

8 December 1998

**UNICE MESSAGE TO VIENNA EUROPEAN COUNCIL
(11-12 DECEMBER 1998)****" INVESTMENT CREATES JOBS IN EUROPE,
NOT PUBLIC SPENDING !"**

1. In the context of a deteriorating business climate, the Presidents of UNICE's 33 member federations, meeting in Council on 4 December 1998, expect the Heads of State and Government taking part in the Vienna European Council - the last before launch of the euro - to flesh out the guidelines defined in Cardiff for:
 - pursuing rationalisation of public finances ;
 - carrying through necessary structural economic reforms ;
 - fostering entrepreneurship and competitiveness.
2. The Cardiff conclusions were absolutely right to affirm that "the full benefits of EMU and the European Single Market for all Europe's citizens can be achieved only by a strategy to promote employment through increased competitiveness and economic and social cohesion within a framework of macro-economic stability". UNICE urges the Vienna Council to confirm this commitment and in particular to adhere to the terms of the Stability and Growth Pact.
3. To revive growth, prosperity and employment in Europe, EU member States must take measures that encourage investment, risk-taking and promote work as opposed to dependence. The example of European countries which have seen unemployment fall by an average of 5 percentage points over five years must be followed. Each of these countries has, in its own way and making allowance for specific national features, effectively combined policies of moderate wage settlements, flexibility of labour markets and/or strong incentives for risk taking, investment and the creation of businesses.
4. In this regard, the "entrepreneurship" pillar at the heart of the guidelines for Member States' 1999 employment policies is of fundamental importance. UNICE notes that the measures taken by Member States have tended to concentrate on promoting the supply of labour through education and training. However, progress in encouraging job creation through promotion of flexible forms of work and lower non-wage labour costs remains insufficient.

5. The responsibility for improving the functioning of labour markets lies primarily with Member States. In this respect, the European employment guidelines should essentially promote the dissemination of “good practices”, while discouraging illusory solutions such as generalised across-the-board reductions in working time. In employment policy more than in any other field subsidiarity must be respected since convergence can only be achieved as a result of an evolutionary process based on economic realities.
 6. In the light of recent discussions on tax harmonisation, Member States must recognise that private sector investment needs to be liberated by lower overall burdens of taxation and social contributions. Since most Member States have increased these burdens in order to qualify for EMU, the priority must now be to reverse this trend. However, proposals to simply shift high tax burdens from labour to other factors of production will not provide the basis for more growth and employment. At EU level, UNICE calls on the Council to give priority above all to removal of tax obstacles to business optimisation of the Single Market.
 7. Against the background of the Asian crisis and its international repercussions - which have a dampening effect on European growth and therefore also on employment, UNICE believes that protectionism is not the answer and that joint efforts must be made at international level to restore confidence and stability of the financial environment.
 8. Within Europe, the prospect of Economic and Monetary Union has already had the effect of attenuating harmful consequences in the "euro" zone. The euro is a reality and an opportunity. Its long-term success must be ensured:
 - through rapid completion of the single market;
 - by putting in place mechanisms for more effective adjustment of labour markets;
 - by pursuing the commitment to reduce public deficits and excessive tax burdens.
 9. UNICE strongly supports the process of EU enlargement. It shares the objective and dynamic approach taken by the European Commission for screening adoption and implementation of the "*acquis communautaire*" by all the candidate countries, key factors to prevent distortions of competition in an extended internal market. UNICE is determined to pursue its action vigorously to strengthen business organisations in the candidate countries. Once again, facilitation of investment in these countries is needed in order to dynamise growth and employment.
 10. Lastly, the Presidents of UNICE's member federations congratulate the Austrian Presidency for having maintained an effective dialogue with business during its first period in this office. They welcome further constructive dialogue with the European Central Bank and with the incoming German presidency. With the Heads of State and Government, they share the conviction that it is essential for the European Union and its Member States to follow mutually reinforcing economic and social policies in order to promote investor confidence in Europe.
-