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INFORMATION MEMO

Manpower in the Community in 1965

The EEC Commission has adopted its sixth annual report on manpower problems in the Community. Using the same method as in previous years it has consulted experts on current economic trends and experts from the labour ministries of the Member States; it has also obtained the advice of the Manpower Working Party of the Consultative Committee for the free movement of workers, which comprises representatives of the Governments and of workers' and employers' organizations.

The first part of the report describes developments in the labour market in the six countries, outlining the general trends and situations in each industry, country and area. The level of general business activity has remained high in the Community as a whole, and employment problems are therefore hardly less intractable than before. Neither sector-to-sector movements of labour due to structural or general economic changes, nor the short-term effects of the programmes of public authorities (mostly extending over longer periods), nor the recruiting of foreign workers have sufficed to remedy the labour shortages which beset most of the Member States.

Of the Six, Italy is the only country in which the total number of hours worked has fallen. In France, the first signs of an easing of strain on the labour market have appeared in a few industries; in Belgium, too, the situation showed a slight improvement towards the end of 1964. On the other hand, in Luxembourg, and particularly in the Netherlands and Germany, there has been no real improvement; indeed, in the latter two countries labour shortages have grown more acute.

The second part of the report indicates the prospects for 1965 by country, with estimates of manpower needs and supply taking into account the expansion of production, increased productivity and changes in the volume and the pattern of paid employment. The foreseeable trend of economic activity indicates that strains on the labour markets of most of the Member States will persist in 1965, though they will be less severe than during the greater part of 1964. Germany is the only country in which no tendency towards easier conditions can be expected. In Italy, the decline of employment in 1964 is likely to cease as business picks up again.

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After indicating the main employment problems arising from these trends, the third part of the report reviews the measures taken or contemplated by the Member States to secure a better balance of the labour market and to promote expansion. The information obtained on such measures is fuller than that available in previous years. This part of the report also makes a number of suggestions for developing Community co-operation, both with regard to fact-finding methods used (analysis by industry and by area, and forward estimates of employment) and with regard to measures to promote the fullest use of the actual and potential labour resources of the Community. Among these measures, special emphasis is laid on the development of vocational guidance, training and retraining and on continued and where necessary increased recruitment of workers from other Member States. On this last point, an important development is that the competent authorities of the six States have decided to take steps to ensure parity of treatment in respect of vacancies for workers from other Community countries, as provided for in Article 8 of Regulation No. 38/64. They have decided moreover to promote priority recruitment of surplus Community labour, as is also provided for in the Regulation.

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Figures on Community manpower, 1965

For the Community as a whole, the figure for unfilled vacancies - at 800 000 - is still very high. In certain countries there is on average more than one vacancy for each unemployed person, with very little scope for finding workers able and willing to fill the vacancies.

Conversely the number of unemployed, except in Italy, is relatively low as a proportion of the civilian labour force: figures are nil in Luxembourg, 0.6% in Germany, 0.8% in the Netherlands, 1.1% in France and 1.6% in Belgium. After declining appreciably in Italy in previous years (3.6% in 1961, 3.1% in 1962, 2.5% in 1963), the unemployment rate rose again in 1964.

In Germany the expected increase for 1965 in the total number of persons in paid employment is about 150 000, including an increase in foreign labour of more than 100 000. It is to be expected that the severe strain on the labour market will create a very wide gap again in 1965 between vacancy and unemployment returns (at the end of September 1964 670 000 unfilled vacancies were available for only 100 000 unemployed).

In the Netherlands the monthly average for the number of unemployed may well increase very slightly in 1965 and the employment rate - about 0.8% in 1964 - should fall short of the 1961-63 average. All in all the number of persons in paid employment in the private sector is likely to increase by a little less than 2%, compared with about 2.5% in 1964. The net influx of foreign workers is likely to be small.

In Luxembourg, if industrial production grows by 1 to 2%, total employment may well increase again, but much more slowly than in 1964. The influx of foreign workers - totalling several thousands in 1964 - will again make possible an increase in the number of wage-earners, all the more since the recent drive to recruit labour in Italy has been successful.

In Belgium, where the total number of persons in paid employment increased by about 45 000 in 1964, the increase in 1965 should not exceed 30 000, a figure which is about 1% of the labour force. It seems likely that manpower reserves (registered fully unemployed) which fell from 32 900 in 1963 to 26 100 in 1964 will again dwindle in 1965. It is, on the other hand, possible that the numbers, not only of fully unemployed but also of partially and temporarily unemployed (this last figure is particularly sensitive to fluctuations in the business climate) may rise slightly.

In France the total number of persons in paid employment may increase in 1965 by about 120 000, or 0.8%, following an increase of about 230 000 (1.7%) from 1963 to 1964. The growth of employment is likely to lose momentum first in those sectors which have been able, or have been obliged, to scale up their numbers employed appreciably, for example construction and government service. However, the somewhat disappointing trends in certain industries - notably consumer durable industries - should also affect the development of employment. Some 30 000 to 35 000 persons will leave the land. In view of the foreseeable needs of the economy, the annual average of unemployed should be only a little higher in 1965 than in 1964. The average level of unemployment, in these circumstances, should still remain relatively low.

Although a growth in the total population similar to that for 1964 is expected in 1965 in Italy (about half a million), it would seem that, assuming net emigration on much the same scale as in 1964 (about 115 000) the working population will settle at the same level as for the preceding year. If the downward trend in the numbers of self-employed and workers in family businesses - a consequence of the drift from the land - continues, the total number of persons in employment will probably remain unchanged in 1965. On this assumption, the number of unemployed will also remain virtually unchanged in 1965, at least in absolute terms.

Because of the volume of manpower requirements in the other Member States, it has been decided under Community co-operation arrangements to give priority to Community surplus labour in recruiting. A recent estimate of Italian manpower reserves available for employment in the Member States is as follows:

| | | <u>Labourers</u> |
|---------------------------|----------------|------------------|
| Agriculture | 50 000 | 48 000 |
| Building and construction | 45 000 | 30 000 |
| Metal processing | 25 000 | 6 000 |
| Unskilled workers | 65 000 | 65 000 |
| Not classified | 115 000 | 15 000 |
| | <u>300 000</u> | <u>164 000</u> |
| | ===== | ===== |
| Total | 300 000 | 164 000 |
| | ===== | ===== |
