Parliamentary Assembly
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COUNCIL OF EUROPE
CONSEIL DE L'EUROPE

Resolution 1098 (1996)[1]

Unemployment in Europe: causes and remedies

Parliamentary Assembly

1. Unemployment in many Council of Europe member states has reached intolerable levels, and is causing great suffering to millions of jobless people and their families. The Assembly considers that this situation calls for a full examination of its causes as well as effective policies to combat it. Unless this is done, Europe's political stability and social cohesion are at risk.

2. Over the last twenty years there has been no net creation of employment in the western European market economies. At every downturn in the economy unemployment has soared; at every upturn it has come down only slightly or not at all. This points to there being more deep-seated reasons behind current high unemployment levels, reflecting policies and structures that are inadequate to meet changing realities both worldwide and domestically.

3. Since the public finances of the large majority of European countries are too strained to combat unemployment through increased government spending, the bulk of policy action will have to be directed at structural reform, that is, changes in the basic economic and social functioning of our societies, at fiscal consolidation, and at price stability.

4. Europe, and especially western Europe with its mature welfare systems, has to rethink its policies as regards the creation and preservation of jobs, incentives to work, as well as its position vis-à-vis the rapid, and welcome, rise of new economies in the rest of the world, including countries in transition in central and eastern Europe.

5. It is essential, however, that the foundations of a caring society built up over decades should not be upended, so that especially vulnerable groups such as the elderly, the handicapped and the young continue to be given adequate protection and opportunities.

6. Since Europe cannot turn its back on a world community committed to more and more open trade under the Uruguay Round and the new World Trade Organisation, it will have to assume policies which render it more competitive and which allow it to grow at such a pace - commonly held to be between 3% and 4% growth per year - that more employment is created than is lost due to "corporate down-sizing".

7. In view of the large differences in rates of unemployment between different Council of Europe member countries - ranging from about 3% to over 20% - it is essential that countries learn from each others' successes and failures.

8. The emerging new world economy is being built on exchanges - of goods, but, increasingly, also of services and particularly information. European countries will have to adapt and upgrade their educational and vocational training systems to meet this challenge, as regards general knowledge and culture, languages, communications skills, specialised knowledge and skills and the link between education and work. Policies must also facilitate the diffusion and exchange of information, in particular through the modernisation and liberalisation of the infrastructure in telecommunications.

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1. Assembly debate on 24 September 1996 (27th Sitting) (see Doc. 7620, report by the Committee on Economic Affairs and Development, rapporteur: Mr Blœtzer; and Doc. 7651, opinion of the Committee on Agriculture and Rural Development, rapporteur: Mr Cummings). Text adopted by the Assembly on 24 September 1996 (27th Sitting).

9. The new world economy favours smaller, more flexible enterprises. Council of Europe member states should therefore particularly favour the creation and development of new enterprises.

10. Policies should aim to make it more attractive to work, to employ and to create new enterprises.

11. The Assembly considers that the following general measures should be considered:

11.1. more flexible working conditions, in the interests of employees as well as employers;

11.2. a reduction in often superfluous or counterproductive regulations in all sectors of economic life, without affecting the social rights of employees;

11.3. social security systems which encourage rather than discourage the seeking of employment;

11.4. specific support for small and medium-sized enterprises.

12. In addition, the following measures specially directed at helping the unemployed should be considered:

12.1. a shift from passive to active labour market policies, encouraging the jobless to seek new employment, including job counselling, job-search assistance schemes, and the improvement of skills;

12.2. special attention given to the reintegration of the long-term unemployed, in order to preserve their feeling of worth, reduce their psychological distress and prevent alienation;

12.3. maximum opportunities, available throughout working life, for education and skills training, both formally and on the job.

13. The measures set out above must be applied equally to rural and urban areas. Policy reform must guarantee that rural areas fully benefit from the development and use of new communication technologies.

14. Because of their importance for food security, population distribution, the natural and man-made environment, and the diversified and rich European cultural heritage, rural areas must be given special direct and indirect aid and assistance for the creation of new, and the upgrading of traditional, employment. It is particularly important to foster rural, individual, family and co-operative entrepreneurship. The basis for job creation will remain the exploitation of the natural resources of rural areas. The return of processing capacities and marketing functions (value-added) to rural areas should be stimulated, as well as offering a broad range of services (health care, tourism, local markets, etc.). Access to relevant technology and managerial know-how must be assured.

15. An effort must be made to achieve sustainable development by fully involving the primary sectors (agriculture, aquaculture and forestry) in furnishing raw materials for industry and the energy sector, thus halting the environmental degradation stemming from the use of fossil raw materials. This will create important job opportunities in rural areas.

16. Unemployment in a number of European countries in transition is also a matter of concern. It is essential for overall European prosperity and integration that these countries can benefit from a climate of open trade with western European countries. In some countries in transition, especially in eastern Europe, higher rates of unemployment are coupled with high inflation, a hesitation to carry out economic reform and political uncertainty. Here it is essential that western European countries continue to assist the reform process in all ways possible.

17. Council of Europe member states should bear in mind the recommendations of OECD's 1994 Jobs Study and implement them where appropriate to their particular circumstances.

18. Steps must be taken to ensure that European Monetary Union can provide new employment through greater macro-economic and trade stability, both among participating countries and with others, whether belonging to the European Union or not. European trade and co-operation must not be allowed to suffer as a result.