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REPORT

on employment and productivity and their contribution to economic growth
(2004/2188(INI))

Committee on Employment and Social Affairs

Rapporteur: Ona Juknevičienė

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on employment and productivity and their contribution to economic growth (2004/2188(INI))

The European Parliament,

- having regard to the Commission Staff Working Paper (SEC(2004)0690),
 - having regard to Rule 45 of its Rules of Procedure,
 - having regard to the report of the Committee on Employment and Social Affairs (A6-0109/2005),
- A. whereas employment policies are the responsibility of the Member States,
- B. whereas job security, wage levels, working conditions, training and capital per worker are all variables that have a positive correlation with the level of labour productivity,
- C. whereas illegal work has negative effects on social protection systems, employment policies and social cohesion,
- D. whereas the present economic phase of increased competition and intensified restructuring is leading to job losses and changes in employment patterns in certain regions and sectors,
- E. whereas in order to minimise the likely adverse effects of these changes it is essential for all involved to identify problems related to employment and productivity,
- F. whereas shortages of skilled labour have emerged in many sectors, and whereas in some Member States, owing to specific demographic trends, the indigenous working population is decreasing,
- G. whereas economic growth in Europe is around 2%, which is not enough to tackle unemployment and promote full employment, and which clearly shows the need for macroeconomic solutions to address the problem of lack of effective demand,
- H. whereas both sides of industry should be closely involved in efforts to investigate the connection between quality of jobs and productivity and whereas this cooperation would pave the way for progress in the Member States' economies,
- I. whereas SMEs account for the largest numbers of employers and are the main engine of economic growth,
- J. whereas the growth of the internet and e-commerce means that EU companies, including SMEs, operate in an increasingly global market, and their need for competitiveness should be considered in this wider context,
- K. whereas economic growth at the expense of employment growth is undesirable, and all forms of employment growth are therefore to be encouraged, and noting that the Commission working paper states that 'flexible working hours arrangements (including

temporary and part-time contracts) have contributed to raising employment and participation rates',

1. Regrets that the Council no longer regards the Stability and Growth Pact as imperative for the improvement of conditions for economic growth and the creation of employment opportunities;
2. Stresses the importance of public investment at EU and national level for the promotion of social and economic cohesion, as a means to boost demand and promote economic and employment growth;
3. Considers that the EU can be an area of economic, social and environmental progress in the world if different economic, monetary and social policies are followed; reaffirms the validity of the strategic goals mentioned by the Lisbon European Council for full employment, including more and better jobs, economic growth, social cohesion (in particular, the fight against poverty, income inequalities and unemployment) and environmental protection, as engines to achieve sustainable development in the EU, and considers that these strategic goals should be the EU's top priority for the next five years;
4. Considers that, economic and monetary union and the Stability and Growth Pact will enhance the internal market and foster a non-inflationary, macro-economic environment with low interest rates, thereby improving conditions for economic growth and the creation of employment opportunities and establishing a durable basis for social cohesion;
5. Believes that a successful and sustainable economic and monetary union, a well-functioning internal market and high employment levels should not be exclusively addressed by structural reform of the Member States' social protection systems since structural reforms need to be comprehensive in scope, as opposed to limited or occasional measures, and address in a coherent manner the complex issue of incentives for job creation;
6. Supports the Commission's conclusion set out in its working paper that 'reform efforts aimed at stimulating employment should address, amongst other things, reforms of tax and benefit systems to make work pay, active labour market policies to improve employability, the modernisation of work organisation including more flexible employment contract arrangements, efforts to encourage geographical and occupational labour mobility and efforts to make collective bargaining systems more employment-friendly';
7. Considers that the reform of social protection, fiscal, economic, employment and financial policies should be approached in a consistent way, taking due account of the European objective of a high level of employment and social protection;
8. Takes the view that, in this context and in order to foster economic and employment strategies in the European Union which take into account the objectives of social protection, more attention should be paid to improving market efficiency, technological innovation, training and education systems, competitiveness and productivity as prerequisites for growth and employment;
9. Considers that innovation and entrepreneurship are critical to growth, job creation and

productivity and that the Commission should promote interaction between companies, schools, universities and scientists throughout and beyond the European Union in order to stimulate and catalyse the business spirit and innovation;

10. Considers that the overall strategy outlined above will maximise efforts to promote employment and social inclusion and to combat unemployment, and that, in this context, job promotion, worker protection and security will be combined with the need to improve the functioning of labour market, thereby also contributing to the proper success of economic and monetary union;
11. Notes that in order to improve the internal market, create an SME-friendly business environment and reduce administrative and fiscal costs, more attention should be paid to simplifying Community and national legislation and carrying out better impact assessments; also advocates support for instruments and means of financing SMEs, such as venture capital;
12. Recognises the important role of the European Investment Bank in creating employment through investment opportunities in Europe; urges the European Investment Bank to step up its activities in this respect, promoting intervention in the areas of technological innovation, training and education systems;
13. Notes that a strengthened internal market combined with labour market reform and integrated capital markets would provide great potential for significant growth in European GDP; therefore believes that the deepening of the internal market, especially in services, is essential;
14. Recognises the importance of public services and the provision thereof to the promotion of social, economic and territorial cohesion in the European Union and to economic and employment growth; deeply criticises the bias against the state as provider of services of general interest and demands that public services be under the management of the public sector;
15. Considers that improved labour mobility, in both geographical and occupational terms, would reduce disparities between supply and demand in the labour market and significantly improve employment levels, and that there remains substantial scope for further improvements in that regard;
16. Stresses the need to introduce measures to encourage active ageing and discourage early retirement; emphasises the importance of the contribution of older workers, whose experience and skills can help improve the productivity of the European economy; Considers that older people, with their experience and skills, should be regarded as a resource to be harnessed rather than a problem to be addressed;
17. Recognises the importance of the free movement of workers throughout the Union and therefore calls on the Member States to review the transitional period applicable to the new Member States in the area of free movement of workers, with a view to removing all obstacles to labour mobility;
18. Recognises the role of the social partners in the creation of successful and sustainable economic and monetary union;

19. Calls on the Member States to address the problem of illegal work, which has negative effects on social protection systems, social cohesion, competitiveness and productivity;
20. Calls on the Member States to modernise, in accordance with national rules and practice, taxation and social protection systems so that they are capable of adapting to structural changes in the labour market and of fostering the development of a skilled, trained and adaptable workforce in order to contribute to competitiveness, employment and productivity;
21. Invites the Commission, in conjunction with the Member States and after consulting both sides of industry, to analyse developments, innovation and progress achieved towards the above objectives and to submit to the Council and to the European Parliament appropriate reports on the quality of jobs, labour market efficiency, productivity, taxation and social protection systems in respect of all economic sectors;
22. Instructs its President to forward this resolution to the Council and the Commission.

PROCEDURE

Title	Employment and productivity and their contribution to economic growth	
Procedure number	2004/2188(INI)	
Basis in Rules of Procedure	Rule 45	
Committee responsible Date authorisation announced in plenary	EMPL 18.11.2004	
Committee(s) asked for opinion(s) Date announced in plenary	ECON 18.11.2004	ITRE 18.11.2004
Not delivering opinion(s) Date of decision	ECON 30.8.2004	ITRE 24.11.2004
Enhanced cooperation Date announced in plenary	-	
Motion(s) for resolution(s) included in report	-	
Rapporteur(s) Date appointed	Ona Juknevičienė 6.10.2004	
Previous rapporteur(s)	-	
Discussed in committee	15.3.2005	19.4.2005
Date adopted	20.4.2005	
Result of final vote	for:	30
	against:	2
	abstentions:	1
Members present for the final vote	Jan Andersson, Roselyne Bachelot-Narquin, Jean-Luc Bennahmias, Philip Bushill-Matthews, Mogens N.J. Camre, Ole Christensen, Derek Roland Clark, Luigi Cocilovo, Jean Louis Cottigny, Proinsias De Rossa, Harald Ettl, Richard Falbr, Carlo Fatuzzo, Ilda Figueiredo, Joel Hasse Ferreira, Stephen Hughes, Ona Juknevičienė, Jan Jerzy Kułakowski, Sepp Kusstatscher, Jean Lambert, Raymond Langendries, Bernard Lehideux, Elizabeth Lynne, Thomas Mann, Ana Mato Adrover, Maria Matsouka, Ria Oomen-Ruijten, Csaba Óry, Jacek Protasiewicz, Jean Spautz, Struan Stevenson, Anne Van Lancker, Gabriele Zimmer.	
Substitutes present for the final vote	Jamila Madeira, Dimitrios Papadimoulis.	
Substitutes under Rule 178(2) present for the final vote	-	
Date tabled – A[6]	26.4.2005	A6-0109/2005
Comments		