

SPEECH OF

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1. I very much welcome the opportunity to speak here today. The member States of the European Community are, of course all members of OECD and represented here by their Governments, but I would like to make some brief observations from the standpoint of the Community as a whole, and in particular indicate the Commission's preoccupations concerning unemployment at the present time.

2. I will spend little time elaborating on the background to the Community's current economic and employment difficulties. It is sufficient to say that unemployment in the Community has more than doubled in the last two years to over 5 million with the trend still upwards overall, although at a slower rate. In particular, younger workers and women have found increasing difficulty in obtaining employment. This has brought forth a series of national measures which have helped to maintain employment, or at least have alleviated some of the effects of unemployment.

3. At Community level, the Commission has played its part throughout the last two years both in developing guidelines for positive employment policy interventions, and in fighting against any tendency towards the spread of protectionist beggar-thy-neighbour tendencies in the face of a deteriorating situation.

4. The cyclical employment situation and growing structural problems ultimately demand both fiscal and employment policy action for their solution. This is, of course, basically a matter for individual Government action, although we try to ensure that this is achieved in a concerted and planned way. The Commission drew up, yesterday, its economic guidelines for the coming year and is currently engaged in formulating its medium term strategy.

5. We have, in the Community, measures to ease the effects on unemployment on the process of growth and structural change, and in particular a number of financial instruments - the Social Fund to stimulate the attainment of appropriate skills and qualifications and to aid mobility; the Regional Fund to help reduce regional imbalances particularly by bringing investment to depressed areas; the European Investment Bank to fund important new projects; and the Agricultural Fund to ease the reduction in dependence on agricultural employment.

6. On top of this, we have also made progress in the development of legislation in the field of employment both to provide greater equality of access to jobs and to share the hardships more equitably in bad times, like the present. The original principles embodied in the Treaty of Rome have been expanded in the Community's Social Action Programme to include, for example, legislation to deal with mass dismissals, legislation on equal treatment of men and women workers, and a series of actions for the protection of migrant workers.

7. There has been considerable thought in the Commission on the social and economic development in the Community. Three ideas in particular stand out. Firstly, we consider that it is essential that the Social Partners be closely and integrally involved in discussions about policies and actions. Secondly, the traditional dichotomy between economic and social objectives seems to us to be increasingly unrealistic. Thirdly, we recognise that, for the Community countries at least, there are certain significant structural changes at work to which we must adapt.

8. Co-operation with the Social Partners has always been an integral part of Community operations whether in the original Coal and Steel Community or in the present day Economic and Social Committee. In the face of the deteriorating employment situation, we have strengthened these links by, for example, re-establishing the Tripartite Standing Committee on Employment. This Committee now meets regularly to discuss Community social policy including specific problems and actions concerning the current and prospective employment situations.

9. We are also trying to reduce the traditional barriers between social and economic policies and have expanded our tripartite contacts to include not only the Social Partners and their traditional counterparts, the Labour Ministers, but also the Economic and Finance Ministers. The first such meeting took place last November and preparations are well in hand for a further conference in June. This conference is expected to tackle certain specific issues involved in the promotion of employment over the medium term.

10. I mentioned structural change as one of our preoccupations. There are many aspects to this, but we are particularly concerned about a fundamental change in the Community's labour supply situation. There can be little doubt that in the medium term the Community will rely less on immigrant labour to meet its manpower requirements than it has done in the past. This is partly for economic and partly for social reasons. But, above all, it will be affected by the fact that for the next five to ten years, the Community's own labour force will be growing by up to 800,000 a year - unlike recent years when it has been by and large stable.

11. This demographic change results from the fact that the post-European war baby-boom of the '50s has started to reach the labour market, greatly increasing the flow of young men and women who are seeking work. At the same time, there is little scope for making room for them by encouraging earlier retirements since the top end of the working age group is small due to the losses of the War, and will continue so for the next decade. This is happening at the worst point in the economic history of the Community, so you will appreciate our special concern about Youth Employment and the promotion of new employment, and the reason why we have made special provision in the European Social Fund to help youth.

12. It is only through the development of more integrated economic and social strategies that we will get back on the road towards full employment. There are no simple solutions for complex problems. In this light, I would like to welcome the draft Recommendation as a positive contribution towards this goal. The draft contains a number of significant points in line with our own thinking, and we will ourselves attempt to use it as a basis for further actions at Community level. Naturally, we, the Commission, would have liked the Recommendation to be a little more specific, referring to certain problems that are very pressing for us, such as youth unemployment.

12. contd.

As it stands it is a sound basis for further action and I sincerely trust it can command the support of all of us. I would like to compliment all those who have worked so hard and effectively towards its realisation.

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