

**Proposal for guidelines for Member States employment policies 2000 and draft  
recommendations to Member States**

**UNICE position paper**

**Introduction**

1. UNICE has noted the proposal for guidelines for Member States employment policies in 2000 and for Council recommendations on the implementation of Member States' employment policies.
2. It shares the Commission's analysis that precedence should be given to coherence and continuity. Only coherent and balanced implementation, on a multi-annual basis will make it possible to achieve the objectives sought by the EU medium-term strategy for employment.
3. Implementation of the necessary reforms of labour markets is primarily a national responsibility. However, there is added value in comparing experiences on national employment policies and drawing lessons on how to address the underlying causes of persistently high levels of unemployment in most European countries.
4. The causes of unemployment vary across Europe. UNICE therefore believes that proposed recommendations to individual Member States, which complement the guidelines and joint employment report, should encourage reforms adapted to each national situation. In order to avoid bias towards any specific "model", it is important to base the recommendation on an in-depth analysis of the real situation in each country.

**On the economic context**

5. The economic policies defined in view of the single currency and completion of EMU constitute a good basis for promoting growth and employment. UNICE underlines the need to continue along this route and to implement the employment guidelines in a way which is consistent with the broad macro-economic guidelines.
6. Budgetary consolidation is starting to pay off. However, efforts need to be stepped up in order to achieve a sustainable increase in employment rates. This will only be possible if
  - the margins regained are used to reduce the overall tax burden on enterprises, including indirect labour costs,
  - rationalisation is supplemented with the structural reforms needed for a smoother functioning of the labour market.

## **On the changes proposed to the employment guidelines**

### **I. Improving employability**

7. European employers are favourable to development of preventive strategies to improve employability and develop more active labour market policies. In the past, UNICE has expressed concern that Member States' efforts to implement guidelines 1 and 2 could result in a purely quantitative implementation, resulting in a "merry-go-round" from unemployment to training. It therefore sees merit in clarifying the request to offer a new departure to the young or adult unemployed by adding the words "with a view to effective integration into the labour market" to guidelines 1 and 2. The same should apply to guideline 3.
8. UNICE has on several occasions underlined the need to review social protection systems in order to encourage a longer working life. It therefore welcomes the recommendation for a critical re-evaluation of measures which encourage workers to take early retirement (guideline 4).
9. Concerning the proposed modification of guidelines 5 and 6, employers fully recognise the importance of training and acknowledge that lifelong learning is essential to maintain and strengthen the employability of the workforce, and to ensure competitiveness of enterprises. UNICE would like to recall that enterprises participate in the efforts aiming at increasing training opportunities in Member States and are willing to continue to do so. Companies are responsible for providing job-related training for their employees. Furthermore, they participate in training efforts for young people and the unemployed. This takes the form of joint initiatives of the social partners at various levels, unilateral action by employers, or contribution to financing public training schemes for the unemployed through taxes and levies on companies.
10. Finally, UNICE supports the proposed modification of guideline 8, which puts a stronger emphasis on the importance of developing computer literacy.

### **II. Developing entrepreneurship**

11. Improvements in the employment situation result from the creation of new businesses and development of existing businesses, hence the central importance of the entrepreneurship pillar. UNICE therefore believes that this pillar should be the first.
12. UNICE is concerned by the fact that progress made in the implementation of this pillar is lagging behind. In the absence of effective application of this pillar, the integrated character of the strategy will be lost, and the goal of increasing the employment rate in Europe cannot be attained.
13. While UNICE welcomes the measures taken by Member States to promote supply of labour through education and training and active labour market policy measures, it will not be enough. to redirect public spending towards more active labour-market policies (guideline 4). Better monitoring (and implementation) of the following guidelines is necessary:
  - guideline 11 (encourage development of self-employment);
  - guideline 10 (reduce the overhead costs and administrative burden imposed on companies);

- guideline 14 (set an objective of reducing the overall tax burden and statutory deductions on labour in particular).
14. Compensating reductions of indirect labour costs by increases in taxation on other production factors would be contrary to the objective of reducing the overall burden on companies and would be detrimental to investment and therefore to growth and employment in Europe.
  15. UNICE welcomes the recognition of the role of players at the local and regional level, and in particular the additional reference to social partners in guideline 12. Employers also agree that the role of public employment services in improving the functioning of local labour markets should be fully exploited. However, in addition, UNICE believes that the proposed clarification should acknowledge explicitly the contribution of private employment agencies in identifying employment opportunities.

### III. Encouraging adaptability of businesses and their employees

16. UNICE shares the concern to promote modernisation of work organisation in order to make companies more productive and competitive. Realisation of EMU makes this doubly important. It welcomes the recognition of the responsibility of social partners for working conditions issues related to work organisation. However, a clear distinction should be made between what can only be decided in individual companies (i.e. how to organise work) and framework conditions negotiated by social partners at multi-company levels, which have an impact on work organisation in individual companies.
17. UNICE regrets that the formulation of the introduction to guidelines 16 and 17 makes an amalgam between various players and different levels of intervention thereby setting the modernisation process off on the wrong foot. The wording used in the guidelines should mirror their purpose, which is to define goals for national employment policies, and not try to dictate an agenda for social dialogue across Europe.
18. Employment considerations play a prominent role in discussions between the social partners at European level, including in negotiations. However, the European Social Dialogue is a bilateral process, distinct from the new employment process, where social partners themselves decide on their work programme. References to social partners at the European level should therefore be deleted from the introductory paragraph.
19. Finally, the capacity to negotiate sufficiently flexible agreements on working conditions in the Member States, also depends on the legislative framework. In some countries, the legislator leaves little room for flexible contractual solutions to be found. Employers therefore welcome the recommendation to allow more adaptable work contracts while ensuring that workers have adequate security (guideline 17).

### IV. Strengthening equal opportunities for women and men

20. European employers recognise the particular importance of active participation of women in the labour market. They support the proposed modification of the introduction to guideline 22, which spells out possible obstacles in the way of reintegration on the labour market after an interruption.

21. However, UNICE believes that the emphasis should be on an integrated approach, mainstreaming equal opportunities in the guidelines proposed for the first three pillars. In particular, UNICE underlines the importance of:
- promoting a spirit of enterprise also among women;
  - removing obstacles to the development of flexible working hours or part-time work in order to prevent the problems of return to work;
  - encouraging a desegregation of the labour market through vocational guidance and training measures.

### **On the draft recommendations to Member States**

22. As mentioned above, that proposed recommendations to individual Member States, which complement the guidelines and joint employment report, should encourage reforms adapted to each national situation and avoid bias towards any specific “model”. Employers are generally supportive of the aim pursued by the proposed recommendations. However, they would like to make the following remarks on the content.
23. Firstly, UNICE is concerned that the analysis underlying the draft recommendations is excessively focused on certain categories of workers (young, women, older workers). The poor situation of specific categories of workers is a symptom of poorly functioning of labour markets as a whole. The recommendations to Member States should focus on addressing the causes of this overall situation. This in itself would improve the situation of specific groups.
24. Secondly, UNICE is concerned by a paradox in the analysis underlying the recommendations. For those areas where progress cannot be judged in purely quantitative terms (e.g. in the employability pillar), the explanatory memorandum presents a purely quantitative assessment. On the contrary, for the guidelines where it is logical to assess progress made in quantitative terms (e.g. the reduction of the overall tax burden and indirect labour costs in particular) detailed statistical data are not provided.

UNICE believes that progress made in implementation of the guidelines 1, 2 and 3 cannot be judged only in terms of percentages of people “processed” but should include efficiency and quality considerations (were the measures adequate, do they lead to effective integration in the labour market? Is the country relying on subsidised jobs rather than sustainable employment?)

UNICE is also concerned that the conclusions from the lack of progress made in implementation of the entrepreneurship pillar are not drawn. Even though, guideline 14 asks Member States to reduce indirect labour costs in the context of an overall reduction of the tax burden, no information is given on the implementation of this guideline. The explanatory memorandum only refers to indirect labour costs compensated by tax rises in other areas. Furthermore, even though the implicit tax rate on labour decreased in only three countries, recommendations on this point remain extremely vague. For example, Member States should be encouraged to reach the average level of the three best performing countries (i.e. 29%).

25. Thirdly, UNICE agrees that in the policies implemented to encourage modernisation of work organisation, Member States could go beyond the issue of working time. In

addition, as stated in its recent publication on social policy<sup>1</sup>, the recommendations should clearly distance themselves from illusory solutions like generalised across-the-board reductions of working time.

Concerning partnerships that can be established to modernise work organisation, UNICE recalls the remarks made on the proposed guidelines for 2000 concerning the distinctions to be made between the decisions on work organisation as such, which can only be made at company level, and changes in framework conditions that influence organisational choices in companies (see paragraphs 16-19). UNICE recognises that, except for national level agreements, there is a lack of visibility in initiatives taken by social partners at regional or local levels. UNICE, CEEP and ETUC have therefore decided to compile social partners initiatives that are relevant for the implementation of the employment guidelines and will jointly analyse them. The result of this work should be ready for the extraordinary summit in Lisbon in 2000.

26. Finally, UNICE feels that the recommendations made to some Member States miss the main difficulties encountered in implementation of the guidelines. UNICE member federations have made comments during national discussions on the recommendations.

### **Conclusion**

27. European employers are willing to participate constructively in discussions on the policy orientations on employment. UNICE therefore stresses the importance of consulting the European social partners before the adoption by the Commission of the autumn package on employment.

\*\*\*\*\*

---

<sup>1</sup> Releasing Europe's employment potential, companies views on European social policy beyond 2000