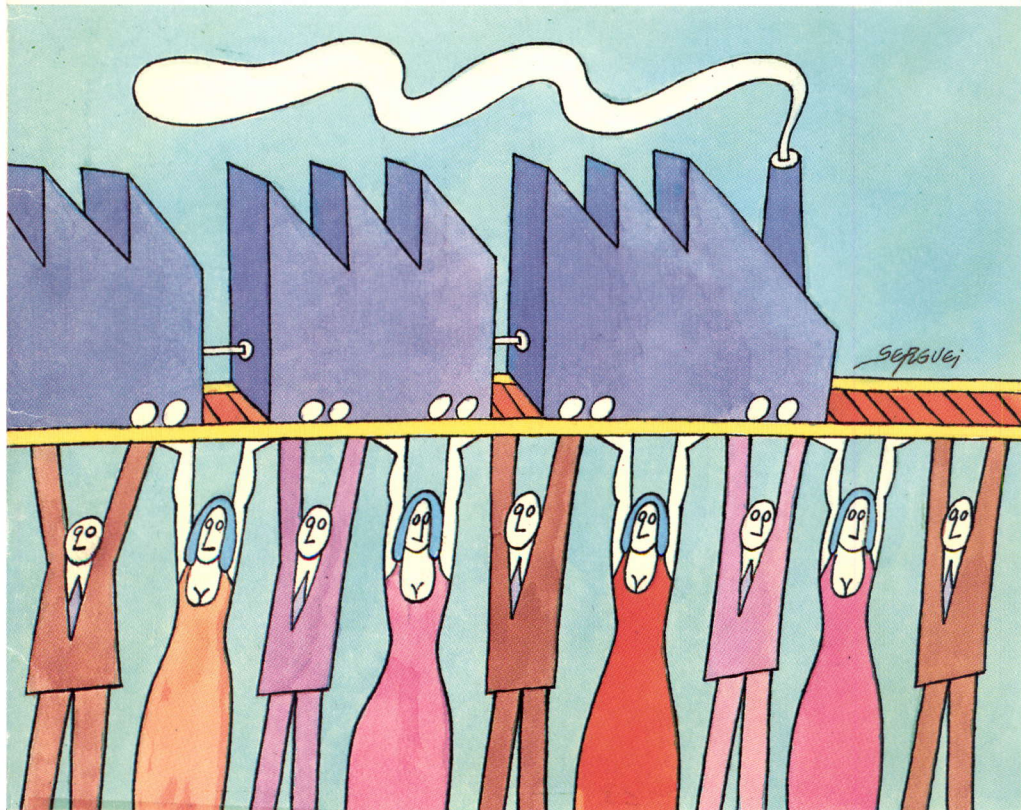


CREATING JOBS



Europe
on the move



EC

Fighting unemployment is the major economic and social challenge facing the European Union (EU). After several years of recession, the Union is now experiencing an economic recovery, but there are still some 18 million people (or around 11% of the work-force) unemployed in the 15 member countries. This compares to some 6% in the USA and 3% in Japan. For people under 25, the situation is even grimmer. One in five does not have a job. The Union is aiming to cut unemployment by half by the year 2000. This means creating 15 million new jobs, of which five million will merely prevent unemployment from rising as more people come onto the labour market. Economic growth, while undoubtedly welcome, cannot tackle the challenge on its own due to annual productivity increases and factors like the increasing participation of women in work. An annual growth rate of 2.5% is needed just to keep numbers out of work static. Consistent yearly growth of 3% would only reduce unemployment levels to 8% by the year 2000. The increasing pace of technological advance and constant international competition mean a complex range of policies is needed to give Europe's citizens the best opportunities to find work as the 21st century approaches. The Union can assist Member States in defining these new objectives and in stimulating debate, but it is Member States, who are primarily responsible for the policies involved and the various means of achieving them. The challenge includes nurturing the climate and conditions for job creation and preparing people for changes in their working lives.

A great deal of the analysis and foundation for combined action by the European Union and Member States has been developed in the European Commission's White Paper on growth, competitiveness and employment. On this basis, EU governments developed their strategy in 1993 to fight unemployment. This has subsequently been developed and refined.

CREATING THE RIGHT ECONOMIC CLIMATE

The EU's commitment to a single currency by 1999 is considered one of the main guarantees of constructing a healthy economic environment. The discipline which the various convergence criteria place on Member States to achieve economic and monetary union emphasizes the need for stability-oriented monetary and budgetary policies which are seen as key factors in tackling unemployment. Reducing public deficits helps to bring down interest rates, boost investment and stimulate growth.

At the end of 1994, each government agreed for the first time to prepare multi-annual programmes on its overall employment policies. Their implementation and general effectiveness will be the subject of an annual report by the European Commission.

The Union is now committed to achieving greater integration between issues like competitiveness and education and training in promoting employment. The European Commission is also encouraging all those concerned to consider ways of restructuring taxation and social security systems, while in principle maintaining Europe's unique social model.

To create the best possible economic climate, the EU is focusing its efforts in the following key areas.

Inflation and financial instability are the enemies of economic growth and job-creation. Economic and monetary union will give Europe the chance to make a fresh start.





A more efficient internal market expands business opportunities and lowers costs.

Consolidating the single market

A genuine single market is fundamental to a dynamic economy and thus to job creation. Over 90% of the legislation abolishing internal EU barriers is now in place, enabling business to operate more easily across national frontiers — an opportunity helping to maintain or even expand the workforce. With the basic ground rules agreed, emphasis now is on their effective and uniform application.

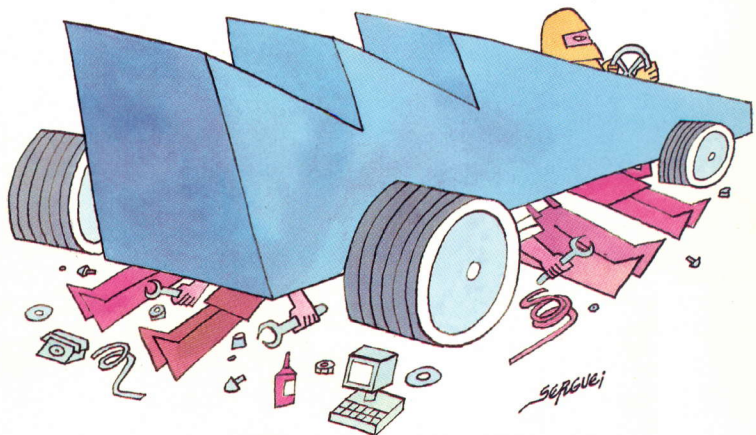
Efforts are being made to put the last building blocks in place, especially by completing tax harmonization and by adopting the European company statute, which it is estimated, would provide operating savings of ECU 30 billion* annually to companies which now have to operate under many different national laws.

Encouraging small and medium-sized enterprises (SMEs)

The Union's 17 million SMEs (firms with less than 250 employees) provide over 70% of its employment, account for 50% of investment, and represent 60% of its wealth.

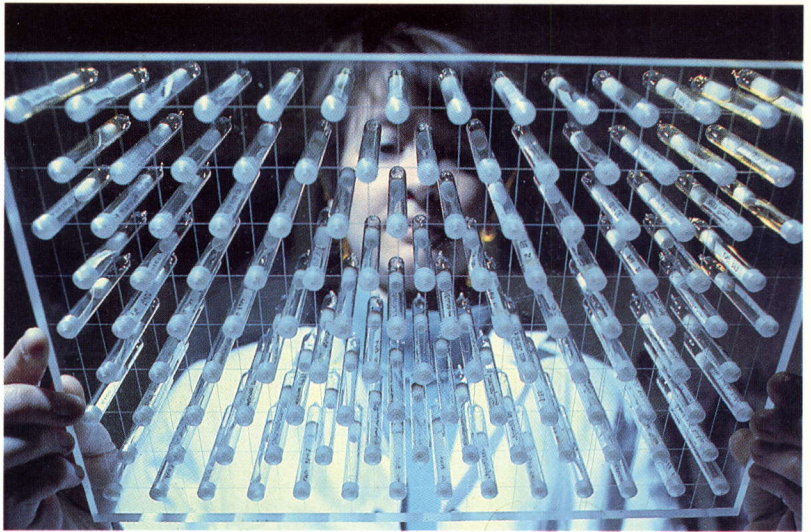
The Union has a number of specific measures to encourage SMEs. Between 1994 and 1999, ECU 1 billion will be used to help develop small businesses largely based in the Union's less well-off areas. Policies are being pursued to make it easier to start up small businesses by reducing administrative burdens and improving their access to finance.

[] ECU 1 = about UKL 0.836, IRL 0.817 or USD 1.320 at exchange rates current on 31.10.1995.*



R&D is the cradle of innovation. New technology means new products, new markets and new jobs.

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Boosting research and development

If Europe is to remain in the front rank of an increasingly competitive world, it must invest heavily in the research and development that make technological advances possible. The Union is playing its part in encouraging cross-border cooperation between public authorities, businesses and research laboratories in different Member States. Its 1994-98 R&D budget of ECU 12.3 billion concentrates on information technology, telematics, biotechnology, and the environment. The finance invested creates new job opportunities as inventions are marketed and put into general use.

To help European industry meet future demand, in 1995, the Commission launched research into seven priority industrial and social themes, for instance, the development of vaccines against infectious diseases.

Creating trans-European transport and energy networks (TENs)

Completion of the internal market must be supported by stronger pan-European infrastructure in telecommunications, transport and energy to provide the framework in which business will be able to reduce costs and operate more efficiently.

To achieve this the Union has selected 14 priority transport schemes. Their total cost will be ECU 91 billion by the year 2000. Most of this will come from the private sector, but European grants and loans are also available. The pro-

Transport, energy and telecommunications: trans-European networks can help boost firms' competitiveness and promote employment too.

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jects range from high-speed trains to motorways and airports. In the same vein, 10 priority energy programmes, expected to cost ECU 5 billion, have been selected, and various telecommunication and environmental networks are being studied.

Preparing for the information society

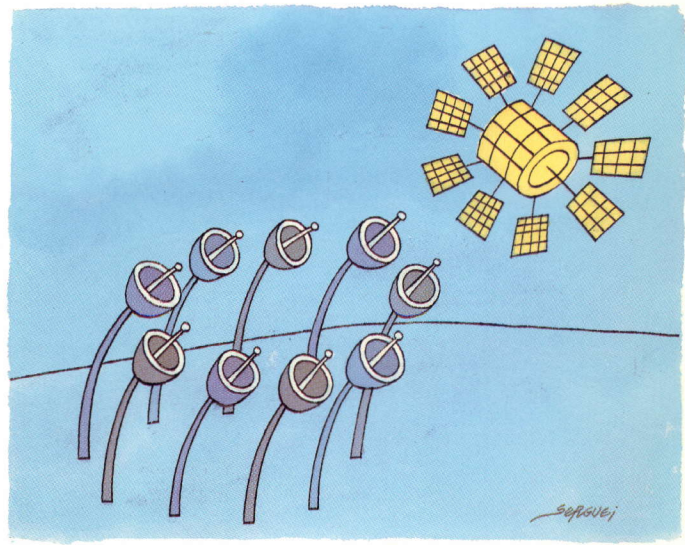
Never before has technological change moved so fast and nowhere is this truer than in the so-called information society. Its superhighways are changing the whole way information is disseminated and work organized. Some fear the new technology may mean job losses. Others are concerned it could compound geographical and social inequalities. While accepting the private sector's priority role, the European Commission believes the wide-ranging changes should be carefully managed and not left entirely to market forces. It has established a forum for channelling the views of groups like trades unions, academics and users into the ongoing debate.

Both Member States and the Union are supporting pilot projects that demonstrate how these innovative techniques can be used. Ways are also being explored of applying the information society widely in schools and colleges so that tomorrow's work-force is familiar with the new techniques.

PROMOTING EMPLOYMENT-ENCOURAGEMENT MEASURES

Most measures aiming to support employment creation lie in national hands, but the European Union makes an important contribution. It helps coordinate policies so that practices in one country are not contradicted by those elsewhere. It can ensure that information about successful programmes in one Member State is available to other EU partners so that a policy of best practice is followed.

It is for this reason that in 1994, EU governments agreed for the first time to submit to the European Commission, analysis details of their employment programmes. This more integrated approach builds on the various measures already in place: the Com-

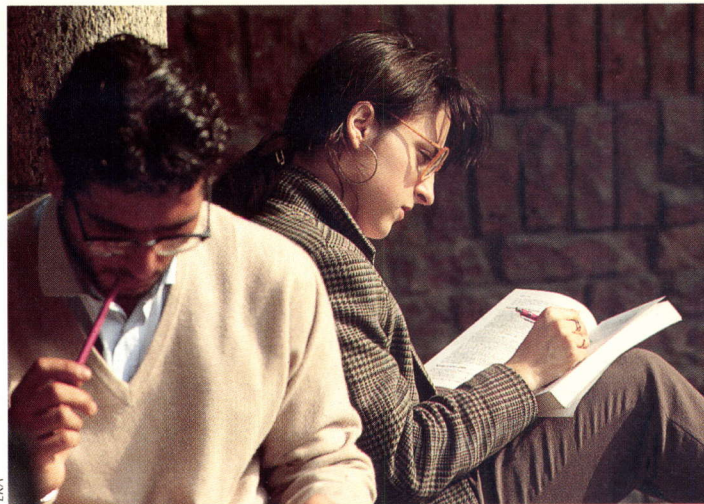


mission's employment observatory, its employment documentation centre and its local employment development initiatives. Studies are underway into the impact which specific policies like taxation, social security, the environment and the information society have on employment.

To support a climate where jobs are created and people are trained to fill them, the Union is active in a number of areas.

Promoting investment in vocational training and education

The Union's ability to face up to its international competitors depends in large part on investing in, and developing, its main resource: people; their knowledge, skills and creativity. In today's world, it is not sufficient to leave school or college with qualifications.



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It is estimated that 80% of present technology will be obsolete by the end of the century. People need access to continuous education — a theme underlined by the 1996 Year of Life-long Education and Training.

Europe's people are its greatest asset. The Union's education and training programmes help its citizens to acquire new skills.

EU educational and vocational programmes

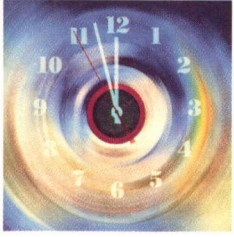
Socrates: The Union is making ECU 850 million available between 1995 and 1999 to encourage student and pupil exchanges between colleges and schools in different Member States. It will also encourage the use of information technology and help the education of migrant workers and the children of itinerant families.

Leonardo: With a budget up to the year of 1999 of ECU 620 million, the programme aims to give young people the chance to receive one, or if possible, two more years of initial vocational training after leaving school. It is also open to adults without suitable qualifications.

ADAPT: The programme, with a five-year budget of ECU 1.4 billion, is intended to improve the adaptability of the labour force

by anticipating the new skills and qualifications needed for industrial change. Nearly 600 000 people are expected to benefit from the initiative targeted at employees who are temporarily unemployed, risk unemployment or have been given notice because of imminent restructuring. The programme aims to create new jobs as well as to safeguard existing ones.

Employment: The EU is providing ECU 300 million over five years to improve the chances of three specific groups — women, young people with no qualifications, and the socially excluded — to find jobs. The transnational projects are largely targeted at policy-makers so that successful ideas and examples of good practice can spread throughout the Union.



More flexibility in organizing work should increase overall employment.

At the same time, the Union and its Member States bear a heavy responsibility to those who enter the job market with no skills at all. Some 15 million people between the ages of 15 and 25 have no further educational or training qualifications.

Increasing employment intensity of economic growth

The Union is experiencing flexibility in labour arrangements with a growth in part-time work, a shorter standard working week, early retirement, and career breaks. These have helped to increase or maintain the total number of people in work and at the same time offered new opportunities to people who would like to spend more time with their families or pursue other

activities. Thought is being given to extending this flexibility and to reducing obstacles that remain in the way of part-time workers, for example.

The EU, together with Member States is involved in a process of continuous reconsideration of regulations and administrative requirements that weigh heavily on business. The annual cost of administrative burdens for enterprises in the Union is estimated at between ECU 180 and 230 billion, equivalent to 3 to 4% of EU gross domestic product (GDP).

Creating jobs in new areas

There is an increasing potential for jobs in new areas, particularly in the service sector. Some areas, in leisure and recreational activities, for instance reflect rising income levels. Others, like care for the elderly and recycling of waste, stem from social and environmental concerns.

Administrative simplification

The European Commission is contributing to efforts to simplify European and national legislation. It has already withdrawn some proposals, changed others and proposed simplifying or even repealing existing legislation now considered overtaken by events. It should not be forgotten that the EU proposes less — and less complicated — legislation than national authorities. In 1994, the Commission put forward 13 proposals on technical product standards. They covered 200 pages. In the same area, there were 442 national proposals totalling 20 000 pages.

The campaign to encourage innovation and cut red tape has been reinforced by the work of two high-powered teams established by the Union in 1994: one under the Italian ex-Prime Minister Carlo Ciampi, the other under the former head of the German economic policy department, Dr Bernhard Molitor.

The Commission has identified 17 areas of local development and employment initiatives which offer new opportunities. They include home help, child care, cultural heritage, security, and local public transport services. Others have been inspired by existing national schemes that help small craft businesses or promote local environmental schemes.

It is the speed with which local development initiatives create work that is especially important. The Commission estimates that these can contribute between 140 000 and 400 000 jobs a year in the European Union. In France, 20 000 jobs were created during the first six months of 1995 in response to new measures for family employment. In Germany, 42 000 people are providing services for the elderly, while in the United Kingdom, child-care services meant 110 000 jobs in 1992, compared to 44 000 some 10 years earlier.

Reducing non-wage labour costs

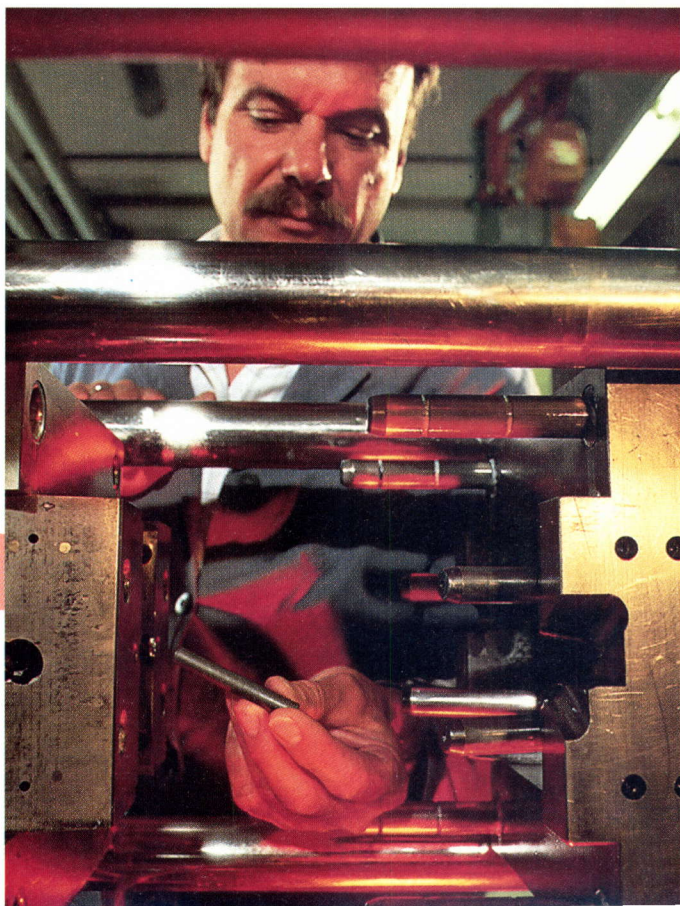
These, particularly tax and social security costs, can be a barrier to hiring people, especially the poorly qualified. During the 1980s, the tax burden on labour weighed more heavily compared with other factors of production.

The Commission is encouraging Member States to consider ways of reducing these costs. One idea is that with the economic upturn, instead of

increasing the working time of existing employees, social security payments could be reduced to encourage the hiring of new staff. The revenue lost to national exchequers could be replaced by the proceeds of other taxes, possibly linked to the use of scarce natural resources.

In today's world, a complex combination of factors determines the extent to which jobs are created. No country can find a magic formula on its own. The best way to meet the challenge is for the Union and its Members to work together towards the same goal.

Reducing non-wage labour costs is another avenue being explored in the quest to create more jobs.





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