

EMPLOYMENT FOR YOUNG PEOPLE

Speech to be given by Vice-President Vredeling at a Meeting organized by the National Council of Social Service (United Kingdom) on Monday 3rd October 1977 in Brighton during the Labour Party Conference

Introduction

1. I am particularly glad for two reasons to be speaking to you today under the auspices of the National Council of Social Service. Firstly, coming as I do from another Member State of the European Community with a strong tradition of voluntary initiative in the field of social action, I know the crucial importance of a body such as the National Council. It has a vital role in the healthy interplay of concern by Government and the citizens both for the disadvantaged, the handicapped and the deprived, and for the taking of practical responsibility by all citizens for the quality of life in their communities.
2. Secondly the National Council of Social Service is one of the (few) voluntary organisations throughout the Community which has taken the trouble to think seriously and comprehensively about the future of social policy in the European Communities. The paper on this subject which the Council was kind enough to send to President Jenkins and myself last February is ambitious. Given the constraints under which we are working, it may be

in the European social policy. It sets yardstick by which we can measure progress. And it provides us with an integrated vision of what might be done, given the will, the resources and the determination to succeed. For that my colleagues and I are much indebted to the Council.

Youth Unemployment

3. But you have asked me, Mr. Chairman, to concentrate today on the problem of youth unemployment rather than to cover the whole range of social policy. I am happy to do so because we, in the Commission, regard it as one of our most urgent problems. Everyone, the Heads of Government at their meetings in Rome and London earlier this year, the Employers and Trade Unions at the Tripartite Conference in June, and the Ministers of Labour and of Social Affairs at their periodic meetings, share the concern of the Commission. We think that unemployment hits hardest those who have been taught at school and at home that they must earn their living and must stand on their own feet when they grow up; only to find the dole queue waiting for them when they arrive on the labour market.

4. We know that the 2 million or so young people under 25 who cannot find work are only a proportion of the almost six million unemployed of all ages. Youth unemployment is a factor of unemployment generally; and we must be careful, in tackling it, not to isolate this factor from the general situation.

5. The causes of unemployment are manifold : I need here merely to illustrate the cumulative effect of the coming together of a whole range of disparate circumstances.

The decline in the demand for workers

6. We have what is generally called the world recession, from which we are slowly emerging, but whose character should cause us to ask whether that is all it is. There is, to say the least, a possibility that this recession marks the end of the rapid growth due to restocking and expansion in the first post-war generation, and that from now on growth rates in Europe will continue to be lower than in the fifties and sixties.

7. Against this may be put the argument that there is plenty of demand for the goods Europe can supply in Asia and Africa and South America. So there may be, but we would be foolish to suppose that we are the only people who can meet this demand. Industrial development outside Europe and increasingly in the underdeveloped countries themselves will mean that local demand can be met locally, or regionally, at least part of this demand. Indeed, if we are prepared to transfer certain forms of production to the Third World, we shall thereby have to accept a shift in both the demand for and the production of manufactured goods in Europe. This is not to say that we should not continue our aid to developing countries, indeed we should. But the consequences of a policy aimed at a significant increase in aid to the Third World will require some difficult and painful adaptations of our productive capacity. This aid remains necessary, however, for both humanitarian

which affected developing countries even more seriously than ourselves, the objective of generating demand has become more difficult, and yet we need sustained demand in order to increase world trade, which in turn is a pre-condition for improving our own situation.

8. Work-sharing has come to be much talked about as another element in the search for full employment. We are looking into this carefully and there may be some scope for this. But I would utter a word of caution : making two people do the work of one, even if the work could be fairly shared, is not likely to help us in our search for increased productivity. The hidden costs of employment are now so high (social security, sick pay, redundancy, maternity allowances, etc.) that many employers hesitate to engage additional workers.

During the last Tripartite Conference in Luxemburg in June of this year, the question of work-sharing was one of the topics selected for further study and eventual action, together with topics like

- employment creation of the tertiary sector
- restraints imposed on the Community's competitiveness by the international situation
- how to ensure the right conditions for employment-creating growth?

We devote much of our time in investigating further the implications of the implementation of some action in the fields of work-sharing and employment creation in the tertiary sector. We hope to have

a first discussion with both Governments and social partners on these problems in the course of this autumn and in the beginning of next year.

9. At the same time we have to bear in mind the broader range of problems connected with the Community's international environment, and the question of finding the right conditions for employment-creating growth. The modernisation of our industries to keep them competitive means that we need more investment. Unless carefully thought-out policies are devised to encourage labour-intensive investment where this is practicable, we run the risk of this investment to be largely capital-intensive. The spare capacity now available in a number of sectors such as steel, textiles and shipbuilding would allow substantial expansion to take place without creating additional jobs. In this respect I quite understand the worries of trade unions and their request for some control over investment in order to make sure that employment-creating investment takes place. It will probably be difficult to maintain adequate level of employment in every individual branch of industry, but if and when people become redundant as a consequence of capital-intensive investment, the question of alternative employment will inevitably pose itself.

The growth in the supply of workers

10. Added to all those problems, the number of people looking for work is going up. The bulge in the birth rate which occurred in a number of Member States in the 1960's is now beginning to reach

the world of work. Between 1976 and 1980 it is estimated that 1,7 million more people will leave school and seek jobs. This growth in the labour force will continue well into the 1980's (in some countries such as Ireland it will continue until 1990).

11. The European Directive on Equal Opportunities for men and women in the labour market, coupled with national legislation such as your Sex Discrimination Act, is also, very properly, increasing the number of women seeking life-time careers. Women are moving out of the secondary (marginal) labour market into the primary market. And if we mean business about equal opportunities as well as about full employment, we have to take trouble to achieve both these objectives.

12. I mention these elements affecting the general employment situation in order to emphasise that youth employment cannot be solved without tackling these substantial unbalances on the demand/supply relation of labour. But of course the more acute incidence of these elements on the young to which I have referred already, means that we must take specific measures in this general context.

What can be done about Youth Unemployment?

13. The first thing that can be done, and which needs comparatively limited additional resources, is to ensure that when boys and girls leave school they are fitted to find their way into

Education in the Commission has put in hand a programme of studies and pilot projects on the transition from school to work. In the preparation of this programme the reports from Member States indicated that the rather academic objectives of the education systems of many Member States often fail to give young people the practical knowledge and skills needed at work.

14. The proportion of children leaving school who lack these skills and do not have the opportunity of acquiring them by means of further education or vocational training is high in a number of countries. It is to fill this gap, and to fill it quickly, that I put to the Commission the recent Recommendation on Vocational Preparation, which is now in the hands of Member States. The Commission has also decided to devote the major share of the European Social Fund money devoted to young people to the support of national vocational preparation schemes this year. We are also looking carefully at these schemes to ensure that they are genuinely designed to meet the needs of young people, most of whom were glad to leave school, we do not want them merely to recreate classroom conditions under different name.

15. Neither of the activities which I have described should in any way inhibit Member States from strengthening and expanding their regular vocational training systems. In all Member States there is still room for this and, as you know, the main volume of the Social Fund is available to help Member States to devise and run schemes which will ensure that no worker is debarred from

growth sector, by the lack of training or retraining opportunities.

The Need to provide more jobs

16. But when we have done all we can to support training we are, at a time such as the present, still faced with the need to provide jobs. It is well understood that a proportion of youth unemployment is "frictional", i.e. consists of people moving from one job to another. We also know that a small minority of young people have little interest in a job, given that their material needs are modest and that social security provision is generous. But none of these arguments can be allowed to disguise the fact that one in three of the unemployed is under 25 years and wishes to gain a firm foothold, with reasonable prospects, in the world of work.

17. Some Member States are already taking substantial and imaginative action to meet this need. The work of the Manpower Services Commission in this country strikes me as meeting both these criteria. It is imaginative in that it provides a wide range of possibilities for young unemployed people.* A number of the schemes which were begun as short-term expedients to counter a cyclical down-turn in the number of jobs are now being developed on a larger and more continuing scale. If this is to happen across the Community, I think Community help of some kind has to be given. This view is shared by the Heads of Government who

accepted the broad proposals which we put to them at their meeting in London in June. We are now refining these proposals in the light of further evidence from the Member States about their needs and will be putting our ideas to the Ministers of Labour when they meet in Brussels later this month (October).

Possible Community Initiatives

18. Two new initiatives are under consideration, which would complement the existing measures and would, I hope, stimulate new measures in the Member States. The first might consist of grants from Community resources to support recruitment and/or employment premium schemes of Member States aimed to help particularly hard-hit sectors or regions. Clearly such grants could be justified only in circumstances where the chances of maintaining viable economic activities would otherwise be slim, and where young people could not otherwise find work. The assumption would be that the maintenance of a productive or service industry in the area would have spin-off effects on the economy and thus the employment of the area concerned.

19. A second initiative might be taken to enlarge the range of opportunities available to young people by supporting schemes to :

- extend the general vocational training schemes beyond the scale envisaged in the Vocational Preparation Recommendation to which I have already referred;

- provide work experience for young people within firms, in the hope that more lasting employment would result; and
- meet some of the needs for additional workers, notably in the personal social services, in the care and improvement of the environment, the health service and the educational system, in the context of well defined programmes or projects.

20. Both these initiatives should in my view be capable of being continued for varying duration, and should provide full-time and/or part-time opportunities, as may be appropriate. Neither of the initiatives could, of course, be taken without a moderate increase in community resources.

21. The success of any measures depends to a large extent on the quality of the vocational guidance, placement and training systems, particularly those responsible for the introduction of young people to the labour market. Since most Member States already devote substantial resources to such services it seems to me desirable that this expenditure should bring a better return than it often does at present. Here, as elsewhere, the role of the Community as the broker of reliable information on good and successful practice has by no means been exhausted. We have begun to discuss with the relevant services in the Member States ways in which they might help each other, and I am hopeful that these contacts will bring results.

22. I have, Mr. Chairman, set out our current action and thinking on the problem of youth employment. I am persuaded that the Community's role is crucial if we are to meet the challenge which faces us. Where decisions have to be taken in the socio-economic field common action will minimise the beggar-my-neighbour element which is always a temptation at national level. We should be able to avoid the boomerang effect arising from unilateral action. In the years ahead such solidarity will, in my view, be even more important to the welfare of our peoples than in the past.

It is against this background, Mr. Chairman, that I would like to add some general remarks on the Community and its policies, going beyond the problem of employment. We are here in Brighton at the very moment when the Labour Party Conference is being held. It is, of course, for the Labour Party itself to decide what line it should adopt towards the European Community, and to Britain's role in the Community. It would be presumptuous of me to advise my British comrades on this matter, and I have no intention of doing so. However, as a lifelong socialist and trade unionist, now responsible, as a member of the Commission for a number of issues which have always been of particular concern to socialists, I would like to make one or two observations about the present state of the Community, which may perhaps be of some assistance to you.

I read in the National Executive's "Statements to the Annual Conference" : "EEC Commission policy, dominated as it is by the liberal-capitalist ideology of the Rome Treaty, represents, we believe, a major stumbling block not only to a British Labour Government, but also to the strengthening of socialist forces in Europe". Furthermore it is suggested that policies designed to increase public ownership, state aids and selective financial assistance might be incompatible with the Treaty of Rome. It is difficult, of course, to refute such statements and beliefs as long as one does not know the contents of such policies, but this lack of knowledge is not my main objection to those statements. The real objection lies elsewhere. In stating the desire for such policies the Executive Committee seems to think that only British socialists are searching for new ways and methods in order to attack our economic problems, and that continental socialists are content to abide by the so-called "liberal-capitalist ideology". Nothing is farther from the truth. In my own country the Dutch Government is actively pursuing a new economic policy as embodied in the W.I.R., which exactly goes into the same direction as some of the desires expressed by the National Executive. In Belgium, the anti-unemployment programme of the new government, in which the socialists are represented, there is likewise a proof of converging ideas and policies. The same holds true for the socialist parties in the other Member States of the Community. The "Platform" which has been elaborated by those socialist parties to fight the

The British problems are not "unique". In essence they are problems of a much wider nature, felt on the continent with the same anxiety and the same concern as they are being felt here. I do not know whether any of the policies advocated by both British and continental socialists run counter to the spirit of the letter of a so-called liberal-capitalist ideology. I do not know and I cannot know, as long as I am left into the dark as far as the contents of those policies is concerned. I do know however that I am neither a liberal, nor a capitalist, and that most of my colleagues in the European Community are not either.

I have addressed myself to you this afternoon in my official capacity as Vice-President of the Commission of the European Communities, responsible for social affairs and employment. This is my official function. But at the same time I am addressing you as a socialist and as a trade unionist. I have always been a socialist - as member of the Dutch parliament and the European Parliament and as a minister in the Dutch cabinet - and I am still a socialist, also as a member of the Commission of the European Communities. I am now pursuing my democratic-socialist convictions and policies at Community level, convinced of the necessity of working together, knowing that splendid isolation is no answer to our contemporary problems. What we are doing in and with that Community, e.g. for the coal and steel industry is certainly not a "liberal-capitalist" policy; our policies to combat unemployment are not "liberal" or "capitalist" either. The

new public in the seventies, but it is not language we are talking about, but actual, practical policy. The policies we are carrying through are policies fit for our time, even if the wording of the Treaty on which these policies are based sometimes sounds old-fashioned.

I have the impression that trade union circles in this country have become aware of the immense potentialities and possibilities of Europe. At the last Conference of the T.U.C., a motion asking Britain's withdrawal from the Community, was overwhelmingly rejected. The debate on the Community seems to have shifted from the question of membership to the question of "what sort of Community do we want?". In my opinion this is the right question, the question which is also being posed by fellow-socialists in other countries of the Community. The problems we are faced with - economic growth and how?, unemployment and how to combat it?, aid to the Third World and how to spend it?, the future of our society and how to make it a place "fit to live in"? - are immense and enormous. The answers to these questions are not to be found anymore within the framework of the national state; only with the help of the Community might we be able to find an answer to them. This is my conviction, this is the conviction of most continental socialists. I am sure that British socialists before long will come to the same conclusion and help us build the Community we want. We have a unique opportunity to come together and to work together.