

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(80) 304
Brussels, 29 May 1980

THE UNEMPLOYMENT PROBLEM

(Communication of the Commission to the European Council)

COM(75) 7

THE UNEMPLOYMENT PROBLEM

The Communique of the European Council of last November stated that a more coordinated approach to employment problems need to be defined, and asked the Commission to submit proposals on specific measures to promote more incisive Community action to deal with the unemployment problem.

In April, the European Council agreed that the reduction of inflation was an important means of combatting unemployment but that efforts within the Community to reduce structural unemployment should be stepped up and better coordinated.

The growth of unemployment

After the rapid increase in unemployment in the period from 1975 to 1977, the situation stabilised somewhat in 1978. Employment rose by almost a million although, with the increase in the supply of labour, this did not permit a fall in the unemployment rate from the level of 5.5% (some 6 million unemployed).

The prospects now are for a worsening of unemployment in 1980 to 6%, with the possibility of further large increases in 1981. This would be in part due to a slow-down in the supply of jobs as a result of low economic growth, and in part due to demographic factors, especially the large number of young people who will continue to come onto the labour market in the early 1980s - some 4m a year, 1m a year more than in the early 1970s.

Policy actions

The Commission welcomes the support of the Council for the development of actions to tackle unemployment.

However, there is a risk that makeshift solutions will be put forward which weaken the fight against inflation, yield to protectionist pressures, and lead to free-for-all national economic policies. These could further worsen the employment prospects in the Community by weakening competitiveness, and by fragmenting the labour market between different categories and groups, leading to greater inequality.

The Community must tackle these problems in a coordinated way by implementing measures to strengthen existing policies, by devising new policies where necessary, and by restoring closer links between economic and social policies.

Economic policy

The view of the Commission, on the general stance of budgetary and monetary policies is set out in the document on the Economic and Social situation in the Community.

Energy policy

Guidelines for a coherent energy policy at European level up to 1990 were adopted by Council, aimed at more energy saving and further reducing of oil import dependence by the exploitation of existing sources of energy and the promotion of new sources. This policy should take account of the employment aspect and in particular, additional jobs should be created by wider adoption of energy saving measures. A communication from the Commission on a new initiative to encourage energy investments was discussed at the last European Council, and the Commission has been requested to put forward detailed proposals.

External demand

It was agreed with the other industrialised countries and the OPEC members, that development aid falls far short of earlier commitments. An increase in financial aid, linked with an important effort in recycling of financial surpluses would furthermore help in supporting external demand by mobilizing the large potential demand in the developing countries.

Industrial policy

Support is being sought at Community level to help European industries to adapt to changes in the internal division of labour and to changes in internal demand. Such actions need to be strengthened in order to ensure adjustment to new trading patterns and to save the maximum number of viable jobs. The Commission has put forward specific measures of additional support and adjustment for workers in the steel industry.

Labour market policy

Guidelines to improve the operation of the labour market at national and Community level have been presented to the Council and discussed by the Standing Committee on Employment. These guidelines provide support for placement and training activities and orient labour market policy towards future needs.

New technology

The Commission has discussed this year, with the Standing Employment Committee the impact of the new micro-electronic technology on employment, including questions of vocational guidance and training and changes in job content and quality of working life. Work is continuing, in co-operation with the two sides of industry and the Governments, to exploit the different experiences in the Member States and to develop appropriate policy responses.

Working time

As a supporting action to assist employment, the Council adopted general guidelines on the re-organization of working time in December last. The Commission has now organized meetings with the two sides of industry and the Governments in order to follow up specific issues.

Follow-up action by the Commission in co-operation with the Social Partners

The Commission intends to develop these policy actions within its responsibilities and invites the European Council to support its initiatives. Links with the two sides of industry also need to be strengthened. Given the present economic and social difficulties and the growing fears about employment, there is a risk of a deterioration in the social climate which could itself make the achievement of economic and social objectives more difficult. This reinforces the need for consensus about the overall strategy needed to put the Community back on the road to stability and fuller employment.