

SPEECH BY COMMISSIONER IVOR RICHARD
TO SEMINAR ON
"EMPLOYMENT AND EMPLOYMENT PROTECTION
IN THE EUROPEAN ECONOMY"
MILAN, 4 FEBRUARY 1983

MR. CHAIRMAN, LADIES AND GENTLEMEN,

I AM VERY PLEASED TO BE WITH YOU IN MILAN TODAY AND PARTICULARLY WELCOME THIS OPPORTUNITY TO TALK ABOUT THE UNEMPLOYMENT CRISIS WHICH FACES EUROPE.

WE ARE NOW IN THE TENTH YEAR OF RECESSION. OVER THE PAST YEAR, UNEMPLOYMENT HAS RISEN BY OVER TWO MILLION AND THERE ARE NOW OVER 12 MILLION PEOPLE REGISTERED AS UNEMPLOYED IN THE COMMUNITY - OVER 40 PER CENT OF THEM UNDER 25 YEARS OF AGE.

WITH A FURTHER INCREASE IN THE LABOUR FORCE EXPECTED, WITH A CONTINUING RAPID DECLINE IN INDUSTRIAL EMPLOYMENT AND WITH A MUCH LOWER RATE OF JOB CREATION IN SERVICE INDUSTRIES, THE PROSPECTS ARE FOR A FURTHER INCREASE IN UNEMPLOYMENT THIS YEAR. THERE IS AN URGENT

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AND PARAMOUNT NEED FOR THE GOVERNMENTS OF MEMBER STATES TO GIVE ABSOLUTE PRIORITY TO REVERSING THIS TREND.

THE SEVERITY OF THE PROBLEM AND THE SOCIAL HARDSHIP CAUSED CANNOT BE EXAGGERATED. SUBSTANTIAL INCOME LOSSES HAVE OCCURRED FOR INDIVIDUALS AND FAMILIES. THE INCOMES OF THOSE IN EMPLOYMENT IS BEING REDUCED TO TRANSFER INCOME TO THE UNEMPLOYED. NOT ONLY ARE THE COMMUNITY ECONOMIES BECOMING SERIOUSLY WEAKENED BY LACK OF GROWTH AND INVESTMENT, BUT THE WHOLE BASIS OF COMMUNITY AND WORLD TRADING RELATIONSHIPS IS BEING INCREASINGLY QUESTIONED AND THREATENED.

WITH THE FAILURE OF THE COMMUNITY'S FREE TRADING SYSTEM EITHER TO GUARENTEE EXISTING JOBS OR CREATE NEW ONES, THE THREAT TO THE COMMUNITY IS DIRECT. PRESSURE IS MOUNTING FOR THE PROTECTION OF JOBS AT NATIONAL LEVEL WITH INEVITABLE DAMAGE TO THE GAINS OF THE COMMON MARKET. UNCOORDINATED NATIONAL ACTIONS RUN A SERIOUS RISK OF WORKING AGAINST EACH OTHER.

IT IS IN THIS CONTEXT THAT THE COMMISSION HAS RESPONDED TO THE CALL FROM THE EUROPEAN COUNCIL FOR MEASURES TO ALLEVIATE UNEMPLOYMENT. WE NOW RECOGNISE THAT IF WE ARE TO DEAL WITH THE

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UNEMPLOYMENT CRISIS WE MUST DEVELOP A STRATEGY
ON A COMMUNITY WIDE BASIS.

FOR WE NO LONGER BELIEVE THAT WE CAN RELY ON SOME KIND OF SPONTANEOUS, EXTERNAL IMPROVEMENT IN THE WORLD ECONOMIC CLIMATE TO CREATE MORE JOBS IN THE COMMUNITY. INDEED, THE ARGUMENT CAN ALMOST BE PUT IN REVERSE, SINCE THE COMMUNITY IS SUCH AN IMPORTANT PART OF THE WORLD TRADING SYSTEM THAT THE GROWTH IN WORLD TRADE IS GREATLY AFFECTED BY DECISIONS THAT WE TAKE. IT HAS BEEN THE GRAVEST OF ERRORS TO HAVE UNDERESTIMATED THE EXTENT TO WHICH THE COMMUNITY HAS BECOME A HIGHLY INTEGRATED ECONOMIC SYSTEM IN WHICH A LARGE PART OF EACH COUNTRY'S TRADE IS WITH OTHER MEMBER STATES. WE HAVE ENCOURAGED THE DEVELOPMENT OF THE COMMUNITY MARKET BUT FAILED TO RECOGNISE THAT, WITH SUCH AN INTEGRATED MARKET, DEFLATIONARY ACTIONS RAPIDLY BECOME CUMULATIVE SPREADING FROM ONE COUNTRY TO ANOTHER, AND DRAGGING US ALL DOWN. COLLECTIVELY WE HAVE BEEN RESPONSIBLE FOR OUR OWN AND EACH OTHER'S DIFFICULTIES. NOT BY CONSCIOUSLY ADOPTING BEGGAR-MY-NEIGHBOUR POLICIES WHICH HAVE BEEN THANKFULLY ABSENT IN THE RECESSION - BUT BY A CUMULATIVE SERIES OF CUT-BACKS IN ACTIVITY WHICH HAVE FURTHER WORSENERED THE ECONOMIC SITUATION.

THE COMMISSION RECOGNISES THE DIFFICULTIES OF GOVERNMENTS, BUT WE BELIEVE THAT, IF ALL COUNTRIES OF THE COMMUNITY WERE TO ACT TOGETHER, THE TRADITIONAL RISKS OR ADVERSE EFFECTS OF EXPANSION NOTABLY ON BALANCE OF PAYMENTS AND INFLATION - WOULD BE DRASTICALLY REDUCED. WE ALSO RECOGNISE THAT THERE ARE CLEARLY SOME COUNTRIES WHO ARE NOT PREPARED TO GO ON SUFFERING UNEMPLOYMENT AT PRESENT LEVELS AND WILL TAKE ACTIONS TO HELP THEIR WORKERS IF COLLECTIVE COMMUNITY ACTION IS NOT FORTHCOMING. THAT WOULD UNDOUBTEDLY MEAN A RETURN TO PROTECTIONISM AND A WEAKENING OF THE COMMUNITY.

WE DO NOT HAVE MUCH TIME. IF WE DO NOT ACT NOW IN DEVELOPING CONSTRUCTIVE AND PURPOSEFUL POLICIES TO CREATE VIABLE JOBS, WE WILL HAVE LOST OUR LAST CHANCE AND WILL BE FORCED BEFORE LONG INTO CREATING 'DIGGING HOLES IN THE GROUND AND FILLING THEM IN AGAIN' TYPE JOBS SIMPLY IN ORDER TO PROVIDE WORK.

THE COMMISSION HAS DISCUSSED A NUMBER OF ACTIONS ESSENTIAL AND CENTRAL TO A RECOVERY PROGRAMME. THE MOST FUNDAMENTAL IS THE NEED TO REVERSE THE TRENDS OF PUBLIC EXPENDITURE, AND TO USE PUBLIC INVESTMENT TO CREATE MORE PUBLIC AND

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PRIVATE JOBS. IN THE PRESENT RECESSION THE SHARE OF JOB CREATING INVESTMENT IN PUBLIC EXPENDITURE HAS SLUMPED AS MORE AND MORE MONEY HAS BEEN REQUIRED SIMPLY IN ORDER TO PROVIDE INCOME SUPPORT FOR THE UNEMPLOYED. WE MUST REVERSE THIS AND THE MOST DIRECT WAY OF DOING SO IS BY AN EXPANSION OF PUBLIC INVESTMENT EXPENDITURE IN ORDER TO CREATE JOBS. IT SHOULD BE REMEMBERED THAT ALTHOUGH FUNDS WOULD BE FUNNELLED THROUGH PUBLIC AUTHORITIES, THE MAJOR INCREASES IN EMPLOYMENT WOULD BE IN THE PRIVATE SECTOR - NOTABLY IN THE CAPITAL GOODS INDUSTRIES, IN CONSTRUCTION AND IN THE ASSOCIATED TECHNICAL SERVICES. WE ARE NOT TALKING ABOUT INCREASES IN PUBLIC EMPLOYEES, OTHER THAN THOSE WHO WOULD ANYWAY BE REQUIRED AT A HIGHER LEVEL OF ACTIVITY.

THE COMMISSION HAS ALREADY MADE PROPOSALS ON THE NEED FOR INCREASED INVESTMENT IN A NUMBER OF AREAS - NOTABLY ON ENERGY, COMMUNICATIONS PROGRESS AND TELECOMMUNICATIONS. THESE SHOULD ALSO BE AUGMENTED WITH SCHEMES FOR HOUSING AND THE RENEWAL OF SANITARY SERVICES, BOTH OF WHICH WOULD GENERATE ACTIVITY IN THE CONSTRUCTION INDUSTRY WHERE THERE IS CURRENTLY MASSIVE EXCESS CAPACITY AND UNEMPLOYMENT.

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AT THE SAME TIME, THERE SHOULD BE A STRENGTHENING OF THE SOCIAL SUPPORT MEASURES IN INDUSTRIAL RESTRUCTURING PROGRAMMES. SUCH ACTION WOULD HELP WORKERS WHO LOSE THEIR JOBS IN SUCH SECTORS TO EXPLOIT MORE FULLY THE OPPORTUNITIES FOR RECRUITMENT THAT COULD COME THROUGH NEW PUBLIC INVESTMENT-INDUCED EMPLOYMENT. WE HAVE JUST, IN THE LAST TWO WEEKS, SUBMITTED NEW PROPOSALS TO THE COUNCIL TO HELP WORKERS WHO LOSE THEIR JOBS IN THE STEEL INDUSTRY.

IN PARALLEL WITH THESE ACTIONS WE NEED TO STRENGTHEN SUPPORT FOR ALL TYPES OF SMALL ENTERPRISES, WHETHER THEY BE TRADITIONAL SMALL FIRMS, OR WHETHER THEY BE ENTERPRISES WITH SOME FORM OF COLLECTIVE OBJECTIVE SUCH AS CO-OPERATIVES AND LOCAL EMPLOYMENT INITIATIVES.

SMALL AND NEW BUSINESSES REQUIRE ACCESS TO A LARGE NUMBER OF EXTERNAL SUPPORT SERVICES AND INFORMATION - ON MARKETS, TECHNOLOGICAL KNOW-HOW, MANAGEMENT TECHNIQUES AND TRAINING, ACCESS TO FINANCE - AND WE NEED TO BE SURE THAT WE ARE DOING ALL WE CAN TO SUPPORT SUCH BUSINESSES. I HARDLY NEED TO POINT OUT TO YOU HERE IN ITALY THAT SMALL FIRMS HAVE BEEN THE MAJOR SOURCE OF NEW EMPLOYMENT GROWTH IN RECENT YEARS, AND THAT THIS IS LIKELY TO REMAIN THE CASE FOR SOME YEARS.

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IN THE FACE OF REDUNDANCIES AND THE LOSS OF NEW JOB OPPORTUNITIES, THERE HAS BEEN A RAPID GROWTH OF CO-OPERATIVES AND OTHER TYPES OF LOCAL SELF-HELP OR MUTUAL AID EMPLOYMENT CREATING INITIATIVES WHERE, AGAIN, WE FIND ITALY IN THE FOREFRONT, HAVING HAD A LONG HISTORY IN RUNNING CO-OPERATIVE ENTERPRISES. THE COMMISSION HAS BEEN LOOKING AT THE EMPLOYMENT POTENTIAL OF PRODUCER CO-OPERATIVES AND IS WORKING IN LIAISON WITH OECD ON THE POSSIBILITIES ARISING FROM LOCAL EMPLOYMENT INITIATIVES. ALTHOUGH THE TOTAL EMPLOYMENT IMPACT OF SUCH ENTERPRISE IS RELATIVELY SMALL, SUCH INITIATIVES ARE GROWING RAPIDLY IN NUMBER AND HAVE A SPECIAL CONTRIBUTION TO MAKE IN ENCOURAGING ENTERPRISE, BUILDING MORALE AND FOSTERING CO-OPERATION. WE FEEL THAT GOVERNMENTS SHOULD ENSURE THAT THE TYPE OF ASSISTANCE NORMALLY MADE AVAILABLE TO TRADITIONAL SMALL OR MEDIUM-SIZED ENTERPRISES SHOULD ALSO BE AVAILABLE TO CO-OPERATIVES.

THE COMMISSION WILL BE MAKING PROPOSALS TO THE COUNCIL BEFORE THE SUMMER ON THE WHOLE QUESTION OF SMALL SCALE JOB CREATION.

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AS WELL AS PROMOTING DIRECT ACTIONS TO GENERATE ADDITIONAL EMPLOYMENT, THE COMMUNITY HAS BEEN VERY ACTIVE ON THE WHOLE QUESTION OF THE REORGANIZATION OF WORKING TIME, AND THE CONTRIBUTION THAT THAT CAN MAKE TO CREATING MORE JOBS. THE COMMISSION PRODUCED A NEW MEMORANDUM JUST BEFORE CHRISTMAS. THIS MEMORANDUM EXAMINES THE CONDITIONS UNDER WHICH REDUCING THE WORKING TIME OF INDIVIDUAL EMPLOYEES CAN CREATE POSSIBILITIES FOR OFFERING MORE EMPLOYMENT TO A LARGER NUMBER OF PEOPLE. IT STATES THAT ON PRESENT ECONOMIC AND DEMOGRAPHIC TRENDS A MORE POSITIVE APPROACH TO WORKING TIME AS AN INSTRUMENT OF EMPLOYMENT POLICY IS URGENTLY REQUIRED, ALTHOUGH IT ACKNOWLEDGES THAT A REDUCTION IN WORKING HOURS ALONE CANNOT RESOLVE THE EMPLOYMENT CRISIS. THE MEMORANDUM SPELLS OUT THE COMMISSION'S BELIEF THAT THE COMMUNITY SHOULD EXPLICITLY SUPPORT AND PROMOTE THE COMBINED REDUCTION AND REORGANIZATION OF WORKING TIME AS AN INSTRUMENT OF ECONOMIC AND SOCIAL POLICY. THE COMMISSION IS CURRENTLY TALKING WITH THE SOCIAL PARTNERS IN AN ATTEMPT TO REACH BROAD AGREEMENT ON WORKING TIME. I HOPE THAT IF WE REACH AN AGREEMENT IT WILL PROVIDE THE BASIS FOR MEMBER STATES IN SETTING TARGETS FOR A REDUCTION IN INDIVIDUAL WORKING TIME.

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SUCH A POLICY SHOULD BE ACCOMPANIED BY MEASURES TO IMPROVE COMPETITIVITY AND TO SAFEGUARD BASIC SOCIAL RIGHTS. A GUIDELINE OF THIS KIND WOULD OF COURSE NEED TO BE CAREFULLY FRAMED TO LEAVE ROOM FOR CONSIDERABLE VARIATIONS TO TAKE ACCOUNT, WHERE NECESSARY, OF DIFFERENCES IN THE ECONOMIC SITUATION IN EACH MEMBER STATE, IN EXISTING LAWS AND PRACTICE, AND OF THE NEEDS OF DIFFERENT SECTORS AND OF SMALLER FIRMS. IT WOULD BE UP TO THE TWO SIDES OF INDUSTRY AT THE LEVEL OF THE FIRM OR SECTOR TO GIVE SPECIFIC FORM TO THIS GENERAL POLICY.

AN ISSUE WHICH CONCERNS US ALL AT THE MOMENT IS YOUTH UNEMPLOYMENT. WE CANNOT OVERLOOK THE SCALE OF THE PROBLEM. OVER 4 MILLION UNDER 25s ARE CURRENTLY UNEMPLOYED. THIS MEANS THAT FOR THIS AGE GROUP 20 PER CENT OF THEM ARE UNEMPLOYED WHICH IS DOUBLE THE FIGURE OF GENERAL UNEMPLOYMENT.

THE EUROPEAN COUNCIL HAS GIVEN ITS SUPPORT FOR THE PRINCIPLE OF A COMMUNITY-WIDE GUARANTEE OF TRAINING AND WORK EXPERIENCE FOR YOUNG PEOPLE AND THE COMMISSION HAS MADE PROPOSALS ALONG THOSE LINES IN ITS COMMUNICATION ON VOCATIONAL TRAINING IN THE 1980s AND IN THE OPINION OF THE

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REVIEW OF THE SOCIAL FUND, WHICH I WILL SAY A FEW WORDS ABOUT LATER. BUT WE MUST ALSO RECOGNISE THAT TRAINING, ON ITS OWN, DOES NOT CREATE JOBS. MOREOVER, EVEN THE CREDIBILITY OF TRAINING IS BEING PUT INTO QUESTION IF THERE ARE NO JOBS THEREAFTER.

IN THE COMMISSION'S VIEW, WE NEED TO RADICALLY REVISE OUR EXISTING ATTITUDES TO JOB CREATION AND RECRUITMENT POLICIES IF WE ARE TO OFFER ANY SORT OF ADEQUATE REPLY TO THIS MASSIVE PROBLEM. URGENT CONSIDERATION NEEDS TO BE GIVEN TO A RANGE OF POSSIBLE MEASURES - WHETHER THESE BE SPECIAL PROGRAMMES LINKED TO REDUCTIONS IN WORKING TIME AND FLEXIBLE RETIREMENT, OR THE DEVELOPMENT OF NEW FORMS OF PUBLICLY SUBSIDISED EMPLOYMENT LINKED TO LOCAL NEEDS. WE NEED TO ASSIST RECRUITMENT SCHEMES BY PRIVATE INDUSTRY AND SUPPORT SELF-HELP JOB CREATION BY YOUNG PEOPLE THEMSELVES. WE MUST, OF COURSE, ENSURE THAT THE SOCIAL PARTNERS AND THE REPRESENTATIVES OF YOUNG PEOPLE ARE ACTIVELY INVOLVED IN SUCH PROGRAMMES.

I DO FEEL THAT WE MUST RECOGNISE THE NEED FOR A COMMITMENT TO YOUNG PEOPLE UNDER 25 - IN THIS CONTEXT, THE TERM GUARANTEE PROBABLY GOES BEYOND WHAT WE CAN ACTUALLY DELIVER. NONETHELESS,

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WE MUST MAKE A COMMITMENT THAT THOSE WHO HAVE BEEN UNEMPLOYED FOR A GIVEN PERIOD OF TIME - OR HAVE HAD LESS THAN A CERTAIN NUMBER OF MONTHS OF EMPLOYMENT - SHOULD HAVE ACCESS TO VARIOUS FORMS OF PAID ACTIVITY, AS WELL AS TO WIDER FORMS OF SUPPORT.

WE CANNOT LET OURSELVES ACCEPT THE CURRENT SITUATION WHERE VAST NUMBERS OF YOUNG PEOPLE ARE GROWING UP WITH NO REAL KNOWLEDGE OF WHAT IT IS LIKE TO HAVE A JOB, AND WHO ARE, IN EFFECT, BECOMING PART OF THE ARMY OF LONG TERM UNEMPLOYED BEFORE THEY ARE 25. THE COMMISSION WILL BE MAKING A WHOLE SET OF PROPOSALS TO THE COUNCIL NEXT MONTH, AND WE MUST BE PREPARED TO GIVE SERIOUS CONSIDERATION, AND BACKING, TO MASSIVE NEW ACTIONS TO TACKLE THE PROBLEM.

ON THE QUESTION OF THE BETTER MANAGEMENT OF THE LABOUR MARKET, PARTICULARLY AT LOCAL LEVEL, THE COMMISSION HAS FOR SOME TIME BEEN WORKING WITH THE NATIONAL DEPARTMENTS OF EMPLOYMENT AND THE MANPOWER AGENCIES IN ORDER TO BOTH DEVELOP A MORE INTEGRATED, FORWARD-LOOKING APPROACH IN ALL COUNTRIES, AND IN ORDER TO ASSIST THOSE COUNTRIES WHO ARE IN THE PROCESS OF REFORM TO BENEFIT FROM THE EXPERIENCES OF OTHERS. THIS IS ONE AREA WHERE CAREFUL STUDY, AND DISCUSSION,

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PLAYS AN IMPORTANT ROLE. WE WELCOME THE STEPS ITALY IS TAKING TO DEVELOP ITS SERVICES, AND WE ARE SUPPORTING THIS IN A SMALL WAY BY FINANCING RESEARCH, AND BY ARRANGING MEETINGS AND DISCUSSION WITH SENIOR STAFF FROM OTHER NATIONAL MANPOWER SERVICES. AT THE SAME TIME, WE ARE DISCUSSING WITH THE SOCIAL PARTNERS THE WAYS IN WHICH THEY CAN MOST SUCCESSFULLY CO-OPERATE WITH THE GOVERNMENTAL AGENCIES SO AS TO ACHIEVE A GENUINE TRIPARTITE INVOLVEMENT IN THE MANAGEMENT OF THE LABOUR MARKET SO AS TO AVOID US GETTING INTO THE SITUATION WHICH SO OFTEN CONFRONTS US TODAY - REACTING TO EVENTS WHEN THEY HAPPEN, RATHER THAN ANTICIPATING THEM AND DEVELOPING MORE PREVENTATIVE RESPONSES.

FINALLY I WOULD LIKE TO SAY A FEW WORDS ABOUT THE EUROPEAN SOCIAL FUND. THE FACT THAT THE REVIEW OF THE SOCIAL FUND IS NOW TAKING PLACE AGAINST SUCH A BLEAK BACKGROUND HAS SOME ADVANTAGE AND SOME DISADVANTAGES. ON THE ONE HAND, ALL GOVERNMENTS ARE BEING FORCED TO RECOGNIZE THAT EMPLOYMENT POLICIES ARE IMPORTANT. ISSUES SUCH AS VOCATIONAL TRAINING WHICH HAVE FOR MANY YEARS BEEN REGARDED BY SOME POLITICIANS AS TECHNICAL MATTERS, ARE SUDDENLY AT THE CENTRE OF POLITICAL

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DISCUSSIONS. SO ALL MEMBER STATES ARE APPROACHING THE REVIEW OF THE SOCIAL FUND WITH A GREATER AWARENESS OF THE CENTRAL POLICY QUESTIONS AND OF THE PRIORITIES ON WHICH THE SOCIAL FUND SHOULD CONCENTRATE. ON THE OTHER HAND, THE DISADVANTAGE IS THAT GOVERNMENTS ARE VERY CONCERNED BY THEIR DOMESTIC EMPLOYMENT PROBLEMS, AND SO THEIR FIRST CONCERN IS TO SEE MEASURES ADOPTED WHICH SUIT THEIR OWN NATIONAL PRIORITIES AND INITIATIVES.

IN OTHER WORDS, THE TEMPTATION IS GREATER THAN EVER FOR GOVERNMENTS TO SEE THE SOCIAL FUND AS SIMPLY A MEANS OF OBTAINING REIMBURSEMENT OF A PART OF THE COST OF NATIONAL OR REGIONAL EMPLOYMENT AND TRAINING MEASURES. BUT THIS IS NOT WHAT THE SOCIAL FUND IS INTENDED FOR, NOR WOULD IT MAKE ECONOMIC SENSE, EVEN IF THE FUND HAD THE KIND OF RESOURCES NECESSARY FOR SUCH A ROLE. IN PRACTICE, THE FUND IS, AND SHOULD REMAIN, A MUCH MORE SPECIFIC INSTRUMENT. IN THE PAST THE FUND HAS FULFILLED TWO MAIN TASKS: IT HAS SERVED IN A RELATIVELY MODEST WAY AS AN INSTRUMENT OF REDISTRIBUTION WITHIN THE COMMUNITY, AND IT HAS SERVED TO ENCOURAGE CERTAIN COMMUNITY EMPLOYMENT PRIORITIES AND TO HELP DEAL WITH SPECIFIC COMMUNITY DIFFICULTIES. IT IS IMPORTANT TO BEAR IN MIND THIS LIMITED BUT WORTHWHILE FUNCTION. THE FUND IS STILL A SMALL BUT, THANKS

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PARTICULARLY TO THE EFFORTS OF THE EUROPEAN PARLIAMENT, A GROWING PROPORTION OF THE COMMUNITY'S BUDGET. THE CONTRIBUTION WHICH THE FUND CAN MAKE TO ALLEVIATING UNEMPLOYMENT IS MODEST WHEN COMPARED WITH THE SIZE OF THE PROBLEM. BUT IT CAN NEVERTHELESS BE A SIGNIFICANT CONTRIBUTION IF IT IS CONCENTRATED IN THE GEOGRAPHICAL AND POLICY AREAS WHERE IT IS MOST NEEDED AND WHERE IT CAN SET EXAMPLES TO BE EXPANDED AND FOLLOWED WITHIN MEMBER STATES.

IN DRAWING UP OUR PROPOSALS FOR THE REVIEW OF THE SOCIAL FUND, THE COMMISSION WAS CONCERNED TO IMPROVE THE EFFECTIVENESS OF THE FUND BY PROVIDING BETTER MECHANISMS FOR THE IDENTIFICATION OF AREAS MOST IN NEED OF FUND ASSISTANCE AND FOR THE LINKING OF FUND SUPPORT TO COMMUNITY EMPLOYMENT AND TRAINING PRIORITIES. IN ADDITION WE WANTED TO SIMPLIFY AND SPEED UP THE FUND'S ADMINISTRATIVE PROCEDURES. OUR PACKAGE OF PROPOSALS WAS SENT TO THE COUNCIL OF MINISTERS IN OCTOBER LAST YEAR AND DISCUSSIONS HAVE BEGUN BOTH THERE AND IN THE PARLIAMENT AND ECONOMIC AND SOCIAL COMMITTEE.

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I KNOW THAT SOME OF THESE PROPOSALS WOULD PROVE CONTROVERSIAL, NOT LEAST BECAUSE, WITH AN INSTRUMENT LIKE THE SOCIAL FUND THE FIRST REACTION OF MEMBER STATES TO ANY PROPOSED CHANGES IS OFTEN TO ASK: "HOW WILL THIS AFFECT THE AMOUNT OF MONEY WE GET FROM THE FUND?". BUT I HOPE THAT WE CAN GET AWAY FROM THIS REACTION AND CONCENTRATE ON THE PRINCIPLES INVOLVED. WITHOUT GOING INTO TOO MUCH DETAIL, LET ME EXPLAIN WHAT, IN MY OPINION, ARE THE MAJOR ISSUES IN THE REVIEW.

FIRST - AND MOST CONTROVERSIAL - IS THE QUESTION OF REGIONALISATION. THE COMMISSION FULLY ACCEPTS THAT THERE ARE A NUMBER OF WELL-KNOWN REGIONS OF THE COMMUNITY WITH PARTICULAR AND ACUTE NEEDS. THOSE REGIONS, IRELAND, NORTHERN IRELAND, GREECE, GREENLAND, THE FRENCH OVERSEAS DEPARTMENTS AND, HERE IN ITALY, THE MEZZOGIORNO, RECEIVE FAVOURED TREATMENT FROM THE SOCIAL FUND AT THE MOMENT AND THE COMMISSION PROPOSES THAT THIS SPECIAL STATUS SHOULD BE CONTINUED. FOR THE REMAINDER OF THE COMMUNITY WE PROPOSE TO IDENTIFY THE AREAS MOST IN NEED OF FUND ASSISTANCE BY MEANS OF A PACKAGE OF ECONOMIC AND EMPLOYMENT STATISTICS. WE SHALL BE LOOKING AT SMALLER AREAS THAN AT PRESENT. IN ITALY WE WOULD ANALYSE THE 'PROVINCI' RATHER THAN THE 'REGIONI', BECAUSE IT IS OFTEN THE CASE THAT A REGION IS NOT UNIFORMLY RICH

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OR POOR, BUT INSTEAD HAS A POCKET WITH PARTICULAR PROBLEMS.

THE MAJOR PART OF THE FUND WOULD IN FUTURE BE ALLOCATED ON THE BASIS OF THIS REGIONAL HIERARCHY TO PROJECTS IN THE MOST NEEDY REGIONS CORRESPONDING TO THE COMMISSION'S ANNUAL PRIORITIES AND DRAWN UP IN MUCH THE SAME WAY AS THE FUND OPERATES AT PRESENT. BUT A SMALL SECTION OF THE FUND WOULD BE SET ASIDE TO BE USED THROUGHOUT THE COMMUNITY TO SUPPORT INNOVATORY PROJECTS AND STUDIES TO HELP IMPROVE THE QUALITY OF TRAINING AND EMPLOYMENT MEASURES. IT IS IMPORTANT THAT THE FUND ASSIST THE DEVELOPMENT OF NEW TYPES OF SCHEMES TO STIMULATE AND COMPLEMENT JOB CREATION. THE FUNDAMENTAL RESTRUCTURING OF THE LABOUR MARKET IN THE COMMUNITY MEANS THAT WE MUST LOOK FOR NEW WAYS OF PROVIDING WORK FOR PEOPLE, PARTICULARLY BY ENCOURAGING NEW FORMS OF ACTIVITY, SUCH AS CRAFT INDUSTRIES, AS WELL AS SMALL AND MEDIUM-SIZED FIRMS, CO-OPERATIVES AND OTHER FORMS OF LOCAL EMPLOYMENT CREATING INITIATIVES. THIS MUST BE REFLECTED IN A BROADENING OF THE NOTION OF VOCATIONAL TRAINING TO INCLUDE SUPPORT AND COUNSELLING FOR ENTREPRENEURS CAPABLE OF GENERATING EMPLOYMENT FOR THEMSELVES AND OTHERS.

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THIS IS THEREFORE AN IMPORTANT ASPECT OF THE COMMISSION'S PROPOSALS FOR THE REVIEW OF THE FUND.

FINALLY THERE IS THE QUESTION OF CONCENTRATING FUND RESOURCES ON PARTICULAR CATEGORIES OF PEOPLE. ALL MEMBER STATES ARE AGREED ON THE GRAVITY OF YOUTH UNEMPLOYMENT AND SEVERAL GOVERNMENTS HAVE EXPRESSED THE VIEW THAT YOUNG PEOPLE SHOULD IN FUTURE BE THE PRINCIPAL, IF NOT THE ONLY, TARGET OF SOCIAL FUND AID. THE COMMISSION TAKES A MORE BALANCED VIEW. WE ACKNOWLEDGE THE SERIOUSNESS OF YOUTH UNEMPLOYMENT, AND OUR PROPOSALS FOR THE FUND INCLUDE A BROADENING OF THE ELIGIBILITY FOR YOUNG PEOPLE, TO ENABLE THE FUND TO CONTRIBUTE TO THE DEVELOPMENT OF A COMMUNITY STRATEGY ON YOUTH TRAINING. BUT WE BELIEVE THAT OTHER GROUPS ALSO DESERVE FUND ASSISTANCE: THE DISABLED, MIGRANT WORKERS, WOMEN AND THE LONG-TERM UNEMPLOYED. WE HAVE THEREFORE TRIED IN OUR PROPOSALS TO STRIKE A BALANCE BETWEEN THE CLAIMS OF THESE CONFLICTING GROUPS.

IN CONCLUSION, MR. CHAIRMAN, MAY I REITERATE MY FIRM BELIEF THAT IF WE ARE TO SOLVE THE PROBLEM OF MASS UNEMPLOYMENT IN EUROPE IT MUST BE DONE BY MEMBER STATES COOPERATING AT A COMMUNITY LEVEL. OUR ECONOMIC SITUATION IS NOW TOO SERIOUS

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FOR ANY MEMBER STATE TO HOPE TO SOLVE ITS PROBLEMS ON ITS OWN. THOSE WHO BELIEVE THAT THERE ARE NATIONAL ANSWERS, SUCH AS PROTECTIONISM, TO INTERNATIONAL PROBLEMS ARE URGING VERY DANGEROUS COURSES OF ACTION. THE EUROPEAN COMMUNITY AND ITS INSTITUTIONS PROVIDE MEMBER STATES WITH ADDED STRENGTH AND WE SHOULD USE THIS STRENGTH TO TRY TO DEFEAT THE COMMON PROBLEM OF UNEMPLOYMENT.

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