

World Conference on Employment, the Distribution of  
Income, Social Progress and the International Division  
of Labour.

Statement on behalf of the Commission of the European  
Communities by Vice-President P.J. Hillery, Geneva,

8th June 1976.

## INTRODUCTION

I would like to begin by joining in the congratulations to you, Sir, on your election as President of this important conference and wish you every success with the onerous task you face in examining the issues and solutions.

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This Conference deals with some of the most momentous issues which face the "global village" which the world has become. It articulates needs which are felt by all the Member States of the Organisation and the meeting of these needs calls for a high degree of cooperation by us all.

As you know, the EEC is deeply and irrevocably committed to the development of the Third World. Not only historical links but present-day ties have led the Community to work out with a growing number of countries of Africa, the Caribbean and the Pacific a series of conventions which culminated in the Lomé Agreement of 1975. This agreement not only provides for aid and technical assistance. More important, it provides access to the markets of the Community countries for the exports of the 46 developing States adhering to the present Convention.

Most important of all, the arrangements for the stabilisation of the prices of primary products ensure that access to these markets shall be at steady and practicable prices which will enable the producing countries to plan ahead with confidence. Most of you are familiar with the provisions of the Lomé Agreement; so I do not propose to take you through it in detail here. Instead I would like to do two things: to say something about the nature of the cooperation between the EEC and the developing countries with reference to the areas of particular concern to this Conference; then to go on to talk about the problems which face the Member States of the Community in these areas.

The cooperation between the European Community and the  
Developing Countries.

The Secretary-General's excellent report refers to the international division of labour - a topical subject these days. This international division of labour should be seen in the context of worldwide economic interdependence. And such interdependence is increasing. We all know that a rise in the price of a major commodity, such as oil or phosphates, affects the whole world; a bad harvest results in hundreds of millions going short of food; the economic recession in the industrialized countries is jeopardizing progress in developing countries.

This is why the European Community seeks solutions through dialogue with all those concerned; it is thus trying to avoid confrontation, which usually only satisfies one of the parties involved: the strongest. The developing world wants the opposite - a better balance through a fairer distribution of the products of growth. This claim is all the more just since man's dignity, daily life, work and the fruits of work are involved. As President Senghor said: "Man is the beginning and the end of development".

As regards employment, it is clear that labour migration is only a palliative and not a real solution to the problem of developing countries. But as long as such migration does exist the Community feels that the conditions under which it takes place should be as humane and social as possible. That is why our policies are based on the principle that, once legally admitted, migrants from Third Countries should have the same working conditions as workers who are nationals of Community countries.

The ultimate objective must be to eliminate the need for migration. The employment problems of Developing Countries should be primarily dealt with within those countries themselves and take into account the specific economic conditions and development plans of each country. The European Community's Development policy plays its part by providing help financially and technically towards employment creation in these countries.

In this connection I should point out that government proposals from Developing countries are rarely aimed solely at extending employment; their objective is more often the promotion of the major development sectors. This approach by developing countries to the employment problem seems to the Commission to be fully justified, since progress in employment is closely linked to overall economic progress.

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In the context of the major development sectors, experts agree that projects aimed at developing trade are major job creation sources. In this field, the European Community has made a significant contribution, both at world level and at regional and bilateral levels.

The Community, for example, was the first industrial power to implement the world system of generalized preferences. This benefits all developing countries and is a definite source of income and employment. Special agreements, however, with the Maghreb countries and under the Lomé Convention, constitute the framework in which the Community has taken its most decisive and enlightened steps by opening up its markets to the African, Caribbean and Pacific States, as well as the Maghreb countries.



I should like to emphasize two aspects in this context. One concerns the Protocol to the Lomé Convention which covers sugar; the producer countries are guaranteed that a considerable quantity (1.4 million tons) will be purchased at extremely favourable rates, with assurances that prices cannot fall below that for domestic Community producers. The Protocol, benefitting as it does tens of thousands of small producers in 14 ACP States, was considered by the latter to be of such importance in maintaining employment and income, that it was made a pre-condition for signing the Lomé Convention.

The second aspect, equally innovatory and important as regards international trade relations, is the system set up in the Convention of stabilizing export revenue. The insurance scheme represents for the country concerned a new approach which has since been considered in various forms for possible extension. It also offers possibilities of guaranteeing incomes and jobs in situations where poorer countries, heavily dependent on one crop, could be seriously affected by such factors as fluctuating prices or production.

A point worth noting in connection with these agreements is that the concessions made by the Community do directly affect our own farmers and call for efforts of economic restructuring and adjustment.

The Community has also a considerable stake in actually creating employment in the Third World through the provision of technical and financial assistance. Both direct and indirect assistance is provided. Indirect means include improvements in economic and social infrastructure aimed at bringing distant and isolated population groups closer to manufacturing or trade centres. Direct means include not only rural development schemes that create local jobs but also, and increasingly in recent years, direct investments in sectors of production.

For example it is interesting to note that a recent breakdown of the figures show that 35% of European Development Fund assistance is now allocated towards the development of sectors of production as compared with 36% for infrastructure and 20% for social development.

Employment creation is emphasised at every stage of investment projects. During preparation of projects for example, the Community draws attention - where such a choice is possible - to the possibilities of using labour-intensive techniques instead of machinery. It is also prepared to finance more expensive investments if they include more jobs, or involve local firms, crafts or small industries. Equally during the operation of investments it attaches importance to the setting up of new permanent jobs even at the cost of less profit.

In all these respects, this flexibility of the Community's financing terms is very valuable because it allows us to consider a wide range of specific conditions and requirements.

Furthermore I should emphasise that the European Development Fund finances not only the total cost of projects but also encourages the practice that much of it is spent locally in labour and materials, thereby avoiding as much as possible the need for developing countries to unnecessarily increase their imports.

Problems within the Member States of the European  
Community.

The proposals contained in the Director General's report have certain implications for the Member States of the European Community. The growing industrialization of the developing countries implies for the industrialized countries a reduction in the size of certain branches of industry, particularly those branches where the developing countries have a competitive advantage. There is a need for a certain amount of adjustment within their economies.

I should add that it is the view of the Commission that this adjustment should be carried out progressively. Furthermore we consider that it will not involve the transfer of whole industries or branches of industry to the developing countries. It is rather a matter of adjustments within certain sectors and reductions in the relative importance of certain branches of industry.

However the Community has accepted that there is a need to develop domestic industrial policies which encourage those industries that are less competitive internationally to move into more viable lines of production, taking into account economic and social constraints in their own countries. These constraints must be taken account of and measures must be taken to safeguard the security of employment of the working population of the Community.

This is why the Commission of the European Communities is in full agreement with the Director-General of the ILO in attaching great importance to internal adjustment measures - in particular to measures that enable workers, who lose jobs in branches competing with imports from the developing countries, to retrain, to find another job in the same region or, in extreme cases, to resettle elsewhere.

The Community itself possesses two important instruments of adjustment assistance. One, the European Social Fund, dates from the foundation of the Community. Its original purpose was to facilitate the economic integration of the Community. But, with the completion of the customs union between the Member States, the need for adjustment and reconversion stems, to an increasing extent, from the Community's policies vis-a-vis the outside world and in particular vis-a-vis the developing countries.

Between 1953 and 1970 the European Social Fund has helped to retrain and resettle almost two million workers. In 1972 its scope of action was greatly enlarged and it was converted into a more effective and more wide-ranging instrument of adjustment assistance. This new and comprehensive fund has already intervened in cases where a liberal import policy threatened the jobs of Community workers; for example in the case of the textile industry aid has been given to retrain workers (both those who wish to leave the industry and those who wish to stay) so that they acquire new skills geared to manufacture the kind of product which is not in direct competition with imports from the developing countries.

The other instrument of adjustment assistance possessed by the European Community is the European Development Fund. This is of more recent origin - it was formed in 1974. Its aim is to reduce regional disparities within the European Community and thus create the conditions for a further liberalization of imports from the developing countries.

In conclusion, I want to emphasise again that the Commission of the European Communities is fully aware of the gravity of the problems facing the world in the fields of employment and development and is in broad agreement with the strategy for tackling the situation proposed by the Director-General.

We wish this Conference every success in its work.