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REPORT

on the Spring 2001 European Council: The Lisbon process and the path to be followed

(2000/2280(INI))

Committee on Economic and Monetary Affairs

Rapporteur: Hans Udo Bullmann

Draftsman of opinion *:

Luigi Cocilovo, Committee on Employment and Social Affairs

(*) enhanced "Hughes" procedure

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(*) enhanced "Hughes" procedure

PROCEDURAL PAGE

At the sitting of 18 January 2001 the President of Parliament announced that the Committee on Economic and Monetary Affairs had been authorised to draw up an own-initiative report, pursuant to Rule 163 of the Rules of Procedure, on the Spring 2001 European Council: The Lisbon process and the path to be followed (COM(2000) 0594) and that the Committee on Industry, External Trade, Research and Energy, Committee on Employment and Social Affairs, Committee on Regional Policy, Transport and Tourism and the Committee on Culture, Youth, Education, the Media and Sport have been asked for their opinions (2000/2280(INI)).

At the same sitting the President announced that the Committee on Employment and Social Affairs, which had been asked for its opinion, would be involved in drawing up the report, under the enhanced Hughes procedure.

The Committee on Economic and Monetary Affairs had appointed Hans Udo Bullmann rapporteur at its meeting of 6 November 2000.

The committee considered the draft report at its meetings of 22 November 2000, 8 and 9 January 2001 and 24 January 2001.

At the latter meeting it adopted the motion for a resolution unanimously with 1 abstention.

The following were present for the vote: Christa Randzio-Plath, chair; José Manuel García-Margallo y Marfil, vice-chairman; Hans Udo Bullmann, rapporteur; Richard A. Balfe, Luis Berenguer Fuster, Pervenche Berès, Georges Berthu (for Liam Hyland), Renato Brunetta (for José Javier Pomés Ruiz), Ingo Friedrich (for Alejandro Agag Longo), Carles-Alfred Gasòliba i Böhm, Robert Goebbels, Lisbeth Grönfeldt Bergman, Pierre Jonckheer, Othmar Karas, Giorgos Katiforis, Piia-Noora Kauppi, Gorka Knörr Borràs, Alain Lipietz, Astrid Lulling, Thomas Mann (for Alain Madelin), Ioannis Marinos, Simon Francis Murphy, Fernando Pérez Royo, John Purvis (for Jonathan Evans), Alexander Radwan, Bernhard Rapkay, Amalia Sartori, Olle Schmidt, Peter William Skinner, Charles Tannock, Marianne L.P. Thyssen, Helena Torres Marques, Bruno Trentin, Jaime Valdivielso de Cué (for Christoph Werner Konrad), Theresa Villiers and Karl von Wogau.

The opinions of the Committee on Employment and Social Affairs and the Committee on Culture, Youth, Education, the Media and Sport are attached; the Committee on Industry, External Trade, Research and Energy decided on 24 January 2001 not to deliver an opinion and the Committee on Regional Policy, Transport and Tourism decided on 23 January 2001 not to deliver an opinion.

The report was tabled on 30 January 2001.

The deadline for tabling amendments will be indicated in the draft agenda for the relevant part-session.

MOTION FOR A RESOLUTION

European Parliament resolution on the Spring 2001 European Council: The Lisbon process and the path to be followed (2000/2280(INI))

The European Parliament,

- having regard to the Conclusions of the Special European Council of Lisbon of 23-24 March 2000 and of the Santa Maria da Feira European Council of 19-20 June 2000,
 - having regard to the Conclusions of the Nice European Council of 7-10 December 2000, including in particular the European Social Agenda,
 - having regard to the Commission communication on Structural indicators (COM(2000) 0594¹),
 - having regard to its resolution of 15 March 2000 on the Special European Council to be held in Lisbon on 23-24 March 2000²,
 - having regard to its resolutions of 18 May 2000³ and of 24 October 2000⁴ on the Commission's recommendations for the Broad guidelines of the economic policies of the Member States and the Community and on the proposal for a Council decision on Guidelines for Member States' employment policies for the year 2001,
 - having regard to Rule 163 of its Rules of Procedure,
 - having regard to the report of the Committee on Economic and Monetary Affairs and the opinions of the Committee on Employment and Social Affairs, and the Committee on Culture, Youth, Education, the Media and Sport (A5-0034/2001),
- A. recalling that on the occasion of the Lisbon Summit the European Council agreed on the strategic goal to transform the European Union in the most competitive and dynamic knowledge-based economy in the world capable of sustainable growth, full employment and greater social cohesion,
- B. considering that in order to monitor the effective implementation of this strategy the European Council took the decision to hold every Spring a Special Summit devoted to the progress on the economic and social situation of the European Union and within the Member States,

¹ OJ C 337, 29.12.2000, p. 164.

² OJ C 377/2000, 29.12.2000 page 164.

³ OJ C : not yet published.

⁴ OJ C : not yet published.

- C. whereas only a sound policy-mix based on a complementary approach of economic reform, employment and social policies with cumulative gains for each of the policy fields and in full respect of environmental needs, will make full use of Europe's long-term economic potentials on its way to a most innovative and knowledge-based economy,
- D. whereas, in the face of the current economic opportunities and the still robust and promising prospects for the future, it is vital to continue with Europe's policy of effectiveness of the Euro area, creation of more and qualified jobs, balancing the processes of market integration, liberalisation, increased flexibility and adequate regulation and, on the other hand, to create stimulating conditions for public and private investments,
- E. whereas sound public finances, structural reforms, deregulation, a lower tax burdens and a favourable environment for the development of small and medium-sized businesses are the foundations for building the world's most dynamic and competitive area with sustainable development, full employment and greater social cohesion,
- F. whereas the European Council instructed the Commission both to present a list of structural indicators to be used for the agreed benchmark process and to develop on the basis of that list a synthesis report on the current implementation of the « Lisbon strategy » for the Spring Summit,
1. Welcomes the follow-up of the Lisbon approach as it is intended to boost economic growth with a view to fostering social cohesion, employment opportunities and economic reforms, thus creating better living and working conditions in Europe;
 2. Considers that the Lisbon goal constitutes one of the Union's major challenges for the new millennium, as it combines economic, employment and social policies with a view to respond to the changing needs of the European society; states that this approach has to result in a balanced policy mix wherein progress in each policy field is mutually supportive;
 3. Believes that the new open method of coordination based on fixed guidelines, quantitative and qualitative indicators, benchmarks and measures to be taken both at the Union and at national and regional level, combined with appropriate monitoring of the results and the necessary legislative instruments, will constitute the appropriate way to achieve greater convergence towards the EU's main goals through 'standards of excellence' and to implement the strategy agreed in Lisbon;
 4. Expresses its full support for the initiative of holding every year a special Spring Summit which will focus its attention of progress on the economic and social situation in the European Union and within the Member States, basic elements of European construction;
 5. Underlines that it is still essential that we regain the overall aim of full employment with support of macro-economic stability and galvanise growth factors, but recognising the essential differences within the Member States and within target groups, expects the European Union and the Member States at the Stockholm summit to set out road maps for ambitious intermediate targets for an early and clearly perceptible increased employment rate;

6. Stresses the need at the Spring summits to provide concrete evidence of the success of a European co-ordination policy by means of examples and data, so that the general public can realise the added value created by the European policy of economic reforms, full employment and social inclusion, e.g. through investments in the information society, in infrastructure projects of Community importance, in qualifications and in the shift from a passive to an active labour market; stresses in this connection the usefulness of European economic reports;
7. Welcomes the Commission's proposal to stick to a limited number of twenty-eight structural indicators in four different fields (employment, innovation, economic reform and social cohesion) plus seven general economic background indicators; however, calls for the future for more qualitative indicators which could support an in-depth qualitative assessment of the economic and social situation;
8. Recognises that the structural indicators and the annual synthesis report itself are simply tools to help in the ongoing assessment of progress in delivering the political and integrated policy process launched in Lisbon; recognises that the process itself demands an integrated policy analysis which further requires the development of a modular statistical accounting system rather than a list of separate structural indicators;
9. Expects that the European Council, the European Commission, as well as the involved Council formations and the Member States will prepare the annual Spring Summit in full account of the complete Lisbon commitments and will confirm - with a central preparatory role of the European Commission - an ambitious analytical and programmatic framework with statistical relevant indicators for target setting and evaluation;
10. Stresses the importance of constantly updating all indicators;
11. Emphasises that administrative reporting on progress indicators needs to be complemented with independent, research-based comparative data on indicator performance;
12. Welcomes the progress which has been made with regard to the implementation of measures in the field of economic and structural reforms, including in particular on the action plan on financial services and the adaptation of new technological challenges; requests that all outstanding measures, initiated at Lisbon towards a basic long-term economic and social model for the European Union focusing on competitiveness as well as on social cohesion, will be implemented by respecting the adopted time-table;
13. Calls particularly on the larger Member States finally to implement the highly necessary economic reforms which many of the smaller Member States have already successfully carried out, particularly since the economic climate is now favourable;
14. Expects that high attention will be also paid to demographic tendencies as total period fertility rate, net migration and population by age groups are of paramount importance for the establishment of economic and social targets; relevant national and European legislative frameworks for the modernising of pension systems, including legal, fiscal, assurance and social aspects should be developed and implemented as soon as possible at both European and national level; prospective social and labour market policies should be developed in the light of a reconciliation of working life and family life;

15. Considers that the introduction of the Euro – a common monetary policy – will give new impetus to the creation of competitive markets within the Union; is in favour of stimulating a European investment policy, capable of contributing to sustainable economic development and non inflationary growth and to promote the necessary developments in the field of new technologies and human resources development;
16. Believes that public and private investments, providing high-quality infrastructures are important in order to create a competitive and dynamic knowledge-based economy; calls therefore for indicators, benchmarks and detailed information on the use, quality and necessary redirection of public spending in its contribution to sustainable economic development and employment which should also be implemented in European recommendations and national programmes;
17. Strongly supports the proposal for measuring productivity, particularly on an hourly basis; this is a key indicator for the efficiency with which resources are used, and a major element in determining wages;
18. Proposes the inclusion of a new criterion in the list of general economic indicators to enable public policies aimed at generating investment to be assessed, particularly in less developed regions, using the methodological basis proposed in 1990 by the UN with a view to drawing up the UNDP's human development indicators;
19. recalls to strengthen the co-ordination of research activities and policies as the key component of the new economy in terms of providing for business competitiveness, employment and economic and social progress; concrete steps must be taken to develop a network of European centres of research and to facilitate the dissemination and exchange of research findings;
20. Calls not only for an improvement of the manner in which the service markets work but also for new windows of opportunities to increase the innovation potential and develop entrepreneurship and job opportunities specially for women in order to encourage growth in the service sector, including the social economy and the third sector;
21. Believes that the Cardiff report and the European Broad Economic Policy Guidelines should focus on the development of the service sector in Europe; the Member States while remaining responsible for high quality and affordable services of general interest in an environment of competitive markets should aim to learn from each other in this field through peer review and benchmarking;
22. Claims due to the Lisbon commitments for an ambitious strategy to intensify and improve the process of job creation; expects the increase of the employment rate, accompanied by better jobs and the significant reduction of social exclusion to provide for greater social and regional cohesion; expects and supports furthermore consequent efforts which ease the fiscal burden on labour and to reduce unemployment of specially women, young people and older workers by appropriate measures;

23. Calls for a strategy to ensure equal opportunities and quality at work; the reinforcing of the Community legislative framework must be a priority, in order to combine flexibility and security in new forms of work (teleworking, home working, part-time, fixed-term contract and atypical work in general, including self-employment);
24. Calls for employment/unemployment indicators which include a breakdown by age and sex; employment rates should in addition be expressed as full-time employment equivalents; activity rates, as well as employment and unemployment rates, should be included; indicators should also be included for non-standard forms of employment (part-time, temporary) and should be developed per sector for the self-employed;
25. Calls on the Commission to include 'employment quality' indicators; calls on the Commission, to this end, to submit as soon as possible a definition of these indicators by various criteria (particularly the form and term of employment contracts, working conditions, health and safety conditions, pay, equality between the sexes, the balance between flexibility and security, social relations and structural overtime);
26. Calls for a specific indicator for youth unemployment; proposes the inclusion of the indicator agreed for the Luxembourg process, namely the ratio of youth unemployment to the young population, and of information regarding the extent of the education and/or the specific vocational training received by young people;
27. Calls on the Commission to add to the analysis provided by indicator no 6 in Chapter IV. *Social cohesion ('Early school-leavers not in further education or training')* an indicator for young people who have continued in education or training beyond compulsory school age in order to check the quality of education and training in relation to the chances of finding a job;
28. Calls for poverty indicators to be broken down by age and sex for single people not living with their families; in order to measure poverty rates after social transfers, pensions should not be excluded, because on average they represent more than 45% of social transfers in the EU; the indicator for unemployed households should be based on the age group 18-60 rather than 25-55; in this context it should be made clear that workers who are in receipt of disability benefit or on sick leave are not 'unemployed';
29. Stresses the need to continue work on defining reliable indicators for social exclusion, thanks particularly to the contribution of the Committee for Social Protection; before even working out a finalised statistical model, there is a need to obtain data which are comparable between countries in order to evaluate more effectively national action plans for combating poverty and social exclusion and to enable Member States to 'define indicators and monitoring mechanisms capable of measuring progress';
30. Proposes, in the field of social cohesion, that indicators be developed by the Social Protection Committee which reflect the multi-dimensionality of social exclusion/inclusion. Proposes that, within the context of the forthcoming Community Action Programme to combat social exclusion, indicators should also be developed concerning non-take-up of social benefits (how many potential beneficiaries are excluded from social security benefits such as unemployment benefit, health care, pensions or low-cost public housing) and concerning the adequacy of, including, where appropriate, rates of replacement for, the various types of benefit (e.g. pensions, unemployment benefit, sick pay, parental leave allowance and 'career break' allowances);

31. Calls for the creation of a favourable environment for the development of small and medium size enterprises, by promoting benchmark exercises in particular on the timing and the costs involved in setting up companies, fair tax competition and new state aid guidelines on risk capital and public/private partnership;
32. Supports the measures in favour of the concept of a lifelong learning process as an instrument to provide the European economy with the necessary human capital needed in a knowledge-based society, but underlines as a precondition that access to life-long learning measures, as well as the creation of an information network for all, must be provided at affordable prices so that citizens can become involved; potential obstacles to life-long learning measures should be analysed and removed;
33. Calls on the Commission to place in a new fifth chapter ('education and training') the indicators relating to this subject; proposes incorporating in it a new indicator, the 'illiteracy and innumeracy rate';
34. Stresses that obstacles to the mobility of students, trainees, young volunteers, teachers, trainers and researchers should be removed in order to strengthen the role of education in the emergence of a European knowledge-based society. Measures must be taken to avoid the obvious danger of creating 'information poverty'. The framing of an effective lifelong learning policy is essential in order to ensure that labour market flexibility does not lead to the emergence of new forms of insecurity and marginalisation for many workers;
35. Points out that one of the consequences of major scientific and technological change and the impact of new policies on 'everyday culture' is that citizens need to be given a greater opportunity to adapt and evolve sufficiently in a rapidly changing world. Cultural issues should be dealt with, not as marginal or secondary matters, but on a horizontal or mainstreaming basis so that cultural issues can be related directly to, for example, economic and social policy;
36. Requests the Council and the Commission to start, before the next Spring Summit, a broad process of consultation which could take the form of a High Level Forum or of working parties on specified and limited themes in order to listen to the point of view of all the European institutions, Social Partners and representatives of civil society in all Member States;
37. Calls on the social partners to play a key role in the implementation of this strategy in launching negotiations at the EU and national level in areas such as organisation of work, life-long learning and new forms of employment; believes that exchanges of information between the Community institutions and the social partners on ongoing changes in the make-up and content of wages and salaries should be encouraged and developed, and that the functioning of the macro-economic dialogue should be improved, so that it fully contributes to the positive and dynamic interaction of economic, social and employment policies;
38. Calls on the Commission and the Council to negotiate an interinstitutional agreement with the European Parliament for its full involvement in the process, which will give greater democratic legitimacy to the initiatives undertaken; calls for itself to be fully associated in the preparation and follow-up of the procedure leading to the Spring Summit to ensure that the follow-up to the Lisbon strategy is not carried out on a purely intergovernmental basis;

39. Is convinced that the full involvement of the European Parliament and national Parliaments as democratic legitimated institutions in the process will not only increase its democratic support but also give greater legitimacy to the initiatives undertaken in this respect; requests therefore to be fully associated in the preparation and in the follow-up of the process which can in no way be performed only at the intergovernmental level;
40. Considers that the European Parliament ought to be more involved in the work of developing indicators, both by the Committee for Social Protection and by the Employment Committee;
41. Stresses the role of the Committee for Social Protection in defining indicators in the field of social cohesion, and welcomes the referral to the Employment Committee (referred to in the Social Agenda adopted by the Council on 27 November 2000), which should submit a report on the quality of employment at the end of 2001; this report should make it possible to define indicators which can be used in monitoring it; considers that these indicators should be based on a detailed statistical framework incorporating economic and social statistics, which can be extended to include other modules, in particular, as regards the environmental effects of economic policy, by adding a limited set of environmental indicators to the set of structural indicators proposed; considers it important to make use of the expertise of the Economic and Social Committee and the Committee of the Regions and attaches importance to the contribution which can be made by representatives of employers and employees;
42. Believes that the applicant countries should be duly informed of the initiatives taken in this respect and should already follow-up the « Lisbon strategy », including the assessment of the economic and social situation on the basis of the structural indicators and in the framework of the process of adaptation to the « *acquis communautaire* »;
43. Instructs its President to transmit the present resolution to Council, the Commission, the Parliaments of the Member States, the Social Partners and the applicant countries.

EXPLANATORY STATEMENT

Background

The European Union is facing the most favourable economic situation for a decade. Growth has reached a reasonable speed of around 3% during the current year, job creation has contributed to reducing significantly the unemployment rate which is now around 8.4 % according to the latest figures published by the Commission and will continue to decrease; inflation, despite the recent abrupt increase in oil prices, remains under control.

This positive economic outlook should not divert the attention of the European institutions and of governments of Member States from a certain number of weaknesses which could jeopardise the present trend and hinder Europe's citizens from making full use of their potentials:

- unemployment in real terms still remains far too high : more than 15 million workers are out of work;
- women's, younger people's and unemployed older workers' participation in the labour market is insufficient;
- the forthcoming enlargement could increase the risks of social exclusion and possibly deepen the gap between regions in Europe, thus undermining the social and regional cohesion which is desirable and possible in Europe;
- the European financial markets are far from being integrated, efficient and transparent leading to detrimental effects for the chances of European business as well as consumer interests;
- the service sector is still quite underdeveloped, in particular in the areas of Internet and telecommunications, health and social care services;
- the insufficient stimulation of public and private investments is incompatible with the favourable economic situation: having achieved sound public finances public spending needs an evaluation and redirection in order to foster sustainable growth and development; the quality and the amount of private investment could be improved and boosted by an ambitious framework of a Europeanwide initiative
- last but not least skilled jobs in the field of new technologies remain unfilled, the "human capital" being still not entirely supported and equipped to respond to the challenges of the new economy and necessary co-ordinated research activities.

The major issue at stake is how to orient the European Union economic and social policy in the short and medium run: as a matter of fact stability and steady growth cannot be self-sufficient goals, but they need to be associated with full employment, sustainability and a significant improvement of living conditions on the basis of equal opportunities.

A well functioning and dynamic knowledge-driven society is the key to any real progress in economic and social terms. On the occasion of the Lisbon extraordinary European Council of 23

and 24 March 2000, which could be considered as one of the most important events for the prospective shape of Europe's social and economic model, the Member States decided to define a strategy for the next ten years to foster economic development with a project that sets the course Europe-wide. At its core is the commitment to make full use of all available resources to guarantee not only sustainable economic growth but also to create the conditions for full employment and greater social cohesion. This extremely ambitious project has to be based on a combined approach to economic, employment and social policies, which have to be seen as three sides of an equilateral triangle forming a mutually supportive and balanced policy mix.

The Summit agreed on a new strategic goal for the Union *"in order to strengthen employment, economic reforms and social cohesion as part of a knowledge-based economy"*: the Union's main objective for the forthcoming decade will be *"to become the most competitive and dynamic knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater cohesion"*.

The Spring Summit

To that end a combined and co-ordinated action has been decided in several fields, namely: macroeconomic policy, economic and structural reforms, fiscal policy, sustainability of public finances, information society, research and innovation, education and training for living and working in the knowledge-based society, an employment policy capable of creating more and better jobs, adapting social protection, and the fight against exclusion.

The existing Broad Economic Policy Guidelines and the Luxembourg, Cardiff and Cologne process provide the necessary instruments, but other Council formations will be involved. The European Council will have to set out guidelines for the contribution of the Council formations concerned as well as the Commission; it will also play a co-ordinating role and guarantee the overall coherence and finally monitor progress towards the new strategic goal.

The Commission has been given the task of drawing up an annual synthesis report on progress of the economic and social situation on the basis of some background indicators plus specific structural indicators covering four different fields: employment, innovation, economic reform and social cohesion. Every year the European Council will hold a special Spring meeting devoted to the economic and social situation in the Union and its Member States.

In order to implement this combined approach on economic, employment and social policy, a new "open method of co-ordination" was approved in Lisbon which means:

- fixed guidelines to reach specific goals, combined with specific timetables for the short, medium and long run;
- quantitative and qualitative benchmarks and indicators;
- targets and measures which take into account national and regional differences;
- periodic monitoring and an evaluation of the progress achieved.

This strategy can be successfully implemented only with the full participation of Member States and their respective regional and local authorities, the public sector and private companies, the social partners and civil society, including non governmental organisations, with the adoption of the necessary legislative and administrative framework, and in the full respect of the subsidiarity principle.

What is needed

Selecting coherent and precise structural indicators

A coherent set of structural indicators constitutes the appropriate instrument to monitor social and economic progress. But what is important is to combine both a quantitative and a qualitative approach in order to support a proper evaluation of trends in the economic and social field. The five background indicators plus the twenty-seven specific indicators proposed by the Commission represent the necessary basis for a coherent in-depth assessment of the situation in the European Union and in the Member States. Any further restriction of this number, as the conclusions of the Nice European Council seem to suggest, risks shifting the focus of analysis and thus will make it extremely difficult to get a real picture of progress made towards the Lisbon goal. It is instead of decisive importance to commit the methodology and the content of the analysis as well as the evaluation and target setting within the Spring process strictly to the full range of the Lisbon strategy. Moreover for the next years the Commission should encourage itself to propose new additional indicators able to provide instruments for a more qualitative assessment in the view of the adopted co-ordinated approach of economic and employment policies at European and at national level. Here it will also be necessary to fill the ecological gap of the synthesis report in which environmental issues fall too short among the list of underlying structural indicators.

Balanced Policy Mix

In terms of procedures, Lisbon highlighted the need to improve the existing processes of Cardiff, Luxembourg and Cologne and stressed the necessity of guidance and co-ordination in the fields of economic, employment and social policy. To put this view into practice the European Council in its full responsibility for the Spring process should ensure a more coherent and balanced strategy when it comes to the content of evaluation and target setting in the respective fields of policy-making.

The strategic goal "*to strengthen employment and economic reform and social cohesion as part of a knowledge-based economy*" requires responsible guidance as well as appropriate modes of collaboration. In addition to the more specific responsibilities of each Council formation the European Council should take a leading role and set out horizontal messages which relate to the challenges ahead as well as to Europe's social and economic potentials. European citizens will feel attracted by chances of a prospective inclusive, competitive and knowledge-based society when the European Union provides for conditions and opportunities which allow everybody to participate. Consequently, efforts in all policy fields concerned have to deliver results to the strategy which was agreed as equilateral sides of a balanced policy mix wherein progress in each area is supportive for others.

More attention to demographic trends

It is also of paramount importance to pay the necessary attention to demographic trends in our countries: low fertility rate and increasing ageing of the population are already putting pressure on the structure and the financing of private and public pension schemes. Furthermore health care expenditures are also supposed to increase. But it is the question of the structure of the labour force which needs to be properly addressed: with a growing percentage of workers aged more than fifty, it is vital to offer appropriate training programmes specially to older workers and open the chances of lifelong learning for all generations. Otherwise shortages of skilled labour will prevent the European Union from taking profit of the advantages of the new economy. Furthermore migratory flows, although still quite unpredictable, will also have an impact on the demographic structure and on the labour markets. Thus specific demographic indicators such as the total period fertility rate, population by age groups and net migration could be an additional useful instrument to set the necessary measures to guarantee full employment and sound finances.

Against the backdrop of these developments prospective social and labour market policies also have to contribute to a reconciliation of working life and family life thus enabling especially women to make full use of their qualifications. Policies which provide for flexibility while ensuring qualified standards of training, work and security will gain high priority in traditional as well as in new industries but especially in the service sector.

Setting priorities for the economic and structural policy of the European Union

Sound public finances and contained levels of public debt will have positive consequences on fiscal stability and growth. However it is vital to stimulate additional private and public investments, towards a European investment policy in the fields of infrastructure, research and development, education and training, information and communication technologies and human resources and the protection of the environment. The quality of public spending and its contribution to growth has to be evaluated via detailed information on its nature.

Business competitiveness, a favourable environment for the development of small and medium size enterprises, fair tax, the reduction of the fiscal burden on low-income labour as well as the implementation of the action plan on the financial services, will also accompany job creation and provide employment and economic and social progress.

Furthermore the Union's "social" legislative framework should be completed by the adoption of appropriate measures to combine flexibility and security of labour markets. New forms of work such as tele-working, part-time, fixed contracts etc. should be recognised in the responsibility to develop better and more jobs as well as in the interest to guarantee high standards of qualification, working environment and social protection for everybody.

Accompanying the process with democratic checks

Legitimacy and democratic support are the pre-condition for this strategy. This has to be ensured via the full involvement of the European Parliament, the parliaments of Member States as well as through the participation of social partners and civil society.

On the eve of the Santa Maria da Feira European Council, the Portuguese Presidency organised a High Level Forum in order to listen to the point of views of representatives of the European institutions and of the social partners. This positive experience could now take the form of working parties concentrating on concrete themes which could comment on the implementation of the different aspects of the Lisbon strategy.

Moreover the process can in no way be built upon a purely intergovernmental basis: the European parliament views have therefore to be taken into consideration, by its full association via an inter-institutional agreement to the implementation of this strategy. Legislative consultation and appropriate information of the European Parliament from all the Council formations concerned on each activity relating to this strategy will not only increase its legitimacy but also its efficiency and democratic support.

23 January 2001

OPINION OF THE COMMITTEE ON EMPLOYMENT AND SOCIAL AFFAIRS

for the Committee on Economic and Monetary Affairs

on the Spring 2001 European Council: the Lisbon process and the path to be followed
(report by Hans Udo Bullmann)
(2000/2280 (INI))

Draftsman: Luigi Cocilovo

(*) enhanced “Hughes” procedure

PROCEDURE

At its meeting of 16 November 2000 the Committee on Employment and Social Affairs appointed Luigi Cocilovo draftsman.

It considered the draft opinion at its meetings of 4/12 December 2000 and 8/23 January 2001.

At the latter meeting it adopted the following conclusions by 33 votes to 0, with 3 abstentions.

The following were present for the vote: Michel Rocard, chairman; Winfried Menrad and José Ribeiro e Castro, vice-chairmen; Luigi Cocilovo, draftsman; Sylviane H. Ainardi, Jan Andersson, Elspeth Attwooll (for Luciano Emilio Caveri), Regina Bastos, Jean-Louis Bernié, Andre Brie, Philip Rodway Bushill-Matthews, Alejandro Cercas Alonso, Brian Crowley, Elisa Maria Damião, Den Dover (for María Antonia Avilés Perea), Harald Ettl, Carlo Fatuzzo, Ilda Figueiredo, Hélène Flautre, Fiorella Ghilardotti, Marie-Hélène Gillig, Anne-Karin Glase, Ioannis Koukiadis, Jean Lambert, Elizabeth Lynne, Toine Manders (for Daniel G.L.E.G. Ducarme), Thomas Mann, Mario Mantovani, Manuel Pérez Álvarez, Bartho Pronk, Tokia Saïfi, Helle Thorning-Schmidt, Ieke van den Burg, Anne E.M. Van Lancker, Barbara Weiler and Sabine Zissener (for Rodi Kratsa-Tsagaropoulou).

SHORT JUSTIFICATION

The European Parliament welcomes the communication from the Commission concerning structural indicators submitted on 27 September 2000 in accordance with the request of the Feira European Council.

Article 2 of the Treaty establishing the European Community lays down that the Community has the task of promoting economic and social progress and a high level of employment. At the extraordinary European Council in Lisbon in March 2000, the Union adopted the strategic goal of making the Union *'the most competitive and dynamic knowledge-based economy in the world'*.

In this context, the Feira European Council called upon the Commission to present a report by the end of September *'on the proposed approach for indicators and benchmarks, both in specific policies and to be used in the synthesis report to the Spring European Council, to ensure the necessary coherence and standard presentation'*.

The development and evaluations of the appropriate indicators will assist the process of analysis with a view to attaining the goals set by the Heads of State and of Government, and it is important that the indicators selected should fully reflect these objectives.

While recognising social cohesion as a distinct field, the draftsman agrees with the Commission's view, as stated in point 12 of the communication on structural indicators, regarding the important role of employment in promoting social inclusion. Certain structural employment indicators could thus help to evaluate progress towards the social objectives of inclusion. The draftsman also considers that regional disparities in employment and unemployment should be considered from the point of view of regional cohesion.

The draftsman stresses how important it is that all the indicators taken into consideration should be the same as those used in the Luxembourg and Cardiff processes and the various action plans. Consequently, the list of indicators proposed for the 'synthesis report' should take account of the main performance indicators and should accord with the economic-policy objectives used in these various exercises.

One of the key goals of the strategy adopted at the Lisbon summit is to increase employment within the Union in the framework of a knowledge-based society, with full employment as an objective. In accordance with this assignment of priority to employment, a target figure has been set whereby the European Union aims to attain a mean employment rate as close as possible to 70% by 2010, and should similarly set a target for women's participation in the labour market (a mean rate of more than 60% by 2010). Parliament has already expressed its support for these objectives in its report on the employment guidelines.

Apart from creating economic conditions favourable to strong growth and sustained job creation, the European Parliament stressed in the same resolution that an 'active employment policy' was important. This comprises five key elements: improving employability, dealing with the problem of skills shortages, stressing lifelong learning, ensuring equality of opportunity and increasing employment in the services sector. The draftsman calls for this key objective of the Luxembourg process to be better reflected in the future set of indicators.

Despite significant improvements, youth employment remains an important objective of the European employment strategy which also contributes to the objectives adopted at the Lisbon summit. Youth employment should be included in the current list of structural indicators.

The draftsman endorses the division of the key indicators which the Commission has classified in accordance with the four policy areas adopted at Lisbon – employment, innovation and research, economic reform and social cohesion – but, where the characterisation of these indicators is concerned the draftsman suggests the following classification: (i) easy to interpret and understand, (ii) relevant to the policies under consideration, (iii) the data available should, at most, refer to the two years preceding the issuing of the report, (iv) mutually consistent, (v) comparable across Member States and, as far as possible, with the US, and (vi) selected from reliable sources.

He agrees that the indicators should help to provide an integrated view of progress towards the general goals adopted at the Lisbon summit and should not, therefore, be considered in isolation.

The draftsman stresses that the information provided by the structural indicators must be followed by a qualitative assessment. The annual ‘synthesis report’ should therefore make the best use of all the appropriate quantitative and qualitative information concerning employment. It is also necessary to ensure that the annual ‘synthesis report’ and the communication on the employment guidelines are consistent with each other.

CONCLUSIONS

The Committee on Employment and Social Affairs calls on the Committee on Economic and Monetary Affairs, as the committee responsible, to incorporate the following points in its motion for a resolution:

1. Believes that the new open method of coordination based on fixed guidelines, quantitative and qualitative indicators, benchmarks and measures to be taken both at the Union and at national and regional level, combined with appropriate monitoring of the results and the necessary legislative instruments, will constitute the appropriate way to achieve greater convergence towards the EU's main goals through 'standards of excellence' and to implement the strategy agreed in Lisbon;
2. Recognises that the structural indicators and the annual synthesis report itself are simply tools to help in the ongoing assessment of progress in delivering the political and integrated policy process launched in Lisbon; recognises that the process itself demands an integrated policy analysis which further requires the development of a modular statistical accounting system rather than a list of separate structural indicators;
3. Calls on the social partners to play a key role in the implementation of this strategy in launching negotiations at the EU and national level in areas such as organisation of work, life-long learning and new forms of employment; believes that exchanges of information between the Community institutions and the social partners on ongoing changes in the make-up and content of wages and salaries should be encouraged and developed, and that the functioning of the macro-economic dialogue should be improved, so that it fully contributes to the positive and dynamic interaction of economic, social and employment policies;
4. Calls on the Commission and the Council to negotiate an interinstitutional agreement with the European Parliament for its full involvement in the process, which will give greater democratic legitimacy to the initiatives undertaken; calls for itself to be fully associated in the preparation and follow-up of the procedure leading to the Spring Summit to ensure that the follow-up to the Lisbon strategy is not carried out on a purely intergovernmental basis;
5. Stresses the importance of constant updating of all the indicators, seeking to retain reliable and unvarying indicators over a number of years;
6. Emphasises that administrative reporting on progress indicators needs to be complemented with independent, research-based comparative data on indicator performance;
7. Stresses the role of the Committee for Social Protection in defining indicators in the field of social cohesion, and welcomes the referral to the Employment Committee (referred to in the Social Agenda adopted by the Council on 27 November 2000), which should submit a report on the quality of employment at the end of 2001; this report should make it possible to define indicators which can be used in monitoring it; considers that these indicators should be based on a detailed statistical framework incorporating economic and social statistics, which can be extended to include other modules, in particular, as regards the environmental effects of economic policy, by adding a limited set of environmental indicators to the set of structural indicators proposed; considers it important to make use of the expertise of the Economic and Social Committee and the Committee of the Regions and attaches importance to the contribution which can be made by representatives of employers and employees;

8. Considers that the European Parliament ought to be more involved in the work of developing indicators, both by the Committee for Social Protection and by the Employment Committee;
9. Strongly supports the proposal for measuring productivity, particularly on an hourly basis; this is a key indicator for the efficiency with which resources are used, and a major element in determining wages;
10. Proposes the inclusion of a new criterion in the list of general economic indicators to enable public policies aimed at generating investment to be assessed, particularly in less developed regions using the methodological basis proposed in 1990 by the UN with a view to drawing up the UNDP's human development indicators; the role of public investment in providing high-quality infrastructure to create 'the most competitive and dynamic knowledge-based economy in the world' should be recognised; calls on the Commission to study ways of defining this indicator;
11. Calls for employment/unemployment indicators which include a breakdown by age and sex; employment rates should in addition be expressed as full-time employment equivalents; activity rates, as well as employment and unemployment rates, should be included; indicators should also be included for non-standard forms of employment (part-time, temporary) and should be developed per sector for the self-employed;
12. Calls on the Commission to include 'employment quality' indicators; calls on the Commission, to this end, to submit as soon as possible a definition of these indicators by various criteria (particularly the form and term of employment contracts, working conditions, health and safety conditions, pay, equality between the sexes, the balance between flexibility and security, social relations and structural overtime);
13. Calls for a specific indicator for youth unemployment; proposes the inclusion of the indicator agreed for the Luxembourg process, namely the ratio of youth unemployment to the young population, and of information regarding the extent of the education and/or the specific vocational training received by young people;
14. Calls on the Commission to add to the analysis provided by indicator no 6 in Chapter IV. *Social cohesion* ('*Early school-leavers not in further education or training*') an indicator for young people who have continued in education or training beyond compulsory school age in order to check the quality of education and training in relation to the chances of finding a job;
15. Calls on the Commission to place in a new fifth chapter ('education and training') the indicators relating to this subject; proposes incorporating in it a new indicator, the 'illiteracy and innumeracy rate';
16. Calls for poverty indicators to be broken down by age and sex for single people not living with their families; in order to measure poverty rates after social transfers, pensions should not be excluded, because on average they represent more than 45% of social transfers in the EU; the indicator for unemployed households should be based on the age group 18-60 rather than 25-55; in this context it should be made clear that workers who are in receipt of disability benefit or on sick leave are not 'unemployed';

17. It is important to stress the need to continue work on defining reliable indicators for social exclusion, thanks particularly to the contribution of the Committee for Social Protection; before even working out a finalised statistical model, there is a need to obtain data which are comparable between countries in order to evaluate more effectively national action plans for combating poverty and social exclusion and to enable Member States to 'define indicators and monitoring mechanisms capable of measuring progress';
18. Proposes, in the field of social cohesion, that indicators be developed by the Social Protection Committee which reflect the multi-dimensionality of social exclusion/inclusion. Proposes that, within the context of the forthcoming Community Action Programme to combat social exclusion, indicators should also be developed concerning non-take-up of social benefits (how many potential beneficiaries are excluded from social security benefits such as unemployment benefit, health care, pensions or low-cost public housing) and concerning the adequacy of, including, where appropriate, rates of replacement for, the various types of benefit (e.g. pensions, unemployment benefit, sick pay, parental leave allowance and 'career break' allowances).

OPINION OF THE COMMITTEE ON CULTURE, YOUTH, EDUCATION, THE MEDIA AND SPORT

for the Committee on Economic and Monetary Affairs

on the Spring 2001 European Council: The Lisbon process and the path to be followed
(2000/2280(INI))

Draftsman: Myrsini Zorba

PROCEDURE

At its meeting of 9 January 2001 the Committee on Culture, Youth, Education, the Media and Sport appointed Myrsini Zorba draftsman.

It considered the draft opinion at its meeting of 15 January 2001.

At the latter meeting it adopted the following conclusions unanimously.

The following were present for the vote: Vasco Graça Moura, acting chairman; Ulpu Iivari, vice-chairman; Myrsini Zorba, draftsman; Pedro Aparicio Sánchez, Lucio Manisco, Jens Dyhr Okking, Barbara O'Toole, Luckas Vander Taelen and Sabine Zissener.

CONCLUSIONS

The Committee on Culture, Youth, Education, the Media and Sport calls on the Committee on Economic and Monetary Affairs, as the committee responsible, to incorporate the following amendments in its report:

1. Calls for access to lifelong learning and information networks to be made available to all, together with a low-price policy so that all citizens have access to them. Potential obstacles to the introduction of lifelong learning measures should be identified and removed.
2. Stresses that obstacles to the mobility of students, trainees, young volunteers, teachers, trainers and researchers should be removed in order to strengthen the role of education in the emergence of a European knowledge-based society. Measures must be taken to avoid the obvious danger of creating 'information poverty'. The framing of an effective lifelong learning policy is essential in order to ensure that labour market flexibility does not lead to the emergence of new forms of insecurity and marginalisation for many workers.
3. Points out that one of the consequences of major scientific and technological change and the impact of new policies on 'everyday culture' is that citizens need to be given a greater opportunity to adapt and evolve sufficiently in a rapidly changing world. Cultural issues should be dealt with, not as marginal or secondary matters, but on a horizontal or mainstreaming basis so that cultural issues can be related directly to, for example, economic and social policy.
4. Calls for activities in the framework of the European year of languages 2001 to be aimed at promoting and facilitating language learning for people of all ages with a view to encouraging the emergence of a dynamic and flexible knowledge-based society.