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EUROPEAN COUNCIL, LUXEMBOURG

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EMPLOYMENT AND SOCIAL POLICY

Brief by Department of Employment

OBJECTIVE

1. To avoid premature commitments to further Community initiatives, such as those concerning work sharing which raise costs and lead to loss of competitiveness.

POINTS TO MAKE

Employment [If raised]

2. (a) No need for the European Council to act on this. The Social Affairs Council has taken discussion on work sharing as far as it can for the time being. We need to proceed cautiously and should have first regard to the need to control or reduce labour costs in the Community to improve competitiveness. Further proposals on work sharing should not be considered until the Commission have obtained agreement between employers and unions on the steps that may be feasible.
- (b) The Community ought not to look at work sharing to the exclusion of other employment problems. We are still concerned to regenerate industrial activity in areas hit by decline of particular sectors (steel, shipbuilding etc). And in another field a useful start has been made with tripartite study by Standing Employment Committee of the impact of microtechnology.

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Joint Meeting Finance/Employment Ministers [If raised]

3. This proposed meeting would be the first of its kind apart from the Tripartite Conferences and would raise public expectations. Not at all clear to us what would be achieved. We have always thought co-ordination could best be achieved in capitals. I think others share our view. What will the joint meeting discuss and what policies do the Italians see being promoted through it?

BACKGROUND

4. Employment is not on the agenda but may be raised under the "Economic and Social Situation". There is no UK interest in promoting substantive discussion. There has not yet been adequate preparation. There may however be some public expectation, eg if the ETUC has its usual pre-summit meeting with the President, that the Heads of Government would call for some new employment initiatives, perhaps connected with work sharing. The Presidency conclusions of the Dublin summit last November included the following passage on employment:

"A more co-ordinated approach to employment problems should be defined. The European Council accordingly requests the Commission to submit proposals on specific measures which could be framed to promote more incisive Community action to deal with the unemployment problem."

WORK SHARING

5. As part of its follow-up to the Council Resolution on work sharing, the Commission is about to discuss with employers and unions the possibility of a further Community approach to:-

limiting the systematic use of overtime;
reducing actual annual working time;
flexible retirement, part-time work, temporary work.

There would be advantage in extending this programme of work over as long a period as possible, subject, desirably, to avoiding an accusation against the UK of obstructiveness. Neither the UK, nor the Germans, could support any proposals which amounted to Community-wide rules undermining the

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collective bargaining process. We should ensure that the Presidency conclusions do not give encouragement to work sharing measures. There may be some risk of this because paragraph 17 of the Commission's Paper for the European Council [attached as Ref A to Brief No 9] states:

"Employment Policy. Policies to counter the worsening of the employment situation should be strengthened. Such policies should aim to facilitate the adaptation of economic and social structures by complementary measures in the labour market, training and certain forms of work sharing."

6. In fact, however, the Community's own discussions are beginning to focus on productivity gains and a little less on work sharing with its implied loss of competitiveness. The Community's work on the employment implications of micro-technology has started usefully in the Standing Employment Committee (Governments, employers, unions). The Commission has an important role in identifying problems and suggesting remedies. (However, as with work sharing, its proposals lead to areas where prime responsibility rests with social partners and governments in Member States, and the Commission's present thinking is not always in line with UK policy and practice.)

THE SOCIAL AFFAIRS COUNCIL

7. The Council of Ministers (Labour and Social Affairs) is expected to meet on 9 June. In addition to proposals on Health and Safety, its agenda may include proposals on Social Security and a Commission communication on labour market policy. It is likely to receive a progress report on the follow-up to the work sharing Resolution.

INFORMAL MEETING OF EMPLOYMENT MINISTERS

8. May meet under the Italian Minister of Labour in May. This is straightforward. More problematical is the proposed joint meeting of Finance Ministers and Employment Ministers, to which the Italian Presidency plan to allocate one day of the informal meeting. The project was dear to Signor Scotti's

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heart when Minister of Labour (now Minister for Community Affairs). It is, however, unlikely to be accepted more than reluctantly by the Germans and we, too, are not keen. The Italians have said nothing clear or convincing, so far, on what such a meeting might achieve.

UNEMPLOYMENT

9. Rising throughout the Community. Six per-cent average. Highest is Belgium 9.1%; lowest is Germany at 4%; UK 5.6%. (Source, Eurostat 1 - 1980 of 15.2.80.)

DEPARTMENT OF EMPLOYMENT

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