

SPEECH BY THE PRESIDENT OF THE COMMISSION OF THE EUROPEAN COMMUNITIES,
THE RT HON ROY JENKINS, TO THE CONGRESS OF THE EUROPEAN METALWORKERS
FEDERATION, AMSTERDAM, 17 MAY 1977

I much appreciate this opportunity to address your General Assembly. This is the first Trade Union gathering I have addressed as President of the Commission, and it is a natural occasion for me to choose because your Federation is not only one of the largest in Europe, but it is also one of the principal partners in the well-established dialogue between European Trade Unions and the Commission. In these brief welcoming remarks I should like to touch on the two main areas which confront us all at the present time and the wider economic difficulties, and employment.

We face three main challenges. The first, and most urgent, is the task of reducing the alarmingly high rate of unemployment. The second is the still dangerously high, though varying, rate of inflation throughout the Community. And the third is the widening gap between the economic performances and real standards of living of our Member States. These three problems are closely interlinked and each reinforces the difficulty of dealing with the other. The weakest economies have the highest rates of inflation, and therefore the weakest currencies. High unemployment in weak economies holds back recovery in the stronger ones as well. Inflation does not reduce unemployment, but is one of its major causes. This is a vicious circle out of which we have to break. To do so I believe our solutions must be not only practical but commanding a wider measure of agreement. Common solutions can only be based on a consensus between governments and the social partners, between the social partners and the European Commission.

We start from the same point - the aim of restoring full employment while maintaining stability. The Commission fully shares our concern with the present level of unemployment and we have a new emphasis on our efforts to face that challenge.

We have given new emphasis to employment issues in appointing a Vice-President specifically concerned with employment and social affairs, and not social affairs alone. As you know, the European Council in Rome gave particular attention to these issues. On that occasion, the Heads of Government of our Member States gave a mandate to the European institutions to take increased action to solve specific labour problems, particularly by improving training and employment opportunities for young people and women. This was confirmed in discussion at the London Summit a few days ago: we are preparing measures to submit to the next European Council in June.

The large percentage of young people out of work, who have only a slim prospect of finding an early and suitable job, is perhaps the most deeply disturbing of our difficulties and the Commission has put forward a number of proposals designed to enhance the employment or re-employment opportunities available to young people. Our proposals on the renewal of the European Social Fund should also be viewed in this light. The main objective is not a complete overhaul of the existing Fund, which has proved itself a useful instrument; the aim is, rather, to make the Fund more effective and more attuned to the specific problems currently experienced by the Community.

This means not only maintaining the growing activity of the Fund by financing training programmes for young people, but also intervening in favour of activities which create employment, beyond the Fund's traditional vocational training function. The possibilities for improvement, and I hope, the guidelines on which we should act to combat unemployment, will also be discussed and reviewed, and will hopefully be given new impetus, at the next Tripartite Conference which is due to meet next month. The results of the previous conference, held last

conference, held last year, were encouraging, and I attach great importance to this forthcoming meeting. With your support, and that of your fellow trade unionists across the Community, this can provide an excellent opportunity, at the right moment, to give the renewed impetus that is required.

There is now a general recognition that the problems of unemployment we have to face are different in nature from the problems of the past. This you have recognised in your congress. Its central message is 'structural reforms for full employment'.

Your choice goes to the heart of the matter at the present time, and I should like to explain to you in a few words what we in the Commission are considering in this respect. Our means are certainly limited but I think they are significant. We are seeking to apply all the powers we have to precisely the objective of structural action in the Community's economy. In certain cases, which I shall briefly elaborate, we are seeking to increase these powers.

I should begin perhaps with one of the most dramatic cases that is closest to your members - that of the shipbuilding sector. The Community is already negotiating with third countries in the O.E.C.D. framework and notably with Japan to maintain our place in world markets. We are also preparing substantial proposals for the internal restructuring of this sector, which will be put to the Council within a few months.

A second example is the steel sector where we have made far-reaching proposals to prevent the present recession inflicting needless *long term* damage on this industry and its employees. While there are several components to this programme, including action on prices and on trade relations, I would like to highlight the decisions we have taken

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to increase significantly the amount of Community finance aimed at the restructuring of this industry.

I stress this use of our financial powers because it is one example of a far broader design that we in the Community, and notably in the new Commission, are trying to bring about. This broader action concerns also the Community's Regional Fund, its Social Fund, the European Investment Bank, new borrowing powers in the nuclear energy sector, and further ^{general} borrowing powers which we are intending to propose shortly to the Council.

As regards the ^{existing} Funds for which the Commission is responsible, extensive reforms are under way. In the case of the Social Fund we have proceeded in the first instance to cut out a great deal of administrative red-tape, to enable the Fund in the future to respond more quickly to needs as they arise. Second, we are proposing a new system of priorities whereby the Fund will, in the first instance, be made available for cases where major industries are facing structural crises and for regions facing the most serious structural problems. In the case of the Regional Fund we are within a few weeks of proposing the first reform of this Fund since its inception. Again our proposals here will aim to make the Fund more responsive to the needs of industries or regions where the greatest structural change is called for. We shall also ~~be~~ seeking to increase the leverage that these budgetary funds have upon the flow of investment capital from international capital markets into sectors and regions in greatest need. We already have mechanisms for supplying loan capital through the Coal and Steel Community and the European Investment Bank. We now envisage increasing the impact of these means by establishing operational links with our Regional Fund budget. And we are also considering new means of raising such finance and applying it to ^a larger and broader range of the

/Community's structural

Community's structural economic problems. These funds will be aimed not only at helping reconversion or recovery in weak regions and declining sectors. We will also be aiming at sectors in which we have to invest for our future growth. Here the best example is energy. In this sector we are preparing wide-ranging proposals for the production and use of domestic energy sources, oil, gas, coal, nuclear and geothermal. We also aim to make substantial progress in a new energy-saving programme, which could have important and positive employment effects.

I do not apologise for the length of this list of Community activities, because I wish it to be recognised that the Commission is at present seeking to consider all these means in the light of the need for structural change in the Community. In some cases our proposals will concentrate on action in particular industries, in some cases the action is across a broader range of industries ^{but} /focused on particular regions. But the essential approach of our policies is to make both these structural and regional activities work together towards our common goal. That goal, of course, is to tackle the economic problems of the day, selectively and practically where they arise, but also to do this in a way that preserves and advances the course of European integration, and greater economic coherence.

At the same time our industrial and economic policies must be complemented by a social policy which responds to individual needs. The unemployment of millions of skilled workers is not just a terrible waste of resources, but a vital human problem to millions of individual families in Europe. In discussions between the social partners, whether in the Tripartite conference, or in talks dealing with particular sectoral problems, it is the question of how our words and deeds benefit the people of the Community that matters in the last analysis.

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There is a continuing and false myth that Community institutions are, and will always be, remote and bureaucratic, unresponsive to the needs and feelings of the people. This is not true. But we have to demonstrate it is not. With the first direct elections to the European Parliament approaching next year, intensified tripartite discussions provide an excellent chance for Europe to get in direct contact with its people. We must use this chance, together, to make our citizens more aware of the need to find Community-wide solutions to Community-wide problems. European solutions are relevant, and important, to individuals as well as nations. Direct elections will be an event of outstanding political importance. We must succeed in bringing a majority of European voters to the polls next year, not only to strengthen the vital element of democracy within our Community, but also to make a wider reality of the fact that Europe exists for its citizens. ^{Constructively} Critical of European policies we must be, but we must also be involved and active. Your Congress, your Federation, sets a good example. The Commission has always appreciated the valuable support which your Federation has given to us by your active participation. We look forward to continuing and strengthening this fruitful collaboration in the future. I am very glad to join in welcoming you here today and I wish your Congress well.