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Department of Employment
Caxton House Tothill Street London SW1H 9NF
Telephone Direct Line 01-213.....5949
Switchboard 01-213 3000

~~CDP~~

The Rt Hon Sir Geoffrey Howe QC MP
Secretary of State for Foreign and
Commonwealth Affairs
LONDON SW1A 2AH

21 November 1986

Dear Secretary of State,

*Await comments
of colleagues
21/11*

EC: EMPLOYMENT INITIATIVE

As you know, I recently tabled a draft of the resolution which we aim to get adopted at the December Social Affairs Council to give effect to our employment initiative. As with our earlier paper, I was able to put the resolution forward in the names of my Irish and Italian colleagues along with my own.

The draft has now been given a first full reading at Working Group level in Brussels. Both the Commission and the Belgians tabled copious amendments with a smaller set put in by the French. Some of these inevitably attracted support from other Member States. What was encouraging, however, is that all concerned - including the Commission - now seem to accept that we will get our resolution in December, subject, of course, to our producing an acceptable text. If this is right, it will be a major coup to have turned this Council on to an almost diametrically new course and away from its past obsession with social engineering proposals such as parental leave and Vredeling.

To get there we shall, of course, have to make some movement towards accommodating the views of the less enthusiastic Member States and of the Commission. I do not intend that this should be at the expense of any of our own key objectives. Accordingly, I attach a revised text which takes on board some (but by no means a majority) of the Belgian, French and Commission amendments and of other points raised at the Working Group. Because time is now extremely short, I should be grateful to receive, by next Tuesday (25 November) please, any substantive comments which you or other colleagues have on the draft. Changes from the last draft are sidelined for ease of reference.

We shall be tabling the revised text for a second, and final, working group meeting on 1 December. In agreement with UKREP and the Council Secretariat, COREPER on 2 December will almost certainly be invited simply to take note of progress as a forerunner to the Council itself on the 11th.



Given the time constraints as we run up to the end of this exercise - and in particular the need to table texts in all languages a week before the Council - I will not I am afraid have any opportunities to consult Departments on any further drafting amendments which we feel obliged to accept either after the 1 December meeting or at the Council itself. Nevertheless, I believe I am well seized of the points which you and colleagues regard as important. I will take care to use my Presidency position to ensure that the eventual text does not concede anything which would be difficult domestically or inconsistent with our own economic and employment policies. The great bulk of the Resolution will, of course, be an endorsement by the Community of our own policies in the employment field.

I am copying this letter to the Prime Minister, Nigel Lawson, Norman Fowler, Kenneth Baker and Paul Channon; and to Sir Robert Armstrong and Sir David Hannay.

FCS

Yours sincerely,

PP. KENNETH CLARKE
(Approved by the Minister
and signed in his absence)

COUNCIL RESOLUTION OF 11 DECEMBER 1986

On an action programme on employment growth.

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

- Having regard to the Treaty establishing the European Economic Community
- Having regard to previous resolutions of the Council concerning youth employment, long-term unemployment, labour market policies, local employment initiatives, vocational training, the introduction of new technologies and equal treatment between men and women
- Having regard to the conclusions of the European Council in The Hague on 26/27 June which called for a comprehensive programme of action to combat unemployment,
- Having regard to the document "Employment Growth into the 1990s - A Strategy for the Labour Market" submitted on 28 May 1986 by the Ministers for Employment representing Ireland, Italy and the United Kingdom
- Having regard to the opinions of the European Parliament on the subject of the labour market and employment, and to discussions in the Standing Employment Committee, in particular those which took place on 14 May 1986 and 7 November 1986,
- Acknowledging that increased employment must come about mainly through economic growth
- Acknowledging the role of measures to improve the functioning of the labour market within the Community's strategy of co-operative economic growth and within the overall economic policies of Member States,
- Acknowledging that a strategy to improve the labour market should not put at risk basic rights in the areas of social security, social protection and conditions of work,

- Acknowledging that such a strategy should take full account of the views of the social partners, and of the social dialogue,
- Acknowledging that such a strategy should also distinguish between those areas where the Community has responsibility and those within the responsibility of the Member States,
- Acknowledging that the European Social Fund, in the use of its available resources and in its priorities, must play an increased role in the Community's efforts to fight unemployment,

TAKES FULL ACCOUNT of the Community's strategy of co-operative economic growth as endorsed in the conclusions of the Council (ECO/FIN) on 1985 [and 8 December 1986] and in particular of the need to maintain soundly based economic growth and to work towards a sustained reduction in unemployment between now and 1990; and notes that amongst the key elements in that strategy are the need to improve the adaptability of the markets for goods, services, capital and labour.

EXPRESSES THE COMMITMENT to concentrate its work and to develop further the cooperation between Member States in the areas of promoting new enterprise and employment growth; more efficient labour markets; better training for young people and adults; and more help for long-term unemployed people; and further expresses the commitment, in full agreement with the Commission, to take the decisions and measures necessary to achieve the following:

Promoting new enterprise and employment growth

Large employers will continue to play a major role in providing employment. To that end the agreed policies of the Community - and in particular those directed towards the completion of the internal market, the maintenance of soundly based economic growth and enhanced support for research and development - will all assist large employers to improve their competitiveness and continue to provide a major source of employment. At the same time the Council recognises that the greatest potential for future employment growth lies with small and medium sized enterprises. It therefore wishes to assist the development of such enterprises by

- the rapid implementation of the Commission's action programme concerning small and medium sized enterprises ⁽¹⁾ as endorsed in the conclusions of the Council of 20 October 1986, especially with respect to:
 - the undertaking of special efforts to publicise Community Programmes of benefit to SMEs
 - the identification and promotion of means whereby large companies and the private sector in general can assist the creation and growth of SMEs, in particular through training and specialist advice
 - an examination of how Member States might best be assisted in providing small firms with support services including services from the appropriate labour market authorities; initial low cost workspace and accommodation; and advice on the introduction of new technology
- a reduction in the administrative constraints on the creation and expansion of enterprises, including support for the efforts being made within the Member States to encourage the setting up and expansion of one person businesses and SMEs, in particular through
 - simplified guidance for SMEs and the self employed
 - a campaign to reduce unnecessary administrative constraints, whose aims should include making Community legislation more easily understood
 - measures to increase the number of persons, particularly young people and the unemployed, going into self-employment
 - a review of existing instruments at all levels to identify whether changes are necessary to remove unnecessary or unintended obstacles to the number of persons taking up self-employment
- encouragement of the growth of cooperatives and local employment initiatives (taking full account of the Council resolution of June 1984⁽²⁾ especially with respect to:

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(2)

- identification of legislative or other barriers within Member States which put cooperatives at a disadvantage compared with other forms of business
- Community-level support for the provision of training for those who run cooperatives
- an examination of the possibility of drawing up a model legal framework for cooperatives
- efforts to provide on-the-spot advice and counselling to co-operatives and SMEs.

More efficient labour markets

The need to ensure more adaptable patterns of work and to increase the access to the labour market of all those seeking a job implies a need for greater adaptability in the labour market, both internal and external to the enterprise.

To this end the Council wishes to bring about

- the encouragement of initiatives at local level which, while taking account of national and regional characteristics, aim to involve local interests in the development and implementation of employment and training policies in their locality
- steps to make it easier for workers to move to jobs which attract them and to respond to geographical and other shifts in the demand for labour, in particular those connected with the decline and restructuring of traditional industries, through:
 - encouraging Member States so far as possible to remove obstacles to mobility within their own countries including through the provision of rapid and effective placement services
 - the provision of improved information and advice about employment opportunities and about pensions, social security and other relevant rights and arrangements throughout the Community, so as to remove obstacles to movement between Member States, using as appropriate the SEDOC system

- the identification of means to improve the portability of personal entitlements from occupational pension schemes for workers who move to different jobs and from one Member State to another
- greater mutual recognition by Member States of vocational qualifications by means of:
 - the accelerated implementation of Community decisions on the comparability of vocational training qualifications (including consideration of a common vocational training pass)
 - the identification of and action on further areas where the absence of mutually recognised qualifications or comparability between qualifications is a serious impediment to free movement of labour
- the removal of obstacles to the development of new forms of work both in and on the periphery of traditional sectors of employment and in the sector of personal services with the aim of meeting the changing requirements of Society.
- the removal of obstacles to the development of part-time and temporary work, fixed term contracts and job sharing whilst maintaining due regard for the need for social and employment protections
- the greater involvement of employees within their undertakings by the encouragement of whatever methods are most appropriate in the light of the structures and circumstances of Member States; for example by making the advantages of employee share ownership more widely known and by co-ordinating exchanges of information between Member States on the operation of existing share ownership schemes in the Community
- an increase in the equality of access to, and opportunity within, the labour market for women by:
 - the implementation of the Community's medium term programme 1986-1990
 - Community level support for efforts within Member States to encourage women to set up their own businesses

- the promotion of training for occupations where women are under-represented (notably those connected with new technology)
- a re-examination of the need for certain types of restrictive legislation affecting women's employment, as for example that relating to night work
- an increase through the taking of similar measures in the equality of access to, and opportunity within, the labour market for disabled people, migrant workers (including those returning to their original Member States), and disadvantaged residents of inner city areas

Training

A key factor in securing employment growth is to have a labour force that has both the skills and the flexibility necessary to meet the changing requirements of industry and commerce, particularly at a time of rapid change arising from the growth of new technologies. In addition both young people and adults need to have available to them opportunities for training which will enhance their access to the employment market. In this respect the Council therefore wishes to bring about

- more effective vocational programmes of education and training for young people through the taking of measures to encourage:
 - the provision by Member States of high quality education during the compulsory school period so as to provide a sound foundation for later training and vocational specialisation, including in particular improved vocational education arrangements, and the encouragement of links between schools and the world of work
 - the greater involvement of industry and commerce in the design and delivery of vocational education and training
 - up to two years' vocational education and training (including, where appropriate, training at the work place under a training contract and not excluding other training arrangements of more than two years duration) for school leavers, leading to recognised vocational qualifications

- special provision for the disadvantaged and disabled
- an increase in the recruitment prospects of those young people leaving programmes of education and training
- an increase in the levels of training and retraining opportunities available to adults through the taking of measures to:
 - promote amongst both employers and employees a greater awareness of the importance of training both in encouraging economic growth and in meeting the personal and professional aspirations of individuals
 - encourage employers to invest more in training in industry
 - aid the development of more responsive training systems, including the use of new technologies and distance learning for the provision of education and training
- the establishment of a series of Community actions designed to examine ways of:
 - overcoming restrictions on access to training, particularly where training for certain jobs is not widely available to some sectors of the population
 - identifying the developing training needs of enterprises, particularly at local level as part of the Commission's continuing work in the field of training and in the development of local employment initiatives
 - providing more flexible and cost effective forms of training, particularly through the use of new technologies

Long term unemployed

The continued growth of long-term unemployment in the Community reflects both the shortage of employment opportunities in general and the way in which unemployment affects disproportionately certain areas and certain groups in

the labour market. Effective action to combat long-term unemployment requires active intervention by Government, wherever possible with the support of the social partners, as already agreed within the Council resolution of December 1984⁽¹⁾. In view of the continued rise in long-term unemployment since that date, however, the Council considers that further action is urgently needed in respect of

- the promotion and encouragement of schemes in Member States which will be of benefit to the long term unemployed including schemes of or including training, job counselling and guidance, and which will increase the proportion of employment service resources devoted to the long-term unemployed.
- the adoption of a Community policy, taking account of the experience and individual circumstances of Member States, with regard to recruitment aids for the long-term unemployed
- the identification of other means of helping more long-term unemployed people (particularly those under the age of 25) into jobs following discussions of the means of doing so with the social partners
- early agreement on Community-wide comparable statistical data on the duration of unemployment
- an examination of the impact on the long-term unemployed of social security systems within Member States.

Social Dialogue

The Council recalls Article 22 of the Single European Act which requires the Commission to endeavour to develop the dialogue between management and labour at European level. The Council supports the efforts which the Commission has undertaken to carry out this remit and expresses the hope that the dialogue will continue and will lead to conclusions being reached between the social partners which will give added impetus to the programme set out in this resolution.

Implementation of the Programme

THE COUNCIL, acknowledging the important role of the Commission in implementing this programme, INVITES the Commission to submit to it, during the period 1 January 1987 to the end of its present mandate on 31 December 1988, proposals such as may achieve the detailed implementation by the Community or, where appropriate, Member States of the programme set out above, and otherwise to promote employment

THE COUNCIL FURTHER INVITES the Commission to assist in the rapid dissemination of information throughout the Community on new initiatives taken in the areas covered by the Programme building as far as possible on the existing structures and information systems, and in particular MISEP.

THE COUNCIL INVITES the Commission in preparing such proposals to take account both of the views and the responsibilities of the social partners, and of such jointly agreed conclusions as they may reach or have reached in the framework of the social dialogue; and of the best practices already in existence in the Member States.

THE COUNCIL UNDERTAKES to act on such proposals as soon as possible once it has been informed officially of the Opinions given by the Parliament and by the Economic and Social Committee on the proposal or communication in question, and with the maximum endeavour to reach agreement. The Council in particular invites the Commission to submit to it, before 31 December 1987 proposals and communications concerning youth and adult training and long-term unemployment.

In this context THE COUNCIL RECALLS its conclusions of 13 June 1985 which called upon the Commission to examine the possibility of promoting coordinated action to develop experimental or exemplary Community and/or national projects aimed at creating new job opportunities and undertakings; particularly as regards the long-term unemployed and the young, and also to examine the possibility to this end of making better use of that element of the resources of the European Social Fund currently devoted to innovatory measures; and requests the Commission to report on the results of these examinations by 31 December 1987.

THE COUNCIL INVITES the Commission to furnish the Council, once every six months, with a report on progress made in implementing the Programme and on future developments. The Commission is requested to use meetings of the Directors General for Employment and of the Directors of Employment Services for the preparation of these reports.

THE COUNCIL REQUESTS the Commission, within the available resources, to take into account the possibilities of helping the implementation of this Programme in its decisions on the various Community financial instruments, and in particular to bring forward as early as possible its proposals for the review of the European Social Fund.

