

# COMMISSION OF THE EUROPEAN COMMUNITIES

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COM(82) 661 final

Brussels, 14 October 1982

## ~~RE~~ORGANISATION OF AVAILABLE WORK; YOUNG PEOPLE AND THE LABOUR MARKET

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(Communication of the Commission to the Standing  
Committee of Employment)

COM(82) 661 final

## Introduction

Following the meeting of the Standing Employment Committee on 27th April 1982, the Council of the European Communities prepared a Resolution on 'Community action to combat unemployment'. This Resolution, which was adopted on 28th June 1982 reflected the conclusions of various meetings of the European Council, and in particular the meeting on 29th and 30th March, 1982 concerning employment; the conclusions of the Council meeting of 11th June 1981 of the Ministers of Economic Affairs and Finance and Ministers for Labour and Social Affairs; and the Commission's contribution entitled 'A Community Action Programme to Fight Unemployment'.

The Council Resolution (annexed to the present communication) was oriented towards combatting unemployment and restoring economic growth in a situation of monetary stability, while continuing to fight against inflation and ensuring the competitiveness of Community undertakings. The Council was convinced of the need to continue or to undertake within this framework specific action on employment at Community level. The Resolution called for:

- The promotion of private and public productive investment in order to strengthen competitive capacity, encourage economic growth and raise employment. Commission suggestions regarding investment priorities were noted.
- Effective and coherent use of Community Instruments, notably for least favoured regions.
- Industrial restructuring programmes to give simultaneous attention to employment problems and investment rationalisation problems.
- The promotion of the development potential of small and medium sized undertakings as a source of innovation and employment.

The Resolution also:

- Requested the Commission to report on the results of its research into job creation by local initiatives and cooperatives.
- Stressed the priorities to be given to vocational training for young people and measures to integrate them into the labour market.
- Called for continued dialogue by the social partners concerning distribution of working time, noting that the Commission would submit a memorandum on the question by the end of 1982.
- Noted the Commission's intention to promote better functioning and transparency of the labour market.

The last meeting of the Standing Employment Committee and the Council Resolution quoted above concentrated on new job creation. The Commission is therefore of the view that this session of the Standing Employment Committee could most profitably focus on:

- The promotion of a better distribution of available work and income through more flexible working arrangements and also to reductions in working time.
- The integration of young people into the labour market through training and the provision of adequate job opportunities.

Both of course remain essential topics for discussion at the Joint Council.

### Reorganisation of available work

A debate has been going on within the Community for several years on the contribution that changes in working time arrangements can make to the creation of employment opportunities and the alleviation of unemployment. It is clear that policy regarding the reorganisation of available work must take due account of present economic constraints, in particular the prospects for growth and employment. It is equally clear that it must also take account of the need to maintain the competitiveness of enterprises.

The Council Resolution of 18 December 1979 on the adaptation of working time established guidelines in various areas.

Some progress has already been made by the Commission. A draft recommendation on flexible retirement is before the Council which urges Member States to take steps to give workers the right to choose the time of their retirement from a given age, in accordance with certain principles. It is hoped to achieve Community-wide results in this area where several Member States have already achieved appreciable employment effects.

The Commission's draft directive on voluntary part-time work, once implemented, would end discrimination against part-time workers, making it a more acceptable form of employment and thus contributing to the reorganisation of work. Once this legislation is on operation, the Commission will consider how and to what extent various forms of part-time work can be actively promoted. In the creation of new part-time jobs, for example through 'job splitting', the principle that the part-time option is voluntary must be maintained.

As far as the annual volume of work is concerned, it is not only the number of hours worked that is important, but the way those hours are organised. Governments must endeavour to remove legal constraints on greater flexibility (subject to this not conflicting with more basic social objectives), while employers and employees work out arrangements which promote flexibility in more detail.

It is important and encouraging to note certain new developments in collective agreements in which 'job creation' has become a new factor to be negotiated alongside wages, working conditions, productivity arrangements and working time. In other words, the unemployed are being taken account of in negotiations. There are also signs of a welcome willingness to forego total wage compen-

sation and to be more flexible as regards weekend working, in exchange for guarantees from employers about new jobs to be created. Clearly, the details of such negotiations can only be worked out by the social partners at enterprise level where the impact on income, employment and profitability is at stake. Nevertheless, it would aid the process to identify what action is possible at Community level. In particular, governments should establish in a Community framework the extent to which they might participate, for instance by examining the possibility of providing pump priming finance (in effect ploughing back the extra funds they dispose of as a result of reduced expenditure on unemployment benefits and increased tax receipts).

Since there are differences between countries and sectors in terms of the average level of hours of work, and its variants, there are clear difficulties in defining simple norms. Nevertheless, the Commission feels that with current levels of unemployment serious efforts should be made to seek a general consensus to improve the prospects for increasing employment opportunities by reorganising the available work provided that the competitive position of enterprises is not impaired.

Part of annual working time consists of systematic overtime. Overtime working has lessened considerably in the recession, but still persists in some sectors in some Member States. Commission policy has been to limit the use of systematic overtime with compensation by time off in lieu rather than by additional payments. There is widespread general agreement on the need to contain overtime in this way and in particular to ensure that any substantial reduction in basic working time is not offset by increased overtime, and the possibility of a Community policy framework should be considered.

In the Commission's view, a better distribution of available work and income through more flexible working arrangements, including reductions in working time, could serve both economic and social objectives - putting under-utilised manpower to more productive purpose and ensuring wider access to employment. The Commission's approach is to try to identify the precise conditions in which the adaptation of working time can have durable employment effects.

Young people and the labour market

Concern has continually been expressed over the level of youth unemployment in the Community - currently accounting for over 40 % of the total - and many measures and actions have been developed and undertaken in the Member States and at Community level.

Two distinct types of difficulty face young people - obtaining a job and keeping it. The unemployed school leaver has received much public attention and much policy action has been oriented in this direction with a particular emphasis on the need to give young people marketable skills or to improve their general employability. The development of a Community wide youth guarantee of training and work experience for young people following the completion of full time compulsory education is being vigorously pursued by the Commission in the context of the Social Fund Review (1) and in the development of vocational training policy at Community level, regarding which a new communication will shortly be before the Council.

Overcoming difficulties of entry into the labour market are extremely important. However, pursuit of this policy on its own will not resolve the youth unemployment problem. Indeed, since youth unemployment is a reflection of general unemployment, it is likely to remain a problem as and until aggregate economic problems are resolved. Effective policy action requires both an understanding of the nature of youth unemployment and a policy judgement as to the extent to which positive action should be undertaken to improve the relative position of young people given that such action may, as a counterpart, involve discrimination against others - prime age workers, second income earners, older workers.

Much job creation action to date for young people has been in the form either of temporary public sector jobs or temporary jobs in the private sector supported by public funds. Whilst these have provided employment and work experience, they lack continuity and are an inadequate response. Moreover, they often fail to reach those most in need. Much more needs to be done to improve the quality and permanence of jobs in order to avoid young people falling into repeated periods of unemployment. Not all young people want a pre-programmed career from recruitment to retirement, but most want stability and it is the absence of this which ultimately produces a worker who is socially and occupationally marginal. Ways need to be sought in which government funding or support puts the emphasis on continuity of employment.

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(1) COM 485/8

Not all young people are equally affected by the limited job opportunities available. Social and educational background play a major part in the way in which young people do or do not obtain work. Employment premia to aid young people into employment are not therefore appropriate in all circumstances, and they may be inefficient if the same result could be achieved by a reduction in young people's relative earnings without their reaching an unacceptably low level. Premia to help disadvantaged groups amongst the young (on either regional or social criteria) would, however, be consistent with the idea of providing more equal opportunities in obtaining employment: and if a permanent growth in activity and employment can be achieved through the payment of a short-term recruitment subsidy, then a contribution to stability of employment will have been achieved.

The employment prospects of young women has become significantly worse than that of young men in the recession. Moreover, progress achieved in entering 'male' jobs has regressed. Young women have tended to be directed too exclusively towards tertiary sector occupations and training. Their access to industrial training and trades must be increased and longer term action is required to develop career structures in tertiary jobs and to strengthen the professional nature of training in this field.

More active consideration should be given to the following measures:

- the linking of flexible retirement programmes to the hiring of young people whether for full-time or part-time work;
- Experiments by companies in offering young people less than full-time jobs.

Some analysts claim that youth unemployment is in part or largely a question of high relative earnings compared with those of experienced adult workers. The Commission considers that it will be useful, not only to assemble and study the available evidence from statistical sources, drawing also on expert opinion, but also to confront the practical experiences of the two sides of industry, and of governments as employers.

Although progress has been made in improving career information for young people at school, there is still no satisfactory linking of public services in general. The development of a system of local reception/information centres designed to provide relevant information and services to young people covering work (commercial and voluntary), training, support for self-help enterprises would respond to this need, not just on entry to the labour market, but in their continuing employment.

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This summer has seen a further deterioration in employment and a worsening in prospects for the immediate future. This reinforces the need for the actions outlined above. The Commission is in the process of making proposals as indicated in its submission to the last Standing Employment Committee, the conclusion drawn by the Presidency at that meeting, and the Council resolution. It should be recognised, however, that, even if the Community's concerted efforts to create new employment are successful, the level of unemployment will inevitably remain high for several years. The Commission therefore considers it necessary to reaffirm commitments to the defence of low income groups and the unemployed and thus desirable to establish Community objectives for distributing more fairly the burdens of both the unemployment and reduced incomes which are resulting from the economic situation.

As a first step, the Commission thinks it important that there should be a much closer examination of the way in which different groups and societies are affected, including movements in income distribution. The Commission is therefore preparing for a round of discussions with Governments and both sides of industry with a view to considering proposals for future action.

As regards the distribution of work, the Commission will shortly submit a memorandum.

As regards the integration of young people into the labour market, the Commission:

- is presenting proposals within the context of the review of the Social Fund;
- will shortly issue a communication on vocational training policy;
- later in the year will submit a further paper on the unemployment problem affecting young people in general.



## I

(Information)

## COUNCIL

## COUNCIL RESOLUTION

of 12 July 1982

on Community action to combat unemployment

## THE COUNCIL OF THE EUROPEAN COMMUNITIES

Having regard to the conclusions of the various meetings of the European Council, and in particular of the meeting on 29 and 30 March 1982, concerning employment,

Having regard to the conclusions of the Council meeting of 11 June 1981 composed of the Ministers for Economic Affairs and Finance and Ministers for Labour and Social Affairs,

Having regard to the Commission's contribution entitled 'a Community action programme to fight unemployment',

Considering the conclusions drawn by the Presidency following the meeting of the Standing Committee on Employment on 27 April 1982 devoted to examination of the problems of unemployment in the Community on the basis of the aforementioned Commission document, the importance of which was emphasized;

Convinced of the need to take concerted action, both at Community level and nationally, to combat unemployment and to restore economic growth in a situation of monetary stability, while continuing the fight against inflation and ensuring the competitiveness of Community undertakings, and in the hope that such an approach may also contribute to the achievement of improved convergence of the Member States' economic policies; Convinced of the need to continue or to undertake within this framework specific action on employment at Community level;

Recalling its resolution of 12 July 1982 on the promotion of equal opportunities for women<sup>(1)</sup>;

Convinced that it is essential for representatives of employers and workers, within the framework of

their independence and of their responsibilities, to contribute to the achievement of the objective of combating unemployment and that efforts to improve the dialogue with and between representatives of employers and workers at Community level should be continued,

## HEREBY ADOPTS THIS RESOLUTION:

1. The Council reiterates its grave concern at the persistently high level of unemployment, particularly among young people, which is creating an intolerable situation.
2. It considers that private and public productive investment should be promoted in such a way as to strengthen the competitive capacity of undertakings and to encourage economic growth and raise employment. Measures by Member States with regard to private and public investment, to be carried out in accordance with the situation prevailing in each country, should take account of the repercussions on employment, particularly in the private sector, and should not lead to an unacceptable increase in budget deficits.
3. The Council notes the suggestions made by the Commission in its aforementioned contribution regarding certain investment priorities.
4. Without prejudice to the importance which the Community attaches to the measures taken to assist the least-favoured regions, particular attention ought also to be given to the regions most seriously affected by unemployment, by effective and coherent use of the appropriate Community instruments.
5. The Council considers it important that labour market policies should be geared towards ensuring an adequate supply of suitably qualified manpower.

<sup>(1)</sup> See page 3 of this Official Journal.

6. The Council considers that, in addition to the problems of investment rationalization, industrial restructuring programmes must simultaneously give particular attention to employment problems. National and Community authorities and representatives of employers and workers should encourage geographical and occupational mobility. The latter could include the redeployment of workers affected by the restructuring measures, in such a way that these workers are able to take up jobs made available in sectors which are creating employment.

7. It considers that the possibilities should be examined for promoting the development potential of small and medium-sized undertakings, which are a source of innovation and hence a factor for creating employment, by providing them, in particular, with appropriate assistance in areas such as training, know-how, information and access to credit, with a view to making them more competitive.

8. It stresses its interest in the job-creation process, which is also apparent in local initiatives and cooperatives and requests the Commission to submit the results of its research and its thoughts on the matter to it so that it can assess the contribution of such initiatives to creating employment.

9. The Council stresses the priority which the Community must give to vocational training for young people. It has noted that the Commission intends to submit proposals to it shortly for measures aiming to ensure that all young people coming onto the labour market, and particularly school leavers, receive vocational training combined if necessary with initial work experience, where appropriate under special programmes or contracts of employment.

Such measures should be compatible with the measures to integrate young people into the labour market and with other special measures, particularly

those to help the long-term unemployed, and should fit into the general framework of the strategy to be implemented to combat unemployment as a whole.

10. Taking into account the interest which experiments and measures to adopt and re-allocate working time may have in seeking to achieve a more flexible use of productive capacity and to improve the employment situation, the Council also considers that, following the initial proposals made by the Commission for implementing the Council resolution of 18 December 1979 on the adaptation of working time<sup>(1)</sup>, the dialogue with and between both sides of industry regarding the number of working hours must be continued within the framework outlined in the resolution. It notes that the Commission will submit a memorandum on the matter to it before the end of 1982.

11. The Council notes that the Commission intends to promote better functioning and transparency of the labour market and to discourage obstacles to its efficient operation, with the participation of public authorities, employers and workers in order to support the proposed employment creation measures and to facilitate implementation of the necessary training measures, in particular by developing forward-looking management of the labour market, developing local labour market intelligence and improving employment services.

12. It requests the Commission to submit to the Council, taking account of this resolution, appropriate proposals or communications as part of a coordinated Community approach to combatting unemployment, which could be submitted in the second half of this year to a special Council meeting, as suggested by the European Council at its last meeting, and which could be the subject of prior consultation with representatives of employers and workers in the Standing Committee on Employment, having regard to the latter's areas of competence.

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(<sup>1</sup>) OJ No C 2, 4. 1. 1980, p. 1.