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EUROPEAN EMPLOYMENT POLICY: CHALLENGE AND RESPONSES

Extracts of speech to be given by Mr Ivor RICHARD, Commissioner for Employment and Social Policy, to the European Parliament, Strasburg, 15 September 1981

Following are major extracts from speech by Mr Richard on the job crisis facing the Community, to be made during the joint debate on employment policy (1), to be held during the European Parliament's plenary session on 15 September. Mr Richard's speech comes in the wake of latest EEC Commission figures showing that, after a "staggering" rise of 400 000 jobless in July, Community unemployment now stands at over 8.9 million, or 8.1% of the EEC's working population.

1. Scope of unemployment: Major burden borne by over-50's, women and young people

"Europe, and indeed the world, is faced by a complex set of employment problems, to which there are no simplistic answers It is becoming increasingly clear that the over-riding problem in the 1980s will be that of unemployment, and the need to find ways of creating more jobs, and this against the unfavourable external background of oil price rises, international monetary instability, the changing international pattern of labour, and in the face of the financial problems of government."

"The way in which unemployment has risen in the past three years is appalling. We have moved from some 6 million unemployed in 1978 to almost 9 million at the present time and it is still rising. Already, in Britain alone, the figure is fast approaching 3 million and the latest figures we have for the Community as a whole showed a staggering increase in unemployment of over 400 000 in one month. We are consistently failing to create enough jobs - since 1975 the rate of increase in the labour force has been almost two-and-a-half times greater than the increase in available employment. Not only have the numbers of unemployed increased alarmingly, but the composition of the unemployed has also altered. The worst hit sections of society have been the young, women and workers over 50 and this is likely to be a persistent feature of employment patterns unless a major improvement in the overall situation takes place."

(1) Reports to be debated are Mrs H. Salisch's (Repercussions of energy problems and technological developments on the level of employment in the Community), Mr C. Calvez's (Community employment policy), and Mr D. Ceravolo's (Employment and the adaptation of working time).

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" For most workers over 50 who are at present unemployed, there is the real risk of their never finding work again. For large numbers of young people who become unemployed immediately on leaving school, the prospect of gaining work experience and training in order to equip them to obtain skilled employment when job opportunities improve, is remote."

Moreover, "with ^{over} 3 million young people already unemployed in the Community, and many millions more knowing the same fate awaits them, this Community is destroying its future We must move towards a longer term strategy as I mentioned earlier in which all young people receive an adequate social and professional preparation for adult life. A "social guarantee" as it is called in Scandinavian countries, a guarantee not of any kind of unskilled paid job but of a flexible range of learning opportunities where young people themselves can gradually take responsibility for their career options and develop the enormous capacity which I believe they have to make a creative contribution to our society."

"Equally, the pattern of employment for women demonstrates that when they can obtain employment it tends to be relatively low paid and unskilled and they are liable to be among the first to be thrown out of work at the onset of a recession."

2. Need for new policy emphasis: job creation and structural renewal

"We need a major change of direction to reflect these concerns. During the 1970s, after a period of 25 years of rapid economic development, it could rightly have been said that the over-riding problem was inflation. Indeed, in some European countries there was a period when it looked as though they could drift into hyper-inflation. Inflation is still with us and still acts as one of the major obstacles to employment recovery, but we can no longer afford to neglect other objectives in the fight against inflation, or await the defeat of inflation before tackling unemployment. We must strike a new equilibrium in our economic and social policies. The emphasis now must be on creating new jobs."

"The Commission considers that the unemployment problem needs a broad approach. It was for that reason that we persuaded the Council to hold a joint meeting of both economic and financial affairs ministers and employment and social affairs ministers in June, and why the Commission was represented not only by myself but by Mr Ortoli and Mr Davignon. That meeting was a considerable success for a number of reasons..... It was clear that most Ministers recognised that we will not get out of this recession with present policies. If we persist in squeezing our economies along present lines we will end up with less output, less investment, less employment and - ultimately - not less inflation, but more, as our fragile wage bargaining systems explode under the strain of attempting to share more fairly the massive suffering brought by the recession."

"Some reflationary action by government is needed if we are to get on the road to recovery though we cannot rely solely on a traditional Keynesian reflation. Nor can individual Member States act alone - there must be collective Community action. Structural problems must also be dealt with simultaneously."

"At the Joint Council, the French Ministers took the lead with the commitments to increase Government spending in order to stimulate activity in the economy, and President Mitterand has repeated this since. In my view, it is vital to ensure that this effort is supported in other countries within the framework of a concerted Community action in conjunction with the full range of supporting structural policies. We have been practising deflation when, in reality, the Community is suffering a structural crisis. We are too big in the declining activities We need to shift our activities much more rapidly into areas like energy and energy-saving, into the new information technology based activities, and into those vast areas of employment potential in the service sector."

3. Positive EEC measures

- " - We need to diversify and adapt anti-inflation policies in ways which can best assist economic recovery.
- We need to develop new areas of employment in the energy and technology sectors but we also need to give special attention to the process of small-scale employment creation and to the potential contribution that different types of small enterprises can make in creating jobs - this must become the over-riding objective.
In this respect, Mr Richard noted "that in its report on the 30th May Mandate, the Commission took the position in relation to the Social Fund, that, henceforth, priority should be given to job creation."
- We need to examine present methods of financing and organising social protection to identify methods which could provide a similar degree of protection to employees without discouraging employers from recruiting.
- The adaptation of working time should be promoted, the scope for a flexible reduction of annual working time should be further explored."

EEC Unemployment: latest figures

	D	F	I	NL	B	L	UK	IRL	DK	EUR 9	GR	EUR 10
July 1981												
(x 1 000) Total	1 246,2	1 680,5	1 915,3	396,4	495,5	1,345	2 851,6	128,1	183,9	8 898,8	25,1	8 923,9
Male	604,8	815,3	998,8	260,6	209,9	0,717	2 010,6	97,6	104,2	5 102,5	14,6	5 117,1
Female	641,4	865,2	916,5	135,8	285,6	0,628	841,0	30,5	79,7	3 796,3	10,5	3 806,8