



## Resolution 1423 (2005)<sup>1</sup>

# What solutions to Europe's unemployment?

Parliamentary Assembly

1. In several Council of Europe member states, unemployment has for some years stood at 10% of the active population or more. Unemployment is above all an affront to human dignity, since an individual's full realisation of his or her life can only come about as a result of personal achievement in the form of work and of social ties with others formed in a working environment. It also represents a drain on economic development in the form of an unrealised working contribution, higher government expenditure on unemployment benefits and foregone tax income. Beyond the duty to protect the unemployed against hardship, the state therefore has the obligation to shape society in such a way that unemployment can be kept to an absolute minimum.
2. Growing world economic openness and interdependence – frequently referred to as “globalisation” – are bringing fundamental change to Europe's economies, even as these undergo rapid integration between them, notably within the context of the European Union (EU) and, at world level, the World Trade Organization. These processes will cause job losses in some areas as less competitive activities are abandoned, but will also bring new employment in many areas of activity, created as a result of increased trade and the higher disposable income resulting from lower prices of many products and services.
3. The European experience – with its widely differing unemployment rates between countries – shows that countries which adapt their economies and workforce more efficiently to globalisation also benefit from lower unemployment and more rapid growth. Since it is clear, therefore, that unemployment can in large measure be remedied through better policies, it is vital for Europe, including the European Union, to identify such policies or leave member states free to follow their own policies or emulate the successful policies of others.
4. The need for structural reform is particularly pronounced in a number of major economies in the eurozone, whose current economic recovery is due almost exclusively to an increase in exports toward faster-growing non-European economies rather than to domestic demand, and whose capacity for growth is constrained by rigidities in the markets for labour, production and services to a level insufficient to reduce unemployment, or even stop it from growing.
5. The Parliamentary Assembly notes that little progress has been reached on the Lisbon Agenda (2000), in which the European Union's member states vowed to turn the area into the most competitive world region by 2010. This is all the more preoccupying as Europe at present is experiencing a major exodus of researchers and people with higher education to countries with better economic prospects, especially the United States. The realisation of the Lisbon Agenda and corresponding ambitions in other European countries will require not only greater stimulation of research but also fresh economic policies based on greater reward for initiative, entrepreneurship and work, and greater flexibility in labour markets, such as lower taxes on labour, a greater capacity for employers to adapt the workforce to changing circumstances, greater incentive to seek work, more decentralised wage bargaining and greater opportunities for part-time employment.

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1. Assembly debate on 28 January 2005 (8th Sitting) (see [Doc. 10359](#), report of the Committee on Economic Affairs and Development, rapporteur : Mr Högmark, and [Doc. 10431](#), opinion of the Committee on Equal Opportunities for Women and Men, rapporteur : Mr Gaburro). Text adopted by the Assembly on 28 January 2005 (8th Sitting).



6. A good education system and opportunities for lifelong learning are also vital to long-term economic development and hence to reducing unemployment. Present high unemployment among young graduates shows, however, that good quality education will be of little use unless it can be used in a growing and dynamic overall economy.

7. The European Union's recent enlargement to include numerous countries in central, eastern and south-eastern Europe and its various economic agreements concluded with other European countries, are welcome developments since they hold the promise of bringing higher growth and hence more employment to all the participating countries. The EU must make the most of this potential by promoting growth policies of the kind outlined above, by reforming the Common Agricultural Policy and other support programmes in line with requirements of new economic realities, and by promoting the World Trade Organization's system of open and rules-bound multilateral trade.

8. It is of particular importance to overcome massive unemployment in several countries in central, eastern and South-Eastern Europe, where material standards are considerably lower and social protection less extensive. The ten new EU member countries need to benefit as soon as possible from the totality of provisions guiding the Internal Market – especially the “four freedoms” of movement : of goods, services, capital and labour – and the agreements with all other European countries must be applied with particular consideration for their often precarious economic situation. Conversely, all European countries must recognise that no lasting economic growth, and hence overcoming of unemployment can be reached unless corruption and economic crime can be curtailed, as foreign investment will shun countries suffering from such ills and domestic funds will not be forthcoming.

9. Countries with lower unemployment also tend to have higher employment rates, that is, a higher proportion of their labour force participating actively in economic life. The Assembly – aware that higher participation rates give rise to higher growth and tax income and reduce the pensions burden – therefore commends efforts by countries to prolong working life where feasible.

10. It also notes the recent tendency in certain highly developed European economies to return to longer working hours in order to preserve employment and believes that such arrangements should, as far as possible, be settled between employers and employees independently, as long as they do not lead to any deterioration in their economic and social condition and are compatible with various international agreements, such as the Council of Europe's revised European Social Charter. This is all the more important since the social and economic stress experienced by many employees in Europe today, including the fear of loss of employment, is becoming acute and may impair their productivity and commitment.

11. The Assembly believes that while certain social systems are in need of reform, existing social standards, as enshrined for example in the European Social Charter and the European Union's Charter of Fundamental Rights, must be upheld. Reforms should also take into account Europeans' current preferred balance between working and leisure time, as well as new demographic realities, such as the need for new services for the ageing. Reforms must also protect vulnerable groups in society, such as the elderly, migrant workers, people with disabilities and the young, and give them adequate opportunities. Employers should be strongly encouraged, by corresponding legislation, to employ people from these groups. Parents, especially women, must benefit from better childcare facilities and other measures to facilitate family life – including care for the elderly in a rapidly ageing Europe – and young people should enjoy sufficient apprenticeship opportunities and maximum access to education.

12. The Assembly considers that the gender dimension of unemployment must also be addressed. While the situation varies considerably from country to country, in general unemployment is higher amongst women than amongst men (9.7% for women in OECD Europe in 2003 compared to 8.6% for men). In addition, many unemployed women do not even show up in the unemployment statistics as they are what the International Labour Organization (ILO) calls “discouraged workers” : workers who do not actively seek work although they do want to work, either because they feel that no work is available to them, because they face discrimination or because they face structural, social or cultural barriers. Women also tend to have much lower labour force participation rates than men in Europe, which not only threatens the economic independence of women and contributes to higher female poverty rates (especially in old age), but also hinders economic growth and diminishes tax income in European countries. It is thus vital that all Council of Europe member states fight female unemployment by ensuring equal access to the labour market for women and men, promoting higher labour force participation rates amongst women, making the workplace attractive to “discouraged” women workers, and ending discrimination against women in the workforce and the workplace.

13. In today's society women's labour is strongly linked to family choices and, in many European countries, also to the fertility rate. Generally, in those states which lack childcare facilities or other measures to facilitate family life – including assistance to elderly people – women are forced to choose between their professional career and maternity. It is therefore necessary that the Council of Europe member states put policies into place to help reconcile domestic work and employment outside the home. It is essential to focus attention on the family as the fundamental, natural cell of society with its role of transmission of values, of education and of defusing some social tensions. Maternity has to stay a normal event in a young woman's life, and should be supported as a choice that does not force women to renounce access to the labour market.

14. Finally, the Assembly warns that high unemployment may over time lead to a disintegration of social ties and to social instability. Society, employers and employees therefore have to work together in a spirit of compromise to ensure that reforms can be carried out in as humane a manner as possible.