

COUNCIL OF THE EUROPEAN COMMUNITIES
GENERAL SECRETARIAT

PRESS RELEASE

10990/82 (Presse 171)

806th meeting of the Joint Council
- Economic and Financial Questions - Labour and Social Affairs -
Brussels, 16 November 1982

President: Mr Henning CHRISTOPHERSEN,
Minister for Finance
of the Kingdom of Denmark

The Governments of the Member States and the Commission of the European Communities were represented as follows:

Belgium:

Mr Willy de CLERCQ
Deputy Prime Minister,
Minister for Finance

Mr Mark EYSKENS
Minister for Economic Affairs

Mr Michel HANSENNE,
Minister for Employment and Labour

Denmark:

Mr Henning CHRISTOPHERSEN
Minister for Finance

Mr Anders ANDERSEN
Minister for Economic Affairs

Mrs Grethe FENGER MØLLER
Minister for Labour

Germany:

Mr Gerhard STOLTENBERG
Federal Minister for Finance

Mr Norbert BLUM
Federal Minister for Labour

Mr Otto SCHLECHT
State Secretary,
Federal Ministry of Economic Affairs

Greece:

Mr Yanis POTTAKIS
Deputy Minister,
Ministry of National Economic Affairs

Mr Evangelos YANNOPOULOS
Minister for Labour

France:

Mr Jacques DELORS
Minister for Economic Affairs and Finance

Mr Pierre BEREGOVOY
Minister for Social Affairs and National Solidarity

Mr Jean Le GARREC
Minister responsible to the Prime Minister for Employment

Ireland:

Mr Andrew O'ROURKE
Ambassador,
Permanent Representative

Mr M. DOYLE
Secretary-General,
Ministry of Finance

Italy:

Mr Nino ANDREATTA
Minister of the Treasury

Luxembourg:

Mr Jacques SANTER
Minister for Finance

Mr Ernest MÜHLEN
State Secretary,
Ministry of Finance

Netherlands:

Mr H. RUDING
Minister for Finance

Mr J. de KONING
Minister for Social Affairs and Employment

United Kingdom:

Sir Geoffrey HOWE
Chancellor of the Exchequer

Mr Norman TEBBIT
Secretary of State for Employment

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Commission:

Mr François-Xavier ORTOLI - Vice-President

Mr Ivor RICHARD - Member

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CONCLUSIONS

Joint Council (ECO/FIN-SOC) on 16 November 1982

The Council met on 16 November 1982 to discuss the economic and social situation against the background of the conclusions of the European Council meetings in Brussels on 29/30 March and 29 June 1982. The Council was composed of Ministers for Economic and Financial Affairs and Ministers for Labour and Social Affairs. Representatives of European workers' and employers' organizations were consulted before the start of the meeting.

The Council reaffirms the importance it attaches to the close and continuing association of the social partners in the development of Community policies.

The meeting, like the one held in Luxembourg on 11 June 1981, took place in order to develop a higher degree of mutual understanding of all aspects of the unemployment problem and to examine in common the economic and social situation and the scope for further Community initiatives aimed at complementing and strengthening adjustment policies in the Member States.

I. THE ECONOMIC AND SOCIAL SITUATION

The gravity of the present economic and social situation characterized by a continuation of the recession, of high rates of inflation in a number of Member States, and high levels of unemployment growing at different rates in all Member States makes it imperative that all efforts at the national as well as the Community level be made to bring about a marked change. This need calls for action in the immediate, in the medium and in the longer term in a number of areas which were examined by the Council, with a view to establishing a strategy comprising the promotion of economic and financial stability, an increase in investments, promotion of the competitiveness and profitability of industry, completion of the Common Market, and positive labour market adjustments, leading to a marked improvement in the employment situation which is the most urgent task of the Community in the present circumstances.

A lasting increase in employment will have to spring from a strengthening of the competitive capacity and profitability of undertakings, which presupposes an improvement of the economic situation in general, building upon the achievements in the fight against inflation.

The dangers and risks of the present economic situation can only be checked and reversed if appropriate policies are backed by a broad-based willingness to share the necessary costs related to the adjustment process. Close consultation with the social partners is of particular importance in this respect. Efforts should be made to ensure that the burden of the present economic difficulties is shared with due regard to the more vulnerable groups; in particular, efforts to reduce existing social or regional inequalities should not be jeopardized in the adjustment process.

II. MEASURES

1. International economic and financial stability

The Council reaffirms the Community's determination to continue to combat protectionist tendencies in all its forms in international trade including use of competitive devaluations. They are one of the main dangers to the world economy and to living standards. Ministers recognize the need to develop policies which can contribute in a more significant way to the strengthening of trade flows.

The stabilization and adjustment efforts by governments can only be successful if the international monetary system is managed in a way that allows interest rates to decline and exchange rates to stabilize. The Community intends to play an active role in co-operation with other countries, in particular the USA and Japan,

in order to strengthen the international financial system and to reduce uncertainties in international financial relations. It intends to make a substantial contribution to ensuring a successful result of ongoing efforts to reinforce the role of the multilateral financial institutions, particularly the I.M.F. and the World Bank.

2. Convergence and economic stability within the Community

It is essential that interest rates continue to fall, in order to strengthen productive investment; in this context the Council considers that control and redistribution of public expenditure and reduction of budgetary deficits is indispensable. This is in particular true for countries that still experience a high rate of inflation and where insufficient progress has been made towards a reduction of budget deficits and bringing both public finances and external payments into better balance.

At the same time the Council underlines the risk which could arise if all Member States independently of their level of inflation, level of real interest rates or financial situation pursue the same degree of restraint with regard to public expenditure. Countries recording a satisfactory slow-down in inflation, reduced real interest rates and a more favourable external fiscal and monetary position should consider using the scope for budget policy initiatives to support economic activity.

An important objective is the redistribution of public expenditure from consumption towards productive investment and activities which will strengthen the productive capacities of enterprises. The Council (Economic and Financial Affairs) will, in 1983, in connection with the annual approval of budget guidelines and on the basis of a Commission report, undertake an analysis of Member States' public budgets in order to review the evolution of productive public expenditure.

The Council is determined to make full use of existing procedures for the close co-ordination of Member States' economic policies. The potential of the European Monetary System with regard to increased discipline and greater convergence in the economic performance of Member States is a major consideration in efforts to strengthen the EMS.

3. Investment

The Council noted the conclusions, including the procedural decisions, reached by the Council (ECO/FIN) on 15 November 1982.

The Council reaffirms that all possible means for a substantial increase of the share of GNP taken up by productive investments to increase employment should be systematically and urgently exploited in a coordinated manner, both at national and at Community level.

Concerning national policies, the Council notes with satisfaction that, since the meeting of the European Council on 29 and 30 March 1982, some Member States have put into effect important measures with a view to increasing investment, and several others intend to implement measures shortly. The Council agrees that the need for additional measures to promote investment will be regularly reassessed.

Priority attention will be given to action which increases the profitability of and the ability to form capital in enterprises.

The particular role and potential of small and medium sized enterprises (including cooperatives) will be given specific attention.

The Community instruments, E.I.B., ECSC, the New Community Instrument, as well as the Regional Fund, now undergoing revision, will continue to play an important role and must therefore be used to their full extent and with a high degree of effectiveness. The Council noted with interest that the Commission has proposed a 3.000 MECU increase in the borrowing capacity of the NCI, and the Council intends to reach a clear decision on this early in 1983. The Council will also give further consideration to the recent Commission proposal for interest rebates at Community level in the field of the rational use of energy.

4. Internal market

The Council agrees that the reestablishment of confidence essential to recovery and to greater private investment presupposes the safeguarding of the common market and a rapid development towards its completion, an essential factor in the Community's economic development. The Council therefore agrees that appropriate work programmes will be established for accelerated progress in the fields of technical standards, company law, certain services and internal frontier formalities. The Council is of the view that a session of the Council should be devoted to these issues in order to make substantial progress towards the completion of the common market.

The Council agrees that Member Governments will review the practices of their national administrations in this field. The Council invites the Commission to present urgently an evaluation of the functioning of the Community's internal market.

5. Industrial policy

A marked increase in firm's competitiveness and profitability in all Member States has to be achieved if the Community is to face competition from other major industrial countries and from the newly industrialised countries. The Community and Member States will seek to help their industries not only by removing administrative and financial constraints, but also by encouraging inter-industry cooperation in strategic sectors, within the rules of the Treaty.

Bearing in mind the importance of new technologies in any industrial recovery much greater emphasis will be attached to innovation policy at both national and Community level. Small and medium sized enterprises have a particularly important role to play in this field. Recent decisions by the Council (Research) should rapidly be followed up.

The examination of Commission proposals to this effect should be accelerated.

The Council recalls the urgency of industrial reconversion. The ECSC and the Regional and Social Funds should continue actively their contributions in this field.

The Council while emphasising the vital importance for industrial development of maintaining conditions of free competition agrees that in the present international economic climate care must be taken to ensure that the Community conducts an efficient commercial policy able to ensure that our external trade is conducted in conditions of competition, in accordance with the principles of the GATT.

6. Youth and Labour Market

The Council expresses its deep concern about the employment situation for the young generation and recalls the precise guidelines from the March European Council which emphasized the central place of youth employment in the Community's overall strategy to combat unemployment and reaffirms its commitment of ensuring over the next five years that all young people entering the labour market for the first time should be given the opportunity of taking vocational training or a first job experience.

The Council welcomes the Commission's communication on vocational training and the proposal for the revision of the European Social Fund which aims to improve the employment prospects of young people; these Commission initiatives should be dealt with rapidly. The Council also looks forward to receiving a new communication from the Commission with proposals for specific measures to promote the recruitment of young people and to increase the volume of employment opportunities available to them.

The Council invites the Commission to ensure effective execution of the programme of pilot projects on post-school training and education decided in May 1982 for the period 1983-86; it also instructs the subordinate bodies to accelerate work on the Commission's recent proposal on professional training in new technologies for the period 1983-87.

Regarding national policies the Council emphasizes the importance of concrete schemes for education and vocational training for young people.

7. Reorganizing of working time

The Council considers that a reorganisation of working time, possibly in combination with a reduction in working hours, can under certain conditions help improve employment, in particular if a more flexible use of the means of production is involved. The Council :

- agrees that a reorganisation and a reduction of working hours can only have positive employment effects if the competitive position of firms is not impaired, if there is sufficient flexibility in the Labour market to prevent bottlenecks, and if appropriate account is taken of the specific and sectoral characteristics - notably the size of the firms;

- notes with satisfaction that the Commission intends to present before the end of 1982 the memorandum on working time requested by the Social Affairs Council on 27 May 1982;

- notes that the Commission will continue its work towards the formulation of a Community approach, where appropriate, on the reorganisation of working hours, in accordance with the Council Resolution of 18 December 1979;

- invites the Social Council to conclude its consideration of the proposed directive on voluntary part-time employment and the draft recommendation on flexible retirement.

8. Other specific measures

The Council invited the Commission to undertake a study of long-term unemployment and possible proposals for remedial action.

It also noted the suggestion of one delegation for an updated Commission study of ways and means to further the participation of workers in the capital formation of enterprises. The Commission will examine this idea and make such proposals as it seems appropriate.

III. PROCEDURE

It is agreed that the Council in its appropriate formations should ensure rapid implementation in the relevant areas covered by the conclusions.

Bruxelles, le 17 novembre 1982
NOTE BIO (82) 484 suite 1 et fin
CC AUX MEMBRES DU GROUPE

JUMBO COUNCIL (16.11.82) (Robinson)

Le Conseil Jumbo, apres avoir repris ses travaux hier apres midi a 16.30, a conclu dans la soiree vers 19.15. La totalite de la session de l'apres-midi et du soir etait vouee a la redaction des conclusions de la reunion, dont voici les extraits essentiels (seul le texte anglais etait disponible lors de la redaction de cette note):

- Investment : "The Council reaffirms that all possible means for a substantial increase of the share of GNP taken up by productive investments to increase employment should be systematically and urgently exploited in a coordinated manner, both at national and Community level".

- Convergence and economic stability in the Community : "Economies recording a satisfactory slow-down in inflation, reduced real investment rates and a more favourable external, fiscal and monetary position should consider using the scope for budget policy initiatives to support economic activity."

- Youth and labour market : "The Council ... reaffirms its commitment of ensuring over the next five years that all young people entering the labour market for the first time should be given the opportunity of taking vocational training or first job experience "....."the Council, also looks forward to receiving a new communication from the Commission with proposals for specific measures to promote the recruitment of young people and to increase the volume of employment opportunities available to them."

- Reorganisation of working time : "The Council considers that a reorganisation of working time, possibly in combination with a reduction in working hours can under certain conditions help improve employment, in particular if a more flexible use of the means of production is involved. The Council :

- agrees that a reorganisation and a reduction of working hours can only have positive employment effects if the competitive position of firms is not impaired, if there is sufficient flexibility in the Labour Market to prevent bottlenecks, and if appropriate account is taken of the specific and sectoral characteristics - notably the size of the firms;

- notes with satisfaction that the Commission intends to present before the end of 1982 the memorandum on working time requested by the Social Affairs Council on 27 May 1982;

- notes that the Commission will continue its work towards the formulation of a Community approach, where appropriate, on the reorganisation of working hours, in accordance with the Council Resolution of 18 December 1979;

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- invites the Social Council to conclude its consideration of the proposed directive on voluntary part-time employment and the draft recommendation on flexible retirement."

En outre, suite a l'intervention du Commissaire Richard, le Conseil a reaffirme "the importance it attaches to the close and continuing association of the social partners in the development of Community policies".

Texte integral du communique du Conseil suivra.

Amities,

M. SANTARELLI COMEUR 11.00 ////

