

Speech by Vice-President Vredeling Airlie House Conference

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According to your agenda for today, I am to speak on the social employment policies of the European Commission - policy areas for which I am primarily responsible in the day-to-day management of Community affairs. You will neither expect nor want me to spend the next few minutes going through the whole long and varied list of subjects covered by the title of my speech.

Instead, after a very general introduction, I shall confine myself to a few salient aspects of our policies which may help you to make closer comparisons with American ideas or conditions.

I must confess straight away that we do not yet really have a European social policy in the full sense of this grand term. The reason for this is that, when the first steps were taken on the road to European unification, 20 to 25 years ago, efforts were more or less exclusively directed towards creating a customs union accompanied by bits and pieces of common policies - the agricultural policy, for instance. When the customs union had been established and the Member States had pooled their economic resources as far as possible in the days of reconstruction and unprecedented growth - it was felt that the main goal had been achieved. Social policy was a matter for individual governments and the Commission had no more than a coordinating, service role.

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Conditions have, however, changed radically since then. Economic growth has slowed down dramatically and we have been faced with something quite new for the post-war generation - mass, and to a large extent structural, unemployment. Unemployment in the Community has grown from ...3 million (~~29~~ % of the working population) in 1974 to approximately six million or ~~55~~ % of the working population today.

The causes of the economic crisis and unemployment - inflation, increased raw material prices and signs of market saturation and changes in market structures to name only a few - cannot be divided up and classified in neat national parcels. The causes and effects of the crisis cross national and indeed continental boundaries, so that it is now generally recognized even in Western Europe, that national solutions are insufficient - they are literally not up to the problem. In this situation, the European Community is the natural platform for supranational action to combat the economic crisis. The fact that the growth of the past 20 years has turned into a crisis does not mean that the Commission is any the less actively involved in discussions on economic, monetary and commercial policy.

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The difference is that the policies the Community must now follow have serious direct social consequences - consequences which should in my opinion also be the responsibility of the Community. The Commission has therefore put forward proposals designed to introduce a social element into its policies for restructuring sectors affected by the crisis. Similarly, the Commission wants to provide additional aid to promote the employment of young people, who are more seriously affected by unemployment than other age groups (a point to which I will return later). The sixties picture of social policy, as a relatively minor adjunct to other Community policies, is outdated. The European Economic Community will need to become no less a "European Social Community".

We must prepare ourselves as a Community to tackle the great social problems involved in the fight to overcome the economic crisis. It is for this reason that "social affairs" and "employment" are brought together under one head within the Commission. This is also the motivation behind plans to increase substantially, in the near future, the size and scope of the European Social Fund, the sole financial instrument of European social policy.

It is the Commission's intention that the Social Fund's budget should increase from 700 million dollars in 1978 to 1500 million dollars in 1981. Originally, the tasks of the Fund

were limited to supporting vocational training and promoting the mobility of labour, but we want to see its role extended in the future to job creation, a form of direct action to combat unemployment with which you are also familiar in America. We recently put forward proposals for Community aid measures aimed at promoting the employment of young people under the age of 25, who are disproportionately affected as a group by unemployment. Nearly 40 % of the six million unemployed in the Community are young people, whilst this group makes up only 17% of the working population as a whole. Nor does this tragic picture look like changing for the better in the near future, since the young people born during the post-war baby-boom in Western Europe are just now coming into the labour market. According to recent demographic statistics, we will need to find some nine million extra jobs between now and 1985 if we are to maintain the present level of employment - a task which is likely to be beyond the capabilities of present economic policies. In this situation, we need to consider the possibilities of job creation, <sup>particularly</sup>...the potential of the services sector in this regard and the role which governments will need to play.

In the United States, the services sector already accounts for 65 % of all employment, apparently without this putting too great a strain on your economy. Even after rapid growth in employment in the services sector over the last few years, this sector still provides less than 50 % of jobs in Western

Europe. Governments will need to play an important role in stimulating further growth in the tertiary sector, both in terms of the structure of the economy and in terms of the structure of employment.

I shall leave this subject now as I want to tell you something about the pattern of consultation and cooperation which we have developed recently. I am referring to the regular tripartite conference which bring together representatives of governments and the two sides of industry at Community level so as to create a framework within which agreement can be reached on a common economic and social policy. The European Commission play an initiatory role at these conferences and is also responsible for preparatory work and implementing the decisions reached.

We are at present preparing for this autumn's Tripartite Conference which is to discuss possible ways of achieving a return to full employment. The Commission is attempting to concentrate discussion and decision-making on those fields where economic and social interests touch and where the concerns and responsibilities of the two sides of industry primarily lie. The Tripartite Conference must seek out those areas where agreement between governments, the two sides of industry and the Commission is possible.

We endeavour to achieve consensus even at the preparatory stage, since we are under no illusions that social and employment policies can be imposed dictatorially on interest groups and the population at large. Only by persuading and convincing them can we hope to contribute towards the solution of the economic crisis.

Four main topics will be on the agenda at the Tripartite Conference this autumn. One is the potential role of the tertiary sector (including the public sector) in creating jobs - a question I have already mentioned. The other three topics are work-sharing as a means of distributing the available volume of work more widely, the relationship between investment and employment and finally, the employment outlook in the current world situation.

A few months ago the Commission published a paper on work-sharing which provoked discussion in all quarters, especially at Community level. The tone of this discussion is now changing perceptibly - whereas reactions were initially sceptical, the climate of opinion seems to be becoming gradually more favourable, especially in workers' circles, but the subject is no longer entirely taboo even among employers. In particular, action to limit overtime seems likely to be open to discussion. More generally, the discussion has so far centred on two possible ways of implementing work-sharing - first as a temporary solution for certain crisis situations (e.g. in the European steel and shipbuilding industries) and second as a means of alleviating unemployment problems in the longer term - as, for instance, an overall guideline for negotiations between the two sides of industry with a view to reducing annual working time.

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We are convinced that a Community level approach is essential for the success of action to achieve a better distribution of work, since a country cannot be expected to endanger its competitive position by unilaterally accepting the increase in labour costs involved in work-sharing. A broader international approach may ultimately become unavoidable.

The position of women in society is another area in which the Commission plays an important role and, indeed, where it has for some years now clearly given the lead. The principle of equal pay for men and women was enshrined in the Treaty and since 1976 legislation to guarantee equal pay has been obligatory in the Member States. As of summer 1978, they are also required to supplement this with more general legislation to ensure equal treatment for men and women with regard to employment. The Commission will be vigorous in its efforts to ensure that the Member States fulfil their obligations, a task in which the Court of Justice of the European Communities has a crucial role.

The need to develop European social policies seems self-evident and yet, I regret to say, there has been much opposition to the modest efforts we have so far undertaken in Brussels. I remain, however, firmly convinced that the goal of European economic and monetary integration cannot simply be a Community without barriers to trade or one where free competition is guaranteed. These goals have proved to be inadequate. The real goal must be a Community where social aims take precedence and where people can live and work under the best possible conditions.

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