

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(94) 333 final

Brussels, 27.07.1994

**EUROPEAN SOCIAL POLICY -
A WAY FORWARD FOR THE UNION**

A WHITE PAPER

CONTENTS

PREFACE

INTRODUCTION: PRESERVING AND DEVELOPING THE EUROPEAN SOCIAL MODEL

- I – JOBS - THE TOP PRIORITY
- II – INVESTING IN A WORLD CLASS LABOUR FORCE
- III – ENCOURAGING HIGH LABOUR STANDARDS AS PART OF A COMPETITIVE EUROPE
- IV – BUILDING A EUROPEAN LABOUR MARKET
- V – EQUALITY OF OPPORTUNITY BETWEEN WOMEN AND MEN
- VI – SOCIAL POLICY AND SOCIAL PROTECTION - AN ACTIVE SOCIETY FOR ALL
- VII – ACTION IN THE FIELD OF PUBLIC HEALTH
- VIII – TRADE UNIONS, EMPLOYERS' ORGANISATIONS AND VOLUNTARY ORGANISATIONS AS PARTNERS IN THE PROCESS OF CHANGE
- IX – INTERNATIONAL COOPERATION - THE ROLE OF EUROPEAN SOCIAL POLICY
- X – TOWARDS A MORE EFFECTIVE APPLICATION OF EUROPEAN LAW

NEXT STEPS

PREFACE

In common with the rest of the industrialised world, Europe is living through a period of profound change.

The globalisation of trade and production, the huge impact of new technologies on work, society and individuals, the ageing of the population and the persistent high level of unemployment are all combining to put unprecedented strains on the economic and social fabric of all the Member States.

These were the challenges addressed in the Green Paper on Social Policy.

Europe needs a blueprint for the management of change. The White Paper on Growth, Competitiveness and Employment set out the important elements of how to combine the macro-economic policies needed for sustained growth with increased competitiveness and the search for more job creation with a high employment intensity of that growth.

Many of the challenges are for individual Member States to face, but the Union can and must play its role.

Social policy at European level has a vital part to play in underpinning the process of change. The Union cannot do everything and certainly should not seek to supplant the responsibilities at national, regional and local level.

This White Paper seeks to set out the main lines of action at Union level for the coming years.

It is based around the principle that Europe needs a broadly based, innovative and forward looking social policy if it is successfully to meet the challenges ahead.

Jobs must continue to come top of the agenda, and the proposals on employment and training in this White Paper are an integral part of the process initiated by the White Paper on Growth, Competitiveness and Employment.

But social policy goes beyond employment. It affects people when they are at work but also when they are not - their family life, their health and their old age. It is clear that the profound changes currently affecting our societies means that the complex interaction of policies that make up social policy will need to develop in new ways in the future.

This White Paper sets out a framework for Union action in the face of these challenges. It aims to consolidate and build on the achievements of the past - particularly as concerns labour law, health and safety, free movement and equal treatment between men and women. And it aims to create a new dynamic by putting forward new proposals in these and other areas, such as social protection, equal opportunities for all and public health.

In doing so, it also seeks to stimulate a new cooperative partnership between Member States, social partners, voluntary and civic organisations, European citizens and international bodies in the process of change.

The objective in the coming period must be to preserve and develop the European social model as we move towards the 21st century, to give to the people of Europe the unique blend of economic well-being, social cohesiveness and high overall quality of life which was achieved in the post-war period.

INTRODUCTION - PRESERVING AND DEVELOPING THE EUROPEAN SOCIAL MODEL

A - SHARED VALUES

1. The Commission's Green Paper on European social policy¹ started by asking the question: "what sort of a society do the Europeans want?" The debate which the Green Paper stimulated has involved the Union institutions, Member States, employers, trade unions and a whole range of other civic institutions, not to mention some individuals who volunteered their views. This White Paper is the result of that consultative procedure. While it cannot pretend to give satisfaction to all points of view, it is an attempt to answer that question by responding to the social goals that the European Union has been given by its Members, of which Article 2 of the Treaty on European Union is the clearest expression:

to promote throughout the Community a harmonious and balanced development of economic activities, sustainable and non-inflationary growth respecting the environment, a high degree of convergence of economic performance, a high level of employment and of social protection, the raising of the standard of living and quality of life, and economic and social cohesion and solidarity among Member States.

2. A society that could provide all these benefits to everyone would be a worthy one. Europe has not yet been able to do that, but it can fairly be claimed that nowhere else in the world has so much progress been made towards such goals. It is also fair to claim that the human face of the Union is more deeply embedded in the life of the Union than credit is given for.

3. The contributions to the Green Paper

confirm that there are a number of shared values which form the basis of the European social model. These include democracy and individual rights, free collective bargaining, the market economy, equality of opportunity for all and social welfare and solidarity. These values - which were encapsulated by the Community Charter of the Fundamental Social Rights of Workers - are held together by the conviction that economic and social progress must go hand in hand. Competitiveness and solidarity have both to be taken into account in building a successful Europe for the future.

4. All Member States have reaffirmed their commitment to the social dimension as an indispensable element of building an ever closer Union, just as a well developed social system is both necessary and desirable in each individual Member State. European social policy must serve the interests of the Union as a whole and of all its people, both those in employment and those who are not. There is widespread agreement that these shared values have to be preserved, even if quite radical changes are required in the way in which they are applied in practice.

5. This is essential because the efficiency of our societies as a whole conditions how competitive they may be and the growth they can deliver. If economic growth is to increase human well-being, it must also take into account social and environmental concerns. Equally, the pursuit of high social standards should not be seen only as a cost but also as a key element in the competitive formula. It is for these essential reasons that the Union's social policy cannot be second string to economic development or to the functioning of the internal market. Growth in the numbers of the poor and of the

unemployed, the possible emergence of an underclass, increasing pressures on social services (eg. unemployment and health services) and increasing criminality all drain the resources available. The financing of social security now poses major challenges for all Member States. In the Union, increased confidence can come only from a reconciliation between economic growth policies and their translation into higher social development with upgraded living standards for all. Knowing that this may give the Union its competitive edge will also equip the Union to have a stronger external influence on the world stage.

6. This White Paper seeks to set out the Commission's approach to the next phase of social policy development (1995-9) during the final years of this century. It provides the opportunity, requested by several Member States, for the other Union institutions, the Member States and all other interested parties to discuss the proposals in the second half of 1994, before the incoming Commission issues its definitive work programme in this field in the course of 1995.

7. The technique of using a Green Paper to provide a structured opportunity for consultation on policy options prior to the elaboration of proposals represents one of many examples of the Commission's determination to ensure that the added-value of its actions is widely appreciated and its initiatives transparent to the public.

8. The Commission is encouraged by the fact that there was a wide ranging debate within Member States and beyond on the Green Paper. The European Parliament and the Economic and Social Committee examined the text and issued their opinions on it, and in all, more than 500 reactions have been received from a wide variety of sources. At the invitation of the Commission, the European Foundation

for the Improvement of Living and Working Conditions has prepared a synthesis of the different submissions. This synthesis - together with the responses received from the Member States and the Union Institutions - is published as an accompanying volume to this White Paper.

9. The Commission's White Paper on Growth, Competitiveness and Employment² and the European Council's conclusions about it (December 1993, Brussels) marked a turning point in the development of concerted Union action to tackle European employment problems as part of a broader economic strategy. It raised a number of fundamental questions which are central to the future development of social policy, notably that competitiveness is crucial for wealth and job creation and that labour market policies in particular need to be reoriented. The principles set out in the White Paper need to be borne in mind in the formulation of future Union social policy, as do the Union's macro-economic guidelines.

10. The White Paper and the Green Paper have therefore provided a valuable complementary focus in the debate about the need to create more jobs and at the same time preserve the basis of social protection which the people of Europe have come to prize. The two documents have been considered together in the drafting of this White Paper, in the light moreover of the conclusions of the European Councils adopted in Brussels in December 1993 and Corfu in June 1994, and this White Paper seeks to facilitate the implementation of the action plan agreed at the Brussels European Council, in the context of the future development of the Union's social policy.

11. The issuing of this White Paper 6 months prior to the forthcoming enlargement of the Union in 1995 is also designed to facilitate the entry of the new

members into the Union on the basis of a clear overall vision of the future. As the Green Paper made clear, the Union has already developed a substantial "acquis" of measures in the social field, stimulated in particular by the adoption in 1989 of the Community Charter of the Fundamental Social Rights of Workers and the Commission's subsequent social action programme. This paper is intended to set out how to build a dynamic link between the existing "acquis" and the agenda for the future.

B - GUIDING PRINCIPLES AND OBJECTIVES FOR THE FUTURE ROLE OF THE UNION

12. Social progress can be achieved only through a cooperative partnership between the European Union, the Member States, the social partners and European citizens. The key to this must be a positive and active conception of subsidiarity. This means that the Union shall take action only if, and in so far as, the objectives cannot be sufficiently achieved by or within the Member States themselves and can, therefore, by reason of the scale or effects of the proposed action, be better achieved by the Union. Activities should be selected on the basis of prior appraisal and should yield a Union added value while achieving maximum cost efficiency.

13. Achieving a Europe of opportunities for all requires change. While employment growth in the European Union has been weak as compared with the United States and Japan, levels of social solidarity have been higher. But such solidarity has been mainly passive. It is devoted to maintaining the incomes of large groups in society - by providing cash benefits through the redistribution of income, shouldered to a large extent by an ever declining active population - without preparing them or encouraging them sufficiently to contribute to economic activity.

14. The resources transfer now has to be gradually supplemented and substituted by a better distribution of opportunities. The two objectives are closely linked, but the accent has to be shifted to the second if the human and social costs of the structural changes are to be reduced, and a shift from a passive to a more active approach achieved. The accent has to be shifted from the objective of assistance to the objective of employment generation.

15. The principles and objectives which should inspire the action of the Union in achieving this are:

Social and economic integration: employment is the key

16. Unacceptably high levels of unemployment, poverty and social exclusion are in conflict with the Union's commonly agreed goals in relation to employment, social protection and equal opportunities. The financing of social policy systems across the Union depends on jobs. For the Union to reconcile high social standards with the capacity to compete in world markets, it is therefore necessary to give the highest priority to creating new jobs, enabling everyone to integrate into the economy and society.

Competitiveness and social progress: two sides of the same coin

17. Continuing social progress can be built only on economic prosperity, and therefore on the competitiveness of the European economy. The key to this is continuing productivity gains, which will enable the Union to reconcile high social standards with the capacity to compete in global markets. Europe needs to move towards an efficient, quality-based economy with a high rate of investment in new technologies. The key resource will be a well-educated and highly motivated and adaptable working population. While wealth creation is essential for social

progress, the social environment is also an essential factor in determining economic growth. Progress cannot be founded simply on the basis of the competitiveness of economies, but also on the efficiency of European society as a whole. In this context, account also needs to be taken of the linkages between environmental and social policies.

Convergence which respects diversity

18. All the comments on the Green Paper stress the need to respect the diversity of European societies. The future development of the Union needs to build on the richness of its diversity, which adds to the quality of life and to the vigour of socio-economic systems in the face of new and unforeseen challenges. This diversity means that total harmonisation of social policies is not an objective of the Union. However, the convergence of goals and policies over a period of time by fixing common objectives is vital, since it will permit the co-existence of different national systems and enable them to progress in harmony towards the fundamental objectives of the Union.

A level playing field of common minimum standards

19. Minimum standards are needed to preserve the cohesion of the Union, having regard to differing national systems and needs, and to the relative economic strengths of the different Member States. They should not over-stretch the economically weaker Member States, and they should not prevent the more developed Member States from implementing higher standards. The establishment of a framework of basic minimum standards, which the Commission started some years ago, provides a bulwark against using low social standards as an instrument of unfair economic competition and protection against reducing social standards to gain

competitiveness, and is also an expression of the political will to maintain the momentum of social progress. The continuing aim should be to develop and improve standards for all the Members of the Union.

C - THE INSTRUMENTS FOR ACTION

20. In seeking to put these principles and objectives into practice, the Union intervenes in a variety of different ways, which are often but not always interactive, and which must be deployed in a policy mix that constantly evolves to meet changing needs.

Legislation and Community-level collective agreements

21. The Treaties provide for a range of legislative powers to achieve common goals. These powers are exercised in accordance with the principles of subsidiarity and proportionality, which require an assessment of both the need for and the intensity of action at the Union level. This implies that the Union would propose the form of legislation most compatible with the aims to be achieved. It requires the Union to respect Member States' choices about how to achieve their goals, and equally the Member States to respect Union-wide objectives and standards.

22. Given the solid base of European social legislation that has already been achieved, the Commission considers that there is not a need for a wide ranging programme of new legislative proposals in the coming period. Legislation will be considered only when strictly necessary to achieve the objectives of the Union and when the issues addressed cannot be solved at Member State level. Proposals and adopted legislation should continue to seek to promote a framework in order to allow for the diverse national systems to determine detailed methods of

implementation, and will be preceded by an evaluation of the economic and social costs and benefits to all concerned. Proposals will also take account of the potential impact on the competitiveness of industry, with particular regard to the needs of SMEs.

23. The Agreement on Social Policy introduced by the Treaty on European Union provides a new basis for Union action, and the Commission intends to use both this and the other Treaty provisions to ensure a dynamic social dimension of the Union. The Commission's Communication on the application of the Agreement³ explained that the Commission intends to decide on a case by case basis, in the light of objective criteria, when it should make use of the Agreement. This Communication has now been examined in the other institutions of the Union, and the approach it proposes has been broadly welcomed by all concerned. The Commission has noted the strong desire of all Member States to proceed as 12 wherever possible and it hopes that Union social policy action will in the future once again be founded on a single legal framework. This is vital if the integrity of the law and the principle of equal opportunities for all in the Union are to be upheld. However, the desire to act as 12 cannot be used as an excuse for standing still.

24. Given the new possibilities which the Treaty on European Union opens up for collective agreements, it is also clear that a new balance needs to be struck between the legislator at Community level and collective agreements between the social partners, and between the European and national levels for such normative actions.

Financial support and incentives

25. The Union also provides financial support to achieve its objectives. The

Structural Funds represent the main Union instrument for promoting cohesion within the Union. Action, especially by the European Social Fund, will be developed in an integrated and comprehensive approach (see Chapter II). Most aspects of social policy are affected, including combating unemployment and exclusion, promoting equal opportunities, supporting the integration of young people, promoting the mobility of workers and their adaptation to industrial change, and, in the regions lagging behind, strengthening education, science and technology services and training for the health sector. In addition, the Union also provides financial support to many valuable pilot projects and programmes in the social field, and promotes the exchange of experience and information through programmes such as LEONARDO (see Chapter II).

Mobilisation and cooperation

26. The Commission has a role in the mobilisation of efforts to achieve common goals within an agreed framework, leading to the convergence of objectives and policies, such as in the fields of employment and social protection. The Commission recognizes that there is a need for better synergy between the Union's efforts and those of the Member States, and for more cooperation and concentration of the action involved. For this mobilisation role to be effective, it will increasingly be necessary to define the agreed goals with more precision, including the definition of quantitative targets when appropriate, and for Member States to take action to meet the agreed objectives. A clear example of such mobilisation has been provided by the Commission's White Paper on Growth, Competitiveness and Employment.

27. It is also necessary to promote more and better structured cooperation and exchange of experience on matters of

common concern, which may be decided by the Member States according to need, and for which the Commission can usefully provide the framework and technical underpinning.

28. Furthermore, social policy depends for its success on a wide variety of actors and organizations especially at local and regional level. The Commission will assist these groups to establish stronger cooperation via networks across the Union, or parts of the Union, and to stimulate their contribution to achieving the goals of the Union, especially through actions which are both innovative and cross-national.

Information

29. The provision of clear and accessible information on developments in the social field is essential if social policy is to have a real impact on people's everyday lives. The Commission will therefore seek to provide more and better information to European citizens concerning their social rights and opportunities and developments in the social sphere, to help achieve transparency and better understanding of the Union's actions. In addition to the specific proposals elsewhere in this White Paper (particularly Chapters IV and X), the Commission will also seek to enhance the role of its Information Offices in the Member States in the provision of information in the social field.

Analysing future trends

30. It is increasingly clear that the process of change requires collective reflection and coordinated action across a whole range of issues. Important questions are being raised about the future of work itself, and the impact that the Information Society will have on work and on people's everyday lives. Examples of this include changes in the organisation of time, the balance between work and

leisure, and the social consequences of changes in different work sectors as the boundaries between work and qualifications become increasingly blurred. The process of managing these changes will need to be taken forward in synergy with the social science elements of the Union's research programme, and the Commission will seek to develop its medium term research capacity in the social field.

31. The various Observatories which the Commission operates in the social field⁴, in collaboration with the Member States, provide a valuable instrument for the collection, analysis and dissemination of information, a function which is becoming increasingly important in view of the need to understand and assess the rapid changes currently taking place in the field of social policy, especially in the labour market. This information is an important element of the policy formulation process. The Commission will also use the Observatories to produce accessible and informed analyses of specific problems, and will promote a greater synergy and interplay between the different Observatories, so as to develop a greater capacity for inter-disciplinary analysis of social policy issues.

32. In this context, the Commission will also continue to develop its sectoral reports, such as the annual Employment in Europe Report (Chapter I), the proposed annual Equality Report (Chapter V), the annual report on demography (Chapter VI) and the Social Protection report (Chapter VI) to provide a forward looking analytical underpinning to its work in the social policy field.

33. Furthermore, the Commission will also keep under review the role of the relevant agencies, especially the European Foundation for the Improvement of Living and Working Conditions and the European Agency for Health and Safety. In

particular, building on its work to date, the European Foundation for the Improvement of Living and Working Conditions has an important role to play in analysing the key developments and factors of change concerning living and working conditions in the Union. In this context, the Foundation, taking account of its tripartite structure, can play an essential role in the dissemination of information and exchanges of experience.

34. The Commission will seek to improve its links with the Foundation and to reinforce cooperation for the future in order to exploit fully the specific contribution that the Foundation can make. In particular, the Foundation will be invited by the Commission to develop further its capacity for comparative analyses and promoting exchanges of experience.

I - JOBS - THE TOP PRIORITY

1. The pursuit of more good, stable jobs is both a central objective of the Union and a means of addressing more effectively many of the Union's wider social objectives. To this end, employment policies need to adapt. For too long, Europe has focused on the management of unemployment instead of promoting job creation as the top priority.

A - UNION EMPLOYMENT INITIATIVES

2. Unemployment in the Union now stands at 11% and has averaged close to 10% for a decade. It is seen as the gravest social problem throughout the Union. Special concern focuses on the lack of prospects for new entrants to the labour market - young people and women especially - and on those who have become excluded from regular work particularly when they are long-term unemployed. Overall EU employment performance is markedly worse than in the US or Japan. The Union's employment rate has declined steadily since 1960 and is now less than 60% of the working-age population while that of the US has steadily increased to over 70%. EU-wide youth unemployment stands at over 20% for example, as against 13% in the US and 5% in Japan. The share of long-term unemployment stands at over 40% of the total in the EU, but 11% in the US.

3. Policy initiatives within the Union with regard to employment have been developing progressively over the past year, reflecting the shared preoccupation of all Member States to find new ways of creating and preserving employment. In May 1993, the Commission proposed an Employment Framework Initiative which set out the basis of a concerted strategy for employment. The major step forward came in December 1993 with the Commission's White Paper on the interrelated issues of

Growth, Competitiveness and Employment, which developed that employment strategy in the wider economic, industrial and social context of Union. The Union strategy was endorsed by the European Council at Brussels in December 1993.

4. Member States now all recognise that dynamic structural changes, as well as stronger economic growth and increased labour market flexibility, are urgently needed if the Union is to break out of the low employment, high unemployment trap, and to broaden access to work and spread income more widely. It is also recognised that stronger partnerships between national, regional and local levels and between different actors of society - and at Union level - are necessary in support of that strategy, and in support of the wider development of the Union labour market.

5. The European Council in Brussels identified seven areas for particular attention by the Member States in its action plan resulting from the Commission's White Paper:

- (i) improving education and training systems, especially continuing training;
- (ii) improving flexibility within enterprises and in the labour market;
- (iii) the reorganisation of work at enterprise level;
- (iv) targeted reductions in the indirect costs of labour (statutory contributions), particularly of less skilled work;
- (v) better use of public funds set aside for combating unemployment;
- (vi) specific measures concerning young people without adequate training;
- (vii) developing employment in connection with new requirements.

Progress to date

6. The report presented to the Council in June 1994 summarizing follow-up to the White Paper, indicates that almost all Member States have undertaken reforms of their employment systems in recent years. The Commission considers that, although action is under way in Member States on each of the 7 aspects, it clearly does not yet go far enough to meet the employment challenge of the 1990s and the next century.

7. Over the past months the economic outlook for the Union's economy has improved. Present growth forecasts suggest that output growth in the Union could rise to 3 percent or more in 1996. Employment, however, is still expected to decrease in 1994. The unemployment rate is expected to stabilize only in 1995, at a jobless total of 18 million or some 11.6% of the labour force. As the White Paper urged, economic policies must remain on a long-term basis resolutely oriented towards creating jobs, both by promoting a strong and employment-creating growth process, by encouraging active labour market policies and by improving access to the labour market, particularly for the young.

8. Increased economic growth brings a positive and welcome improvement to the employment climate. However, as recognised at Corfu by the European Council, there is a danger that it may offer an illusion of relief from the pressures for structural change, rather than being harnessed to work systematically towards the changes required in that better economic environment. There is thus a risk that, in the absence of new structural measures for creating more employment, growth will not become more labour intensive, and that the effect of existing, pre-White Paper, structural reforms will only be sufficient to compensate for the increase in productivity resulting from policies aiming at increasing efficiency and

competitiveness. The implementation of policies outlined in the employment part of the White Paper is thus fundamental for making growth more labour-creating, and for ensuring that the benefits of such growth are directed towards more jobs.

9. The White Paper stresses the need to widen considerably access to work, to widen the concept of work, and to build a new solidarity based on using productivity gains to create new jobs rather than increase incomes of those in employment. In particular, it underlines the need to ensure that progress in achieving equal opportunities is further pursued, particularly in view of the increased participation rates of women, changing family structures and roles, and the need to maximise the potential of all the Union's human resources. Much more attention needs to be focused on new jobs and the most promising sectors for employment growth. The White Paper also focused on the need for a new sustainable development model based on the incorporation of environmental costs in market prices.

10. It is important to ensure that, as well as supporting high productivity jobs, the Union maximises its ability to generate and sustain jobs at other levels, particularly in the unskilled, semi-skilled and personal and local services fields. This will require acknowledging and addressing the instabilities inherent in rapid change and global competition through a range of related measures, including the integration of macro-economic policy with an active structural development policy accompanied by labour market measures. This will help to make the European economy more effective in terms of employment, and enable it to make full use of the opportunities offered by liberalisation in areas such as the telecommunications sector and technological progress in areas like the Information Society and biotechnology.

11. All Member States, in their different ways, are seeking to introduce changes to their labour market policies, directly or indirectly related to the White Paper's suggestions. The White Paper has been carefully examined as a valuable point of reference in all Member States, including by social partners at national level. However, the urgent need for collective reflection and coordinated action across the whole range of policies affecting the broad employment environment has not yet been realised. A fragmented approach persists, with old and complex national regulations still in force in many Member States. The reforms in the employment systems adopted so far often appear incomplete and it is difficult at this stage to assess their wider impact. Most Member States now recognise, however, the need to build the long-term social consensus in favour of structural changes especially where they affect people's living and working conditions.

12. Member States generally recognise also that this search for consensus implies that greater labour market efficiency and long-run competitiveness is to be sought, not through a dilution of the European model of social protection, but through the adaptation, rationalisation and simplification of regulations, so as to establish a better balance between social protection, competitiveness and employment creation.

13. Increased labour market flexibility means different things to Member States, and needs to be analysed carefully, as the term deregulation is often used with differing connotations. The starting point, for most Member States, is a large body of laws, regulations or collective arrangements. Their ending point, in terms of the nature and scale of change required, is, therefore, likely to differ widely - even after substantial review - particularly in terms of the degree of, and approach to, change in social protection. In analysing these developments, differences between

Member States have to be taken carefully into account.

14. Most Member States stress the need for a more dynamic contribution from the social partners at local and sectoral levels, and a stronger partnership between them and public authorities at those levels. At national level, some Member States recognise the importance of building greater complementarity between public policy and contractual negotiations. At Union level, discussions with the social partners have continued within the framework of the social dialogue, with a particular focus on White Paper employment issues. The Council's Standing Committee on Employment has also discussed issues of work organisation and working time in a positive way.

15. Among the social partners, positive attitudes - reflected for instance in certain agreements - co-exist with reticence to accept the change necessary to take account of the interests of the unemployed. The need for far-reaching reform of the employment systems has yet to become generally accepted. Greater public awareness and acceptance that adjustments in the short-term are needed for the creation of more jobs will be necessary to ensure the adoption and implementation of these reforms. Major political difficulties have been encountered by governments seeking to undertake reforms in this sense. Resistance from those who feel threatened by the changes is not compensated by any obvious public support from those people who would benefit most, but who are largely disenfranchised or excluded from the labour market at present.

16. The need to alter fundamentally, and update, the structure of incentives which influence the labour market is still not adequately recognised. Co-operation across Ministerial boundaries within Governments in the development of

policies needs to be given greater priority. Further organisational and administrative changes will be needed if the implementation of the White Paper strategy is to be pursued effectively. In this context, some Member States have developed or are in the process of setting up, inter-ministry action on specific subjects. Also, most are already decentralising the delivery of labour market (including training) measures as part of a move towards more active targeting of those at risk especially the long term unemployed. Some are seeking to integrate and combine services at local/regional level instead of the previously fragmented range of services available. These different changes need to be given further impetus and to be linked within a global effort.

17. In redesigning policies and systems it will be important to develop the added value of Union-wide action, and mutual support, in exploiting the diversity of Member State experiences. This requires careful examination of the efficiency of different national systems in achieving employment objectives. It means looking at the possibilities to "pick and mix" different elements of policy and good practice from different national systems. It also means the pursuit of increased compatibility between Member States' systems, so as to ensure that they do not develop in ways which conflict with overall Union employment objectives or standards, distort conditions of competition, or inhibit the development of free movement of people within the Union.

18. In this respect, the increased co-operation between the Member States and the Commission with regard to the follow-up to the White Paper is encouraging, but will need to be pursued much more systematically during the coming years.

B - THE FUTURE ROLE OF THE UNION

19. During the second half of 1994, the Commission, in close consultation with the Member States, will prepare a more specific action plan at the level of the Union and of the Member States. This will be directed in the short term at reversing the trend of unemployment and, by the end of the century, significantly reducing the numbers of unemployed. This action plan is to consist of :

- (i) the general framework concentrating on fixing more specific objectives for the implementation of the seven points identified by the Brussels European Council, leaving to Member States the choice of means;
- (ii) specific accompanying measures to be coordinated or adopted at the level of the Union; and
- (iii) a monitoring procedure underpinned by closer cooperation between Member States on employment issues and by the intensification of the process of exchange of information and best practices.

This framework will have to draw on the assessment of progress carried out so far and seek to exploit successful experiences, and should have as one of its objectives to support, and to help overcome the obstacles to, the adoption of the necessary reforms in the Member States.

20. The action plan will be proposed for adoption by the European Council at its meeting in Essen in December 1994. The European Council held at Corfu in June had an in-depth discussion on the different elements of the action plan, and placed a particular emphasis on the encouragement of reforms in Member States intended to improve the efficiency of systems of employment and on specific measures to fully exploit the employment potential of small and medium-sized enterprises.

Support for Member State policies and measures

21. The Commission will continue to encourage the Member States to follow up systematically the different suggestions made in the White Paper on Growth, Competitiveness and Employment. As a further contribution to the pooling of ideas between Member States, the Commission will shortly be issuing its annual Employment in Europe report on the employment situation in 1994 in the Union and will sponsor a second European Employment Week in November 1994.

22. In the meantime, the Commission will develop further its own capacity to contribute to the development of the Union's medium term employment plan, and to strengthen its cooperation in this field with Member States. To this end, the Commission proposes to :

- *strengthen its existing co-operation with Member State authorities - notably the Directors-General of Employment - regarding policy development, and to present regular reports taking forward the Commission's "tableau de bord" of comparative information on the progress of the Member States in following up the action plan agreed at the Brussels Summit;*
- *develop Union-level co-operation between all Directors-General whose responsibilities concern or affect employment - including Employment, Social Protection and Education and Training Ministries;*
- *expand the policy content of its annual Employment in Europe Reports and extend the policy debate in its annual Employment in Europe Conference to assess the impact of current economic policy on employment;*

- *strengthen its Employment Observatory system and data bases on labour market measures in cooperation with the Member States, and work with the Member States, in particular by developing better, and more up to date comparative statistics on the structure of employment;*
- *consolidate the European Employment Service (EURES), set up to inform, counsel and place job seekers across Europe (see Chapter IV).*

23. In this perspective, the Social Affairs Council is called upon to play a pivotal role, linking with other ministerial/sectoral Councils, notably ECOFIN, so as to contribute to proposals and measures which have a much more significant impact.

24. The social partners will be encouraged to intensify their cooperation within the framework of the social dialogue at European level, both at an interprofessional and sectoral level. It will be necessary to invite them to review the efficiency of the existing machinery for this purpose, in particular in relation to addressing the concerns of the unemployed (see Chapter VIII).

25. The Commission will continue to monitor employment aids to ensure that they are targeted on priority needs and do not distort conditions of employment. In addition, the Commission is also launching a process of examining the impact on employment of existing Union and national legislation on employment and competitiveness.

26. Small and medium-sized enterprises are universally recognised as being a major source of new employment. The creation of new SMEs and the development of existing SMEs is therefore crucial in the

search for new jobs. Within the framework of its integrated programme in favour of SMEs the Commission is therefore paying particular attention to encouraging improvements in the administrative and legal environment for SMEs.

Support for successful job creation policies and practices

27. In a series of Resolutions adopted since 1983, the Council has invited the Commission to promote the exchange of information and experience about the development of policies and practices about successful job creation experiences. With the active collaboration of Member States and the support of the European Parliament, the Commission has set up a series of policy-centred action research activities (ERGO, LEDA, SPEC, LEI, etc.) which have been developed alongside MISEP (Mutual information system on employment policies) and are designed to assist the rapid transfer of good practice and know-how between all kinds of enterprise - small, medium and large - and localities - rural, industrial and urban - across the Union. During 1994, these different activities are being carefully reviewed by the Commission in the light of the priorities set by the White Paper on Growth, Competitiveness and Employment, the need to secure value for money from Union-level actions and to streamline the machinery for policy interaction. The Commission will present in early 1995:

- *a Communication rationalising and streamlining the existing policy-centred action research activities referred to above, and designed to build a new cooperative framework for closer and more structured collaboration between Member States and the Commission with regard to employment and labour market policy. Account has also to be taken of the imminent launching of a series of new Community Initiatives, notably ADAPT and EMPLOYMENT, as well as the second phase of other Community Initiatives such as LEADER.*

28. This cooperation will be designed to complement the scope and thrust of the Community Initiatives, and should focus in particular on such issues as the emergence of new jobs, the contribution of different kinds of enterprises to job creation, promising locally-based initiatives and partnerships, the switch from passive to active labour market measures, and the general encouragement of entrepreneurial activity to stimulate the creation of more SMEs. It will also consider initiatives to foster the entrepreneurial activities of women in the labour market and ways of encouraging increased employment opportunities for women and men in non-traditional occupations. It would thus underpin the systematic exchange of good practices and feed the results of its analysis into the overall process of cooperation in this field.

II - INVESTING IN A WORLD CLASS LABOUR FORCE

1. Investment in education and training is now recognized as one of the essential requirements for the competitiveness of the Union as well as for the cohesion of our societies. This was one of the seven areas identified by the Brussels European Council in its action plan resulting from the White Paper on Growth, Competitiveness and Employment.

Building the skill levels of the present and future workforce

2. In their official responses to the Commission⁵, all Member States have expressed their determination to improve the quality of their education and training systems to better meet the challenge of long-term competitiveness, and to provide the supply of a highly skilled and adaptable workforce. A qualified and well-motivated workforce is a corner-stone of a competitive economy. This is vital as individuals will in future have to change careers or jobs more frequently during their life times. All Member States have underlined the need to sharpen public awareness that investment in the qualifications and skills of the present and future workforce is as indispensable as investment in real capital. Special concern has been expressed by some Member States about the need for better coordination of the policies pursued by the Education and Employment Ministries which in most Member States have overlapping responsibilities with regard to vocational training. Without close coordination between education and vocational training systems, and closer ties with research and development, it will be impossible to ensure progression for individuals to build or add to their skills and qualifications throughout their life time.

3. Most Member States emphasised the need to put a higher premium on the

importance of vocational qualifications, and to place them on a par with academic qualifications within the framework of a unified national system of certification in place of existing disparate certification arrangements. Most Member States stress too the importance of a much closer association of the social partners with the design, management and delivery of training, especially at local, regional and sectoral levels. All agree that national qualification systems should be developed along convergent, but not harmonised lines, at the level of the Union so as to underpin the free movement of persons on a transparent and practical basis.

4. There is little evidence of adequate special measures designed to eliminate the problem of basic illiteracy faced in most Member States, as well as the lack of other basic skills, on the part of many school-leavers. These unqualified school-leavers inevitably become the hard-core of the long-term unemployed. Virtually all Member States, however, have taken or are now taking steps to ensure that all young people are offered a sound, broadly-based initial vocational training. Member States have welcomed the Commission's Youth Start scheme as a further stimulus to national efforts. Although a number of measures targeting young people have been introduced in many Member States over the last few years, the range of schemes sometimes make it difficult to perceive how the individual is meant to find his or her way through the systems. Some simplification and streamlining could be useful within Member States and lead to greater transparency and comparability of the different qualification systems throughout the Union.

5. Most Member States have recently committed themselves to the following priorities designed to :

- revitalise and extend the coverage of their apprenticeship system, improving quality and standards, including the work-based component;
- develop further the bridges between the worlds of school and work, including the introduction of more opportunities for work experience and the introduction of credits for young people (having left full compulsory education) to choose an approved course;
- review their arrangements for vocational guidance, though without much evidence of the need to examine the links between such services and employment/placement services, whether public or private;
- review the training of trainers and instructors and their qualifications;
- encourage active partnerships between higher education and industry, including the two-way transfer of staff between institutions of higher education and companies;
- encourage management training for potential entrepreneurs to improve the survival rate of new SMEs;
- improve foreign language teaching and encourage a spirit of enterprise among young people so as to develop skills to support job creation and economic development, including the use of technology in the school curricula.

6. So far as continuing training is concerned, all Member States are concerned to improve and extend access and participation and stress the importance of in-company training with appropriate vocational assessment of employees and also to strengthen the links with local and regional authorities especially in terms of

forecasting skill needs and shortages. High priority is being accorded to continuing training for the least qualified unemployed, and the creation of more incentives for this group. These policies were given a useful stimulus by the Council Recommendation adopted on 30 June 1993⁶. Nevertheless, overall, Member States still have much to do to create a transparent and dynamic system of lifelong learning. This must be a central priority for the Union.

7. At European level, the representatives of the trade unions have offered to take up the suggestion made in the Commission's White Paper on Growth, Competitiveness and Employment and to negotiate a collective bargaining agreement on continuing training so as to extend access to and participation in continuing training. This could build on the previous joint opinions agreed on this subject within the framework of the social dialogue. At this stage, however, UNICE has not taken up this offer. The Commission will encourage and support further dialogue on this subject, recognising the importance of improving the motivation and quality of the workforce as a whole.

8. There is some evidence of the introduction of tax relief or financial assistance through loans for individuals paying for their training, and also to help small employers to invest in developing the skills of their employees. There are some signs too of a new approach to the organisation of working life, with a higher degree of alternation between work, training and leave, for example, leave schemes so as to increase job rotation under which continuing training of employees is combined with job training of unemployed persons who are recruited as substitutes for those on training leave.

9. There is growing evidence of the internal flexibility of firms being promoted through new training efforts enabling employees to reorganize their work and

their working time on a more flexible basis. However, generally participation in continuing training of those employed in small and medium sized firms continues to be relatively weak.

10. In accordance with Article 127 of the Treaty, the Commission will continue to develop progressively a vocational training policy building on the various achievements to date at the level of the Union. The Commission fully recognises that Member States have responsibility for implementation in this field. The Commission will concentrate its effort on the definition of objectives so as to set a policy framework at the level of the Union, which is essential so as to provide urgent stimulus to the efforts of Member States, and to ensure high standards throughout the Union.

11. The development of a coherent training strategy, underpinned by the different instruments at the disposal of the Union, could thus serve to improve training performance and to inform and stimulate national, sectoral and local training systems. This concerted, Union-wide strategy, could then be followed up by each Member State in the different national and regional training actions. The national training strategies should be published by the Commission so as to further the exchange of experience, and exploited through discussions with the Directors General of Vocational Training and the social partners.

12. The Commission proposes to present further proposals during 1995, within the framework of Article 127 and taking account of the recent decisions on LEONARDO and SOCRATES, linked to the overall plan of action for employment, focusing on the following priority aspects set out in the White Paper on Growth, Competitiveness and Employment and designed in the context of national structures to:

- *build a **Union-wide guarantee** that no young persons can be unemployed under the age of 18: they should be guaranteed a place in the education and training system or in a linked work and training placement. The contribution of the Union is to underpin this with the Youthstart initiative;*
- *set progressive targets up to the year 2000 for the **elimination of basic illiteracy**, and lack of other basic skills, on the part of school-leavers;*
- *raise the status of **initial vocational education and training**, and encourage the development of the entrepreneurial skills of young people and their capacity to exploit the new technologies throughout appropriate work experience;*
- *extend the **scope and range of existing apprenticeship schemes**, and/or other forms of linked work and training, in active cooperation with the social partners;*
- *improve the **coordinated provision of guidance and placement services**, notably at local level, to provide systematic advice to young people on career and job opportunities;*
- *examine ways of **introducing tax incentives for firms and individuals** to invest in their continuing training, as an expression of public policy commitment to the development of life-long learning opportunities for adults.*

13. In addition, in cooperation with the Member States, the Commission will review the arrangements for management education and training in the Union and identify ways of promoting cooperation and the dissemination of good practices.

