

European Communities

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DOCUMENT 1-35/84

REPORT

drawn up on behalf of the Committee on Social Affairs  
and Employment

on the communication from the Commission of the  
European Communities to the Council (COM(83) 662 final/2 -  
Doc. 1-1148/83) on Community action to combat unemployment -  
the contribution of local employment initiatives

Rapporteur : Mrs H. SALISCH



By letter of 2 December 1983, the President of the Council of the European Communities requested the European Parliament to deliver an opinion on the Communication from the Commission of the European Communities to the Council for a draft Council resolution on the contribution of local employment initiatives to combating unemployment.

On 15 December 1983, the President of the European Parliament referred this Communication to the Committee on Social Affairs and Employment as the committee responsible and to the Committee on Agriculture, the Committee on Budgets, the Committee on Economic and Monetary Affairs and the Committee on Regional Policy and Regional Planning for their opinions.

At its meeting of 1 February 1984, the Committee on Social Affairs and Employment appointed Mrs Salisch rapporteur.

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The committee considered the Communication at its meetings of 23 February and 19/20 March 1984.

At the latter meeting, the committee decided unanimously to recommend to Parliament that it approve the Commission's Communication with the following amendments.

At its meeting of 19 March, the committee considered the motion for a resolution as a whole and adopted it by thirteen votes with one abstention.

The following took part in the vote: Mr Frischmann, acting chairman; Mrs Salisch, rapporteur; Mr Bournias (deputizing for Mr Ghergo), Mr Calvez, Mr Chanterie, Mrs Dury (deputizing for Mrs Clwyd), Mr Eisma, Mrs Maij-Weggen, Mr Ouzounidis (deputizing for Mr Dido'), Mrs Pauwelyn, Mr Prag, Mr J. D. Taylor (deputizing for Mr Patterson), Mr Tuckman and Mr Wawrzik (deputizing for Mr Brok).

The opinion of the Committee on Regional Policy and Regional Planning is attached.

The opinions of the Committee on Agriculture, the Committee on Budgets and the Committee on Economic and Monetary Affairs will be published separately.

The report was tabled in its final form on 20 March 1984.

The deadline for tabling amendments to this report will be indicated in the draft agenda for the part-session at which it will be debated.

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The Committee on Social Affairs and Employment hereby submits to the European Parliament the following amendments to the Commission's Communication and motion for a resolution, together with explanatory statement:

I. Draft Council resolution on the contribution of local employment initiatives to combating unemployment (COM(83) 662 final/2)

Amendments tabled by the Committee on Social Affairs and Employment

Preamble

Unchanged

Text proposed by the Commission of the European Communities

Preamble

The Council of the European Communities,  
Having regard to the Treaty establishing the European Economic Community,  
Having regard to the draft Resolution presented by the Commission,  
Having regard to the Opinion of the European Parliament,  
Having regard to the Opinion of the Economic and Social Committee,  
Whereas the Council reiterated its profound concern regarding the continued high level of unemployment and recognized the need for additional actions in its Resolution of 12 July 1982 on Community Action to Combat Unemployment, in which the Commission was asked to submit the results of its research and its thoughts on the contribution of local initiatives and cooperatives to the creation of employment.

Amendments tabled by the Committee  
on Social Affairs and Employment

Text proposed by the Commission of  
the European Communities

1. Unchanged

I. Adopts this Resolution:

1. and notes a new phenomenon in the labour market of local employment initiatives (LEIs) which have the specific aim of providing additional, permanent employment opportunities through the creation of new, small scale enterprises or the transformation of the viable parts of other failed, enterprises, often involving cooperation between individuals, action groups, the Social Partners and local and regional authorities.

2. Unchanged

2. Notes that such local employment initiatives, which include many in the form of cooperatives, have grown rapidly in number in the last 2-3 years, and are making a useful contribution in the fight against unemployment by creating worthwhile and relatively stable jobs notably for women and young people, as well as for particularly disadvantaged people, including migrant workers and the disabled.

3. Unchanged

3. Considers that, in addition to their direct contribution to employment creation, LEIs prepare the ground for the future development of areas in which they occur by rebuilding confidence, maintaining or developing skill usage and restoring the capacity for enterprise.

4. Unchanged

4. Recognizes that local employment initiatives generally seek to operate as viable businesses but place a higher priority on employment creation than on economic or financial performance.



Amendments tabled by the Committee  
on Social Affairs and Employment

Text proposed by the Commission of  
the European Communities

5. Unchanged

5. Considers that support at regional and local level is particularly important for these small, locally generated enterprises and notes that they are starting to receive an increasing amount of encouragement and support from regional and local authorities as well as guidance and assistance for managerial and training needs.

5a. (new)

5a. Believes further, that similar recognition and aid should also be given to those local employment initiatives which aim to provide help in the social sphere;

6. Unchanged

6. Recognizes the contribution that the Social Partners can make in ensuring that LEIs develop as viable enterprises forming an integral part of the small firms sector.

7. Unchanged

7. Recognizes that, while LEIs generally require intensive support in their early stages, the total demands which they make on public funds are modest in proportion to the economic and social benefits achieved, notably in terms of the use of human and local resources which would otherwise have been idle, and the reduction of social transfers.

8. Unchanged

8. Recognize that there is considerable potential for transferring to other areas or other Member States successful ideas, techniques and experience in the creation of local employment initiatives.

Amendments tabled by the Committee  
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Text proposed by the Commission of  
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II. Invites Member States to adopt the following policy guidelines for the promotion of local employment initiatives:

1. Policies relating to employment creation, local and regional development and local labour market management should take explicit account of the potential contribution of local employment initiatives to the fight against unemployment and the revival of local economies. Public recognition of LEIs with a view to promoting their development and encouraging others to follow the same path should be accompanied as necessary by appropriate legal provisions.

1a. (new)

Public authority aid for local employment initiatives should not be so concentrated in the poorer regions that schemes in employment blackspots in the more prosperous regions of the Member States fail to qualify for promotion.

2. Unchanged

2. Close communication should be developed between all those involved in encouraging employment creation, especially the social partners and public authorities, particularly at the level of the local labour market, in order to improve the level of cooperation and the transfer of useful experience.

3. Unchanged

3. Practical measures should be encouraged to develop the local support structure for local employment initiatives, notably by:
  - (i) providing initial information and guidance on available support to individuals and 'prime mover' groups wishing to develop local employment initiatives;

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(ii) providing financial support towards the establishment of development agencies able to provide pre-start up and on-going support of those seeking to undertake LEIs and to facilitate access to various forms of financial, training or other assistance available;

(iii) converting vacant buildings into suitable premises for small enterprises and workshops;

(iv) providing possibilities for tendering for public contracts, including those for publicly funded collective services;

having particular regard to the contribution which local and regional authorities can make in this respect.

4. Unchanged

4. Existing measures to improve the access of SMEs to finance or to provide public financial support should be reviewed to ensure that the criteria, conditions, decision making procedures and delivery systems are appropriate to the needs of very small firms, especially LEIs and easily accessible to them.

5. Unchanged

5. Existing methods of providing public support for enterprises which provide community services or involve particularly disadvantaged people should be reviewed to ensure that procedures are coordinated and simplified and that decisions on projects requiring continuing support are taken on a long term basis.

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6. Unchanged

6. New methods of providing finance for LEIs should be considered, including the continuing payment of unemployment benefits for several months to those who undertake LEIs. Schemes in operation or under discussion in different Member States to create special funds for local employment initiatives merit serious consideration as do private initiatives to attract local savings into funds.

7. Unchanged

7. National legislation should be reviewed and measures taken to ensure that:

- (i) it is easy to set up business, by streamlining the formalities involved and ensuring that costs are reasonable;
- (ii) it is easy to set up business in the form of enterprises such as cooperatives or community businesses;
- (iii) taxation arrangements encourage the creation of new businesses by the unemployed;
- (iv) ex-employees are not confronted with a sharp increase in income tax and national insurance contributions on becoming self-employed or joining particular forms of enterprise, such as worker cooperatives, if necessary by allowing them to retain their legal and financial status as employees for a transitional period.

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8. Unchanged

1. Unchanged

Text proposed by the Commission of  
the European Communities

8. Initial and continuous training in both operating activities and management should be reviewed in order to ensure that it is available in a form appropriate to LEIs. Attention should be given to:

- (i) the accessibility at local level of training arrangements and their adaptation to local requirements;
- (ii) provisions for pre-training or complementary educational support for those without recent educational or training experience;
- (iii) arrangements for the initial training and re-training of educators and trainers to help them cope with the total, often varied, needs of enterprises in a flexible way;
- (iv) the training needs of vocational guidance and placement officials as well as staff who come into regular contact with people actually or potentially involved in local employment initiatives.

III.

1. The Council encourages the Commission to carry out the lines of action at Community level described in the Communication, which is specifically aimed at the development of local employment initiatives and of which the main axes will be:

- (i) enhancement of the role of existing Community instruments in promoting LEIs;

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- (ii) action to promote the growth of LEIs through consultation and the exchange of information on a Community-wide basis;
- (iii) continuing evaluation and research to provide the basis for development of policies and future action.

2. Unchanged

2. The Council notes in particular the Commission's intention:

- (i) to place particular emphasis on support from the European Social Fund for pilot actions which:
  - develop innovative training methods for development agents and instructors adapted to the needs of local employment initiatives, including the management training needs of collective enterprises;
  - develop innovative training and support methods designed to respond to the needs of the more disadvantaged categories, the under employed or long-term unemployed, who are likely to require pretraining or complementary educational support;
  - are designed to meet the needs of young people and women for support structures and training, according priority to encouraging the development of LEIs involving innovative applications of new technologies and activities in which women have been traditionally under represented;

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- aim to develop local employment initiatives in areas with a particularly high immigrant population or a concentration of ethnic or cultural minorities;

- (ii) to continue and develop its programme of consultation and information transfer by undertaking a further series of local consultations over a two-year period; facilitating the direct exchange of experiences at Community level between those involved in the promotion of local employment creation; providing support for the establishment of an information exchange network aimed at promoting and development of LEIs.

The Council stresses the desirability of ensuring that these actions are closely coordinated with the OECD's Cooperative Action Programme on Local Employment Initiatives;

- (iii) to complement these actions by carrying out specific studies on outstanding issues which require comparative analysis at Community level and which will provide guidance on future action, in the first instance relating to:

- the most apt and innovative methods of providing finance for LEIs;
- the legal and fiscal environment for the establishment and growth of enterprises such as cooperatives and community businesses;

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- organizational structures and  
pay and working conditions in  
cooperatives.

3. Unchanged

3. The Commission is requested to  
inform the Council periodically  
of progress made in the implementa-  
tion of these actions.

4. Unchanged

4. The financing of the measures to be  
implemented at Community level shall  
be provided in the framework of the  
rules and procedure governing the  
Community budget.



MOTION FOR A RESOLUTION

closing the procedure for consultation of the European Parliament on the Communication from the Commission to the Council on Community action to combat unemployment - the contribution of local employment initiatives

The European Parliament,

- having regard to the Communication from the Commission to the Council (COM(83) 662 final/2) of 25 January 1984,
- having been consulted by the Council (Doc. 1-1148/83),
- having regard to the resolutions of the European Parliament on combating unemployment<sup>1</sup>,
- having regard to the report of the Committee on Social Affairs and Employment and to the opinions of the Committee on Agriculture, the Committee on Budgets, the Committee on Economic and Monetary Affairs and the Committee on Regional Policy and Regional Planning (Doc. 1-           ),
- having regard to the vote on the Communication from the Commission,

whereas:

- A. full employment cannot be achieved in the Member States of the European Community in the foreseeable future by means of large-scale industrial mass production alone,
- B. in addition to the redistribution of work, particular efforts must be made to ensure better working opportunities for small and medium-sized undertakings,

<sup>1</sup> - resolution on small and medium-sized undertakings, OJ No. C 66, 15.3.1982  
 - resolution on commerce and craft industries, OJ No. C 184, 11.7.1983  
 - resolution on cooperatives, OJ No. C 128, 16.5.1983  
 - resolution on a programme to promote employment for young people, OJ No. C 307, 14.11.1983, pp. 88 et seq.

- C. both the application of technological progress and the satisfaction of newly-created consumer needs and demand for services call for new products and services to be developed and supplied,
- D. in many regions of the European Community, a large number of small and very small firms have been set up which are seeking to satisfy these market needs,
- E. moreover; a large number of action groups are trying to help people experiencing social hardship as a result of mass unemployment and restrictive budgetary policies,
- F. both economic and social local initiatives are primarily aimed at providing meaningful work as a permanent form of employment, recognizing that alienation is created by assembly line mass production,
- G. in most Member States, the institutions and instruments for recognizing and promoting economic activities are traditionally geared to medium-sized and large undertakings which already have capital and markets at their disposal,
- H. by contrast, most local employment initiatives have neither the capital security, nor the administrative capacity, or even the formal company law basis to meet these requirements,
- I. the new local employment initiatives represent a valuable opportunity to make a contribution to combating youth unemployment,
- J. for this reason, promotion of these new activities fits neatly into the policy objectives of the European Community which determine the use of structural fund resources,
- K. in addition to financing, equality of opportunity for these local employment initiatives requires the standardization of formal rules and regulations in the European Community,
- L. in addition to the creation of new formal instruments, the promotion of local employment initiatives requires the full exploitation of the existing discretionary powers of the institutions involved,
- 1. Welcomes the Commission's initiative to study the development, problems and scope of local employment initiatives in regional hearings;

2. Emphasizes the importance of self-help measures by the unemployed or those threatened by unemployment to organize permanent employment;
3. Regards local employment initiatives as a valuable contribution to combating mass unemployment, as shown by the 136 new initiatives in London which together provide 3,000 jobs;
4. Sees this development as a minor but very promising way of creating jobs in economically weak regions;
5. Supports every attempt to promote this form of very small firm which offers an opportunity of creating meaningful work by combining the traditional high level of European training with modern technology;
6. Recognizes in particular the value of the new products and services provided in the Community by these initiatives which match the most recent demands of a society which is oversaturated with mass produced goods;
7. Notes that local employment initiatives frequently make use of existing industrial infrastructures and are geared to innovation and the manufacture of new products;
8. Considers that the development of local employment initiatives calls for measures in respect of vocational training, particularly for young people; considers further, that the European Social Fund can make a useful contribution to these vocational training measures;
9. Recognizes the value of the contributions made by social employment initiatives to solving new social evils which have arisen as a result of persistent mass unemployment in the Member States;
10. Regards the work of local employment initiatives with social objectives as an important step towards organizing the social environment of people in need without an extensive bureaucratic machinery and the impersonal red tape of social service administration;
11. Welcomes the high level of commitment of those working on the social initiatives;

12. Stresses the efficiency of the operations of these local initiatives which, with their minimal administrative apparatus, help to save costs in public budgets;
13. Recognizes the social services of these initiatives as a meaningful form of employment;
14. Supports the Commission's initiatives to create the infrastructure to support these local employment initiatives by means of model projects supported by structural fund resources and also to give aid directly to individual projects in order to gain experience from advisory agencies such as those which already exist in the United Kingdom;
15. Considers that the Commission can make a useful contribution to the development of local employment initiatives by supplying information gained from current experience to both national administrations and local institutions;
16. Believes it necessary for national and local administrations and institutions to facilitate the work of local employment initiatives by making greater use of their discretionary powers under existing legislation;
17. Calls for existing formal and legal obstacles in individual Member States to be eliminated forthwith so as to provide equality of opportunity for all local employment initiatives in the European Community;
18. Urges that the scope for providing European Community loans should be extended to cover the requirements and special needs of local employment initiatives; this includes in particular the lending policy of the European Investment Bank;
19. Considers it imperative that local employment initiatives should not result in distortions of competition - to the detriment of existing SMUs or those set up in the normal way, and the jobs they provide - by unbalanced and preferential treatment in the provision of aid and the award of public contracts, and therefore considers further that publicly owned undertakings in particular are not an appropriate option;

20. Calls on the Council to adopt without delay the Commission's draft resolution on the contribution of local employment initiatives to combating unemployment and to ensure early implementation in the Member States of the guidelines contained therein;
21. Instructs its President to forward to the Council and Commission, as Parliament's opinion, the Commission's Communication as voted by Parliament and the corresponding resolution in good time for the next Council meeting.

EXPLANATORY STATEMENT

I. Introduction

1. The crisis in European mass production has had two main effects:

- persistently high levels of unemployment, and
- the collapse of numerous large firms and subsidiaries of large companies.

2. There are two trends which contrast with the above:

- the astonishing capacity of small and very small firms to adjust and survive both in the production and services sector, and
- the increasing number of new self-run economic activities organized by the unemployed or those threatened by unemployment.

These latter two developments are particularly important in that they safeguard and create employment. Both, therefore, merit growing attention and support from Community institutions and the Member States.

Following the opinion delivered by the European Parliament on the Commission proposal for a decision on promoting small and medium-sized undertakings, there is a need to complement this with actions to support local employment initiatives.

II. What is meant by local employment initiatives?

3. There is no hard and fast definition of what constitutes a 'local employment initiative'. It is impossible to say for many of these activities whether they are local employment initiatives or whether they are traditional craft and service firms.

The wide range of local employment initiatives cannot be strictly defined in

terms of the number of employees, i.e. the size of undertaking, or their organizational form or end product. They range from a one-man printing press to a worker-run glass factory with 200 employees, from an alternative daily paper to dental services and from the furniture restorer to the production of highly sophisticated microprocessors.

4. Two elements are involved in local employment initiatives: they are initiatives taken by people without work or threatened by unemployment, and those taking part believe that their product or service meets a real demand.

One further characteristic which most initiatives have in common is that they do not adhere to traditional salary or wage hierarchies. In most of the initiatives on which information is available, any differences in remuneration are based on social criteria.

A further feature is that all the employees have a relationship to their work which is fundamentally different from that found in industrial organizations with a very highly developed division of labour. People working in local employment initiatives are highly motivated by their work, quite independently of the remuneration.

### III. What role do local employment initiatives play in the Community?

5. A distinction has to be made here between the quantitative effect on employment and the effects on regional economic structures.

The quantitative effects on employment in the Community can scarcely be gauged using the present statistical methods. On the basis of initiatives organized in cooperatives, the Commission cites the figure of some 500,000 to 700,000 employees in 1983. This does not, however, include those organized in the other types of public and private companies which exist in some Member States, (for example, in West Germany, partnerships in civil law and associations) so that the figure must in fact be far higher.

Notwithstanding the problem of quantification, it is reasonable to assume that although unemployment cannot be overcome by developing local employment initiatives, and although they are no substitute for the economic activities of large production units, they can nevertheless play a part in creating new employment which should not be underestimated and is continually growing.

6. Local employment initiatives offer a major opportunity, however, to improve greatly regional economic structures in the social sphere and in production and services. This is shown by the training cooperatives in the Mezzogiorno in Italy, the craft initiatives in Greece and the training and employment initiatives in Berlin, for example the 'Kreuzwerk', which receive support from the Community's Social Fund.

Companies engaged in technological innovation are particularly important, as shown by the 136 new initiatives with some 3,000 employees which have been set up recently with support from the Greater London Council.

#### IV. What are the problems confronting local employment initiatives?

7. The problems facing the local employment initiatives arise partly from the personal situation of the initiators and partly from the institutional and financial conditions under which they have to work.

In addition to the consequences of the psychological strain of unemployment, the initiatives face the 'internal problem' that workers who until then have only worked as dependent employees are unfamiliar with many of the circumstances of independent work. Simply gaining familiarity with the formal requirements for setting up firms, even cooperatives, means knowing exactly where to obtain the necessary information. The same applies to business management problems such as accounting, wage accounting and the like.

8. But the 'external' problems are far greater than the 'internal' problems. Gaining recognition from professional and public bodies, which is essential in most cases to obtain access to financing, presents problems for local employment initiatives which often appear insuperable. In most cases, private associations, such as the 'Netzwerkbank' in West Germany, can only provide limited help with loans as a form of 'alternative' bank.

A further 'external' difficulty, particularly for initiatives involving high technology, is selling their products. If they wish to ensure their long-term survival, these firms have to establish an extensive marketing network. This organizational problem, together with the difficulties of financing, represents the main obstacle.



## V. Conclusions

9. In line with the problems described above, the aid should be organized in the four areas at a number of levels. The Community institutions are of considerable importance and have a special responsibility along with the national and regional institutions in the Member States.

A distinction should be made between two stages: 'immediate aid', which requires no major transformation of the institutional framework, and a fundamental legislative change to the formal requirements to provide support and recognition for local employment initiatives.

The most important form of 'immediate aid' is the setting up of advisory centres throughout the Community. An extension of the counselling systems which already operate in France and Britain, for example, would provide substantial support with legal and management advice and also help to solve practical problems such as finding premises or training.

These counselling bodies should receive support from regional resources and from Community structural funds to ensure the maximum possible equality of opportunity for initiatives throughout the Community.

There is also a need for a Community-wide programme to encourage national and regional institutions to make greater use of their discretionary powers in relation to formal and financial decisions to support these innovative economic and social activities. Such a programme is necessary to ensure the necessary compensation where funds are provided from Community structural funds.

'Legislative changes' are needed both with respect to company law and the provision of loans. Any action in this field, however, would require a comprehensive and thorough assessment of the obstacles which exist.

On 17 January 1984, the Committee on Regional Policy and Regional Planning appointed Mr Edgar FAURE draftsman of an opinion.

At its meeting of 24 February 1984, the committee considered the draft opinion and adopted it unanimously.

The following took part in the vote: Mr De Pasquale, chairman; Mrs Fullet, vice-chairman; Mr Gendebien (replacing Mr Faure, rapporteur); Mr Bernard (deputizing for Mr Hume), Mrs Boot, Mr Cingari (deputizing for Mr Glinne), Mr Griffiths, Mr Hutton, Mr Kazazis, Mr Nikolaou, Lord O'Hagan and Mr Sherlock (deputizing for Mr J. D. Taylor).

## I. General considerations

1. In its resolution of 12 July 1982 on Community action to combat unemployment, the Council recognized the need to undertake additional actions over and above aggregate growth policies and economic expansion in order to reduce unemployment. The Council stressed its interest in the process of creating jobs by local initiatives. It requested the Commission to submit to it the results of its research and its thoughts on the matter so that it could assess the contribution of such initiatives to creating employment.

2. In the Communication submitted to the Committee on Regional Policy and Regional Planning for its opinion, the Commission reported on its investigations into the part that local initiatives and cooperatives play in the fight against unemployment, in line with the Council's request. It considered the initiatives taken at local level, involving cooperation between individuals, action groups, both sides of industry and local and regional authorities, which are instrumental in creating new small undertakings.

3. The Commission's findings were as follows:

(a) Many local economies and local labour markets have been decimated by structural changes, especially in areas dependent on a limited number of large-scale industries.

(b) Certain social groups have been particularly affected by the deterioration in the job situation, particularly young people under 25 seeking their first job.

(c) Regions and localities suffering from a lack of job opportunities have tried to attract employment from outside. However, they have also placed emphasis on endogenous development, on locally generated employment related to local resources and needs.

(d) Local employment initiatives (LEIs) have thus sprung up as part of the process of restructuring and regenerating local economies. The Commission has undertaken research into these initiatives, particularly those taking the form of cooperatives. This research gave rise to the publication of the report in question.

4. From these findings, the Commission drew the following conclusions:

(a) LEIs are now making a modest but positive contribution to the fight against unemployment, particularly in areas with high unemployment and for those who are in the most difficult position on the labour market, mainly women and young people.

(b) These LEIs have revealed the job creation possibilities created by a spirit of enterprise, imagination and exploitation of human skills and local resources.

(c) Regional and local aid is particularly important for the undertakings set up, particularly those which take the form of cooperatives. They are, moreover, being increasingly encouraged and assisted by local and regional authorities which give them principally guidance and material assistance to meet their management and training requirements.

(d) There is considerable potential for introducing LEIs in various areas in the Member States of the Community through the transfer of ideas, techniques and experience. However, the information channels are undeveloped. In order to encourage and assist the growth of LEIs, it is necessary to:

- . implement stronger and more coherent policies as regards job creation, local and regional development and local labour market management, within which support for LEIs could be increased and coordinated;
- . encourage cooperation between public authorities, both sides of industry and other groups involved in job creation;
- . actively encourage job creation through the development of appropriate support structures at local level;

- . increase the funds available to LEIs by adapting existing measures for small undertakings and by having recourse to other potential sources;
- . reform certain aspects of company and tax legislation so as to facilitate the setting up of local initiatives;
- . review the provisions with a view to meeting training and apprenticeship requirements.

## II. Conclusions and proposals

5. The Committee on Regional Policy and Regional Planning stresses that it is the local government authorities below the level of the State which must be paramount in determining the response to be made to the demands of the new order in the working world. It takes the view that such local government has a major role to play in determining the response to be made to the uncertainties of finding jobs near the home or homes near the job.

6. The committee advocates drawing a distinction between the 'local' and 'regional' character of intervention by local government to promote employment. 'Local' must be taken to be within a region i.e. for example, in France, the departments, cantons, communes. The tasks of the regional and sub-regional authorities must be specialized. The latter must give direct aid to the establishment of undertakings and cooperatives. Regional authorities must direct their action towards experimentation and forward planning in research, education, vocational training and job creation.

7. In this connection, it is proposed that the initials LEI (Local Employment Initiative) be replaced by the initials RLEI (Regional and Local Employment Initiative).

8. Regional and local initiatives must involve not only aid for the setting up of undertakings, particularly in the form of cooperatives, but also aid for the conversion and extension of productive activity. This action must take the form of aid for the assessment of undertakings; it must enable structures for providing undertakings with technical and commercial resources and premises to be set up in the regions for the benefit of small and medium-sized undertakings. The RLEIs must have a two-fold aim:

job creation and the provision of technical and commercial support for small undertakings which do not have the means to acquire these for themselves.

9. The regions must be recognized as job basins within which unemployment must be dealt with on the social level. It is within the regions that efforts must be made to find the optimum and most popular living patterns. Man is a finite being working in an infinitely changing and changeable environment. The regions must be the framework within which this equation may be worked out.

10. The RLEIs must aim to mobilize local, human, energy and economic resources i.e. to develop the endogenous potential of the regions and localities. They must facilitate invention, imagination, product creation and product quality. RLEIs must help to develop this potential, especially by setting up appropriate machinery and programmes. In particular, encouragement should be given to:

(a) non-agricultural rural activity;

(b) setting up local or regional development associations in a European framework, particularly in the less-favoured regions. Development agents covering the whole spectrum could be created within these associations who would thus learn what was useful and novel in initiatives taken elsewhere and apply them for the benefit of their own region.

11. Local and regional authorities must pay particular attention to first jobs for young people. RLEIs must encourage the establishment of interdependence between regions such that in collaboration with Community bodies, they would organize a 'tour of Europe' for young people, just as journeymen once toured France. At the same time as finding a first job, the young people would, where appropriate, be learning other languages, discovering other cultures and developing their European awareness.

12. Finally, RLEIs should seek to enable certain categories of people seeking employment to start work or find a new job at the same time as meeting the need for a specialized workforce in certain small undertakings. Local authorities would undertake to reintegrate in the work process relatively elderly unemployed people who had been made redundant on economic grounds and who had experience in the techniques of trade or industry. In collaboration with the regions, the Community might finance a 'second chance' service along the lines of a job agency but operating in such a way as to make available to undertakings, on a provisional and non-profit making basis, permanent staff on indefinite contracts, working occasionally, or on definite contracts on terms to be specified.

13. The committee supports the draft Council resolution on the contribution of local employment initiatives to combating unemployment but recommends that account be taken of the amendments referred to and that they be incorporated in the draft resolution. It would like to see an information network on local and regional employment initiatives and actions set up with the help of the Community. This network would enable experiences to be exchanged and provide mutual enrichment with regard to the response to be made to the Community's serious labour problems.

