

*European*

# TRADE UNION

## *Information Bulletin*

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### **Social Partners Reach Outline Agreement On Parental Leave**

The three European level social partner organisations - ETUC (trade unions), UNICE (private sector employers), and CEEP (public sector employers) reached an agreement on a proposal for a framework agreement on parental leave at their sixth negotiating meeting held on the 6th November 1995. The proposal for a framework agreement will be submitted to the respective decision-making bodies of the three organisations for examination and decision. The decision by the three organisations on whether to accept the proposed agreement is expected by the end of the year. If accepted, the social partners will propose to the Commission that they submit the agreement to the Council for a Council Decision in accordance with Article 4.2 of the Maastricht Social Policy Protocol which will make its terms binding on all Member States other than the United Kingdom.

The highlights of the Agreement are as follows:

- Minimum requirements for parental leave will be introduced in the three Member States which currently do not have them (Ireland, Belgium and Luxembourg).
- At least three months parental leave will be available before the child's 8th birthday. Member States will be free to introduce more favourable provisions if they wish to do so.
- The right to parental leave will exist whatever the nature of the work contract or the size of the company involved. It will be able to be taken in a part-time or fragmented fashion or even in the form of "time-credits".
- Social protection cover against such things as illness, unemployment etc) will remain during parental leave.
- Workers taking parental leave will have the guarantee of resuming their job on return to work, or if this is not possible, an equivalent or similar position.

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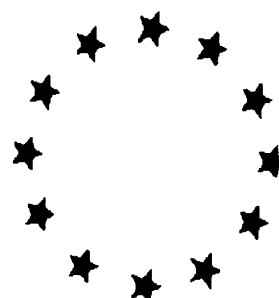
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## BACKGROUND BRIEFING : PARENTAL LEAVE

### Parental Leave - The Background

On 24 November 1983 the Commission submitted a proposal for a Council Directive on parental leave and leave for family reasons (COM(83)686). This proposal was in line with the Commission's desire to pursue equal opportunities for men and women, and to encourage work and family life to be mutually supportive. The proposal aimed at providing a minimum leave entitlement following the birth or adoption of a child, and for other family reasons. Opinions were delivered by the Economic and Social Committee on 24 May 1984, and the European Parliament on 30 March 1984, with a number of amendments. The Commission submitted an amended proposal on 15 November 1984 incorporating most of the Parliament's amendments (COM(84)631).

The proposal was subjected to lengthy discussions in the Council, without unanimity (as required by the Treaty) ever being achieved. As a result the Belgian Presidency, who strongly supported the proposal, put forward in 1993 a conclusive proposal which was eventually acceptable to eleven Member States. Furthermore the Commission published in July 1994 its White Paper on the future of European social policy. This paper was based on a wide-ranging consultation process, and over 500 written submissions on the future direction of social policy. In the paper the Commission restated its intention to make progress in the area of reconciliation of work and family life, as being part of the necessary strategy to promote growth and employment in the context of major social and economic structural change, while at the same time encouraging the family-related structures which provide stability to our European model of society.

In its discussion of 22 September 1994, the Council failed to agree on the basis of the text initially put forward by the Belgian Presidency, with the United Kingdom alone being opposed. As a result Commissioner Flynn announced he would consider using the other avenues open in order not to deprive the large majority in favour of the opportunity of making progress. In particular he undertook to consider using the Procedure laid down in the Agreement on Social Policy annexed to the Social Protocol.

Negotiations between the social partners at European level begun on the 12th July 1995 and concluded on the 6th November 1995. The proposed agreement will now be submitted to the decision-making bodies of the three social partner organisations.

Current Provisions For Parental Leave In EU Member States	
AUS	Parental Leave: Yes, by law. Duration: 24 months Payment: Flat rate benefit.
BEL	Parental Leave: No, but "career break" Duration: Up to one year Payment: Some benefits available.
DEN	Parental Leave: Yes, by law. Duration: Up to one year Payment: Yes (% benefits)
FIN	Parental Leave: Yes, by law Duration: 158 days + Payment: Yes (% earnings)
FRA	Parental Leave: Yes, by law Duration: Up to 36 months Payment: No.
GER	Parental Leave: Yes, by law Duration: Up to 36 months. Payment: For limited period
GRE	Parental Leave: Yes, by law Duration: 3 months Payment: No.
IRE	Parental Leave: No
ITA	Parental Leave: Yes, by law. Duration: 6 months. Payment: Yes (% earnings)
LUX	Parental Leave: No.
NETH	Parental Leave: Yes, by law. Duration: 6 months Payment: No.
POR	Parental Leave: Yes, by law Duration: Up to 24 months Payment: No.
SPA	Parental Leave: Yes, by law. Duration: 12 months. Payment: No.
SWE	Parental Leave: Yes, by law. Duration: 18 months. Payment: Up to 450 days.
UK	Parental Leave: No.

## Social Dialogue at European Union Level

In all the European Union Member States it took time for systems of industrial relations based on dialogue between employers and workers to emerge.

Today the Member States all have national structures in which representatives of the social partners can make known their aspirations and express their opinions. Most of them have a strong tradition of concerted action on social matters, enabling the political decision-makers and the social partners to undertake to behave in a way that is compatible with the broad social and economic guidelines. In all the Member States certain aspects of work relations are the subject of free bargaining.

### Background

At Community level the social partners have gradually become more and more deeply involved since the Community was established. The major stages were consultation within inter-trade consultative committees in the 1960s, the beginnings of concerted action with the establishment of the Standing Committee on Employment and the organization of tripartite conferences in the 1970s and finally the commitment of the social partners to dialogue and negotiation in the Val Duchesse social dialogue since 1985.

The Agreement on social policy annexed to the Treaty on European Union adds a new dimension: in addition to negotiations started by the social partners themselves (which to date have produced fourteen opinions, two recommendations and two agreements), it also opens up a new field of negotiations triggered by a Commission proposal.

The term "social dialogue" can cover a variety of contents and forms: consultation (the social partners inform the Community institutions of their position); concerted action (the social partners are involved in drafting and implementing conclusions they have reached together); and dialogue between social partners including their own initiatives (they produce joint opinions, recommendations or agreements).

The Agreement on Social Policy provides for the following:

- consultation before any Community initiative is taken in the social field (Article 3(2) and (3)). This consultation already existed before the Agreement. It is now compulsory at an early stage (consultation on the possible direction of

Community action followed by consultation on the content of the envisaged proposal);

- the possibility for the social partners to conclude an agreement as a replacement for Community legislation (Article 3(4));
- the possibility of extending an agreement between the social partners to all workers and companies (extension by Council decision).

In its communication setting out the arrangements for implementing the agreement on social policy (December 1993), the Commission stated that it would be looking to representative European organizations, mainly those already involved in the social dialogue process. It laid down certain criteria for identifying European-level negotiating partners.

### The Role Of The Commission in Relation to The Social Dialogue

**Article 188b of the Treaty:** "The Commission shall endeavour to develop the dialogue between management and labour at European level which could, if the two sides consider it desirable, lead to relations based on agreement."

**Article 3 of the Agreement on Social Policy:** "The Commission shall have the task of promoting the consultation of management and labour at Community level and shall take any relevant measures to facilitate their dialogue by ensuring balanced support for the parties."

The Brussels European Council on 10 and 11 December 1993 invited the Commission "to continue its efforts to lead the social dialogue and to make full use, subject to the provisions of the protocol annexed to the Treaty, of the new possibilities available under the Treaty."

In its communication concerning the application of the Agreement on Social Policy adopted on 15 December 1993 the Commission lists the various measures which can facilitate dialogue which include various types of support: the organization of meetings; support for joint studies or joint working groups; and support for technical assistance deemed necessary to underpin the dialogue". The Corfu European Council on 24 and 25 June 1994 invited the Commission "to renew its efforts towards assuring the necessary social dialogue making full use of the new possibilities available in the Treaty on European Union and in particular of the provisions of the protocol annexed to it."

## **Social Affairs Council Adopts Resolutions on Racism and Women and The Media.**

The Labour and Social Affairs Council met in Luxembourg on the 5th October 1995 under the Spanish Presidency. The Council adopted two important resolutions: one strongly condemning all forms of racism, xenophobia and anti-semitism and the other calling for an end of sexual stereotyping in the media. Details of these resolutions are given below.

In addition to the resolutions, the Council held a debate on the results of the Beijing 4th World

Conference on women and held a policy debate on the Commission's proposal for a Fourth Programme on Equal Opportunities for Men and Women. The Council also re-examined the proposal for a Programme to Combat Exclusion (POVERTY) but no decision was reached. A high-level working group will attempt to overcome the deadlock in the coming months.

### **Resolution on Women and the Media**

The Social Affairs Council adopted a resolution on the image of women in advertising and the media. The resolution, presented on the initiative of the Spanish presidency, states that "sexual stereotyping in advertising and the media is one of the factors in inequality which influences attitudes towards equality between men and women". The resolution calls on the Commission to take account of the terms of the resolution when implementing its new fourth action programme for equal opportunities for men and women. The Resolution calls on Member States to:

- promote a diversified and realistic picture of the skills and potential of women and men in society;
- provide appropriate measures to ensure the respect for human dignity and an absence of discrimination on the grounds of sex;
- implement and/or encourage regular information and awareness campaigns;
- support and promote discussion and consultation within a framework of voluntary self-regulation;
- support studies and initiatives to increase awareness in advertising agencies in terms of equality;
- promote the balanced participation of women and men in production bodies, administrative bodies and decision-making posts.

Social Affairs Commissioner, Pdraig Flynn, said that the Commission would give its full support to the Resolution although he would have preferred a more ambitious text along the lines of the position agreed on this subject at the World Conference on Women in Beijing.

### **Resolution On Racism**

The resolution adopted by the Social Affairs Council on the 5th of October condemns "in the strongest terms" racism, xenophobia and anti-semitism in all of its forms, flagrant breaches of individual human rights and religious intolerance. The resolution, which was presented on the initiative of the Spanish presidency, calls upon the Commission to present a review of the measures against racism and xenophobia taken in the context of existing Community programmes and the possibilities for future measures.

It calls on Member States to make progress towards achieving a series of common objectives which include guaranteeing protection of people against all forms of discrimination on the grounds of race, colour, religion or national or ethnic origin and promoting employment and vocational training as means of integrating persons legally resident in Member States. The resolution also calls on Member States to adopt the following measures:

- ratification of international instruments concerning the fight against all forms of racial discrimination;
- developments in teaching systems and training establishments and training programmes for public servants and business executives in the field of the respect of diversity & equality of human beings;
- support for citizens' movements and organisations actively committed, by democratic means, to the fights against racism and xenophobia, and determined co-operation with those movements and organisations, in accordance with national practice;
- promotion of effective instruments of self-regulation, such as codes of good conduct, for media professionals.

The resolution also invites the social partners to take an active part in the achievement of the objectives set out in the resolution and to support the measures adopted by Member States.

## Commission Publish Communication On Local Development and Employment Initiatives

The European Commission has published in the Official Journal (\*) its Communication on a European Strategy for Encouraging Local Development and Employment Initiatives (LDEIs).

Local development and employment initiatives (LDEIs) are a new approach to the creation of work and are spreading throughout the Member States of the European Union, as they are found to provide a genuine response to current aspirations. On the one hand, they meet growing needs in terms of improving standards of living or changing behavioural patterns, which are still poorly catered for by firms or by traditional administrations. On the other, they offer enthusiasts the opportunity, whether in town or country, to put their creativity and dynamism to a good use in a broader local development project.

In the context of the "active employment policies" advocated by the White Paper "Growth, Competitiveness and Employment", encouragement for local initiatives undoubtedly constitutes an interesting element from the point of view of the cost-effective use of budgetary resources. On the basis of research carried out in three Member States (France, the United Kingdom and Germany) it is estimated that LDEIs could provide, annually, an extra 140,000 to 400,000 jobs in Europe. Equally, by satisfying a latent demand and remedying market imperfections and market failures, local initiatives do not harm international competitiveness; indeed they open up new avenues for innovation by businesses and "social entrepreneurs". Local initiatives are not the only way to create jobs in the future; but they complement other ways of increasing the employment intensity of growth and as such, they feature amongst the "five points" of the conclusions to the Essen European Council.

If the full potential of job creation resulting from LDEIs is to be achieved a coherent national and European framework for the encouragement of such initiatives is required. The initial task of such a framework must be to do away with the numerous obstacles to the development of new LDEI activities. The Commission prepared two working documents for the Brussels European Council meeting. The first dealt with LDEIs and sought to clarify and to verify the idea that European economies harbour "new sources of employment" arising from unmet needs in the service sector. The second presented an inventory of Community action to support LDEIs

and took stock of what use had been made over the past ten years of the EU's instruments for local development at the same time as proposing a number of measures to make them more effective. The Commission has now adopted a Communication to the Council and the European Parliament which seeks to draw on the work already undertaken and to show: - what measures Member States can take to encourage local initiatives, as part of their "multiannual employment programmes" on Essen follow-up; - what measures the European Union undertakes to implement to use Community instruments better for encouraging LDEIs.

### General Guidelines For Encouraging LDEIs

There are more and more local initiatives being undertaken in EU Member States, but often they tend to be short-lived. This fragility is due to a variety of obstacles which hamper their growth and which can usually be traced back to an inappropriate national environment. The main obstacles tend to be:

**Financial:** These include excessive direct and indirect labour costs, the cost of venture capital and the low purchasing power of the poorest households.

**Technical:** Technical obstacles include inappropriate initial training, outdated skills and working conditions and a lack of training in new technology.

**Legal:** The legal and regulatory obstacles include the existence of rigid systems that discourage secondary incomes, the absence of reduced legal status of the "helper spouse", the absence of quality standards in the service sector and outdated accreditation systems.

**Institutional:** Institutional obstacles include excessive short-termness of financial support, the inability of local authorities to keep the various parties involved fully informed, and a failure to fully appreciate the job-creating potential of LDEIs.

In order to overcome these obstacles, LDEI's need a suitable framework and suitable financial instruments. Suggestions put forward in the Commission Communication include the use of "service vouchers", improving training and qualifications, encouraging changes in the legal framework within which LDEIs operate and making provisions for adequate administrative decentralisation.

(\*) Official Journal C265 12th October 1995

European Commission Annual Employment Report:

# Employment In Europe 1995

*The European Commission has published its 1995 Employment in Europe Report. Like the previous reports in the annual series, it looks at the latest trends in employment in the European Union - both at Union level and within Member States - and highlights a number of important trends. The Report is divided into three main sections:*

- *The first part examines the key trends and prospects in employment policy. It looks at the performance of Member States in creating jobs, the changing pattern of employment, unemployment trends in individual Member States, key developments within the labour market and short-term prospects for growth and employment.*
- *Part 2 looks at progress in implementing changes in employment systems and concentrates on the main developments in the five areas identified by the Essen European Council meeting : promoting investment in vocational training, increasing the employment intensity of growth, reducing non-wage labour costs, improving the effectiveness of labour market policies, and improving measures for groups particularly hard hit by unemployment.*
- *The final part contains an analysis of two selected labour market issues: (i) labour costs, social charges and employment, and (ii) the environment and employment.*

*There follows a summary of some of the main trends and strategies identified within the Report.*

## **The General Situation**

After three years of falling employment and rising unemployment throughout the European Union, the recovery in economic output which has spread to most parts since mid-1993 has already begun to raise the rate of net job creation. In the majority of Member States, unemployment rates have either stabilised or fallen slightly in the first part of 1995. The number out of work in the European Union as a whole, however, still stands at over 18 million, almost 11% of the workforce and, though the prospects over the next year or two are for some increase in the growth of employment, the number seems unlikely to decline very rapidly in the near future.

Unemployment, therefore, remains the major economic - and social - problem confronting the European Union. The means of achieving a higher rate of employment growth, sustained over a long enough period of time to bring the numbers out of work down to acceptable levels, will, therefore, be a primary issue of policy concern for some time to come.

## **Recent Changes In Employment In The European Union**

The recent recession had a severe impact on employment in most Member States. The numbers employed in the European union as a whole declined by 4% in the three years 1991 to 1994, twice as much as any previous fall over a comparable period

since the war. As a result, 6 million jobs - some 60% of the 10 million or so net increase in jobs generated during the record period of employment expansion between 1985 and 1990 - were effectively lost over this period.

## **Recent Changes In Unemployment**

The widespread fall in employment led to a steep rise in unemployment in the EU. After falling to 7.5% in 1990 from a peak of just under 10% in 1985, the average rate rose to a new peak of just over 11% in 1994. By contrast in the USA, unemployment fell to under 6.5% in 1994 and in Japan it remained below 3%. Since the peak rate reached in the Spring of 1994, unemployment in the EU has come down, but only very slowly. Although growth of GDP in the EU seems to have resumed in mid-1993, this as yet has had a minimal impact on the numbers out of work.

## **Employment Of Men And Women**

A long-term trend in the EU has been for the number of men in employment to decline and for the number of women to increase. In the ten years before 1985, the number of men employed fell by 4% while the number of women expanded by 10%. In the years of high employment growth in the late eighties, the decline in male employment was reversed: numbers of men in work increasing by 4.5%. Since 1990, however, the long-term trend has resumed and the number of men in employment has fallen markedly. Whilst the employment of women has also fallen, the decline has been very much less. The main

cause of these differing trends in male and female employment is the trend in industrial employment where men account for 75% of the work force.

### **Unemployment Of Men And Women**

Despite the larger job losses suffered by men, the rate of unemployment among women remains higher (averaging around 12.5%) than for men (9.5%). The only Member States where the reverse is the case are Finland, Sweden and the United Kingdom. Since the peak unemployment rate in 1994, however, the rate for men has fallen slightly more than that for women.

### **Employment and Labour Force Growth**

The numbers in the labour force, which expanded by almost 1% a year in the second half of the 1980s as employment increased, contracted during the recession years between 1990 and 1994. The lack of job opportunities seems to have persuaded a significant proportion of men in particular either to withdraw from the labour force or to delay entry. At the same time, the upward trend in the proportion of working age women looking to work, which had persisted at a relatively high rate throughout the 1980s slowed appreciably during these four years. These developments has a marked effect in preventing unemployment from rising even more than it did during this period. The fall in labour force participation was especially marked among young people under 25. Participation also declined among older men of 55 and over, again at a higher rate than in earlier years, so reflecting an accelerated trend towards early retirement as men in this age group losing their jobs had increasing difficulties finding new ones. More disturbingly perhaps, significant numbers of men of prime working age, between 25 and 54 also withdrew from the formal labour market.

### **Re-employment : A Strategy For The European Union**

Five key areas of policy were emphasised at the Essen Summit as being of major importance for tackling the Union's employment problems:

- Improving Employment Opportunities For The labour Force;
- Increasing The Employment Intensity Of Growth;
- Reducing Non-Wage labour Costs To Stimulate Job Creation;
- Improving The Effectiveness Of Labour market Policies;
- Improving Measures To Help Groups Hard Hit By Unemployment.

The 1995 Employment In Europe Report examines each of these five areas and considers current trends in both the European Union and its Member States.

### **IMPROVING EMPLOYMENT OPPORTUNITIES FOR THE LABOUR FORCE**

#### **(a) Young People:**

The significant reduction in participation in the labour force of young people under 25 was associated with an equally large increase in the proportion of those remaining in education and training rather than seeking employment. To some extent, this reflects the policy effort in all Member States to extend the provision of education and initial training for young people to improve their chances of finding, and remaining in, work. Such a policy is based on two related features of the labour market, common to all Member States: (i) unemployment rates amongst school-leavers without educational or vocational training qualifications beyond basic secondary schooling are higher than for those with such qualifications; and (ii) there is a strong, long-term shift in the structure of jobs from less skilled to more skilled.

#### **(b) Equal Opportunities For Women:**

Women for the past twenty years or more have accounted for the entire growth in the European Union's work force and are likely to continue to do so in future years. The future productive potential of the economies of Member States, therefore, is linked to a major extent to the skill levels of women. In the light of this, as well as for reasons of equity, it is important that women have equal access to education and initial training and to continue training throughout their working careers.

#### **(c) Improving The Effectiveness Of Training Systems:**

A common tendency in Member States has been to try to make training provision more responsive to local and individual needs. This has been associated with a widespread devolution of delivery to the regional and local level, together with the increased involvement of the business community both to advise on the content of courses and to play a more active part in training itself.

#### **(d) Towards Life-Long Learning:**

There has also been a growing emphasis not only on education and initial training of young people, but also on the need for continuing training throughout an individuals working career. This is encouraged in some Member States through statutory entitlement to training or study leave (e.g.

## FOCUS : Employment In Europe 1995

Belgium and Denmark), and in most through collective agreements between the social partners. Nevertheless, the evidence suggests that both access to continuing training and its focus are closely related to educational attainment levels, so that the least qualified and those most vulnerable to changing skill needs are the least likely to receive it.

### INCREASING THE EMPLOYMENT INTENSITY OF GROWTH

#### (a) Output and Employment Growth In The EU:

Over time, the growth of employment in the EU has closely mirrored the growth in GDP. A rise in GDP growth has usually been followed by an increase in employment some time later, the full effect taking a number of years to come through fully. Though there have been, and are, some variations, the relationship between economic growth (GDP) and employment growth has remained relatively constant over the past 15 years with annual GDP growth exceeding annual employment growth by around 2%, reflecting the underlying increase in labour productivity. In the latter parts of the 1980s, labour productivity growth averaged slightly under 2% a year across the EU and in the four "recession" years of 1990 - 1994, the rate of labour productivity growth was much the same. This contrasts with the experience in the USA and Japan where labour productivity growth has been considerably less over the last four years.

#### (b) The Experience In Member States:

The evidence of the last 15 years is that a high rate of GDP growth is not a sufficient condition for maintaining a high level of employment. On the other hand, no country in the Union has succeeded in maintaining a high level of employment without achieving a certain minimum rate of economic growth. In the second half of the eighties, no Member State increased employment by significantly more than 1% a year without average growth of around 3% a year or more. At the same time, there were significant differences between countries in the employment intensity of growth which was achieved.

#### (c) The Means To Increased Employment Intensity:

All EU Member States have confronted the dilemma that attempting to raise the employment intensity of growth may conflict with the equally important aim of trying to achieve high rates of productivity increase in order to maintain or improve competitiveness and thereby boost output growth and the rate of job creation. A possible way out of this dilemma is to focus efforts to raise employment on sectors of the

economy with traditionally high labour intensity. A further approach, which is complementary rather than an alternative, is to seek to increase the number of people employed for a given level of labour input - in other words, to share the available work between more people by reducing the average time that each person works.

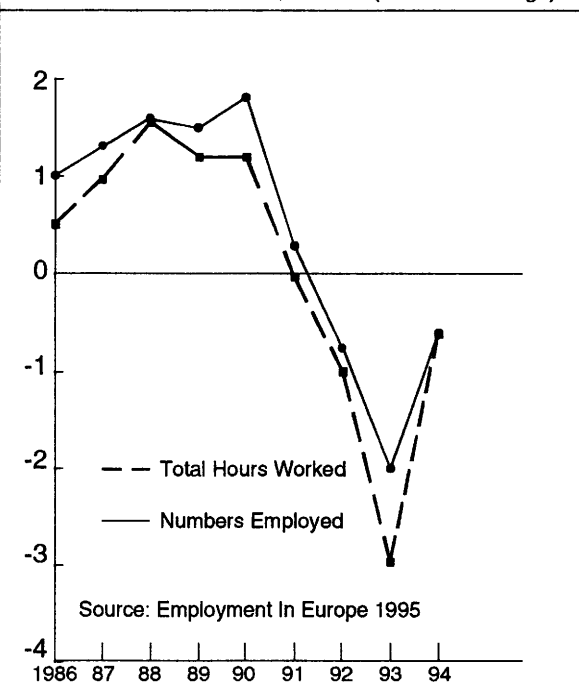
#### (d) Reduced Working Time As A Means Of Increasing Employment:

A widespread, though gradual, trend is evident across the EU towards greater flexibility in working time arrangements. Though increased flexibility does not inevitably lead to a reduction in average working time and, therefore, to more people being employed for a given level of output, the trend has been accompanied by a growth in part-time working, a reduction in the standard full-time week and the introduction in a number of countries of career break options

#### (e) Temporary Jobs:

A third of all the additional jobs which were created in the EU over the growth years 1987 to 1990 were temporary, or rather fixed-term. Three quarters of these additional jobs, however, were in one country, Spain. Only in two other countries, France and Portugal, was the expansion of temporary working of any significance over this period. In the subsequent four years, only in the Netherlands was there any marked growth in temporary working, though there was also some expansion in Ireland, Spain and Italy.

CHANGES IN NUMBERS EMPLOYED AND TOTAL HOURS IN THE EUROPEAN UNION, 1986-94 (% Annual Change)





**(f) Changes In Self-Employment:**

Most Member States have policies to encourage self-employment, both to help the unemployed work and to stimulate the creation of small businesses so as to provide more employment opportunities and, in some cases, to strengthen the productive base of the economy. In practice, however, despite increased incentives, the importance of self-employment has not changed greatly in most parts of the EU over the past 10 years. In 1994, 15% of those in employment in the EU were self-employed. In 1987, the figure was 16%.

**(g) Wage Growth And Productivity:**

Increases in the employment intensity of growth need to be accompanied by a restraint on real wage increases in order to keep down costs of production and avoid higher labour costs squeezing profits. In other words, average real wages per person employed - or, more precisely, average real labour costs - need to increase by less than output (or value-added) per person employed to leave room for employers to be able to expand the size of their work forces without suffering lower profits and, therefore, having less finance for investment. Growth, therefore, needs to be underpinned by employment-creating investment.

**(h) Job Growth In New Areas Of Activity:**

Despite the recession, significant growth in employment has occurred in a number of service sectors in recent years, many of these meeting new needs which have been stimulated by rising levels of real income per head and technological advance, such as business and computer-related services and telecommunications, and leisure and recreational activities, and by growing social and environmental awareness such as care for the elderly and infirm. Growth in employment has also occurred in some manufacturing industries as a result of changed social priorities (increased employment in instrument engineering boosted by environmental protection measures, for example).

**(i) Local Employment Initiatives:**

Employment stands also to be boosted by local development and employment initiatives. These are a means both of meeting local needs, which arise from improving standards of living or changing patterns of behaviour, and which so far have been inadequately catered for either by the private sector or by public authorities, and of increasing the rate of job creation. Areas where the potential for meeting local needs could provide substantial numbers of new jobs include home help services, child care,

**CHANGES IN GDP AND EMPLOYMENT IN THE EUROPEAN UNION 1980-1994 (% Annual Change)**



new information and communications technologies, assistance to young people, better housing, security, local public transport services, revitalisation of urban areas, local shops, tourism, audio-visual services, local cultural development as well as waste management and other environmental sectors.

**REDUCING NON-WAGE LABOUR COSTS TO STIMULATE JOB CREATION**

High and persistent levels of unemployment in the EU, coupled with the fact that a large proportion of the unemployed have relatively low levels of skills and qualifications, and therefore relatively low levels of productivity, has focused attention on the cost of employment, particularly of those with low skill levels. Policy concern has centred on the various factors which seem to set a floor to labour costs. At the same time, in most Member States, concern about labour costs being too high at the lower end of the scale has been matched by an equal concern to preserve the protection of workers who are relatively low paid and who are vulnerable to potential exploitation. Attention has therefore been focused on ways of reducing labour costs to employers, to give them more incentive to create jobs, without reducing the income received by those on low rates of pay. In particular, there is some evidence to suggest that deductions for social welfare contributions amongst the low paid constitute a higher percentage of total labour costs in the EU than in other countries. In 1993, for example, the overall government charge on the employment of a single worker with earnings of only half the average was as high as 40% of labour costs in five Member States. In five other Member States, on the other

hand, it was under 30%. In the USA it was around 25%, lower than in most European countries.

There are two dilemmas facing governments in Europe seeking through whatever means to reduce labour costs at the bottom end of the scale without lowering take-home pay. The first is that any revenue foregone or additional expenditure incurred has to be recouped in other ways. The second is that high marginal tax rates tend to result which may mean that low-skilled workers get locked into very low paid jobs with little incentive to seek to earn more - or for employers to pay more (the so-called "poverty trap").

### IMPROVING THE EFFECTIVENESS OF LABOUR MARKET POLICIES

Most Member States have tried to shift the balance of labour market policies over time from passive income support of the unemployed to active measures to attempt to get them into work, such as the provision of training, placement and job search assistance, counselling and job subsidies. The substantially higher levels of unemployment which have been experienced since 1990, however, combined with tight budget constraints, have in large measure frustrated these efforts. Of the total expenditure of around 3.5% of GDP devoted to labour market policies in the EU, 60% went on unemployment benefits and a further 10% or so on early retirement pensions, leaving just over 30% for active measures - slightly more than 1% of GDP. Nevertheless, for the majority of Member States (the exceptions being Denmark, France, Ireland, Luxembourg, Sweden and the UK) this represented a higher proportion of GDP than in 1985.

Evaluating the effectiveness of the various elements of policy poses severe difficulties, not least because it is impossible to be sure what would have happened in the absence of the measures in question and in part because of the problem of allowing for the adverse effects on people and organisations other than those assisted. Despite questions about its effectiveness, expenditure on employment subsidies rose in relation to GDP in the EU between 1985 and 1993, especially in Denmark, Germany, France, Finland and Sweden. Expenditure on employment services - which have generally been found to perform a valuable function in assisting the unemployed find work and have the merit of involving relatively little cost in relation to other measures - increased between 1985 and 1993 in all Member States except Greece.

### IMPROVING MEASURES TO HELP GROUPS HARD HIT BY UNEMPLOYMENT

Two prominent features which emerged in labour markets throughout the EU in the 1980s were, first, a substantial increase in unemployment among young people and, secondly, the growing numbers of unemployed who were out of work for long periods of time. Both were reflections of the acute shortage of jobs in the early 1980s and both led to policies being developed in Member States, as well as at EU level, to tackle the problems.

#### (a) Unemployment of Young People:

Youth unemployment, in particular, has been the focus of extensive and intensive action which has taken two main forms: encouraging more young people to stay in education and training longer to improve their qualifications and basic skill levels and making it easier for them to find jobs by increasing access to training, developing closer links between education and training and business and through subsidising work experience. The proportion of young people receiving education and training beyond basic schooling has increased markedly since the mid 1980s. Nevertheless, despite the efforts made, the rate of youth unemployment in the EU at the latest count (May 1995) was not much different (over 20%) from the level reached in the mid 1980s, which sparked the policy action in Member States.

#### (b) Long-Term Unemployment:

The scale of long-term unemployment has not changed greatly over the past decade. In 1994, almost half (48%) of those unemployed in the EU had been out of work for a year or more, more than half of these for two years or more. These figures are slightly lower than in the mid-eighties but this may be due to a misleading impression provided by the statistics (During a period of increasing unemployment, the proportion of the unemployed who have been long-term unemployed will tend to fall as an increasing number of people join the unemployment register. The persistence of the long-term unemployment problem reflects the difficulties of alleviating it. On past evidence, though the achievement of high rates of net job creation may create a better environment for reducing the scale of the problem, in itself it will not resolve it. Underlying problems which need to be tackled are the loss of confidence, disillusionment and degradation of skills suffered by those who have been trying without success to find a job for a year or more and the reluctance to hire someone who has not worked for a long time and may have become unaccustomed to doing so.

## European Foundation

FOR THE IMPROVEMENT OF LIVING  
AND WORKING CONDITIONS

### Social Aspects Of The Information Society

The latest edition of "News From The Foundation", the regular newsletter of the European Foundation For The Improvement of Living and Working Conditions (Dublin), is devoted to a summary of recent work and research on the social aspects of the information society. The newsletter contains:

- (1) A summary of three recent Foundation publications dealing with the information society. These are (a) a summary report of the Foundation research project on telehealth and telemedicine which reviews the latest advances in relation to the use of telecommunication systems in health provision including "remote" health monitoring systems. (b) A report of the work carried out by the Foundation which establishes best practices for telework from the home. (c) A European Guide to teleworking which contains a framework for action.
- (2) A review of the findings of the Bangemann Committee on Europe's response to the information society which focuses particularly on the social challenge presented by new technological and telecommunications developments.
- (3) A summary of the conclusions of the fourth European Ecology of Work Conference which was held in Dublin in May this year. The conference had four main themes - the introduction of innovative work organisation; the impact of new forms of work organisation on the employment relationship; the effects of new technologies on work redesign; and training and organisational change.

### 1994 Annual Report

The Foundation has recently published its 1994 Annual Report. 1994 was the second year of the Dublin-based Foundation's 1993-96 rolling programme and saw a continuation of work in the various areas of research the Foundation is active in. In all, some 58 projects were managed by the Foundation during the year. Highlights from the Report include:

- A new project was launched to analyse public policies and workplace initiatives for combating age barriers in recruitment and training;
- A new project to identify a "partnership model"

for bringing together public bodies, the social partners, and voluntary and community groups to tackle economic and social exclusion in local areas was also launched during the year;

- A major social partner conference on "jobs and sustainability" was held in September 1994.
- An updated edition of the Foundation's major publication "legal and contractual limitations to working time in the Member States of the EU" was prepared for publication;
- National studies on initiatives to prevent work place absenteeism due to ill health were begun in six EU Member States;



European Trade  
Union Institute

Changes in work and the labour market in Europe were the subjects of a special conference organised by the European Trade Union Institute in Brussels on the 22nd September 1995. The conference - entitled "Work and the Labour Market" brought together the leaders of the social partner organisations at European level. ETUC General Secretary, Emilio Gabaglio, said that economic recovery was vital, but not enough to create new jobs. "The employers' free market approach to deregulation of employment as the only way to restore the flagging economy is holding back the search for positive flexibility", said Mr Gabaglio. "Social partner involvement is not an option, but a non-negotiable must", he added. UNICE General Secretary, Zygmunt Tyszkiewicz, outlined his organisation's 10 point economic programme, the keystones of which are stability, competitiveness and flexibility. He expressed the hope that European competitiveness would take its lead from the German system, which, despite some of the highest labour costs in Europe, scores best in terms of productivity and employment creation. The General secretary of the Public Sector Employers' Association (CEEP), R. Gouvres, stressed the key role of public enterprise in European integration. He issued a call for the 1996 intergovernmental conference to clearly define the type of public or private enterprise that the Union needs. Allan Larsson, Director-General of the European Commission's DGV, said that unemployment had to be regarded as a flexible potential which training would make available to the employment market. He felt that restoring confidence in Europe's economy was the key element in giving a boost to investment and employment creation and he felt that December's Madrid Summit should take steps to establish the framework and instruments to rebuild that confidence.

## Informal Labour And Social Affairs Council

Ministers of Employment and Social Affairs took part in an informal Social Affairs Council in Cordoba, Spain, between the 27th and 29th October. The main item on the agenda was the preparation for the joint report on the post-Essen employment strategy which is due to be jointly submitted by the Social Affairs Council and the Economic and Finance Council to the Madrid summit in December. Despite the fact that the European Commission and the EcoFin Council have already agreed their contributions to this paper, the Social Affairs ministers were unable to agree a text at the informal meeting

It has been left to the Spanish Presidency to draw up a new draft - based on the Commission's and the EcoFin Councils contributions and the views expressed by Ministers in Cordoba - for submission to the EcoFin Council on the 27th of November and the full Social Affairs Council on the 5th of December.

A measure of agreement was achieved on a number of important constituent elements however. These were:

- Fighting unemployment is the top priority;
- The first joint EcoFin/Social Council Report should be limited to the five guidelines set out in Essen;
- Employment should be included in a revised Treaty

## Employment Prospects in the European Union

European Social Affairs Commissioner, Pdraig Flynn, delivered an upbeat message with regards to the current economic climate in the EU in his speech to the Plenary Session of the Economic and Social Committee on the 26th of October. In his speech he defended the recent Commission Communication "The Employment Strategy For Europe" which has been attacked in some places as being "too optimistic". "The economic climate, as the Communication underlines, is sound", he told the Committee. "Inflation is lower than at any time in the last three decades. Profits are healthy, and are approaching levels last achieved in the 1960s. there is a surplus in the trade balance, showing a better performance than in the 60s, 70s or the 80s." Just as important, he said, was that the structural reform process was now taking shape

and beginning "to haul our employment systems into the 21st century".

Such structural reforms offer real and positive prospects of greater labour flexibility, he told the Committee. Certain questions remain however, he continued. Will the social partners work together to achieve price stability and higher real wage levels? Will governments commit themselves to further steps in the direction of active rather than passive labour market policies? Will business use the opportunity to transform higher profits into new investment and new jobs? In searching for answers to these questions he provided a positive report of the recent social dialogue summit in Florence and its adoption of a joint declaration on employment. "This joint declaration", he said, "represents an important contribution to confidence building. The social partners have already played an important role in improving underlying economic conditions and creating better prospects for stability". Nevertheless, he emphasised, many hard questions on commitments remain. The answers will come from governments at the Madrid summit and employers in their decisions on investment and jobs.

## Social Protection In Europe Report 1995

The European Commission has adopted its 1995 Social Protection in Europe Report. European Social Affairs Commissioner Pdraig Flynn said that the aim of the Report was to increase mutual understanding between the Member States on the options for the development of their social protection systems. The Report is intended to complement the annual Employment in Europe Report and therefore focused on the links between social protection and employment It also looks at the financial pressures on social protection systems that exist in all Member States. Over the last three years, as Europe has been hit by the recession, spending on social protection as a percentage of GNP increased in all Member States. In this context, almost all policy action taken by Member States in respect of social protection in recent years has been aimed at containing costs and, where possible, reducing them. Such actions have taken the form of:

- tightening the regulations on the eligibility of benefits;
- increasing targeting of support on those most in need;
- increased emphasis on active measures to get people into work as opposed to passive measures;
- increased privatisation in a variety of forms,

including the contracting out of services and the shifting of responsibility of providing protection to individuals themselves and their employers.

Other themes considered in the Report include the principal characteristics of social protection systems and the way these differ between Member States, the main developments that have occurred in recent years in both the provision of support and its funding, the scale and pattern of expenditure and its rate of growth, and the reforms that have been introduced in recent years in different parts of the EU.

**Regional Trade  
Unionists Meet**

Trade unionists from all 15 Member states of the EU met together to discuss local economic development and local job creation measures in Hasselt, Belgium in October. The meeting was organised by the Trade Union Regional Network (TURN) which comprises of groups of trade unionists directly involved in practical employment development projects throughout the European Union. The participants contributed presentations of documented examples of their work and the meeting heard of the many successful examples of co-operation - both between the trade union groups represented, and between trade unionists and local employers, educational establishments and regional authorities.

The Trade Union Regional Network is based on a voluntary association of trade union officers, and training organisations and development agencies which are supported by trade unions. They promote local employment development in their regions, either through direct activities or representation on state or regional bodies. All the trade unions are members of confederations which are affiliated to the ETUC. In addition to the main TURN Network there is also a TURN Women's Network.

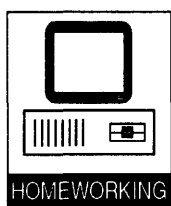
The TURN Women's Network recently organised a meeting, in Basilicata, Italy of women trade unionists active in local development and job creation projects. The meeting was designed to raise the participation and profile of women in local development and employment initiatives. Thirty women took part in the meeting which was hosted by ConfCooperativa of Basilicata and sponsored by the sponsored by the Basilicata Development Centre.

Further information on TURN and the TURN Women's Network can be obtained from the Secretariat: Joe Mitchell and Ann Burgess on +44 1342 712751 (Fax: +44 1342 717760) or email: ann@turnjma.demon.co.uk

**European Agency For  
Health & Safety**

The Administrative Board of the European Agency For Safety and Health at Work met for the first time in Bilbao, Spain on the 26th October 1995. The Administrative Board has representatives from social partner organisations in the various EU Member States. The new Agency, which is financed by the European Commission, will become operational next year. Its main aims are:

- The systematic collection of scientific and technical information in order to provide the Commission and its various expert groups with the necessary assistance in preparing and assessing the action planned in the field of occupational health and safety.
- The rapid gathering of technical and scientific information on topics of current interest so that the Commission can respond to the demands made on it.
- The establishment and update of a register of databases relevant to European safety and health.
- The development of specific sources and databases on safety and health hazards, worker exposure, patterns of occupational illnesses and absenteeism, protective equipment etc.
- Maintenance of databases listing research undertaken by the Member States in the field of occupational health and safety and the identification of new research programmes.
- The dissemination of results of research work and technical development programmes.
- The establishment of a reference library of technical and scientific information on health and safety.
- The establishment of networks to obtain information on specific aspects of health and safety.
- The production and publishing of the magazine "Janus" on health and safety at work.
- Contributions to the organising of special events such as European safety and health days.
- The exchange of specialists between Member States.

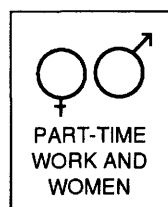


## HOMWORKING IN THE EUROPEAN UNION

Homeworking is not a new phenomenon, but it is one which is becoming more important in Europe as employment relationships become more flexible and new technology increases the potential for workers to carry out work tasks in their own homes. Statistics always tend to underestimate the number of homeworkers - much homeworking takes place within the "informal economy" and tends to be unregulated and unrecorded - but a recent study by the Council of Europe suggested that there were more than two million homeworkers in Europe. Even the definition of homeworking is somewhat imprecise, there exist both ILO and Council of Europe definitions. Two characteristics of homeworking tend to be universal however: it is predominantly found amongst women workers (especially, in northern Europe amongst women workers of the ethnic minorities) and pay and conditions of work tend to be significantly lower than can be found in more formal working relationships.

The European Commission established an ad hoc working group on Homeworking in 1992 which was made up of both Commission officials and representatives from the social partner organisations. The working group were responsible for a March 1994 European Seminar on Homeworking and their work has just led to the publication of a report (published as a supplement to "Social Europe") on Homeworking in the European Union. The Report provides both a comprehensive survey of the incidence of homeworking in Europe and a detailed set of recommendations. In particular it calls for a co-ordinated European strategy on homeworking based upon an action and research programme designed to develop more extensive information on homeworking. The Report also calls for the establishment of a co-ordinating group for those actively involved with homeworkers. The full Report is available from the European Commission (DGV) in all 9 EU languages, priced ECU 14.

Homeworking In The European Union  
Social Europe, Supplement No. 2 1995  
European Commission (DGV)



## PART-TIME WORKING IN THE EUROPEAN UNION THE GENDER DIMENSION

A new Information Booklet published by the Dublin-based European Foundation For The Improvement of Living and Working Conditions looks at the consequences and relevance of part-time work for women in a European perspective by identifying advantages and disadvantages associated with part-time work. The material contained in the booklet - "Part-Time Work in the European union : the Gender Dimension" is based on a wide-ranging survey undertaken by the Foundation. The survey covered over 6,000 managers and employee representatives from eight Member States of the European Union.

The difference between female and male part-time workers is reviewed in the light of the attitude of employers towards part-time work, both on their own request and on the request of the workers. It provides a profile of the voluntary and involuntary female and male part-time worker. It looks at the reasons why employers introduce part-time work in their establishments and surveys the consequences for women workers.

The reasons why part-time work is introduced are considered in a variety of different types of workplace, including those with both a low and a high share of women workers. Reasons most frequently cited include improvement in quality, competitiveness and productivity and lower labour turnover. More worrying, from a trade union point of view, are the significant minority of employers who cite lower wages and reduced benefits as the reason for moving towards part-time working.

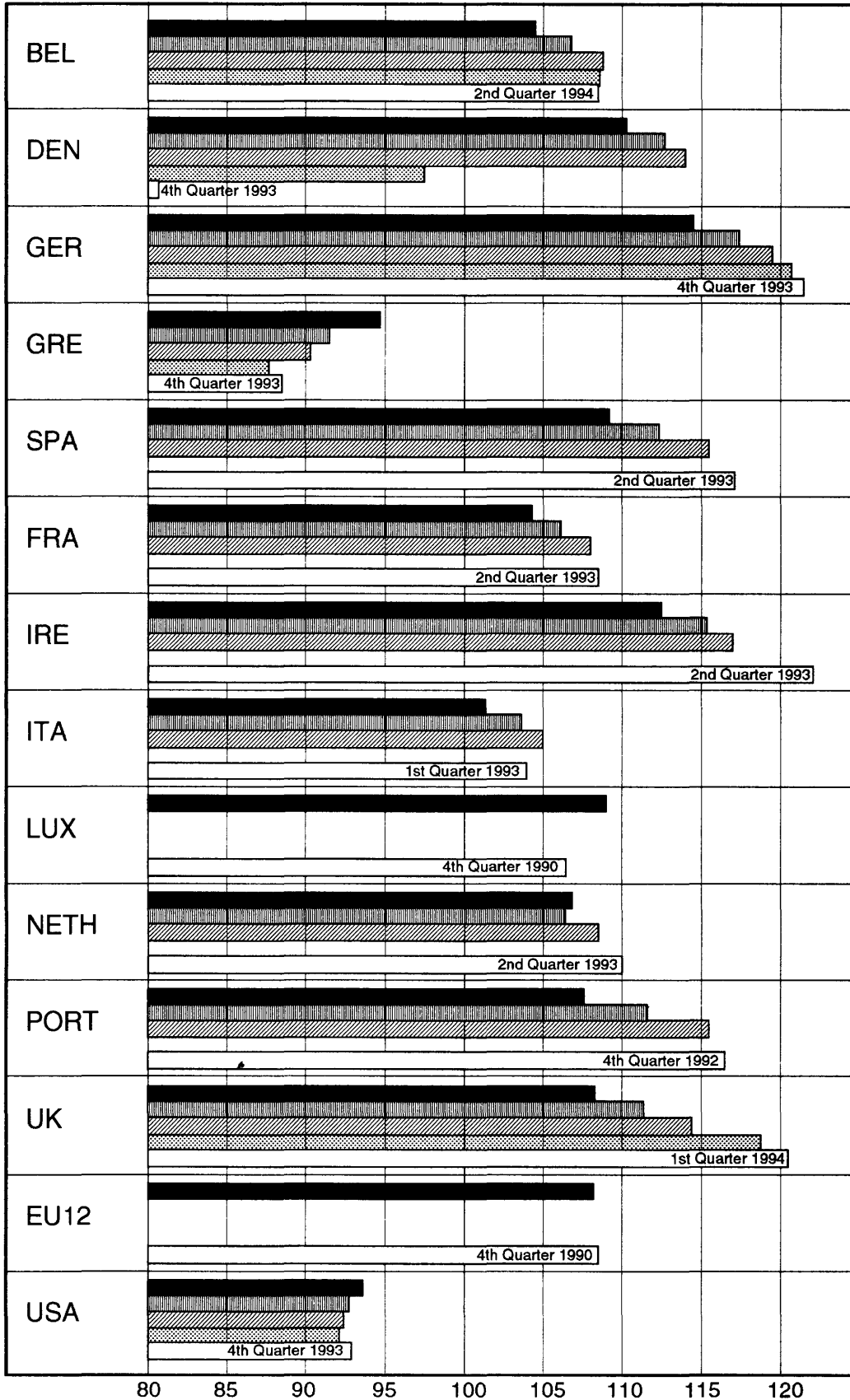
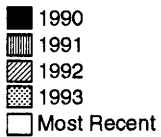
The booklet also looks at one particular aspect of part-time working, that is the movement between part-time and full-time working. Part-time working is becoming an increasingly important factor in the European labour market, especially amongst women workers. In this context, this booklet provides a comprehensive review of many of the problems and challenges facing women workers.

Part-Time Work In The European union : The  
Gender Dimension. European Foundation For  
The Improvement Of living and Working  
Conditions.  
Information Booklet No. 23 (ECU 10)

**STATISTICS**

# HOURLY WAGES IN INDUSTRY

## In Real Terms (1985=100)



Source: Eurostat. Eurostatistics : Data For Short-Term economic Analysis No 10 1995

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