

Statement by the Vice-President, Mr Vredeling, to the
European Parliament in Luxembourg on Monday afternoon, 10 April 1978.

Mr President,

Last Wednesday, the European trade union movement's action day, the Commission adopted proposals concerning unemployment among young people and I feel it is important to give you further information on the matter as soon as possible.

The object of our proposals is to broaden substantially the activities of the Social Fund for the benefit of the young unemployed - substantially not only because a large sum of money is involved (110 million European units of account in 1979) but also because the Commission wants to add new weapons to the arsenal which is already at the disposal of the Social Fund for the purpose of helping to find work for young people.

We all know how much young people in particular need a helping hand. The cancer of unemployment has taken deeper root in their ranks than anywhere else. Out of six million unemployed in the Community there are two million who are 25 years old or younger. That is over 30 per cent, although these people represent only 17 per cent of the working population. The number of unemployed under 20 years old is three times the general average; the number of unemployed between 20 and 25 is double that average. The risk of unemployment is clearly very unequally distributed between age groups.

The social consequences of such a high level of unemployment among young people cannot be assessed exactly, but I feel they can hardly be exaggerated. There is a real threat of disorientation, destitution and degeneration when

people are condemned to idleness in the morning of their lives. I am afraid that, in these circumstances, the manifestations of social disintegration and strife cannot long be delayed.

This should worry us all the more since we now know that, in the next ten years, the labour market will become even more overcrowded than it is at present. The latest population data at our disposal are ominous. On the one hand the labour market will, in the next ten years, have to absorb the baby boom of the sixties. The number of young people who will join the working population in that time will reach an average of four million per year. On the other hand, however, the number of workers retiring between now and 1985 will sink to an abnormally low level.

As a result of this situation I fear that even a complete recovery in economic growth will not be able to assure us of a return to full employment. It is also probable that, in the years to come, young people will continue to be the victims of a still worsening employment situation.

The proposals which the Commission has now prepared, at the request of the Council of Social Affairs Ministers of October last year, are intended, in particular, to alleviate the situation in the short term. We felt that the Social Fund should no longer be restricted to indirect instruments, such as promoting professional training and the mobility of young workers, but that it should, from now on, also support

action which we can expect to have a direct effect on employment opportunities for young people. We have therefore proposed that, as from 1979, the Social Fund should contribute to premiums for employing young people and to subsidies for carrying out programmes of general interest whereby young people can be helped to find work. We hope that the Member States will take advantage of these new forms of Community support in order to improve and extend their own operations in this field.

The introduction of these new tasks will have significant financial consequences for the Social Fund. Through this alone, the Fund's total budget will have to increase by a good twenty per cent from one year to the next. I am certainly the last person to minimize this but, on the other hand, I would just point out that, although this increase represents a substantial extension compared with the existing resources of the Fund, it can only appear trivial measured against the awesome dimensions of the problem under discussion.

We feel, therefore, that the effectiveness of the limited means at our disposal must be augmented by a selective, carefully-aimed approach. We do not intend to scatter the Fund's new resources indiscriminately over all conceivable operations within the Community. We consider it vastly preferable to direct our efforts towards those regions of the Community where supplementary assistance is most needed and where we can expect that assistance to bring the best results.

The Commission will keep to an order of priority in which - as has been stated - five regions stand at the head: Ireland, Northern Ireland, Italy (the Mezzogiorno), Greenland and the French Overseas Departments. The same high

priority will be given to the Community regions where the level of unemployment among young people is demonstrably above the Community average.

The Commission will, moreover, give priority to application of the new assistance facilities in order to support existing Community industrial policy programmes. In this way, we can help to develop alternative employment opportunities for young people who lose their jobs through mechanization and rationalization. If necessary we shall apply further selection criteria to prevent the grant of the new Social Fund assistance from becoming an automatic panacea.

For this purpose we shall give particular weight to the following points:

- the more long-lasting the employment opportunities which programmes create, the greater the priority those programmes will have for Community support;
- experiments will receive special attention;
- the creation of jobs in small and medium-sized undertakings and in craft trades will qualify for extra support;
- operations in small towns and in rural areas will often take precedence;
- operations which lead to a better transition from education to work will be given preferential treatment;
- projects for the benefit of young people who have been out of work for a considerable time will have priority where possible.

In addition, young women will have special priority.

In recent years the level of unemployment in this category of workers has gone up by leaps and bounds over a very short period - far more even than the general average figure for the young unemployed, which itself has developed so alarmingly.

Mr President, in Copenhagen the European Council pointed out the necessity to study, at a community level, special complementary measures in the fight against unemployment, and most particularly youth unemployment. In its proposal the Commission, with all the attention and systematic management possible, suggested new means in order to contribute to finding work, on condition that the Governments cooperate, for 150,000 young unemployed. But this will not solve the problem of unemployment among young people in the Community. That requires a more permanent structural policy - a policy we are trying to evolve in a common effort with the governments, employers and workers. The new forms of support from the Fund will, nevertheless, make a real contribution, which can be provided here and now in the struggle against the great evil of the day.