

European Communities

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EUROPEAN PARLIAMENT

# Working Documents

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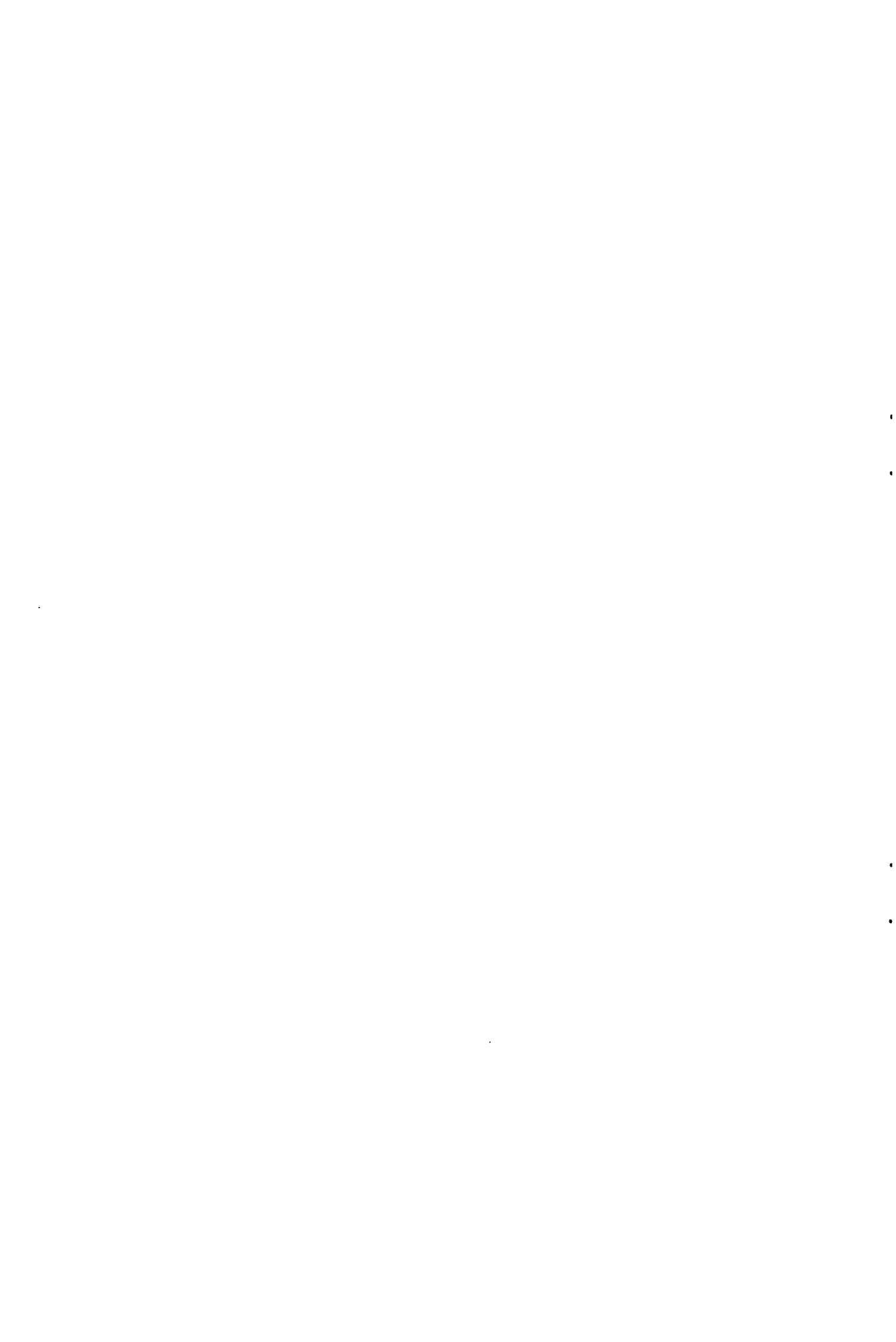
DOCUMENT 1-646/82

REPORT

drawn up on behalf of the Committee on Social Affairs  
and Employment

~~on~~ employment policy in the European Community (in  
preparation for the November 1982 'Jumbo' Council)

Rapporteur: Mr E. PAPAEFSTRATIOU



By letter of 16 July 1982 the Committee on Social Affairs and Employment requested authorization to draw up a report on employment policy in the European Community (in preparation for the November 1982 'Jumbo' Council).

By letter of 30.9.1982 the President of the European Parliament authorized the Committee to draw up a report on this subject.

On 13 July 1982 the Committee on Social Affairs and Employment appointed Mr Papaefstratiou rapporteur.

It considered the draft report at its meeting of 22 September 1982 and at the same meeting adopted the motion for a resolution by 15 votes to 2.

The following took part in the vote: Mr Frischmann, acting chairman; Mr Papaefstratiou, chairman and rapporteur; Mr Boyes, Mr Brok, Mr Calvez, Mrs Cassanmagnago Cerretti, Mr Chanterie, Ms Clwyd, Mr Dido, Mr Duport, Mrs T. Nielsen, Mr Patterson, Mr Rieger (deputizing for Mr Peters), Mrs Salisch, Mr Tuckman, Mr Vandewiele (deputizing for Mr Estgen) and Mr Wawrzik (deputizing for Mrs Maij-Weggen).

PE 79.937/fin.

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PE 79.937/fin.

A

The Committee on Social Affairs and Employment hereby submits to the European Parliament the following motion for a resolution:

MOTION FOR A RESOLUTION

on employment policy in the European Community (in preparation for the November 1982 meeting of the 'Jumbo' Council)

The European Parliament,

- having regard to its extensive debates on 15 September 1981<sup>1</sup> concerning the employment situation in the European Community, on the basis of reports and other initiatives by the Committee on Social Affairs and Employment;
  - having regard to the resolution adopted by the Council of Social Affairs Ministers on 27 May 1982 concerning Community action to combat unemployment;
  - having regard to the report by the Committee on Social Affairs and Employment (Doc. 1-646/82);
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- A. having regard to the fact that unemployment has risen steadily over the last six years (e.g. 30% higher in 1981 as compared with 1980) reaching the figure of well over 10 million unemployed throughout the Community in 1982, and that this alarming trend is likely to continue,
  - B. having regard to the serious social imbalances created by the fact that unemployment hits certain categories far harder than others, i.e. workers over 50 years of age, young people under 25 years of age (especially children of migrant workers) and women,
  - C. having regard to the general deterioration of the world economy, in particular as a result of the energy crises, increased prices of raw materials, rising inflation, balance of payments deficits, high interest rates, low level of investment and an increase in the capital outlay needed for job-creation,

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<sup>1</sup> OJ No. C 260 of 12.10.1981

- D. having regard to the situation in the major sectors of industry, the development of competition at world level, the need for restructuring and the stagnation of the Community's internal market, all of which will lead to further job losses,
- E. having regard to the inescapable fact that even in the event of renewed economic growth, rapid technological change will bring about massive and irreversible job losses in all branches and sectors of the economy even if, in the long run, technological innovation will lead to the creation of new and different kinds of jobs,
- F. having regard to the various and not always coordinated economic measures and initiatives based on widely varying approaches adopted by national governments in an attempt to solve the crisis and enable their economies to maintain existing jobs and create new ones,
- G. noting that the 'Jumbo Council' will be held at a crucial stage in the Community budgetary process, after Parliament has adopted its report and before the Council gives its formal response,
- H. having regard to the continuing discussions on the review of the Social Fund and the opportunity thereby presented to the Institutions of the European Community to develop new measures aimed at combatting unemployment,
1. Maintains that the scourge of rising unemployment and the consequent economic and social problems for our societies threaten the very survival of the European Community itself and its democratic values;
  2. Notes that of the total registered unemployed more than 40% are under 25 years of age, the situation being even worse for women of whom those under 25 represent over half the total female unemployed; draws particular attention to the grave psychological and social implications of this situation;

3. Stresses that, in view of the general economic crisis, there is an urgent need not only for far-reaching technological innovation, but also for new approaches to the organisation and sharing-out of work, and the value attached to it, together with the requisite education and vocational training programmes;
4. Stresses the need to tackle these problems at Community level by means of an overall strategy encompassing the whole range of relevant policies, as the countries are industrially, commercially, socially financially, and above all economically interdependent, so that no country can solve its own problems in isolation;
5. Insists, therefore, on a Community initiative and calls upon the Commission and the Council to provide an adequate framework laying down common goals and priorities in order to ensure joint and coordinated action throughout the Community and to provide subsidies for wide-ranging investment programmes creating employment in both the private and public sectors;
6. Also observing that the ability of individual Member States to manage their own economies is severely limited by external factors but that the Community acting together can exert a decisive influence, insists on a coordinated Community approach to policies for money supply, interest rates and the expansion of demand, as well as exchange rate policy, and calls for in particular, the strengthening of the European Monetary System;
7. Is of the opinion that, in order to implement effective measures at Community level, the budget of the European Communities must both be increased and drastically restructured in order to create a common employment and industrial policy involving the coordinated application of Community instruments, and in particular, the reformed European Social Fund and the European Regional Development Fund;
8. Asks that it be involved more closely than in the past in the organization of the joint Council meetings of the Ministers for Labour and Social Affairs and the Ministers for Economic Affairs and Finance;

9. Also believes that, given the constraints upon the revenue side of the Community budget, much greater use must be made of the Community's other financial instruments including, in particular, the operations of the EIB and a greatly extended NCI;
10. Looks to the 'Jumbo' Council to provide the political impetus for the adoption of special practical measures to improve opportunities for small and medium-sized undertakings and to combat youth unemployment;
11. Instructs its President to forward this resolution to the Council and Commission.



EXPLANATORY STATEMENTJoint debate on employment

1. On 15 September 1981 the European Parliament held a joint debate on employment in the Community on the basis of the reports drawn up on behalf of the Committee on Social Affairs and Employment by:

- Mrs SALISCH on the repercussions of energy problems and technological developments on the level of employment in the Community (Doc. 1-164/81);
- Mr CERAVOLO on employment and the adaptation of working time (Doc. 1-425/81);
- Mr CALVEZ on a Community labour market policy (Doc. 1-365/81);

and of the oral question with debate by Mrs VIEHOFF and others, on behalf of the Socialist Group, to the Commission on youth unemployment (Doc. 1-475/81).

2. In its resolution on the repercussions of energy problems and technological developments <sup>1</sup>, Parliament accepted that the innovations of microelectronics were essential for maintaining the competitive position of Member States' economies and would promote renewed growth and, therefore, in the long term <sup>2</sup>, create employment; on the other hand, it clearly recognized that in the short and medium term <sup>2</sup> the microelectronics revolution would create serious problems of adjustment in the labour market which must be remedied by appropriate policies.

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<sup>1</sup> OJ C.260, p.50

<sup>2</sup> Author's underlining

3. This view was endorsed in the resolution on employment and the adaptation of working time<sup>1</sup> which, after expressing optimism about the ultimate positive effects of this revolution on the general welfare, and hence also on employment, goes on to state that this final positive outcome can hardly be expected without traumatic upheavals both in terms of unemployment and high levels of occupational and geographical mobility.

4. The resolution draws particular attention to the disturbing plight of the young, pointing out that "in social terms there is a much greater risk of alienation and despair particularly among large groups of young people who, once they have completed their studies, are compelled to experience the trauma of unemployment before beginning their working life, and the progress made so far as regards equality between men and women is threatened".

5. Finally, all three reports emphasized the importance of - and indeed the right to - training, calling in particular for the urgent and large-scale development of new and continuous vocational training to meet the challenge of the technological revolution, and the resolution on a Community labour market policy<sup>2</sup> makes a special plea for specific initiatives to help people find their first jobs and women to enter or resume working life.

#### Labour market trends: the worsening employment situation

6. Addressing the House during the aforementioned joint debate<sup>3</sup>, the Commissioner for Labour and Social Affairs, Mr Ivor RICHARD, spoke of the alarming way in which unemployment had risen over the previous three years, namely from 6 million in 1978 to almost 9 million in 1981. He went on to confirm that the composition of the unemployed had also altered; the worst-hit sections of society had been the young, women and workers over 50, and this was likely to be a persistent feature of employment patterns unless a major improvement in the overall situation took place.

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<sup>1</sup> OJ C.260, p.54

<sup>2</sup> OJ C.260, p.63

<sup>3</sup> OJ C 136 of 21.7.82

For most workers over 50 at present unemployed there was a real risk of their never being able to find work again.

7. With regard to the plight of the young, the Commissioner expressed the view that for large numbers of young people who became unemployed immediately after leaving school, the prospect of gaining work experience and training, in order to equip them to obtain skilled employment when job opportunities did improve, was remote. Equally, the pattern of employment for young women demonstrated that when they could obtain employment it tended to be relatively low-paid and unskilled and they were likely to be among the first to be thrown out of work at the onset of a recession. In short, all this was bound to place immense strains on the social fabric of our societies and, in the end, could even threaten the roots of our democratic systems.

8. The Commissioner concluded his remarks by urging that the Community should move towards a longer term strategy in which all young people received an adequate social and professional preparation for adult life: "a social guarantee" ... a guarantee not of any kind of unskilled job, but of a flexible range of learning opportunities where young people themselves could gradually take responsibility for their lives and careers and develop the enormous capacity which he believed they had to make a creative contribution to our societies.

9. Now, in September 1982, just one year later, the Commissioner's gloomy prognostications have been confirmed with unemployment rising by a further 30% to well over 10 million, the sharpest increase since 1975 when the total number of registered unemployed in the Community of Nine rose dramatically by 50% from 3 million to over 4½ million<sup>1</sup>.

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<sup>1</sup> Eurostat: Employment and Unemployment, 3-1982

The search for a common strategy: growing awareness and  
Community initiatives

10. Even a cursory glance at the main conclusions of a number of high level meetings (European Council, Council and Standing Committee on Unemployment) held since the Joint Council meeting of the Ministers of Economic Affairs, Finance and Social Affairs on 11 June 1981 in Luxembourg<sup>1</sup> - i.e. the first 'Jumbo' Council - shows both a growing awareness of the need for determined and coordinated action to fight the problems facing the Community - and notably the twin evils of inflation and unemployment - and substantial progress towards reaching agreement on a common strategy. The main landmarks in this process during 1982 - paving the way, moreover, for the November 'Jumbo' Council - are: the March meeting of the European Council<sup>2</sup>, the April meeting of the Standing Committee on Employment<sup>3</sup>, the May meeting of the Council of Ministers for Labour and Social Affairs<sup>4</sup> and the June European Council<sup>5</sup>.

11. European Council meeting of 29-30 March 1982

The first significant thing to note is that the European Council devoted most of its meeting to discussing the economic and social situation in the Community, a measure of the heightened sense of urgency felt in this connection. Particular concern was expressed about the continuing "growth of unemployment, the high level of which, more particularly among young people, was creating an intolerable situation".

12. As regards policies within the Community, the European Council emphasized the need for "a coordinated policy to promote investment and to combat unemployment". On the subject of employment, the European Council recognized that, in addition to increased efforts to foster productive investment and control production costs, the gravity of the unemployment situation called for specific quick-acting measures<sup>6</sup> and invited the Member States to take measures concerning more especially the vocational training of young people. As a first step, the "Member States

1 Bulletin of EC No. 6/1982

2 " " " No. 3/1982

3 Press Release 6437/82 (Press/48)

4 Which adopted important resolutions on (a) the promotion of equal opportunities for women, (b) Community Action to combat unemployment "Agence Europe" No. 1209, 11 June 1982

5 Bulletin EP No. 21/1982

6 Author's underlining

should strive to ensure that all young persons entering the labour market for the first time would receive vocational training or initial work experience within the framework of special youth schemes or contracts of employment".

13. Meeting of the Standing Committee on Employment on 27 April 1982

It should be stressed that the detailed discussions of the Standing Committee at this meeting were based mainly on the Communication from the Commission to the Council on a programme to combat unemployment<sup>1</sup>, a document which was subsequently forwarded to the May meeting of the Council of Ministers for Labour and Social Affairs, and provided the basis for the latter's resolution on Community action to combat unemployment referred to above. In view of its importance as a culmination of Community resolve to fight unemployment in a coordinated manner on a broad front, the full text of the resolution has been attached as an annex to this report.

14. Towards the November 1982 'Jumbo' Council

The Commission hopes that, after being largely endorsed by the May "Social Council", the proposals set out in its communication on Community action to combat unemployment will also receive the "imprimatur" of the November 'Jumbo' Council, i.e. at which, in addition to the Ministers for Labour and Social Affairs, those for Economic Affairs and Finance will also be present.

Budgetary Implications

15. In view of the promising developments sketched out above, the European Parliament, and in particular its Committee on Social Affairs and Employment, might have been forgiven for believing that the apparent determination of the Commission, the Council and the European Council to accord the highest priority to the fight against inflation and unemployment, and especially youth unemployment, would already have been reflected in the preliminary draft budget for 1983. This has, unfortunately, not been the case.

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<sup>1</sup> SEC (82) 536, 31.3.1982

16. Parliament's Resolution on the Preliminary Draft Budget for 1983 in the light of its Resolution on Guidelines for the 1983 Budget-----

After reiterating the view that "the central theme of the 1983 budget should be the fight against unemployment, making full use of all the appropriate instruments ...", the resolution "regrets that the Commission's proposal for an increase in appropriations for the Social Fund do not differ in a truly significant way from its proposals for increases in this sector in previous years' preliminary draft budgets; and considers that the Commission's proposals do not constitute an adequate increase for a Fund which has such an important role to play in fighting unemployment directly and which can use extra resources immediately". The resolution goes on to insist that "in the light of the worsening employment situation, and allowing for existing limits on Community resources, that a total of two thousand five hundred million (2,500,000,000) ECU be entered for the ESF in the 1983 draft budget ...".

17. Moreover, it should be stressed that, in view of the fact that almost 3,000 million ECU would be needed to satisfy eligible applications to the Fund for 1982 (the discrepancy between supply and demand presently standing at 135%), and that the total amount applied for for 1983 is likely to increase by about 30%, Parliament's request for a doubling of the ESF's endowment (as compared with 1982) can be deemed to be entirely reasonable.

Conclusions

18. While welcoming the progress made by the Commission and the Council towards defining a coordinated overall strategy to combat the twin evils of inflation and unemployment - and noting that some attempt has been made to reflect this shift of emphasis in the preliminary draft budget - Parliament can only deplore the glaring inadequacy of the resources proposed in the preliminary draft budget to this end, and invite the Commission and the Council to reconsider the position accordingly.

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<sup>1</sup> Minutes of Proceedings of the sitting of 8 July 1982, PV 26, (PE 79.286)

19. In this connection the Commission and the Council should be mindful of the "intolerable" - and, potentially, politically explosive - situation created by the plight of the young unemployed and, not least, of the need for "specific quick-acting measures" against unemployment recognized by the European Council at its meeting of 29-30 March this year.

20. Finally, the European Parliament joins the European Council, following the invitation issued by the latter at its meeting of 28-29 June 1982, in looking to the 'Jumbo' Council to adopt "firm decisions on a proposal from the Commission at its November meeting on a specific Community measure to combat unemployment, particularly in the case of young people", on the basis both of the resolutions of the European Parliament and of the resolution adopted by the Council of Ministers for Labour and Social Affairs at its meeting of 27 May 1982.

COUNCIL RESOLUTION 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 concerning a "Community action programme to combat 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 State's economic policies,

Convinced of the need to continue or to undertake within this framework specific action at Community level on employment,

Recalling its Resolution of 12.7.1982 on the promotion of equal opportunity for women,

Convinced that it is essential for both sides of industry, within the framework of their autonomy and of their responsibilities, to contribute to the achievement of the objective of the fight against unemployment and that efforts should be continued to improve the dialogue between and with both sides of industry at Community level.



HEREBY ADOPTS THIS RESOLUTION:

The Council reiterates its grave concern at the persistently high level of unemployment, particularly among young people, which is creating an intolerable situation.

It considers that private and public productive investment should be promoted so as to strengthen the competitive capacity of undertakings, 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 ensure that such measures do not lead to an unacceptable increase in budget deficits.

The Council notes certain priority areas for investment suggested by the Commission in its aforementioned contribution.

Without prejudice to the importance the Community attaches to the measures taken to help the least-favoured regions, particular attention should also be given to those regions most affected by unemployment, by effective and consistent use of the appropriate Community instruments.

The Council considers that it is important that labour market policies be oriented in such a way as to ensure the availability of an adequate and appropriately qualified labour force.

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

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 on the market.

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.

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 and initial work experience, if necessary 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.

Given the potential value of experiments into and measures on the adaption and sharing of working time with a view to more flexible use of production resources and improving 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 adaption of working time, the dialogue with and between both sides of industry regarding the number of working hours must now be continued within the framework outlined in the Resolution. It notes that the Commission is to submit a memorandum on the matter to it before the end of 1982.

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

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 both sides of industry in the Standing Committee on Employment, taking into account the latter's areas of competence.

