



European Economic and Social Committee

SOC/142
Employment policy guidelines

Brussels, 14 May 2003

OPINION
of the
European Economic and Social Committee
on the
**Proposal for a Council Decision on guidelines for the Employment Policies
of the Member States**

(COM(2003) 176 final - 2003/0068 (CNS))

On 22 April 2003, the Council decided to consult the European Economic and Social Committee, under Article 262 of the Treaty establishing the European Community, on the

Proposal for a Council Decision on guidelines for the employment policies of the Member States

(COM(2003) 176 final – 2003/0068).

The European Economic and Social Committee decided to appoint **Mr Christóforos Koryfidis** as rapporteur-general for its opinion.

At its 399th plenary session (meeting of 14 May 2003), the European Economic and Social Committee adopted the following opinion by 87 votes to four with 23 abstentions.

1. Introduction

1.1 On 8 April 2003, the European Commission approved its proposals for the broad economic policy guidelines and its employment policy guidelines and recommendations simultaneously for the first time.

1.2 This EESC opinion follows on from its opinion on the European Employment Strategy (EES), which was adopted by the plenary assembly in March¹.

1.3 Meanwhile, the EESC has also drafted an opinion on the related broad economic policy guidelines for 2003.

2. The Commission proposal

2.1 In the Explanatory Memorandum to its proposal, the Commission specifies the reasons that led to a fundamental reassessment of the guidelines, defines the new framework for their development and sets out the priorities.

2.1.1 The reasons given for the review of the guidelines include the current challenges facing Europe, and more specifically *"the acceleration of economic, social and demographic change, globalisation and the demands of a modern economy, and the forthcoming EU enlargement"*, as well as the need *"to better deliver the Lisbon strategy"*.

2.1.2 The framework for the development of the guidelines is defined and conditioned in the Commission proposal by:

¹ CESE 405/2003

- the demand for more stable guidelines orientated towards results and intermediate, medium term goals, in the context of the core objectives and the 10-year timetable decided on in Lisbon;
- the results of a far-reaching evaluation of the first five years of the employment strategy;
- the conclusions of the debate and consultations held to date with all the EU institutions and other major stakeholders, including civil society;
- enlargement;
- the contributions of the European Parliament².

2.1.3 The 10 key priorities for action, proposed by the Commission, are aimed at rising to current and future challenges and at supporting the three overarching objectives of full employment, quality and productivity at work and social cohesion and inclusion.

2.2 The Commission proposes EU and national quantitative goals, on the basis of which to measure progress. Some of the proposed objectives were set by the Council itself or were included among the previous guidelines, others are new.

2.3 Lastly, the Commission presents the guidelines in three parts³, stressing the responsibility of the Member States for applying employment policy, so as to:

- uphold the objectives and priorities;
- mark progress on achieving the specific quantitative goals;
- secure good governance of employment policies, inter alia by shaping effective cooperation between the major stakeholders, and
- ensure the employment guidelines work cohesively with the broad economic policy guidelines, which must be applied in full.

3. General comments

3.1 The EESC supports the Commission's reasoning in the Explanatory Memorandum to the proposal in question. More specifically, the EESC's own views are reflected in the references to:

- the medium-term strategy to address the new labour market challenges;
- support for the Lisbon objectives;
- better management, partnership and delivery (governance) of the related policies;
- the consistency and complementarity that must govern the relationship between the employment guidelines and the broad economic policy guidelines.

² These are contained in the resolutions of 25.9.2002 and 5.12.2002, and the resolution of February 2003 on the preparation for the Spring European summit.

³ These three parts address respectively a) the three over-arching objectives for the strategy, b) the 10 key priorities for structural reform, and c) the need to improve the delivery and governance of the process. All three elements of the guidelines deserve to be reflected in National Employment Plans and monitored at EU level.

3.1.1 The EESC would underline the consistency that must govern the relationship between the employment guidelines and the broad economic policy guidelines. It views this relationship as being reciprocal and equally weighted, serving the overarching objectives of the Lisbon strategy, as clearly set out.

3.1.1.1 In the above context, the EESC would stress the need for the Member States to view the package of proposals for economic and employment policy as a single binding framework for pursuing the Lisbon objectives.

3.1.1.2 Furthermore, the EESC believes that the synchronisation of the guidelines and their three-year time frame are important for the future of the European Employment Strategy (EES) and its effectiveness, in the framework of the Lisbon Strategy and the new situation created by the enlargement of the Union to 25 members.

3.1.1.3 Nevertheless, the EESC would also refer to its assessment⁴ that:

- the Lisbon strategy is in trouble;
- without strong and sustainable economic growth it will be difficult to achieve the other objectives agreed on in Lisbon;
- the economic situation has worsened in the last two years;
- current international tensions are not favourable to an economic upturn.

3.1.1.4 The above factors make implementation of the guidelines difficult. For this reason, the Member States and the EU must use all the ways and means at their disposal, including the Structural Funds, to shore up these efforts.

3.1.1.5 The new employment guidelines are a major challenge for the new Member States of the Union too. In addition to all the other problems, it will be the first time the guidelines policy has been formally applied in these countries. This means that the Commission has a particular responsibility to support the efforts of the new Member States to meet the probable expectations of the Union.

3.2 In its opinion on the new European Employment Strategy, the EESC states that the *"new EES, which includes concrete intermediate targets, may help to achieve the Lisbon objectives inasmuch as it will be accompanied by firm and integrated guidelines. The effectiveness of these will be monitored systematically"*⁵.

3.2.1 In the context of the above position and its general agreement with the three overarching objectives of the Lisbon strategy for employment⁶, the EESC also agrees with the

4 See Resolution CESE 317/2003

5 CESE 405/2003 (point 4.1)

6 Full employment, quality and productivity at work, social cohesion and inclusion

approach, content and individual objectives listed by the Commission in the first chapter (the key priorities) of its proposal.

3.2.1.1 More specifically, the EESC agrees:

- with the Commission's instruction to the Member States to "set corresponding national targets consistent with the outcome expected at EU level";
- with the Commission's analysis of the transition to a knowledge-based economy, with a view to improving quality and productivity at work;
- with the strengthening of social cohesion and integration, by means of employment policies intended to "contribute notably to achieving a substantial reduction by 2010 in the proportion of working poor in all Member States". The EESC also stresses the need for the guidelines to be tied to quantitative targets, not only at national level, but also at regional and local levels. Also, more emphasis should be placed on implementation, results and evaluation (for every specific action), and the guidelines should be complemented by recommendations in every case.

3.3 The EESC notes that immigration is not treated as a specific and separate priority, but is mentioned in the context of other priorities. It nevertheless continues to stress the need for the EU to develop a single immigration policy, in order to manage immigration flows, not least from the point of view of employment policies.

4. Specific comments

4.1 In relation to the "**priorities for action**", the EESC identifies and proposes the following:

4.1.1 Priority No.1

Active and preventive measures for the unemployed and inactive

4.1.1.1 *In its last opinion on the new EES, the EESC stated that: "There should be a guideline devoted to enhancing preventive and active measures for the long-term unemployed, the inactive, the disabled, women, young people and ethnic minorities with the aim of removing the obstacles preventing them from entering and staying in the labour market and in viable jobs. In that connection, particular importance is also attached to identifying jobseekers' requirements at an early stage and the appropriate provision of support and reintegration schemes".⁷*

4.1.1.2 On the basis of its above position, the EESC wonders whether it would not be preferable for all measures aimed at removing barriers to access to the labour market – including discrimination against workers from third countries and regional disparities – to be placed within one

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CESE 405/2003 (point 4.4.1)

guideline, possibly at national level, with the involvement of the social partners, organised civil society in general and the local and regional authorities.

4.1.1.2.1 The Committee would note that a single guideline for removing barriers to the labour market shifts the perspective from which employment is approached so as to provide a clearer and more realistic overall picture of the prospects. In this way, the whole thrust of the policy becomes preventive, concerning everyone and taking on a social dynamic over time, with all that implies for the medium and long-term handling of the problem.

4.1.2 Priority No. 2

Foster entrepreneurship and promote job creation

4.1.2.1 The EESC agrees, in the context of its own positions on the subject⁸, with the Commission proposals, and would point out in particular the need, within education, to cultivate entrepreneurship and a business environment that is compatible with traditional European social standards in a systematic and integrated manner.

4.1.2.1.1 On the subject of entrepreneurship in particular, the EESC would point out that:

- it is entrepreneurial activity, including that of people who aim to provide social assistance and/or services of general interest, which really creates jobs;
- small enterprises are usually labour-intensive, creating more jobs than large enterprises, which tend to be more capital-intensive;
- an increase in the number of small and medium-sized enterprises in the EU on its own is not an adequate indicator of policy success;
- it is necessary to ensure that there is an increase in the number of small businesses and that people are not being forced to opt for independent entrepreneurial activity because the traditional labour market does not provide any opportunity or prospect of paid employment⁹;
- businesses in the traditional sectors still contribute to job creation and should therefore be included in European and national policies in support of enterprises;
- there is a need to improve quality in the creation of enterprises by providing appropriate training and support services for prospective entrepreneurs.

⁸ *"Another guideline should be devoted to the creation of favourable conditions for developing businesses and reinforcing entrepreneurship, especially for small and medium-sized enterprises, as well as partnerships (cooperatives, associations, mutual societies), the prime objective of which would be to create more high-quality and durable jobs."*(CESE 405/2003, point 4.4.3)

⁹ CESE 943/99 (appendix) OJ C 368 of 20.12.99

4.1.3 Priority No. 3

Address change and promote adaptability in work

4.1.3.1 In the context of its relevant recommendations¹⁰, the EESC agrees with the Commission proposals. It would nevertheless stress the role of the social partners in developing this priority. They must be allowed to participate dynamically and actively at all levels (European, national and local), from the policy design stage to implementation and evaluation.

4.1.3.2 To achieve this, the proposal that the social partners should cooperate on a tripartite basis in relation to growth and employment should be implemented immediately, and the subsequent European Commission proposal on holding a tripartite social summit before each spring European Council meeting should be formalised.

4.1.4 Priority No. 4

More and better investment in human capital and strategies for lifelong learning

4.1.4.1 The EESC attaches particular importance to the question of investment in human capital. *"It considers lifelong learning to be a guideline of prime importance and strongly emphasises the need to substantially increase the relevant investment using public and private resources. At the same time, it highlights the need to find and develop a more flexible and productive way of using the funds available, emphasising the role and contribution of the Structural Funds and particularly of the European Social Fund for this purpose"*¹¹.

4.1.4.2 As the EESC attributes particular importance to the institution of lifelong learning, it believes that the aim of increasing the participation rate of adults in education and training by 2010 to 15%, as an EU average, and at least 10% in each Member State does not correspond to the level needed to meet the major demands of the knowledge-based society¹².

4.1.5 Priority No.5

Increase labour supply and promote active aging

4.1.5.1 The EESC would also *"stress the need to marry active ageing policies with consideration for difficult work situations and the current state of the economy, which is leading to company restructuring on a major scale, all too often resulting in redundancy for older workers. Ambitious social programmes must ensure that redundancies are accompanied by back-to-work or retraining measures while also leaving open current opportunities for early retirement"*¹³.

¹⁰ CESE 405/2003 (points 3.4.1, 3.5, 3.5.1, 3.5.2, 4.6 and 5.7)

¹¹ CESE 405/2003 (point 4.3)

¹² CESE 405/2003 (point 5.3)

¹³ CESE 405/2003 (point 3.5)

4.1.5.2 Education and above all lifelong learning can operate as catalysts for using the human resources that are familiar with the knowledge-based society among women, older workers and disadvantaged people.

4.1.6 **Priority No. 6**

Gender equality

4.1.6.1 The EESC agrees with the Commission's proposals, while pointing out that the problem of gender equality with regard to employment is one of removing the barriers blocking access to the labour market and at the same time a wage policy issue.

4.1.6.2 More specifically, the EESC agrees with the efforts to connect work and family life by providing services for children and other dependants. Provided this is accompanied by measures to remove barriers to access to the labour market and to reduce the gender pay gap, this move should make a decisive contribution to achieving the 2010 objectives¹⁴.

4.1.7 **Priority No.7**

Promote the integration of and combat the discrimination against people at a disadvantage in the labour market

4.1.7.1 Once more, the EESC agrees with the Commission's specific proposals, while pointing out again however that it would prefer there to be a single guideline for removing the barriers to access to the labour market, as proposed above at point 4.1.1.2. It thinks that fixing quantitative targets for disadvantaged people is a very good idea. These targets may be of decisive importance in the comparative evaluation process that must follow.

4.1.7.2 The term "at a disadvantage", however, covers many groups of people facing various employment situations. A more precise approach is needed to terms and concepts relating to particular people with special needs and their employment. Many of these people and possibly some other categories of people are not even applying for jobs. This of course must not mean they are excluded from obtaining further education or professional experience under the employment action plans.

4.1.7.3 The EESC would propose that quantitative targets be set for these disadvantaged people, who owing to their situation are considered to be inactive.

¹⁴ The 2010 objectives are: elimination of gender gaps in unemployment and a halving of the gender pay gap.

4.1.8 **Priority No. 8**

Make work pay through incentives to promote work attractiveness

4.1.8.1 The EESC agrees with the Commission's proposal on this matter, while highlighting the qualitative aspect of jobs as a factor in keeping people in active employment. In the above context, it is important that the national action plans for employment also be designed to take account of this dimension.

4.1.9 **Priority No. 9**

Transform undeclared work into regular employment

4.1.9.1 The EESC's position in its opinion on the new EES is clear and consistent with that of the Commission¹⁵. More specifically, the EESC agrees with the plan to create a system that will reveal the full extent of the problem, and make it possible to monitor progress made towards solving it, based on improved statistical data.

4.1.10 **Priority No. 10**

Promote occupational and geographical mobility and improve job matching

4.1.10.1 The EESC recognises the importance of mobility in the EU in the area of employment, and supports all the Commission's proposals in this respect. It would however highlight in particular the importance of the proposed measure for jobseekers to be able to consult all job vacancies advertised through Member State employment services by 2005.

4.2 In relation to "**better governance, partnership and delivery**", the EESC would make the following points:

4.2.1 The EESC recognises the need to improve the governance and application of the EES within the national employment action plans, and agrees with the Commission's proposal that "*with due respect to national traditions and practices, close involvement of relevant parliamentary bodies in the implementation of the guidelines should be ensured*". It nevertheless reiterates and recommends to the Member States that the national parliaments should play a strong role in the national action plans. In this connection it refers to its proposal that the national action plans should be "discussed and approved by national parliaments in the context of annual national employment policy budgets" in line with national practice¹⁶.

¹⁵ CESE 405/2003 (point 4.4.2)

¹⁶ CESE 405/2003 (point 3.7.2)

4.2.2 The EESC agrees that "all main stakeholders, including civil society, should play their full part of [sic] the European Employment Strategy". It also agrees with the Commission's view that "participation of regional and local actors in the development and implementation the Guidelines should be supported notably through local partnerships, the dissemination of information and consultation".

4.2.2.1 By the same token, and in accordance with its previous opinion, the EESC would insist on the need for the Member States to tie the guidelines to quantitative targets, not only at national, but also at regional and local levels. In the above context, the Member States are called upon to pay greater attention to the implementation, results and evaluation of each specific action they take, which in all cases must be accompanied by recommendations.

4.2.3 Statistics are a basic precondition for the effective development of an integrated guideline policy. The EESC would reiterate the importance of statistics and calls on the Commission to make a concerted effort to do all it can to promote the prompt provision of reliable statistics, based on comparable and reliable indicators for all the Member States.

4.2.4 For the guidelines to be effective, there must be cooperation and synergy between administrations and the social partners, and civil society at regional and local level with regard to implementation. In this context, the role of the social partners and organised civil society more generally at local and regional level needs strengthening, both at the stage of framing policies and deciding on objectives, and in implementing and evaluating each specific action.

Brussels, 14 May 2003.

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of the
European Economic and Social Committee

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of the
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