key organisations in a particular town or region, and some of the features of the pacts will certainly be built upon.

transLL m

Flynn2 To VZSH, DE. Euro - Countries with relatively high wages have relatively high productivity - that is why Germany, for example, can compete with Portugal, even though wages are several times higher. The EURO will not fundamentally alter this.

BRE list

BRE

helper Another email from Sally Ball: With regard to vocational training, does the EU place a higher priority on skilling people to deal with new technology and innovation or on skills to assist those excluded from the work force to find jobs ?

fromFR New question from SVA, Fernando Sorgal, FR: Are our governments really ready to tackle the unemployment problem and thereby run the risk of becoming unpopular with those who benefit from the current situation?

toEL

fromEL,Vassiliadi Given the strict budget discipline and the stabilisation of the economies necessary for the EMU and given the increase of own resources stipulated by Agenda2000 in the perspective of EU enlargement do you think there is real possibility of substantial increase of employment in the EU? Note that the Council can trim the Commission proposals for increase of own resources. What is the Commission planning to do to increase employment rates?

fromES from Thuardian Hello, I am a member of a youth association called afoce (in order to promote and create employment for the young) Does anybody know the third sector in the EU? Also, do you know whether this is going to be studied by the Commission? Thank you.

Flynn1 to papadopoulous, gr, quantification : I believe strongly that without the quantification of targets europe would not be able to measure actual progress achieved in employment creation and reduction in unemployment; I hope that the heads of states and governments will support this view. But is for the member states to set their own national targets. The global figures in the commission guidelines are simply an indication of what can be achieved if all the member

Flynn3 to sally, complementarity, the member states actually work closely on this since much eu funding is delivered on a national or regional basis. We in the commission also work on both the positive (networking) and negative (avoiding double funding) aspects of 'complementarity'

flora Mr Flynn,I am jobless, sitting in a friend's pc and I have a science's degree.My first question is: will this Job's conference provide more employment opportunities.I maybe wrong but I couldn't find any information on this.

Flynn2 To Pascal, NL: Flexibility - We agree with that conclusion. We have also studied the link between flexibility and job creation. Some of the Member States with the highest levels of employment - Sweden, Austria, for example - also have relatively highly regulated labour markets. Flexible labour markets risk increasing the working poor - by putting downward pressure on the lowest wages.

*** fromEL sets mode: +o fromEL

fromES from Marta Will there be a community initiative to supportt the reduction of working time with money and subsidies?

helper email from Karl Joulain: Do you not think that the labour costs have been reduced enough in recent years ?

Flynn4 to Vassiliadi, EL Agenda 2000 the bottom line is that the Member States have a political commitment to increase employment. The Commission' s proposals for the jobs summit say that there is a possibility to create 12 million jobs within the current macro economic perspective. The ball is in their court.

Flynn3 to sally, vocational training, these are not either/or choices. Both are vital in our strategies and programmes and both receive extensive eu funding.

fromES from Thuardian Do you know anything about associations? How about the possibilities they offer for creating employment?

Flynn1 to thuardian, es, yes I know the 3rd setor very well; the commission supports innovative initiatives coming from the third sector very strongly and I agree with you that this is an important route for young people to enter the labour market

STT What is done to encourage entrepreneurship in Europe?

Flynn4 to flora, Jobless - I am not going to pretend to you that the job summit will give you a job but if our political leaders take up the challenge we have given them 12 million jobs will be created in Europe in the next few years. I hope that one of them will be you.

fromES from Marta How can you oblige firm owners to create jobs?

toSV from Else: please explain why you and the rest of the Commission wishes to take away the dutyfree goods from us - especially since the duty free business as I understand it is the fastest growing, i.e. entrepreneurial, business in Europe. Duty free is a small pleasure in our day to day life, why take that away. Especially since the right wing anti-EU parties in Denmark will use such an abolition in the political fight before the Danish referendum: Look what the EU

Pascal How powerful is the European Round Table of Industrialists in shaping the EU new employment-policies?

fromPT from Bo I have with great interest read about the package of measures against unemployment' which has been prepared by DG 5. One of the most important measures seems to be the reduction of the skills gap. My question to you is: How is the commission and the member states going to handle increased unemployment among highly educated academics? Let me remind you that most universities in Europe are overcrowded with students.

Flynn2 To Vassiliadi, EL: EMU: EMU will help us create additional growth which will bring us high levels of employment. If we can grow at three percent per year - this year we will be close to it - then government budgets in Europe will be in balance in four to five years' time and we will

Flynn2 I have created an additional 8 million or more jobs.

Flynn3 to marta, es, community initiative, the three initiatives currently proposed for 2000-2006 are concerned with interregional cooperation, rural development, and equal ops. in the area you mention will depend on how member states approach their activities within those spheres.

Pascal What is the main cause of the extremely high unemployment in Belgium according to you?

Flynn2 To vassiliadi, EL: rest of answer: and we will have created an additional 8 million or more jobs.

helper Email from Klas Ottosson re: disabled people - Will discrimination against disabled people on the labour market be discussed at the jobs summit ?

Flynn1 to karkl joulain, helper : labour costs have been falling in so far as people's incomes have been rising less than their productivity. You must not forget, though that wages had got out of line with profits during the 80's . This has now been corrected. We can look forward to more job-creating investment now that growth has increased and profitability is high.

fromFR Mr. Flynn: Please answer qs from SVA, Fernando Sorgal, on unemployment and government popularity?

flora Thank you. But how can I hope that this will be happening in Europe. In cyberspace you know whenever I try to get information on "employment in Europe" I only get information from the USA

fromDA from Vilmer Andersen is it correct that the convergence criteria in relation to entry in the EMU have resulted in a huge liberation of labour in the public sector and have prevented an active enemployment and labour market policy?

Flynn2 To Pascal, BE - high unemployment in BE: Belgium is not alone in having high unemployment unfortunately. It also has high living standards and good social security systems. If Europe grows strongly, Belgian unemployment will fall.

john Mr Flynn, The Commission wants to abolish duty free. The newspapers say that this will cost a lot of jobs. To me this seems contrary to a policy of job creation!

Flynn3 to pascal, european round table, an effective european employment strategy will mean that everyone has to play their role and the ERT has been a regular and consistent contributor to our thinking on employment and competitiveness.

STT What are the main guidelines of the new action plan of the European Investment Bank with which EU is trying to give aids to the enterprises?
*** Flynn4 sets mode: +o Flynn4

Flynn4 to Else, sv - duty free - the Member States decided to eliminate duty free in 1992 and they decided to maintain this line only a few onths ago. It is an anachronism in the single european market.

fromES from Marta Is the spending on supporting new employment initiatives going to be quantified during the Luxembourg summit?

Flynn2 To Flora, USA: EURES - the European Employment Service - links up with all the Member States. It has a Internet site that you can access.

Pascal What is your position on the independence of the Eur.Central Bank? Is that an achievement or a loss of democratic control?

treball do you believe that the jobs created with Mme. Martine Aubry's plan will exist after the five years subvention?

Flynn4 to Marta, es - (spending) the answer is no. Member States will decide how exactly they should activate their employment policies. It is better spending we are talking about not more spending.

flora I will try the site thank you.
*** fromFR sets mode: +o fromFR

STT How are the planned 12 million jobs going to be created? By increasing jobs in public sector or via entrepreneurship?

fromES from esin Are there any current legal initiatives to promote new ways of organizing employment that might help create "flexible enterprises"?

fromFR Question from Fernando Sorgal, FR, REPOSTED: Are our governments really ready to tackle unemployment and risk becoming unpopular with those who benefit from the current situation?

Flynn1 to stt, main guidelines : the promotion of entrepreneurship is one of the 4 main pillars of the guidelines proposed by the commission. The european investment bank is expected to contribute to solve one of the big problems for small enterprises and people who want to set up their own business: the lack of capital which they need urgently for investment.

Flynn4 to pascal, An independant ECB is essential if the EURO is strong and stable however European treaty includes specific provisions aimed at ensuring the accountability of the ECB to Member States and to the EP.

fromES From Thuardian What European experiences have you heard of within the third system?

transIT from Passat IT:poorer countries where migration is very common end up paying the training costs of other richer countries that train the young who have gone to these latter countries. Can we balance these "accounts"?

Flynn2 To Treball, GB - decision of Mrs Aubry. All Member States are taking action in the fight against unemployment. It is not for me to comment in detail on specific Member State plans but we see no reason why these programmes should not have a positive impact.

STT What is an "acceptable" level of unemployment?

john Maybe duty free is an anachronism, but still a lot of jobs will go lost! When was the decision taken to maintain the 1992 line on Duty free?

transIT da Passat IT: How can we act more effectively to promote employment in Objective 1 areas?

Flynn4 to Fernando Sorgal, fr - It will be crunch time in the job summit I am optimistic that our political leaders will take the decision to tackle unemployment. Those who do this will risk popularity rather than unpopularity in my opinion.

Flynn4 to john - duty free - In the second half of 1996 in the ECOFIN Council.

Flynn1 to stt, In my view, there is no 'acceptable' level of unemployment

transIT How can schooling be better linked to professional training, which after all is becoming life-long training?

fromES from Thuardian Associations can generate employment! I would like to know of European NGOs that create employment.

Flynn3 to thuradian,es, the third system, we are now currently experimenting with new budget provision to help develop projects in the third sector, especially with foundations and NGOs to help job creation in that sector.

Pascal theoretical question : The past couple of years we have seen many take-overs. Have we entered a new phase in capitalism?

lg Has the 5th FP anything to do with helping employment?

fromDE from DE, Michael Moeseneder: I would like to know from the Commissioner, what he intends to do to prevent enterprises like Interconti and Unilever - only taking into account shareholder value - from closing down production sites on the one hand and opening them in another EU country again.

*** fromFR sets mode: +o fromFR

fromFR Question from Fernando Sorgal, SVA, FR, REPOSTED: Does the Community consult countries on their "success stories" on employment? If so, what lessons can be learnt from their experience?

Flynn1 to thuardian associations, es, I invite you to let us have your name and your address and we will you send some interesting material on NGO's

Flynn4 to pascal, NO I don't think so what we are seeing is increased competition in the single market and globally. Increased competition is a good thing it brings prices down to consumers and increases pressures to innovate.

Flynn2 To Pascal: Over the past 30 years we have seen the Internal Market grow. Over the past 10 years we have seen a major increase in investment between one Member State and another. We are entering a new phase of the European economy - probably best described as a social market economy rather than a capitalist one.

Flynn3 to passat,it, training costs, this is a complex picture where the eu role is to help people access training of the quality they require whether this available locally or elsewhere, and the social fund for example provides extensive support for the training of migrant workers.

fromFR Question from Tartuffe, FR: Improving people's employability is fine but don't you also have to encourage the "sociability" of businesses?

fromES from Ulysses What do you think of the employment plan the Spanish gvmt tabled recently and do you think it will be enough to reach 18% unemployment rate, which is its goal?

fromEL

from Papadopoulos Commissioner hasn't yet answered the question on quantification of unemployment targets. What is his opinion? Will it be possible in Luxembourg?

john Duty Free: does the Commission recognize that duty free abolition will have adverse affect on employment and transport services, particularly in peripheral regions of the EU? What measures would the Commission propose for alleviating these detrimental effects?

Flynn2 To Michael Moeseneder, DE - closing production sites: Economic growth and the devlopment of the internal market inevitably brings changes - new job creation as well as closures. These need to be handled in a socially acceptable way, but we cannot stop the process of economic progress.

Flynn1 to fernando sorgal, fr, success stories : yes the commission brings together people from the member states governments to exchange experience on how to run successful employment programs and I feel that this has already helped us to learn from each other

fromDE from VZSH, DE: Is the forthcoming employment summit expected to debate European guidlines for reactivate labour markets?

fromES from FFMLC What do you mean by "third sector"?

*** fromFR sets mode: +o fromFR

fromFR Question from SSLMIT3, FR: Do you think teleworking is the solution to unemployment problems?

Flynn4 to Tartuffe, FR - sociability - Yes I think you have a good point. Karin Jespersen the Danish Labour Minister thinks so too and she is organising a discussion amongst political leaders on how to persuade businesses that it is good business sense for them to get involved

in more social and community issues.

Pascal How much time will it take according to you to reach a level of employee-mobility across europe comparable to the USA?

Flynn1 to vzsh, de, summit : yes, this is exactly the purpose of the forthcoming summit, the member states should commit themselves to policies which revive european labour market dynamics

fromEL

from Papadopoulos Chancelor Kohl declared today that his absolutely contrary to ceding any more competences to the EU for unemployment issues. What is your opinion?

helper # Appears as ANNA.

Flynn3 to lg, 5th fp, of course, it creates and strengthens the knowledge base of our economies as well as funding specific research on the socio economic dimension to guide our policy development.

moderator MESSAGE TO ALL : the WEBCAM is back on its feet and can be watched in your browser at the adress :

<http://europa.eu.int/chat/chatcam/chatcam.htm>

fromDE Moesender, DE : 2nd question: Does the Commissioner think that the reduction of extra-salarial cost (pension costs, unemployment insurance....) could create new jobs even though it reduces purchasing power?

fromFR Reply to Flynn from SVA, FR: If that's the case, then why do the parties in power maintain that in many places, the situation is getting worse?

flora I have tried to find the site EURES <http://search.yahoo.com/search?p=eures> I only get this guy: Euresti, DavidDo you have a URL address?

Flynn1 to papadopoulos, el, kohl : I don't think that the issue at the forthcoming summit is about new competences for the community in employment. The issue is to prepare coordination and joint action to improve the employment situation in europe.

Flynn2 To Papadopoulos, EL: Targets: The figures we set out in our guidelines - seven percent unemployment and twelve million extra jobs - are attainable if we follow the right economic and labour market policies.

STT On what basis are the financial aides given to enterprises?

Flynn4 to john, duty free - of course I am aware. But opinion remains divided and the European railways and Eurotrain have complained that the existence of duty free gives a competitive advantage to their rivals, airlines and ferry companies the situation is complicated.

fromDA From Vilmer Andersen. Does it form part of the Commission's considerations to make a link between job creation and a transformation towards an ecologically sustainable society?

transIT da PASSAT IT: Commissioner, Do you feel that the best practices of a country can be applied to another that easily?

Flynn1 to moesender, de, : yes i think it is very important to get the indirect labour costs down

because they are also labour costs and we need more jobs for the 18 million unemployed in Europe.

Flynn3 to pascal, employment, the level of employee mobility in Europe is understandably different from that in the USA in view of the nature of the labour market. Nevertheless, the Commission monitors this and EURES has been set up to facilitate labour mobility.

treball how can the resources addressed to new candidate countries after 2000 affect employment?

Flynn4 to stt, Member States decide what aid to give to companies but they have to stick to the agreed rules at European level. The point is that the single market can only function well for jobs and industry with a level playing field.

Flynn2 To Vilmer Andersen, DA: link between job creation and the environment - We support ecological development and we specifically would wish that environmentally friendly industries would be supported, both products and processes. Within the next month there will be a special communication approved by the Commission dealing with the environment and the employment possibilities.

Flynn1 to passat, it, I think seriously that the member states can learn from each other policies successes and mistakes and I try to do everything to encourage them to do so.
*** fromFR sets mode: +o fromFR

fromFR Question to Flynn from Viking, FR: You're increasingly using the term "employability" in Europe. This term, non-existent in FR, is nevertheless interesting because it implies a close link between employment and ongoing training. Few businesses are prepared to invest in their employees' ongoing training, though. What can be expected of public authorities?

STT Mr. Flynn, do you think that the goal of 7%'s unemployment rate is realistic in countries like Finland where the rate of unemployment is rather high?

john Thank you for your answer Mr Flynn, but does this mean that the Commission will not take ANY action to alleviate detrimental effects of DF abolition?

Pascal What is according to you the greatest challenge in the European employment policy?

moderator TO FLORA EURES URL is

<http://europa.eu.int/en/comm/dg05/eures/eures.htm>

Flynn4 to pascal, There are linguistic and cultural barriers to mobility in Europe which do not exist in the US in anything like the same way. I would hope that we will maintain our linguistic and cultural diversity in Europe but none the less improve our mobility compared to where we are now.

lg Has the 5th FP anything to do with helping employment? Does it have any economic justification?

toSV e-mail question from Martin Flynn - Over the past 10 years the only mention of the EU and its various institutions has been the two main treaties. These have dealt with issues that contain no apparent interest to most people. From this people have formed the opinion that the EU is more concerned with technical and bureaucratic issues. Issues such as employment policy rarely get a mention. Is this a problem of PR or a more serious indicator of focus of our elected

Flynn1 to papadopoulos, el, member states are responsible for the development of their employment policies. The Amsterdam treaty mandated the commission to draw up guidelines for the member states on employment policies. Member states action plans will be developed taking account of these guidelines.

Flynn2 To STT: Unemployment rates - the seven percent rate is seen as an average attainable objective for the Community as a whole. We should remember that we got down to eight percent on average at the end of the 1980s. Economic conditions are much better now and we should be able to do better in the future.

Flynn3 to flora, eures, the site ref is <http://europa.eu.int/en/comm/dg05/home.htm>

Flynn4 to john - I would hope that the Member States will make intelligent use of the Community funds at their disposal.

EC-Athens Ch. Karras:Mr Flynn, As far as I know, the target of the E.U. is for the next five years to increase the proportion of the working age from 60% to 65% which means an unemployment rate of 7% and creation of 12 millions jobs. Question: Do you believe that it is possible and if yes by what measures and reforms

STT How can the EU contribute to reducing the unemployment in ways that are not available to the single member countries?

SSLMIT3 we can hear a lot here about mobility but don't you think that telework could be a solution?

Flynn4 to EC-Athens Yes I do by following my guidelines and the understanding that economic growth continues at more or less the present rate and that the appropriate structural reform are carried out.

Flynn2 To Martin Flynn, SV - bureaucracy: The Amsterdam treaty is clear proof that employment is of the highest priority to the governments and to the institutions of the EU. The Job Summit next week is the next step in Europe working together on the biggest concern of citizens of Europe. Watch this space

Flynn1 average expenditure on research and development should be raised from 1.9 to 2.9 % GDP.

Alung Dear Mr..FLYNN, j am christyane paul, councillor of Marseille/France. j am speaking for M. BERNARD SUSINI, councillor of Marseille, responsible for "Plan Marseille Emploi" (employment policy. How can you help the local authority create employment ?
*** fromFR sets mode: +o fromFR

fromFR Question from Sevy: Doesn't the path which is being followed towards greater flexibility, approved by the Commission, lead to the social fabric on which the economy depends becoming more fragile?

Flynn3 to viking,fr,employability, the commissions report on access to continuing training confirms that there is a long way to go in getting satisfactory levels of in-company training and we will discuss with member states how public policy can improve this, for example, by providing better financial and fiscal incentives

Flynn4 to SSLMIT3, YES I think telework could be part of the solution because it will enable people for example to work in their own language in a different country to their own.

moderator MESSAGE TO ALL : if your question was posted more than 10 minutes ago, and has not yet been answered , please repost it , with the mention "REPOST" This will help us to

make sure that everybody received an answer to his demand... If you posted your question only a couple of seconds ago... Please be patient! ;-)

fromDE from SSLMIT, DE How many jobs could be created by telework in your opinion
*** fromFR sets mode: +o fromFR

Flynn2 To C. Paul - Marseille, FR: The creation of better partnerships between all local actors and devel. agencies and making full use of the Structural funds and territorial pact initiatives is an important part of our contribution to helping local areas to solve local problems. The Commission believes that most new jobs in the EU will be in small businesses and locally generated. This is an important feature of the employment guidelines we are submitting to the

fromFR Reply to Flynn from Tartuffe, FR: Thanks for your answer on sociability. But what is the Commission doing in this area?

STT REPOSTED: Do you think that full employment will be attained by the year 2020?

fromDE from Schlumbi, AU. Does telework not depend on qualification. How could telework help an jobless sewer worker in Austria to get a job

Flynn3 to sevy, fr, we always insist that there should be a balance between flexibility and security. Flexibility is necessary to accommodate modern enterprises and work organisation, but security of workers is equally important if we are to maintain our levels of productivity and employment.

fromDA

fromDA from Vilmer Andersen is it correct that the convergence criteria in relation to entry in the EMU have resulted in a huge liberation of labour in the public sector and have prevented an active employment and labour market policy?

Flynn4 to sevy, fr (flexibility) NO Flexibility must go hand in hand with security. The Commission wants Member States to make sure that their labour market are as flexible as possible. However, a secure worker is a flexible worker. and those workers who loose their jobs must be given maximum help in finding another or improving their skills.

fromES from Ulysses Even in periods of sustained economic growth Europe has been unable to create employment. Why?

Flynn1 to karras, el, yes this result is realisable. it requires a sustained growth of 3 % per year and coordinated structural policies by the member states. 2/3 of the required jobs will come from growth now foreseen and 1/3 from the structural reforms.

SSLMIT3 there would be as many jobs created by telework as people are ready to be teleworker!

flora Thanks for the site EURES. It has only one paragraph: Welcome to the EURES Homepage EURES is a European labour market network aiming at facilitating the mobility of workers in the European Economic Area. It links more than 450 Euroadvisers - specialists
*** fromFR sets mode: +o fromFR

fromFR Question from Viking, FR, to Flynn: Many large businesses couldn't care less about sociability. In Belgium, Renault's sales went down for a month and then went back to normal. Do you have a counter-example?

Flynn2 To SSLMIT, DE telework jobs - it is difficult to quantify in terms of telework

specifically but the fact is that the rapid advances in technology, in work organisation and in patterns of production mean new jobs in the industries requiring new skills and competences. We believe that we must encourage all these developments because the great threat to job creation is not new technologies and new approaches but old approaches and old technologies.

fromFR *

lg REPOST: Has the 5th FP anything to do with helping employment? I mean do the FPs have any economic justification?

fromFR **

Flynn4 to sslmit3, telework - You and I are on the same electronic wavelength.

Flynn1 to stt, the benefits are the single market and the single currency as well as the emu. This has been one of the greater disadvantages of the european union visavis the u.s. where they have had a single market and single currency for decades.

moderator EURES There is an image map ion the left, which is clickable and leads to all the content of the site. this paragraph is only the home page and not the whoile content!

fromFI

fromFI To Commissioner Flynn: From Eeva Laatikainen: FI. The Finnish Association of Engeneers includes some 38 000 memebers. Many of them are self-employed. Their interests are bieing promoted by a working party which met today to discuss the topics you had given. Their regards are the follwing: Employment can best be improved by raising the degree of processing of European export goods; Child labour must be stopped both in Europe and elsewhere. Furthermore

Flynn2 To Ulysses, ES. The last period of sustained economic growth was very recent. It was between 1985 and 1990 and we created in Eurorpe 10 million new jobs. That is a fact.

fromES from Thuardian What does the Commission think about people with serious difficulties to get into the labour market which cannot be helped by traditional ways of creating employment?

fromFR Question from Viking: The Delors Commission launched the idea of large European infrastructure projects. Council was never opposed but nothing's happening. Has the current Cion given up on this idea?

Flynn3 to lg, repost, fp, their economic justification is becoming more and more clear as the research needs of the european market become clearer. The FPs have been dominated by economically driven research.

flora to moderator I cannot see the image map. I am on a text browser.

treball How CAN AFFECT THE ENLARGEMENT OF EUROPEAN UNION TO THE EMPLOYMENT?

moderator Flora. I'll post the url in couple of second.

Flynn3 to flora, eures, i think that there must be something wrong since the site consists of over 300 pages. You could send a message to the web master on the eures site.

Flynn4 to Viking, fr - the Commission still wants the Member States to approve the transeuropean networks which it sees as essential to the efficient functioning of the internal

market.

Flynn1 to eeva laatikainen, fi, europe has maintained a very strong and healthy export for many years. Commission has constantly advocated the adoption of ilo convention 138 on child labour and provides financial incentives to developing countries to help them abolish child labour.

Flynn2 To Thuardian, ES - labour market difficulties: The Commission at the time of the last reform of the Euro. Social Fund pinpointed exclusion from the labour market as one of the most serious problems member states would need to address. In practice, that means we have encouraged member states to offer more flexible help in the labour market to people who need to overcome personal and institutional barriers to competing for jobs.

fromSV to Flora, here is the right and direct address to the Eures Internet site :
<http://europa.eu.int/en/comm/dg05/elm/eures/eures.htm>

SSLMIT3 i completely agree with you Flynn2, if people really want to work in the next millenium they need to bear in mind that flexibility is essential for the worker point of view and also the employer side.

fromFR Question from Didier, SVA, Fr: In a nutshell, what's new in the territorial pacts on employment? What impact do you expect? Aren't they just symbolic?

Flynn2 To Treball: Enlargement will create a bigger market for buying and selling european goods and services. This will create jobs. this is the plus sum game that the european union has always been about.

Pascal In the white paper on employment and growth, the commission presented a rosy image of a european internal market and the creation of many jobs. Has it been a failure or was the white paper a 'propaganda' manifesto?

EC-Athens Ch. Karras: Will the EMU increase the Employment in the near future?

fromFR From Tartuffe, Fr to Flynn: Judging from what some people say, employability is less about ongoing training than about ongoing exploitation?

Flynn3 to didier, fr, territorial pacts, employment pacts bring together sources of investment and creativity and focus on specific targets areas which give the best chance of employment growth. They are far from theoretical and are now really beginning to take shape.

fromES from justicia Yesterday I read in "Diario de Cádiz" something about the Territorial Pact for Employment. According to that, the EU has not earmarked specific funds and the money would have to come from the Andalucian funds. Now, today the government has said that the "pacto de la bahía" has been guaranteed the funding committed by Brussels. What does the Commissioner have to say about this?

Flynn1 to thuardian , es, there are 37 million disabled in europe. a big part of them are longterm unemployed. The commission has suggested that all longterm unemployed should be offered a new start. The disabled should in the first place be mainstreamed into open labour market and strong measures should be put in to make it possible for them.

fromFR Question from Didier, SVA? FR: Can entrepreneurial spirit appear or doesn't it exist? In other words, can it be artificially stimulzated and if so how?

moderator

<http://europa.eu.int/en/comm/dg05/eures/network.htm>

<http://europa.eu.int/en/comm/dg05/eures/object.htm>

<http://europa.eu.int/en/comm/dg05/eures/euroadv.htm>

<http://europa.eu.int/en/comm/dg05/eures/cross.htm> Here are teh URL's of the sections of the Eures site for people with text only browser (flore) from those pages, navigation is available through text hyperlinks.

moderator

<http://europa.eu.int/en/comm/dg05/eures/job.htm>

moderator

http://europa.eu.int/en/comm/dg05/eures/soc_sec.htm

moderator

<http://europa.eu.int/en/comm/dg05/eures/use.htm>

fromEL

from Mixalopoulou What are the new Commission guidelines on women and young people, who are the ones most affected by lack of new jobs?

lg Flynn3: said: "fp, their economic justification is becoming more and more clear as the research needs of the european market become clearer. The FPs have been dominated by economically driven research."

lg THAT IS NOT TRUE. THE

***ECONOMIST OF EU HAVE NOTHING TO DO WITH PLANNING OF FPs. IT IS ONLY POLITICS. NO IT IS ONLY SELLING information society!

fromES from Ulysses REPOST What do you think about the Spanish employment plan and will it be able to reduce the unemployment rate to 18%?

Flynn4 to pascal, white paper - the Member States have not so far taken up the challenge in the way that the Commission hope they have another perhaps a last opportunity in the jobs summit to decide once and for all to change the way they look at labour market policies. The conditions are currently ripe for a strong recovery in growth and employment - low inflation high profitability strong exports and much improved finances.

Flynn3 to tartuffe,fr,employability, the key concept is of security in employability by providing the basis on which individuals can sustain and renew their skills as they go through various stages of their working life.

Flynn2 To Ch Karras, EC Athens: Economic and monetary union is one of the most important tools in the european employment strategy. The strategy is twofold: it is about macro-economic coordination to ensure stability and good conditions for employment growth and it is about structural reforms in the labour market to make sure that our workforce has the skills and competences to take advantage of the potential of this new european economic entity.

VIX # Appears as ANNA.

translIT from Passat REPOST: What can be done to increase employment in Objective one

areas?

fromFR Question from Frounze, FR: What are the best tax incentives when you're talking about improving inhouse training? Can you give us an example?

treball ok BUT WHAT WILL HAPPEN TO THE POORER COUNTRIES THAT NOW ARE RECEIVING EUROPEAN FUNDS?

Alung Christyane Paul/ Bernard Susini Our Policy in Marseille is axed around three main strategies, firstly the creation of enterprises like you say, here we offer loans in partnership with other companies, and banks, loans guaranteed by our own services (CPEM) grants to students leaving higher education, and subsidised premises in partnership with local property owners. What do you think of this brief resume of our policy and would you add any measures.

Flynn1 to ulysses repost, es, it is an ambitious plan which make a great contribution to reducing overall unemployment levels in europe. I will certainly form the basis of the spanish national action plan which will implement the commission's proposal for employment guidelines.

flora I feel a bit lost with all this discussion. I barely can keep pace with the notions (this is my problem I suppose) and on the other hand I cannot find the right address. Perhaps, that is why I'm jobless :-(

moderator Message to LG / please express any opinion, but do it politely, without using CAPS... Thanks

moderator Trebal, thank not to use CAPS. It gives the sense that you are SHOUTING...

STT You said that euro is one of the main benefits of EU in reducing unemployment. Don't you think that the strict criteria of harmonization have augmented unemployment?

Flynn2 To Mixalopoulou, EL: Guidelines women and young people - Women's participation in the labour market has grown enormously in the last twenty years. That trend is set to continue. Women will become an even more important part of our economies' productive potential. The Guidelines have as an objective ensuring that we bridge the gender gap of access and opportunity to all parts of the labour market for women. In terms of young people, the guidelines set the Memb

fromFR Question from Viking: Can you dare to talk about European tax harmonisation when the Cion subsidises businesses that relocate to set up shop in structural fund objective 1 areas, e.g. Ireland?

Flynn4 to passat, it - obj 1 - the need to reform labour market policies is the same in objective one areas as in all other areas in Europe. The main thing is to improve employability of individuals, and adaptability of local businesses. I am also very keen to press the message home that SMEs should be helped more to create jobs.

VIX Employment has been at the top of the EU agenda at every European Summit since the publication of the White Paper on Employment, Growth and Competitiveness. What's going to be different about this jobs summit ? ... some concrete action perhaps ?

Flynn1 to frounze, fr, in some countries, also outside europe tax breaks have been provided for enterprises which train a certain percentage of their labour force per year. I think that all initiatives including fiscal incentives should be assessed in an objective way with respect to their impact on employment.

Flynn3 to lg, politicians have to make decisions in support of the framework programmes but this is guided by an extensive infrastructure of scientific experts from European centres of excellence who guide them in their judgement

CEEH disabled persons form part of the labour force in Europe of both an ordinary work force and a protected work force. These people show a great entrepreneurial spirit despite the lack of equality in opportunities. How will the European Employment Summit provide clear and concise aid to provide equal opportunities for the disabled in the labour market

moderator Scroll up 2 screens to find the complete URL s to access EURES site with text only browsers...

transIT From Passat repost : what can we do to balance the " accounts" between poorer countries with high migration that pay for the training these young migrants receive in the richer countries of destination?

lg You used the frase "the rapid advances in technology". From the viewpoint of a man in the street the advances in technology were much bigger about 100 years ago? Do you agree?

Pascal I looked at the biography of Mr.Flynn but couldn't find from which political party he was a member a Ireland?

Flynn2 To Viking, FR - european tax harmonisation. I assume you are talking about the case of Boston Scientific. The Commission is very careful in its structural fund policies not to aid companies to relocate and this was the case in relation to this company. The didn't receive any structural fund support.

Flynn4 to ceeh, disabled - the jobs summit will not provide aid but it will underline I hope the absolute necessity to integrate as many people as possible into the workforce. I can promise you that I will keep this subject on the top of the political agenda.

fromFR Question from Tartuffe: Another less provocative q, please answer b4 Electrabel cuts off my electricity... SMEs have a well-known role in job creation but they also have a high death rate 50%+ What can we do about this mortality?

Flynn3 to flora, you are right, we need to always speak clearly and simply. If you would like us to do some more 'de-coding' of any of our answers signal this up to us

Flynn1 to vix, the difference this time is that the new treaty of Amsterdam makes employment a matter of common concern and seeks to coordinate european employment policies. The prime ministers of europe have asked for action and the european employment guidelines will form the basis of their action. member states are committed to report on progress on an annual basis. This will be evalhated and if necessary recommendations for improvements will be issued by the commis

fromPT From Walker PT. It is generally felt that unemployment in Europe compared to the USA is a result of a lack of iniciative of E citizens, they shy away from self-employment. What measures and iniciatives can be taken to promote the creation of micro-enterprises, a great success in the USA?

Flynn2 To Pascal: Fianna Fail party - the largest political party in the Irish republic. I have held six ministries during my political career. My parliamentary constituency was in MAYO- the West of Ireland.

walker Is the Amsterdam Treaty anything else but considerations of measures to be taken?

Flynn3 to lg, advances in technology, i am not sure i do agree. The new technology may be

tiny and invisible but its overall effects are now truly global as the internet proves. I do agree though that the 'man and woman in the street' need to be given an equal chance to come to terms with these changes and not be bypassed by them

Flynn1 training for managers.

fromFR Question from Didier, SVA, FR: In biotechnology it's considered normal for decision-taking not to be left just to scientists. Philosophers and religions get involved. Economic choices e.g. on jobs are left to the specialists (politicians and economists). Is my impression correct? The fight against unemployment's been going on for years...

moderator MESSAGE TO ALL : If you want to see what the room we (teh commissaire and his team) check our webcam : <http://europa.eu.int/chat/chatcam/chatcam.htm>

STT Mr. Flynn, if you were unemployed, would you consider entrepreneurship as a rewarding alternative?

fromEL Answer to

Mixalopoulou on giudelines for young unemployed arrived truncated. Can you please repeat?

Flynn4 to walker, pt micro enterprises - you are right we should try to emulate the US here. I would like for example much easier access to venture capital for start-up funds such as the NASDAQ. Member States should not discriminate against the self-employed in their social protection systems either.

Flynn2 To Walker - Amsterdam Treaty: The treaty makes employment a matter of "common concern" of the Member States - a huge breakthrough in terms of our ability and our commitment to work together to ensure that the fact that a good employment performance in one member state is very important to the well-being of all member states in the new european economic entity. The treaty provides a new framework for the Union to put in place measures which have the flexibility

flora I have the right address now <http://europa.eu.int/en/comm/dg05/elm/eures/job.htm#7> But the advice you give me therein is a bit too, how to say, naif? Read it yourself.

fromFR Q from Viking: In WTO, does the EU plan to bring in a social tax to avoid importing products produced in appalling conditions, even by children?

Flynn1 to didier, fr : biotechnology : the commission has for a directive on biotechnological patterns with provision for consultation of a commity on the ethics of biotechnology . We are very consious of the needs to take accoutn of ethical considerations .

Holger Is there anything the EU can do to fight unemployment a member state couldn't do on it's own?

fromFR Reply from Tartuffe, Fr: Erm... security for the employer or employee?

Flynn3 to stt, i would and i would hope that the social security system would become more emploument friendly to allow easier transfer from employment to self employment. This is one of our proposed employment guidelines for member states employment policies. We must make it easier for unemployed people to have a range of options open to them, business, training, continuing training.

fromEL

from Kourbela Do you beleive the problem of unemployment is national or european? If the

later is true, are any community measures going to be taken?

Flynn4 to Viking, WTO the Commission pressed for a working party on the link between working conditions and trade at WTO Ministerial in Singapore last December. Unfortunately we did not receive the full support of the Member States - However we continue through

Flynn4 the ILO and in our bilateral trade relationships to promote respect of international conventions on child labour.

fromFR From Tartuffe: Assuring a better standard of living for workers or making ad hoc manpower available for bosses?

fromEL

from Kourbela How will EIB help SMEs?

Pascal Do you think that there is a future for Keynesian Labour policies or is that 'past glory'?

Flynn1 to holger, the responsibility of employment rests with the member states but the union policies can generate the necessary confidence, the environment and the economic stability. Good examples of this are the development of the single market and the common currency. The employment guidelines will provide a further boost to this process.

fromDE Mick, De: How do you intend to stop Tax"competition between member states?

fromDA from Vilmer Andersen is it correct that the convergence criteria in relation to entry in the EMU have resulted in a huge liberation of labour in the public sector and have prevented an active unemployment and labour market policy? REPOST

fromFR Q from Viking: And structural fund aid to Renault in Spain- definitely withdrawn?

Flynn2 To Kourbela, EL - unemployment: Unemployment in Europe is the result of economic shocks which have been transformed into long-term unemployment by our inability to modernise the operation of our labour markets quickly enough. These are common problems and the responses are common also but the balance of change and the approach to making this change will reflect the specific problems, cultures, and arrangements for example collective arrangements in each member

walker What will be the euro repercussions in terms of unemployment?

Flynn4 to tartuffe, fr -flexibility - when I say security I have in mind the interest of the employee who is faced with a dramatically changing labour market - He/she needs to feel secure, not necessarily in that particular job, but in their place in the labour market as a whole.

STT Are you expecting any concrete results or binding commitments as a result of the employment summit next week?

Flynn1 to kourbela, the EIB has a number of lending facilities aimed specifically at SMEs. The Commission would like to see greater resources provided to the EIB for this purpose but this requires the agreement of the member states.

Flynn4 to Vilmer Andersen, da NO public sector employment has remained relatively stable and active employment policy does not necessarily mean spending more money it means spending money in a better more constructive way.

Flynn1 to walker, the euro will create the stability in exchange rates and lower interest rates by itself will create confidence in investing and thereby boost employment. We need an

increase in investment and demand if Europe is to create more jobs.

fromFR New q from SVA, Didier: EU financial intervention 200 000 ecus, not a lot relatively speaking given what's at stake. But who directly benefits? What do you mean by creativity? I'm a doubting Thomas- isn't creativity just a euphemism for a yawning chasm? Can you restore my faith, Mr. Flynn?

Flynn3 to Q,FR, Renault, this remains under review but it is commission policy that structural aid should not be employed to aid re-locations of this type.

lg White paper on growth: Hence also the decentralisation movement affecting the business world. SMEs are often cited as models because they embody operational flexibility and a capacity for integration which the units which make up the big companies are now trying to imitate. Hierarchical and linear systems are gradually giving way to interactive organisations. BUT: There doesn't exist any logic in having SMEs as a "model" for decentralisation.

fromPT From Walker PT Temp. Agencies are a concern, they are an "Americanization" and a form of labour market flexibility. Instead of having these kinds of "enterprises" that provide profits for owners would it not be better to have temporary work cooperatives? What do you think Commissioner?

Flynn2 To STT - results employment summit: We hope very much that the member states will take seriously the commitments which are expressed in the global targets for improvement in employment performance contained in the employment guidelines which are the commission contribution to the Job Summit deliberations. These aspirations follow from the concerns of successive European Councils and I hope that concrete steps will follow from the Job Summit, especially with reg

fromFR Question from Viking, FR: Thanks for answer on employability in some businesses. A lot is still said about it anyway.

toSV From Landin: What does Mr Flynn think about the problem of globalisation? Can You make political decisions that will influence the rules for how the economic powers, that today have the real power, act. In the book The Globalisation Trap a meeting in 1995 is described, when 500 of the world's leading politicians, group managers and economists during three days discussed the future labour market. They concluded that only 20% of the employable part of the population w

Pascal What parts of the politics on the American labour market should we take over (and adapt) and which shouldn't we?

moderator DG V WEB MASTER ANNOUNCEMENT : from next Monday and on, text only browser will be welcomed on eures site too, and text links will be provided. Sorry for forgetting it...

lg Flynn: "advances in technology, I am not sure I do agree. The new technology may be tiny and invisible but its overall effects are now truly global as the internet proves. I do agree though that the 'man and woman in the street' need to be given an equal chance to come to terms with these changes and not be bypassed by them"--- BUT just mention any remarkable new invention for a man in the street during 5 last years! AND just mention what was the greatest invention

jobs Dear Commissioner,

fromFR Question from Tartuffe: Renault still. REPOSTED BY TRANSLATOR Structural fund aid in Spain to Renault definitively withdrawn?

Flynn4 to Landin, sv - globalisation - remember the globalisation trap is a work of fiction - Globalisation provides the best opportunity for Community exports to secure new markets and new jobs - but lets not get too dramatic more than 90% of EU GDP is generated within the EU and we continue to export more than we import.

Flynn1 to didier, fr : this is a mis understanding . the eu member states are spending yearly 200.000 ecus on labour market expenditure but 2/3 of this is passive income support. we have to change this into providing more active measures to make people employable and increase the functioning of the labour markets. the commission has suggested now that member states make this shift in their policies.

Flynn2 To pascal - US labour market: we have a great deal to learn from all our trading partners but we have more to learn from the american development of macro-economic coordination, a single market and a single currency than, I believe, we have to learn from much of their labour market experience.

fromFR Question from Tartuffe: What is your social ideal, Mr. Flynn: Martine Aubry, Bernard Tapie or Jean Gandois?

sdf Mr. Flynn, What is your most direct recepee for combatting the unemployment rate?

transIT repost from Passat IT: How can we balance the accounts between richer countries that benefit from training funds and poorer ones that pay for these funds and have immigrants?

fromFR From Viking: No reaction from the Commission to the opening of a Renault factory in Moscow?

flora My dear fellow citizens, I cannot say that from this discussion (more from these questions you forward) I will leave this chat with some more practical information on how I would get a living and a salary.

jobs Dear Commissioner, I have heard about a 'Job rotation' scheme, which is apparently working successfully in certain Member States. Is this so? If yes, does the Commission intend to support such schemes under the current ESF porovisions in other Member States?

VIX Great ! Everyone at Amsterdam areed that employment is a matter of common concern ! ... but where is the concrete action ? More EU guidelines, evaluations, recommendations ? We need the EU and Member States to put their money where their mouth is NOW or 'Europe' will lose its credibility .

fromFR From Viking: When you go to Employment Councils, is there a difference in approach between North and South?

Flynn2 To SDF - unemployment rate - the most important thing we can do is to bridge the skills gap. At the moment, 50 percent of all those who are unemployed have no skills or qualifications and across europe we offer training to only 10 percent of those without work. We must enable people without jobs to gain the skills to compete.

Alung Chrystiane Paul/bernard Susini again from Marseille, our second policy strand seeks to help companies develop by offering tendering opportunities to local companies and helping students undertake work experience in their final year in local companies. How could you help us improve these policies and are they going in the right direction. Could you reply to our previous question at the same time.

Flynn3 to lg, the greatest advance has been the integration of differrent technologies and the way they help people to communicate worldwide. Our greatest challenge will be to enable people to have access to the technology so that they can share the benefits.

Pascal According to the present situation, how many member states will be in the 1st core group of EMU according to you?

Flynn4 to tartuffe, fr social ideal - Martine Aubry is an extremely capable woman and her father is a good friend of mine. My social ideal is an outcome from the jobs summit which will create 12 million jobs in Europe. This will take more than one individual politician to achieve.

fromEL [from EC-Athens] REPOST: What about the guidelines for young unemployed?

fromDE From Schlumbi, AU Sorry to say, but your last answer were loste bytes. If the summit has the same kind of results...

Flynn4 to pascal - EMU - we will not know until early 1998 however present indications suggest that most Member States will qualify.

fromES from justicia In "Diario de Cádiz"there was an article referring to the Territorial Employment Pact according to which the EU does not have specific funds for it and they should come from the funds that were allocated to Andalucía. But today the gvmt has announced that the "pacto de la bahía" could be funded with non allocated funds or through indexation. These amounts would be complementary to European aids coming via the junta de Andalucía. What does the Comm

fromFR From Didier, SVA: My point wasn't about ethics in biology, but about the abusive monopoly that politicians and economists exert in the social field?

lg Flynn3: to lg, "the greatest advance has been the integration of different technologies and the way they help people to communicate worldwide. Our greatest challenge will be to enable people to have access to the technology so that they can share the benefits." SORRY you are mixing channels with communication.

Flynn4 to Didier, SVA - Now now you cannot expect me to agree with that.

fromES from Thuardian Do you contemplate "creating"entrepreneurship as a employment generating measure? If your answer is yes, how?

toSV from Landin The problem might not be so large in the EU, but in the poorer countries are more affected by the globalisation, the poorest become poorer and they are a majority of the worlds population

fromFR From Viking: Future of structural funds? Wider objective 3 with more money than current 3 and 4 added together?

moderator .IT'S NOW 7.30 LOCAL. WE WILL ACCEPT YOUR QUESTIONS UNTIL 7.45 PM. UNANSWERED QUESTIONS WILL NE DEALED WITH BETWEEN 7.45 PM AND 8.00 PM

Flynn2 To EC Athens: The Employment guidelines have at their core the need to ensure that young people do not stay without work or training for more than 6 months. They also have much to say on skills generally, which is of great importance to young people because at the moment, twenty percent of young people leave education and training without any recognised or marketable skills. This situation simply means that they cannot compete effectively in the new skills an

lg Repost: Flynn3: said: "FP, their economic justification is becoming more and more clear as the research needs of the european market become clearer. The FPs have been dominated by economically driven research." THAT IS NOT TRUE. THE ECONOMIST OF EU HAVE

NOTHING TO DO WITH PLANNING OF FPs. IT IS ONLY POLITICS. NOW IT IS ONLY SELLING the information society! On what theoretical economic models FPs are based on?

transIT repost from Passat IT How can we increase employment in Objective One areas? Fifth repost, Please could I have an answer.

Flynn4 Dear jobs - job rotation - Job rotation is about improving training opportunities and not about creating jobs but we hope that in participating the unemployed will gain skills to help them back into the labour market.

Flynn3 to along, business creation, this integrated approach looks very close to the good practice we promote combining both hard and soft aid. One key area is the sustaining of new business after the initial period of assistance when companies are particularly vulnerable.

fromFR From Viking: you have refused to support the reduction in working time French-style. Do you trust heads of businesses to implement it?

Flynn1 to tartuffe, fr : we are all different personalities and all of us have ideas which the others can use. If you change money you get the equivalent in another currency . but if you change one idea, with another person, both of you end up with 2 ideas.

Flynn1 to vix, concrete action will take place when the guidelines have been adopted and the national action plans accepted. member states can no longer hide behind general recommendations, they must take measurable and verifiable action , because the guidelines will include quantified objectives.

Flynn1 to thurardian, es, entrepreneurship :

toSV from Landin Has Mr. Flynn read the book The Globalisation Trap by Martin and Schumann?

lg Repost:"advances in technology, i am not sure i do agree. The new technology may be tiny and invisible but its overall effects are now truly global as the internet proves. I do agree though that the 'man and woman in the street' need to be given an equal chance to come to terms with these changes and not be bypassed by them"--- BUT just mention any remarkable new invention for a man in the street during 5 last years! AND just mention what was the greatest invention

fromES from justicia I'll repeat my question. Is there money available through non programmed funds or through indexation for the Bahía de Cádiz Territorial Employment Plan?

flora Do you know the joke: You are overqualified for the position but you should wait until you get some experience. So I am waiting.

Pascal Krugman argues that 0% inflation is not necessary for creating jobs. What is your attitude about the anti-inflation stance of the ECB?

fromFR From Didier: when I refer to 200 000 ecus, I'm referring to technical assistance given to each territorial pact for emp. My doubts are in relation to this initiative.

Flynn4 to Landin, sv - Globalisation - I gave up after 5 pages but I am very familiar with the fears and arguments of critics of globalisation nonetheless I remain convinced that Europe's advantage lies in a free and open world trading system. Europe survives and prospers on trade.

Flynn1 to thuardian, es : entrepreneurship : entrepreneurship means that you have both people who are willing to take risks and invest , and that you have conditions in society to enable them to do so. You need also to change the attitudes and the functioning of the

educational systems to make entrepreneurship an acceptable profession. This is creating entrepreneurship.

Flynn2 To Justicia, ES: Funding for tech. assistance will be made avail. for this territorial pact and funding from the mainstream structural funds programmes may also be available depending on the activities selected by the pact promoters and participants.

Flynn3 to flora, every day I get up i learn something new and knowledge is greatly advanced by experience. and i agree with you...

fromFR Reply from Tartuffe: That's why one takes part in a chat!

sdf what were the aims for constructing employment-pacts in different EU countries? Will a comparison be made between the results? and if yes, how will the good examples be implemented and spread to other regions?

jobs My question on the 'job rotation' scheme was not if it does create jobs or not but if it is successful in providing unemployed a better chance to become more 'employable'. If this is the case in certain Member States, des the Commission intend to support such schemes in other Member States and have it co-financed under the current ESF provisions?

moderator lg : what your last questions was about exactly is not clear. can you please rephrase your main point, and/or summarize you last interventions in new demand? This will facilitate the Commissaire answer.

fromFR From Tartuffe: Thanks for answering my questions - see you later.

fromES from Thuardian Do you think it is possible to create entrepreneurship with support provisions and professionalizing NGOs as a breeding ground for young entrepreneurs (developing social skills, self esteem, etc)

Flynn4 to jobs - job rotation - YES experience in DK has shown that between 60 and 90 % of the unemployed that participate are in employment 6 months after leaving the scheme.

flora Thank you Mr Flynn for agreeing with me. Can I put this in my CV? (just joking) :-)

walker Isn't the Comision over worried with the euro Condictions(budget deficit,...)and desconsicering the social Europe?Do we want to bild the Moneyeurope or the citizens' Europe?

Flynn1 to pascal : krugman : in my view low inflation creates stabi!lity and credibility in the economy. We have low inflation in europe,. I think this already makes it possible to have a employment friendly policy .

Flynn3 to sdf, employment pacts, the common aims were job creation through local initiative and partnership. the form this takes depends on very different local situations and government arrangements. The evaluation of experience will be the corner stone of the initiative overall and will help us design the new generation of employment and structural fund activities.

Holger Does environmental sustainability play any role in the EU job strategy? Maybe as a source of new jobs (new and redirected economic activities)?

fromES from Thuardian AFOCEJ is creating a project called "creación" as a formula to create employment by the associations. Do you believe it is possible to make this sector professional?

Pascal what percentage of the available jobs in the EU would you like to see being part-time jobs?

Flynn2 To To Thaurdian, ES - NGO entrepreneurship: I think is of huge importance that we encourage social entrepreneurship, the social economy is a very important growing job creator accross europe and the Commission has recognised this in a number of ways. generally through encouraging third sector involvement in partnerships and more specifically very recently by launching a new programme to support the third sector to create employment.

fromDE Schlumbi, DE How do you intend to give anybody access to new technologies, if the costs for Phone, data transmission.... are still relatively high. Austria is a typical example for these conditions

Flynn4 to walker - budget deficit - The answer to your first question is NO - the conditions underpinning EMU are of necessity low inflation sound public finances this is the only way to create the economic conditions to tackle social problems. EMU means stability and stability is good for social europe.

lg Clarification:Flynn3 said: "advances in technology, i am not sure i do agree. The new technology may be tiny and invisible but its overall effects are now truly global as the internet proves. I do agree though that the 'man and woman in the street' need to be given an equal chance to come to terms with these changes and not be bypassed by them"--- BUT just mention any remarkable new invention for a man in the street during 5 last years! AND just mention what was th

Flynn1 to holger, yes it does. The com:mission is currently preparing a new initiative to link employmentt policy with sustainable environment policies. We hope to be ready with this initiative very soon.

Flynn2 To Thuardian, ES: Associations - the answer relates to your last question and my answer to that. We have recognised fully the role of associations the voluntary sector and the other parts of the social economy as important parts of the job creation process especially at local level and relating to new services.

fromES from Viking What measures is the EU going to take in order to help young Europeans to find more or less stable jobs so that they can come out of the dire situation they are in?

sdf About the employment pacts again, why is it that the national governments had to agree on the regional/local initiatives? For instance, here in Sweden it was not possible for all interested regions to participate, due to the fact of non approval by the swedish government...

VIX Thanks for the reply. Perhaps it would be an idea for Europe to issue guidelines for local action plans, rather than national action plans ... in that way the money would reach the people best placed to identify local needs and resources - maybe then we would see some concrete action ?

lg Clarification: just mention any remarkable new invention for a man in the street during 5 last years! AND just mention what was the greatist invention for you? Clarification: I just want to prove that the time of conceptually great invention is over. Testing with Flynn!

Holger To Flynn1: Is it possible to be sent more information about this?

walker Can Tax europeans policy in the unemployment problem?Could we change lower income tax for a »green tax« or a broadening VAt Base?

Flynn1 to schlumbi, de, this is one area which is being addressed by several initiatives of the commission . also removing the obstacles for the market for these activities will in my opinion both reduce costs and increase european competitiveness.

fromES from Thuardian I would like to know the opinion of the Commission on the potential of NGOs to create employment in Europe. Thank you.

sdf Is it possible to invite you to Uppsala in April 1998 , to a employment seminar??

fromFR New question from Didier: You might not agree with that (abusive monopoly by econ + pols etc.) but you don't say why not! You haven't presented any argument to show why I'm wrong... Far be it from me to say, but isn't it the role of a chat to answer non-specialists?

EC-Athens From Margaritis Schinas, EC-Athens, Information Office: On behalf of the EC representation in Greece and all the Greek journalists who took part in this event, many thanks to the Commissioner and his staff and particularly to the Greek colleagues of the translation service for their excellent work.

EC-Athens Efxaristw kai kalinyxta!

toSV from Landin How can Mr. Flynn say that The Globalisation Trap is fiction when he has only read 5 pages? The authors describe real events that have occurred and existing persons... My question is will there be a political decision taken which makes it harder to move capital freely in the world?

fromES from justicia But will the funds come from those already allocated to the junta de Andalucia or from another source?

Flynn3 to sdf,employment pacts, in this experimental phase the support available was very limited and it was important to work closely with the national authorities who are closest to the key issues. We hope that a more generalised approach might be possible under the structural funds in the future with local and regional authorities fully involved in the partnership.

Flynn4 to pascal - part-time jobs - part time jobs is a growing phenomenon in the European labour market. In our opinion it will form a larger share in the future. A flexible labour market can accommodate the increase and we are pleased that the social partners have recently agreed a collective agreement which will support the development of part-time jobs and this also addresses the question of not discriminating against part-time workers.

Flynn2 To Viking, ES - jobs for the young - encouraging youth employment and training is a core priority of the Union. this is reflected strongly in all the structural fund arrangements. it is also the subject of one of my most important community initiatives, the Youth start strand of the employment community initiative. This initiative is intended to address the fact that twenty percent of young people in europe leave education and training without recognised skill

fromFR From Viking: No reply on social taxes. Why aren't they imposed to stop the single market being inundated with cheap products made in some cases by children for a pittance?

lg In electronic commerce the "reamarkable succes story" Amazon went 30 million into RED. Do you believe in electronic commerce? Also the use of internet reduces 3% in USA during last quarter of the year.

Viking # Appears as ARMANDO.

Pascal How will the expansion of the EU affect the structural Funds?

fromFR From Viking: Same goes for ecotaxes

fromDE from Mick, DE: Once again my question: All EU-states want to reduce unemployment, but on the other hand they compete with each other in the field of fiscality (tax

benefits...). Whenever the harmonisation comes in to discussion everybody is scandalized. Is there a schedule for tax harmonization?

Flynn4 to Landin, sv - globalisation - The Commission is committed to promoting the free movement of capital first in Europe and through the international organizations, worldwide.

Flynn3 to sdf, uppsala, i dont have my diary with me but i am advising you to send an invitation and if the diary allows i will respond positively. But i have to warn you that the diary is already extremely full..

Flynn1 to vix, yes, all jobs are at the end of the day created in the local labour market. the commission has a long tradition of promoting local development . also the so called social economy or the 3rd sector can be considerable source of new jobs. After the president of the commission launched his confidence pact on employment some 90 territorial pacts have been identified to promote and integrated local strategy. These are also supported by the commission.

moderator WE ARE TAKING NOW YOUR LAST QUESTIONS, UNTIL 7.45. The last 15 minutes will be used to answer what is in the "backlog"

Flynn2 To Justicia, ES: Apart from the tech. Assistance no additional funding is made avail, because all the SStructural funding available in the 1994-99 period has already been allocated. However, some funding is still avail. within the member states and regions for new activities.

Flynn1 to lg, in general, it seems that in europe electronic commerce has a lot of potential .

lg Do you know the concept "technophile" mentioned in Neil Postman's book "TEchnopoly"?

fromES from Thuardian afocej knows how to promote the creation of entrepreneurship, but we need to know about new experiences because we operate in the association world.

fromFR From Tatlin: Isn't the employment situation in Europe determined by the lack of true social negotiation between employers and trade unions? Employment policy has scarcely halted the rise in unemployment since 1985. How can you personally and the Commission stimulate this social negotiation?

lg Flynn1: to lg, in general, it seems that in europe electronic commerce has a lot of potential YES but Amazon has one million customers and the result is 30 million in red. Any real succes stories or only "potentialities"?

Flynn3 to pascal, structural funds, we will develop a pre-accession strategy to prepare the new member states for their participation in structural funds activity and 45 billion ECU will be available from 2000 - 2006 to assist in this process. Seven billion of this will be available for pre-accession purposes and 38 billion will be available for new member states after their accession

Flynn1 to mick, de, the commission has just issued new proposals to combate harmful fiscal competition . there is a group called the monti group which examines these issues.

lg Repost: Flynn3: said: "FP, their economic justification is becoming more and more clear as the research needs of the european market become clearer. The FPs have been dominated by economically driven research." THAT IS NOT TRUE. THE ECONOMIST OF EU HAVE NOTHING TO DO WITH PLANNING OF FPs. IT IS ONLY POLITICS. NOW IT IS ONLY SELLING the information society! On what theoretical economic models FPs are based on?

Flynn4 to viking, fr - social taxes - Social taxes could only be imposed in an WTO context. The Commission's efforts to promote links between respect of working conditions and trade

continue. However voluntary efforts are to be encouraged (e.g. individual retailers have taken significant steps to make sure that the working conditions of their suppliers are compatible with the requirements of their customers. I will do all I can to support this trend.

moderator MESSAGE TO OUR FRIENDS INTERPRETORS : can you post in your channels that we do not accept questions anymore...

moderator MESSAGE TO ALL.

Flynn2 To Thuardian, ES - new experiences - this is of course true and it is also one of the most important and undervalued aspects of the EU's activities sharing of experience, ideas and management models. One of the important aspects of the third sector initiative I have already mentioned to you is to encourage and enable the exchange of experience in job creation and social entrepreneurship among associations.

flora My last question. This chat will cost my friend (is not my pc) about 2 ECUs (2 hrs of connection) and still I could have more information from the USA cyberspace connecting me just for seconds. Could Europe improve its presence in the cyberspace? And more precisely in the Global Jobs Cyberspace? Thank you

moderator Wee will from now on answer ... the yet unanswered questions.

fromES from Thuardian Please, Mr. Flynn, could you explain what the support plan to the third sector for creating jobs is or could you give me an address where I can get some data. Thanks.

moderator If one of your demand hasn't been answered , please accept our apologies... and post it again!

fromFR From Didier REPOSTED BY TRANSLATOR When I referred to 200 000 ecus, I was referring explicitly to technical assistance given to each territorial pact for employment. My doubts are exclusively in relation to this initiative.

fromFR From Didier: The doubting Thomas is as yet unconvinced, but is waiting...

toSV from Landin This is the problem according the authors to The Globalisation Trap, if you don't charge the people who make a living on moving money where the grass is greener, the high unemployment rate will remain

Viking Re your reply to VIX mentioning Territorial Employment Pacts: from what I understand they are just an effort at coordinating existing activities ... so there is nothing new there ... and not much extra money either ...

Pascal REPOST: is there a future for the Keynesain employment policy or is that 'past'glory?

fromES from justicia Are the 3500 million PTA which the gvmt claims come from the EU for the PET in Cádiz available?

Flynn1 to didier, fr, this is only technical assistance ; we cannot buy jobs but we can generate them through creating an enabling environment at the local level by putting the key actors together to make a joint effort to create jobs.

Flynn2 To Thuardian, ES - <http://europa.eu.int/en/comm/dg05/elm/home.htm>

Flynn4 to Landin, sv - globalisation - Capital freedom ensures that investment returns are maximised i.e. investment will take place where it is most productive. Europe has been and will remain a productive location and will continue to attract a high share of investment.

Alung Marseille again, how can we increase employability, you might know that the Marseille is badly affected by unemployment, our action favors two priority groups the young 18-25 and the long term unemployed, with our PLI for young people which brings together the state, the City and the EU last year out of 3000 clients with various degrees of difficulty 500 found employment. Could we do better, and how? PS I'm really enjoying this experience but could you reply?

Flynn3 to flora, yes, of course Europe is behind but the position is improving every day and I am doing my bit via exercises like this. The role of public employment services within the information society is also prominent in the Commission's communication on the social dimension of the information society and we will be working in that area notably via eures.

fromES from justicia How about indexation funds?

Flynn1 to pascal, Keynesian: first of all Keynes is dead. 2nd: he continues to be grossly misrepresented and 3rd: we should not blindly believe in any single model. This is the post-Keynes area.

Flynn2 To Justicia, ES - The allocation of funding is a matter for the monitoring committees of the structural fund programmes concerned. These committees consist of representatives of all interested parties.

moderator 5 MINUTES FROM THE END NOW...

moderator IT'S NEARLY CLOSING TIME...

Pascal send my regards to Karel van Miert!

Flynn2 To Justicia, ES - yes, a certain amount of funding becomes available each year to take account of inflation and this margin of manoeuvre may be used to fund new activities or initiatives.

twinkle Will Commissioner Flynn please confirm whether he will support The Scheme for the Establishment of the Centralised E.U. Convention Causebook & Judgment Registry Database
URL: <http://www.cyberia.ie/~twinkle?>

Flynn4 to Alung - I think that you have made a very good start in Marseille - what I would like above all is for unemployed young in Marseille to be part of a structural effort to bring them into the labour force - but of course this will have to be part of an overall French effort. I really hope that France will play its part in getting the right result out of the jobs summit.

lg <http://users.skynet.be/belgia/>

Flynn1 to pascal, Yes I will. but we hope that Karel van Miert will be disappointed on Saturday when Ireland beats Belgium.

toSV from Landin OK but isn't this only wishful thinking, I mean the capital owners rather use children's work in Asia than employ Europeans for reasonable salaries

Pascal hahaha ... let's wait and see both in soccer and politics!

juanjo Commissioner are you sure that Ireland will beat Belgium?

flora thank you Mr Commissioner today I have learned about eures. it's never too late.
goodnight

Flynn4 to juanjo - YES.

Alung I don't want to wrap up now, this is a wonderful experience thank you. We're experimenting with conferencing technology here in Marseille where this sort of debate could continue over time, if people were interested I could send them the http address and the debate could continue over the next few weeks and months.

Flynn3 to alung, yes, send it in!

Alung to what address

Flynn1 to landin, sv, Asia : first of all : the european way is not to take the low road of low salaries and low skills but the high road of high skills and competitiveness ? 2nd : as to the children I agree that the progress is a slow one but we europeans must have a vision to promote human rights and be prepared to fight for them .

juanjo Commissioner allow me to congratulate you with this chat-initiative

moderator The chat satyas open a little bit more because some questions, from other languages channel, are still pouring in.

lg Thank you. See <http://users.skynet.be/belgia/europe.html> The Emperor's new clothes...

moderator But please don't send anymore!

Pascal thank you commissioner... could you wave to the camera?

Jean-Luc # Appears as ARMANDO.

Flynn4 to juanjo - certainly Me too !!

Flynn3 to alung, the email address is jobsummit@dg5.cec.be

Landin Flynn, it has been proved through years of history that the high skill of european workers is not needed for such work as assemble electronic equipment etc... asian children has always been used for it, most electronics are manufactured in asia still, so why should that end now?

Pascal how many people participated at this chat session, moderator?

VIX Bye, bye. Have a nice evening.

moderator 192 peoples joigned us

STT Was this the first time this kind of chat was arranged in hte EU?

Flynn4 to Pascal, 192 !

moderator It is the fourth one!

Flynn4 to STT - No it is the fourth one but the first I have don.

Flynn2 To Stt: this is the fourth chat, but the best one!

moderator OK all, we're about to close the chat...

Flynn1 to landin, children : because it is an affront to human dignity. besides many studies

show that for an individual employer in a developing country , children are not always the best choice as a work force. many employers are willing to take on board adults if they are well informed about the risks.

Pascal thank you all!

STT I agree, Mr Flynn

fromES from Justicia the gvmt says that the 3500 million PTA for the Cádiz PET will come through indexation funds (whatever that is). What does the Commissioner have to say?

EPIZO-GR Goodbye. Thank you Commissioner for the very interesting chat. I wish you all a very nice evening.

moderator Thank very much to everybody, inside and outside

Pascal Good luck Mr.Flynn ... many people are counting on jobs!

toDE t

moderator Maybe a group piucture in front of our web cam

moderator Now visible at <http://europa.eu.int/chat/chatcam/chatcam.htm>

moderator Good evening to everybody.

moderator Thanks for participating

moderator We hope to have you online next time

Landin Flynn, are you saying that the end of 1997 will come with a dramatic raise in the level of "human dignity" ?

EPIZO-GR Moderator. Thanks for giving us the chance :-))

Viking How about investing in giving every household a computer, then everyone could participate, learn new skills, share in the opportunities offered by the info society ? That's all from me ... over and out.

moderator THE CHAT IS NOW CLOSED

Landin Moderator, when will we be able to do this again?

juanjo congratulations to the interpreters, good job!

moderator Nothing is scheduled yet, but c hheck europa.eu.int from time to time : announcements will be made! * Landin think it looks like Flynn found himself and realized that human kind won't change over a night * Landin disconnecting

juanjo landin we can all contribute our litle bit ;)


Landin True, Juan... but not practical.


juanjo just try * Landin can be contacted at tobbe.landin@leksand.mail.telia.com

Landin Juan, say that to Flynn&co.. ;)

Pascal what is the most intresting thing Flynn said tonight ???

moderator Landin, Pascal, please go haed in swaping views! But watch out, yhe servfer will be turned off anytime now... Session Close: Thu Nov 13 20:11:28 1997

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