

**Speech by Mr. VREDELING for the presentation of proposals
on Worksharing**

Tuesday 21 march 1978, Standing Committee of Employment

The economic development inside and outside the Community poses many difficulties. Unemployment is one of the immediate consequences of recent developments which creates serious problems for each Member state individually, and for the Community as a whole, and which needs a large and guided action. The suggestions made by the Commission do not aim only to improve employment, because unemployment is not acceptable, socially or economically, but also to improve the quality of life and working conditions.

For various reasons it is not possible to treat the above proposals and suggestions separately in each of the Member states. That would be opposed to the spirit of the Community itself. This is the reason why I emphasize that the guided action which has been proposed to you should be undertaken on a Community level.

We should recall that we are working in the framework of the last Tripartite Conference with the belief that, by a more thorough and more realistic analysis of the employment, social and economic problems facing us, we should be able to develop actions and policies to pull the Community out of its present difficulties.

The Commission, in its paper to the last Tripartite Conference, identified a number of issues on which further work, reflection and consultation should take place. From these, four were selected by the Chairman of the Conference, Denis Healey,

These we are studying in their respective forums. The next meeting of the Standing Committee on Employment will take a first look at the tertiary sector and public sector. The two other themes are being dealt with through meetings of the Economic Policy Committee and the Social Partners.

The different themes are inter-related. In general, they need to be related to the broader strategy for economic recovery and social developments developed in the Tripartite. However, if we can identify areas where consensus is such that actions can already be prepared (and we hope to find such possibilities today), then we should not delay.

What then is the particular situation which makes us turn towards work-sharing as part of the solution, given that none of us would normally view it as a first choice ?

The fact is that the unemployment situation, while no longer deteriorating, shows little signs of improving. Confidence amongst consumers and investors is still low, Community growth prospects remain poor, and there are few indications of a recovery in the world economy outside the Community.

If we were faced with a continuation, but not a worsening, of the present level of unemployment, unacceptable as it is to all of us, we might nevertheless feel that we would be best advised to combine working time arrangements, and to put strong efforts into working for a recovery.

Unfortunately, our situation is somewhat worse than that. We are having, in the face of the poor economic prospects, to cope with a substantial increase in the number of people in the Community who are of working age, and who are seeking employment.

In the period up to 1985, the number of people of working age in the Community will increase by some 7 or 8 million. In times of healthy economic growth and full employment, this would be a strength. However, with current unemployment of 6,5 million, it implies an additional problem for economic and employment policies when we are already finding it difficult to achieving growth sufficient to employ the existing working population.

This increase in the population of working age does not imply that, without an increase in the rate of economic growth, all such people become unemployed and that, as a consequence, the level of unemployment will automatically double over the next few years. We know that, in the recession so far, one effect has been, not only to push up unemployment, but to reduce rates of employment activity, forcing people out of the labour market, particularly those whose attachment is less permanent or for whom a job is less essential - including the young, handicapped, old and women.

Unemployment would nevertheless grow to some extent without an increase in the rate of growth. Hence, we are forced to ask whether sharing the volume of work available at present levels of economic activity between a larger number of people might not be preferable to bringing more people into unemployment or out of the labour market altogether.

This brings me to the question of cost of work-sharing measures. In total, this is a false problem - the cost we would face in introducing work-sharing measures would not be due to such measures, but to the failure of our economic system to create enough jobs to meet the needs of the working population. Every unemployed person, and every person forced to leave the labour market represents a cost since they cannot work and cannot produce output.

(Each person not working costs us some
in lost output. We have some 6,5 million unemployed
and at least a further 3 to 4 million who would seek
work if it were available. Hence, our current failings
are costing us).

The loss of production, or if you prefer to say, the
costs of the loss of production, is shaved to unemployment
payments or other social benefits to the unemployed are met
out of the earnings of those people in employment and of
the companies which employ them.

The real work-sharing issue is how we should share
the costs that we have already incurred between employees
and employers and between them and the Governments representing
Society as a whole. Sharing the costs of low economic activity
through sharing work, rather than through Governments taxing
the employed and the employers in order to pay the unemployed,
is clearly a matter requiring careful discussion and negotiation.
I think that this problem must also be examined within the
framework of an equitable shaving of income. However, as the
Commission has stated it in its paper, we have been stuck,
during consultations, by the way in which the seriousness
of the situation is appreciated. There is an acceptance, on all
sides, of the need for a just sharing of the costs in order to
achieve a more orderly adjustment to present levels of economic
activity across the Community as a whole.

We in the Commission are particularly conscious of the
fact that a common approach is needed in all Member States in
order that their respective competitive positions are not upset.
In this respect, the Community has a crucial role to play in
ensuring the framework within which national actions can develop.

We are concerned to hear your specific reactions to particular suggestions that have been made on overtime working, shift working and on training of the young. We also seek your reactions to the suggestion that we strive towards a reduction in working hours per year, with the clear objective of creating additional employment possibilities. In effect it would be a strategy within a strategy - to work for a more equitable sharing of work whilst working at the same time to increase the overall volume of such work.

Within this strategy, we should be conscious of the particular problems of different groups in the labour market. We have, for example, discussed, and will continue to discuss, actions to aid young people into employment.

Apart from such direct actions, many Member States brought in measures to permit earlier retirement with the partial objective of making room for others, particularly young people. We did not discuss, in detail in our paper, the possibilities offered by early retirement, largely because we were concentrating on issues on which the Social Partners could negotiate directly. However, while there are financing questions to be resolved and while more supporting actions are needed to cushion the social impact of voluntary earlier retirements, such measures can have an important quantitative effect.

All actions need careful assessment. Costs need to be weighted and supporting measures developed taking account of the need for flexibility on the labour market, and possible reversibility in the future. We are not offering miracles, and nobody can be sure of the full effects of

the different measures. However, we are all too well aware of the effects of current high levels of unemployment. Until and when we can overcome our difficulties by establishing a sounder economic order, we cannot afford to turn away from the sort of actions we are discussing today.
