

Speech by Vice-President VREDELING

Standing Committee on Employment - Brussels, 12 May 1978.

TERTIARY SECTOR

We have on the agenda today a subject which is of considerable importance, but which is complex and far from easy to handle.

Following the last Tripartite, the Commission was asked to investigate the question "What is the role, compatible with stability and growth of the tertiary sector, including the public sector, in employment creation?"

Since then, the Commission Services have been working on a first analysis which is set out in the working paper, and they have also set in train a series of further analyses with the object of deepening our understanding and identifying areas of potential policy action.

The information we have so far is interesting but not sufficient, but we should remind ourselves, that this is the first time that the problem has been considered at Community level. This is despite the fact that most of the employment growth in the history of the Community has been in the tertiary sector.

It is well known that statistics on the tertiary sector are poor, and it has become traditional to accept ignorance about what is happening in the sector as a "fact of life" about which little can be done. Such a position is no longer tenable. It is clear that with the poor prospects for overall economic growth and with the limited possibilities of extra employment in the manufacturing sector, we must in future pay much greater attention to the detailed prospects for employment within the tertiary sector.

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We must recognize, too, that the tertiary sector covers a heterogeneous set of activities, which can take many forms. They can be individual like insurance or collective like defence. They can be paid for through the market like laundries or given freely as is the case with many state services. They can be services to households directly - repair services - services to industry - professional services - or services to both - hotels and restaurants. Moreover, private and public provision of the same or similar services can commonly exist side by side. Hence, our policy approach may need to be differentiated according to the particular tertiary activities we are concerned with.

Moreover, the tertiary sector is not a saviour - employment growth cannot be expected to continue in all tertiary activities. Just as has happened in the past in the manufacturing sector, employment in tertiary areas will become increasingly affected by rationalization and automation. While this brings benefits to society as a whole in terms of more services at lower prices, it means perhaps reduced employment prospects in some areas of, for example, commerce or banking.

We should first be clear, however, why we are treating the subject at Community level. There are two basic reasons. Firstly, a Community level analysis helps each Member State to relate its problems to those of its partners - to identify where there are common concerns and to distinguish any purely national questions.

At the same time, the Community itself needs a picture of future economic and employment prospects in order to direct its operations in regard to the Social and Regional Funds and in relation to the other Community financial instruments.

We feel that the working paper is a first step in analysing the trends and identifying Community concerns. It can be clearly seen in the document, for example, how the broad employment experiences have been very similar between Member States. On the other hand, there are some major differences in the way in which certain public services are financed and provided in different Member States. On all this, there is, I believe, much food for thought and much scope for further work.

Among the papers circulated to you you will have seen a questionnaire in which we have tried to pin-point some of the issues which have emerged so far. From among those, I would like to mention two questions, firstly the public provision of services and secondly, how we can improve our knowledge of the sector.

In terms of public services, it is a reflection on our present difficulties in tackling the basic employment problems that understaffed public services due to lack of _____ funds, can exist alongside unemployed people-who are themselves supported by public funds. Job creation schemes are being introduced in order to create public sector jobs out of public funds. With our increased awareness of the value of better public services, we must try to see how we can achieve a more planned public sector growth and employment and how we can relate and integrate our various policy initiatives.

Finally, and on a more technical note, I feel that we should all think seriously about the ways in which we can work to exploit new sources of information in order to aid our future reflections about both private and public tertiary sector development. Governments and Social Partners have access to much more information on economic activity and employment in their respective areas than is available in published official statistics. The Commission badly needs this information in order to develop beyond our present position, and we would very much welcome your participation in this work.