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COPING WITH THE SHORTAGE OF JOBS IN THE 1980's

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Even optimistic forecasts do not envisage any significant reduction in unemployment for a number of years. The normal functioning of the labour market has been disrupted and there has in particular been a sharp drop in the turnover of jobs, making access or re-entry to the labour market increasingly difficult.

In response to these problems, Member States are increasingly extending and strengthening their specific actions in the employment field. These aim to provide a more immediate response than can result from macro-economic policies alone and to assure respect for the principles of social equity. To be effective and to avoid resulting in the export of employment problems from one Member State to another, these actions need to form a part of a coherent approach at the Community level. This should pay particular attention to the risks - not only for individuals but for the economy as a whole - of an increasing proportion of the active population becoming permanently detached from the labour market. While the maintenance of adequate income support for those who are out of work or who have permanently left the labour force remains an economic and social necessity, there should be a greater emphasis on their employment needs.

The following paragraphs consider two specific issues to which the European Council has accorded high priority, most recently on 3/4 December, namely the contribution that the reduction and reorganisation of working time can make to providing access to employment for more people, and the employment problems of young people. Policies on these issues find their place in the overall approach. Other policies under preparation in the Commission will concentrate on the one hand on measures designed to stimulate the creation of new employment (especially in small and medium-sized enterprises, through local employment initiatives, under collective management and within voluntary organisations as well as in the public sector); and on the other hand on the means of promoting

the interests of certain vulnerable groups (including not only young people, but also the long-term unemployed, women, minority groups, the handicapped and workers in declining urban areas).

Reduction and reorganisation of working time

Measures to adjust working time and thus achieve a more equitable distribution of available work are increasingly under discussion as a possible means of combatting structural unemployment. Apart from developments which are taking place spontaneously at the level of the social partners, a number of Member States have introduced such measures or have announced plans to do so. The main thrust of these is to reduce individual working time - whether calculated on a weekly, yearly or lifetime basis - while at the same time encouraging, or even obliging employers to recruit additional workers. Certain governments have used public funds to meet the short-term costs of these adjustments or provide added incentives.

The Commission has already expressed the view¹ that "the Community should explicitly support and actively promote the combined reduction and reorganisation of working time as an instrument of economic and social policy". The Joint Council of 16 November agreed with the Commission that the aim of increasing employment opportunities on a durable basis through adjustments to working time was realisable.

In its discussions with the social partners and its preparation of more specific proposals, which it will present to the Council before June, the Commission is giving particular attention to the following points:

- It is necessary to avoid increasing the production costs of enterprises and thus damaging their competitiveness and their future capacity to offer employment. In this context, it is important that reductions in individual working time, allowing work to be shared among more workers, are where necessary combined with measures of reorganisation which contribute to improved productivity and a more efficient use of capital equipment.

¹Memorandum on the Reduction and Reorganisation of Working Time COM(82)809 of 10 December 1982, paragraph 19.

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- The redistribution of available work requires mobility and flexibility. Among other necessary supporting measures, a greater effort is required to provide a workforce trained in the range of skills which the labour market is demanding, especially in the area of the new technologies. Moreover, measures - statutory or otherwise - which have the effect of discouraging recruitment or creating unnecessary rigidities in the way work is organised need urgently to be reviewed and where necessary changed.
- Not all types of activity nor all sizes of enterprises lend themselves equally well to achieving increases in the workforce through the reduction and reorganisation of working time. Measures therefore need to allow room for differentiation in their application and should in any case provide for the details to be negotiated at the appropriate level between the two sides of industry. As a very major employer, the public sector can set an example in this field.
- A recourse to more overtime could completely offset the job-creating potential of measures to reduce working time. In order to prevent this, limitations on overtime are required, possibly on a statutory basis at national level.

Discussion and an exchange of experience at the Community level can stimulate the debate and aid the development of effective policies; in addition, the adoption of a Community policy framework can help to ensure the adoption of more coherent and convergent policies across the Community and to allay anxieties about possible risks of competitive disadvantage, especially during the phase of initial adjustments. The proposals which the Commission is preparing, building on the basis established in its Memorandum, will aim to provide such a framework.

Youth employment

More than 4.5 million young people under 25 are unemployed in the Community at present. This represents 40% of all unemployed workers, whereas young workers represent less than 20% of the labour force. Thus the average rate of unemployment for those under 25 is over 20% compared with 11% for those over 25. Changing demographic patterns will, in most Member States, only have an impact in the 1990s.

The acute shortage of job vacancies hits first and hardest those who have no firm foothold in the labour market. The recruitment of young people which in the past occurred as a result of the normal turnover of manpower and through natural wastage has almost ceased. Insofar as new recruitment does take place, it has tended to be limited to marginal or temporary positions which do not provide young people with the opportunity to acquire skills, obtain satisfaction from their employment or develop a sense of career.

The long duration of periods of unemployment among young people, many of whom have never experienced stable employment, is causing particular concern, not only because of the immediate hardships experienced and social tensions aroused, but also because of the economic and manpower problems that will emerge in future when today's generation of young people form the core of the labour force.

While the problem of youth unemployment must in the first instance be tackled as a part of the general problem of unemployment, the need for more specific and immediate measures is clear. As the Commission pointed out in its Communication to the Joint Council of Economic and Labour Ministers in November 1982, and to the European Council in December, urgent attention should be given to the creation of employment opportunities specifically for young people. This would complement efforts already being made in the education and training of young people (on which the Commission looks to the Council to adopt a resolution in June, on the basis of its communication of September 1982) which though they make an essential contribution, will not of themselves increase the supply of jobs available.

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It is important for the Community as a whole to make a broad political commitment to achieve a significant reduction in the rate of youth unemployment within the next couple of years and to consider how best all its financial instruments may be used to this end.

The Commission will soon present a communication to the Council making recommendations concerning a whole range of different measures, both temporary and more lasting, to increase the job offers made to young people. This will inter alia establish guidelines for the efforts of the social partners in devising ways to ensure that positive action in favour of young people is taken within both the private and public sector, particularly in the context of recruitment policy and agreements on the reduction and reorganisation of working time. Public authorities also have a major responsibility, not only to set an example as employers, but also through legislation and spending. Certain Member States are considering or have already begun to demonstrate a specific commitment in this respect, for instance by developing the concept of a limited employment guarantee to young people who have been unemployed for long periods, by special recruitment provisions for young people in the public service or by using a new payroll tax on employers to finance job-creation schemes.

The Commission's proposals will pay special attention to the most disadvantaged groups of young people who, even in a more healthy economic situation, suffer from a series of handicaps in comparison with other young people. These may result not only from a lack of qualifications and work experience, but also from sexual or racial prejudice and from the impact of poverty and social distress in the home or the local community, especially in areas of severe industrial or urban decline. Particular priority should be given to job creation measures designed to benefit such young people, who not only run a grave risk of long-term unemployment, but who also are frequently deprived of any source of income support, whether from the family or the collectivity.

The Commission sees the need for a minimum employment guarantee, for instance for a period of two years, which could be offered to all those young people who have already been unemployed for more than twelve months. For those who have not yet benefitted from a period of training, such as envisaged by the Commission in its proposals for a social guarantee, the offer of employment should include appropriate training provisions.

The proposals for the Review of the Social Fund would enhance the role of the Fund in support of action taken by Member States to increase employment opportunities for young people. It will nevertheless be necessary for the Fund's resources to be increased in a way which is commensurate with the demands placed upon it, if it is to make a full contribution to concerted efforts to bring down the overall rate of youth unemployment throughout the Community.