

EMPLOYMENT POLICY

LEGAL BASIS

EC Treaty Articles 2, 3, 125-130, 136, 137, 140, 143, 145-148.

OBJECTIVES

Important principles, objectives and activities mentioned in the Treaty include promotion throughout the Community of a **high level of employment** by developing a co-ordinated strategy particularly with regard to creation of a skilled, trained and adaptable workforce and of labour markets responsive to economic change.

ACHIEVEMENTS

1. The beginning

a. Under ECSC

Workers have benefited from **Readaptation Aid in the European Coal and Steel Community** (ECSC) since the 1950s. Aid was granted to workers in the coal and steel sectors, whose jobs were threatened by industrial restructuring. The **European Social Fund** (* [4.8.2](#)), created in the early 1960s, was the principal weapon in combating unemployment.

b. Actions in the 1980s

In the 1980s and early 1990s **action programmes on employment focused on specific target groups**: ERGO (long-term unemployed), LEDA (local employment development) and ELISE (helping SME). In the same period a number of **observatory and documentation systems** were established. The European Commission and the Ministries for Employment of the Member States decided in 1982 to set up MISEP (Mutual Information System on Employment Policies in Europe). SYSDEM (Community System of Documentation on Employment) was established in 1989. At the end of 1989 the Council called upon the Commission and the Member States to set up a European Employment Observatory (EEO). The third EEO network, RESNET (Research Network) was established in 1997.

c. EURES

To encourage free movement and help workers to find a job in another member state, the former SEDOC system was improved in 1992 and renamed **EURES** (European Employment Service). Partners in the network include Public Employment Services, Trade Unions and Employer Organisations.

2. Towards a more comprehensive policy

a. The 1993 White Paper

In the early years of the 1990s the fear spread that the high levels of unemployment found in most countries could become permanent and the European Commission under Jacques Delors released the **White Paper on Growth, Competitiveness and Employment** in 1993. It set off a debate about European economic and employment strategy and brought the issue of employment to the top of the European agenda for the first time.

b. The Essen process (1994)

In December 1994 the European Council in Essen recommended that Member States invest in vocational training, increase employment intensive growth, reduce non-wage labour costs, increase active labour market policies, and fight youth and long-term unemployment. Member States were instructed to incorporate these recommendations into multi-year programs that would be monitored by the Commission and the relevant Councils of Ministers. The Commission and the Council of Ministers would report back annually to the European Council. This solution, called the Essen Process, did not

delegate much power to the EU, but it contributed to raising the awareness of employment problems at EU level.

c. The contribution of the Amsterdam Treaty (1997)

The 1997 Intergovernmental Conference in Amsterdam forged a careful compromise between Member States in favour of more EU action and those reluctant to transfer real policy-making competence to the EU. The compromise was based on an innovation in governance that had been part of the multilateral surveillance process for entering EMU and represented an evolution of the Essen process.

By adapting such an approach for employment policy, it seemed possible to accommodate pressure for increasing action at the EU level with resistance to expanding EU competence. The result was the **Employment Chapter** of the Amsterdam Treaty which formally created the **European Employment Strategy** and an **Employment Committee** with advisory status to promote co-ordination of member states' employment and labour market policies.

3. European Employment Strategy

a. In November 1997, at an extraordinary European Council in Luxembourg the process envisaged by the Employment Chapter was launched before the ratification of the Amsterdam Treaty. The annual cycle for coordinating and monitoring national employment policies is called the European Employment Strategy (EES) or Luxembourg Process. This coordination of national employment policies at EU level is based on the commitment of member states to establish a set of common objectives and targets and was built around several **components**:

- **Employment Guidelines:** following a proposal from the Commission, the Council shall agree every year on a series of guidelines setting out common priorities for Member States' employment policies.
- **National Action Plans:** every member state shall draw up an annual National Action Plan which describes how these guidelines are put into practice nationally.
- **Joint Employment Report:** The Commission and the Council shall jointly examine each National Action Plan and present a Joint Employment Report. The Commission shall present a new proposal to revise the Employment Guidelines accordingly for the following year.
- **Recommendations:** The Council may decide, by qualified majority, to issue country-specific Recommendations upon a proposal by the Commission.

In this way, the Luxembourg process delivers a rolling programme of yearly planning, monitoring, examination and re-adjustment. This new governance mechanism has the objective to promote policy learning through the exchange of good practice. One of the main features of the EES are the mechanisms for joint monitoring and surveillance, including peer review and benchmarking on the basis of common indicators. The Luxembourg process is also called the **open method of coordination** and has gained in importance in recent years as it became a general model to be used also for other policy domains. The open method of coordination is based on five key principles: subsidiarity, convergence, management by objectives, country surveillance and an integrated approach.

b. The first set of guidelines were formally organised into **four pillars** containing three to seven guidelines each:

- **Employability:** policies to make unemployment systems more active and increase the skills of workers;
- **Entrepreneurship and Job Creation:** policies to encourage new, smaller and more innovative businesses and make tax systems more employment friendly;
- **Adaptability:** policies to increase the flexibility of workers and work organisation arrangements;
- **Equal Opportunity:** policies to promote gender equality.

c. In 2000, the **European Council at Lisbon** embraced full employment as an overarching objective of the employment and social policy. It committed member states to reach the strategic goal of making the EU "**the most competitive and dynamic knowledge based economy in the world**", capable of sustaining economic growth with more and better jobs and greater social cohesion. The aim is to reach by **2010** an overall employment rate of 70 per cent and an employment rate of more than 60 per cent for women. The employment rate for older workers (55 to 64 years) should reach 50 per cent in 2010. To reflect these conclusions five new "horizontal objectives" were introduced in the 2001 guidelines: realising full employment, stimulating lifelong learning, promoting the role of social partners, ensuring a proper policy mix between the four pillars and developing common indicators in order to assess progress. For 2002 improving the quality in work was added.

4. Reviewed European Employment Strategy

a. Five years after its launch, the EES was reviewed in 2002. Based on national policy impact evaluation studies carried out by independent experts, the Commission made an **assessment** leading to the Communication *Taking stock of five years of the European Employment Strategy* (COM(2002)416). One of the main achievements of the EES is that it has succeeded in identifying employment as an overarching objective and in fostering convergence of national employment policies towards the European Employment Guidelines. Another step forward is the support for a new pro-active labour market policy, replacing the passive and curative measures of the past with active and preventive measures.

b. Following the evaluation the EU decided to **reinforce the strategy** and to incorporate the targets agreed in Lisbon. The timing of the process was modified in order to streamline the annual economic and employment policy coordinating cycles. The new comprehensive policy cycle is built on two blocks and strengthens the role of the Spring European Council in giving direction to the overall EU strategy.

- Every January the Commission presents the conclusions of its review of the implementation of EU policy guidance in form of an **Implementation Package**, together with its Spring Report to the annual Spring European Council on economic and social affairs. The Implementation Package includes the Broad Economic Policy Guidelines Implementation Report, the draft Joint Employment Report and the implementation report on the Internal Market Strategy and it contains a detailed assessment of implementation in the various policy areas. The Spring Report presents the Commission's strategic policy priorities for the EU.
- Every April, following the general political orientations given by the Spring European Council, the Commission presents its proposals for further action in the various policy areas together in a **Guidelines Package**, composed of the Broad Economic Policy Guidelines, the Employment Guidelines and the Employment Recommendations. Subsequent to further consideration by the European Parliament and the competent Council formations, the June European Council draws up conclusions. The relevant Council formations adopt the Broad Economic Policy Guidelines, the Employment Guidelines and the Employment Recommendations, on the basis of which Member States draw up their National Action Plans or Reports in the course of the second semester.

c. **The 2003 Employment Guidelines**

- They set out **three main objectives**:
 - . to increase employment and participation rates ("more jobs");
 - . to raise quality and productivity at work ("better jobs");
 - . to promote an inclusive labour market ("jobs for all").
- In order to achieve these three objectives the Guidelines focus now on **ten policy priorities**, rather than grouping a range of guidelines into four pillars, as has previously been the practice. These specific guidelines are priorities for action:
 - . Active and preventive measures for unemployed and inactive people;
 - . Job creation and entrepreneurship;
 - . Addressing change and promoting adaptability and mobility in the labour market;
 - . Development of human capital and lifelong learning;
 - . Labour supply and active ageing;

- . Gender equality;
- . Integrating and combating discrimination against disadvantaged people;
- . Making work pay;
- . Undeclared work;
- . Regional employment disparities.

ROLE OF THE EUROPEAN PARLIAMENT

1. General

The EP considers **employment as the most important priority for the EU** and has always been of the opinion that the EU and its member states have to co-ordinate their efforts and that working towards full employment should be made an explicit goal of the member states and the EU. Since April 1983, when the EP held a special part-session on combating unemployment, it has adopted many resolutions on the issue.

2. Detailed actions

a. In 1994 a special **Temporary Committee on Employment** was created. The EP adopted the Committee's final report in July 1995. The EP found that the EU and the member states should adopt an integrated strategy dedicated to job creation, encompassing all policies which have an impact on employment.

b. During the 1996 **Intergovernmental Conference**, the EP was very active in ensuring that employment policy got a much higher priority in the Amsterdam Treaty than was the case with the previous treaties and called for a specific Employment chapter in the Treaty. The Treaty of Amsterdam takes up many of the EP's proposals on employment policy.

c. The EP set out its proposals for the **Luxembourg European Council on Employment** in October 1997. The conclusions of the Council, and the following Employment Guidelines, reflect many of Parliament's recommendations.

d. In its **Resolution of June 2003 on the Employment Guidelines**, the EP asked for the inclusion of the following elements:

- better coordination between Broad Economic Policy Guidelines, Social Inclusion Strategy and Sustainability Strategy;
- better involvement of all relevant actors (social partners, among others);
- quantitative targets to be developed to measure progress on quality at work;
- integrated approach on equal opportunities and gender equality in the labour market to be developed;
- call on Member States for a significant reduction in unemployment gaps regarding disabled and non disabled people;
- call for a 50% reduction in the number of working poor in all Member States by 2010;
- call on Member States to give priority to policies for innovation and job creation for low performing areas; regional employment disparities to be reduced by 10% annually until 2010;
- National Action Plans to be discussed and adopted by the relevant parliamentary assembly.

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