

Declaration on Full Employment in Each South East European Country

by the South East European Division of the World Academy of Art and Science

1. Introduction

Employment is the principal means by which citizens in democratic, market economies can meet their needs and fulfill their socio-economic aspirations. Yet, governments accept high levels of unemployment and low level of employment with a sense of resignation and helplessness. This sense of helplessness is unjustified and unacceptable. The future of today's youth is too important to be abandoned on the basis of a limited conventional outlook. Furthermore, the facts do not support a pessimistic outlook. In spite of the global population explosion, during the past 50 years the number of new jobs has increased 50% faster than the growth of population and during the past decade global job growth has been 21% higher than population growth.

The employment issue is of crucial importance in most South East European countries. Most of South-East and East European countries (e.g. Poland, Croatia, Hungary, Italy and Romania) have employment rates 25% lower than the EU target of 70-75%. Particularly troubling is the extremely low youth employment rate (e.g. in Croatia it is 24.9%) and high youth unemployment rate (e.g. in Croatia it is 36%). Similarly troubling is long-term unemployment: in Poland, Croatia and Slovakia it is twice as high as in the EU25.

The World Academy believes that the problems of low employment rate and high unemployment in most South East European countries, particularly in Croatia, can be totally eliminated within 3-4 years by a triple helix approach that combines and integrates efforts by Government, Education-Research and Business — provided that the following essential conditions are met:

1. There must be a concerted decision, commitment and determination by all parties to do everything possible and necessary to eliminate unemployment on an urgent priority basis and to guarantee the right of every citizen to gainful employment.
2. There must be a willingness to adopt fresh and innovating pragmatic approaches, completely rejecting the conventional wisdom that unemployment is inevitable.
3. We must understand that the number of jobs created in a society is not subject to fixed laws of nature. It is a question of human choice. We should understand that societies, like businesses, utilise only a small portion of the social resources and opportunities that exist for job creation. These potential social resources and opportunities include the human aspirations, human choices, technologies, practically useful information, capacity for improving organization, systems, skills, etc. There are innumerable factors which contribute to the creation of new jobs and there is ample scope for action, even within the limits imposed by structural rigidities and political vested interests. Human and social potentials are our most underused and our most valuable resources.
4. Education is the best investment as demonstrated by numerous studies.
5. A rigid structure of education followed by employment and then retirement is outdated. Early employment guaranteeing continuous life-long education is necessary for the 21st century.

6. Healthy active life expectancy is increasing throughout the world and in South East European countries the percentage of those over 60 is becoming larger and larger. At the same time today persons of 70-80 are healthier and more active than those 20 years younger were 50 years ago (the phenomenon called *svecchiamento*). These persons over 60 represent a unique social capital — in their experience and in their capacities to undertake risks — and this capital has to be engaged in the jobs-led growth, in the economic and social development and in improving the quality of life. It would be totally inappropriate to increase the required age for retirement for all professions, but it is equally inappropriate to forcibly retire those who could and who want to be employed. It is absolutely necessary to assure re-education of all those who want, could and should be employed.
7. Contemporary society demands healthy, highly educated-skilled, active citizens and this represents the basis for flexicurity — flexibility in changing jobs and security in guaranteeing the employment.

The Academy's approach is to consider employment in its widest context in relations to the development of the society as a whole. Based on this approach, a wide range of strategies can be formulated to accelerate job creation. A few examples are provided below by way of illustration:

1. Fill the skill shortage: Numerous studies confirm the existence of a global shortage of workers with the required level of skills to fill vacant positions. The technical skills shortage applies to jobs in every sector. Firms also find it difficult to recruit people with essential non-technical skills, especially basic interpersonal skills for selling, customer service and working in teams. Equipping job seekers with the skills companies are seeking will significantly accelerate job creation and business growth. Collaboration between education and business is essential to identify skills needed for career success in a rapidly changing economy and society. The first necessity is to study the skill gaps in both the domestic and international job market and evolve effective programmes, such as computerized vocational training, to impart those skills.
2. Part-time employment: Present regulations and laws prevent or discourage people from seeking part-time employment and employers to hire them. Experience in countries such as the Netherlands shows that removing the disincentives for part-time work can help raise total employment by 2-3% or more, since many young mothers and older workers now working full-time would prefer to work fewer hours for less pay. This will create additional job opportunities for those who are presently unemployed. It can also address the needs of the rapidly increasing group of workers over 60 years of age who are being forced to prematurely retire without adequate economic security, while still capable of productive work. For instance, the employment rate among those of 50-65 ages in Croatia is barely 42%. The increasing percentage of persons older than 70 with inadequate pensions facing poverty and still creative and capable of work can also be solved by part-time employment.
3. SMEs: Throughout the world it is small and medium size enterprises that are responsible for the growth in total employment. Therefore, government policy should be attuned to facilitate, encourage and actively support rapid new business development. This should not be done by destroying large enterprises as has often been done during the last 17 years.
4. Self-employment: The Internet offers any individual access to a wide range of employment opportunities. A systematic effort should be undertaken to identify these opportunities and educate youth to the potential.
5. Education: Education is essential in achieving full employment in at least three ways:
 - 5.1 Unemployment rates in Croatia and in many SEE countries are highest among young people with the lowest educational attainments. Raising the minimum mandatory level of education will slow the movement of youth into the workforce, enhance the learning capacities and employability of new job seekers, and increase job growth in education and education-related fields. It is essential that the lengthening of mandatory education is not

done by decreasing the quality of education. On the contrary, it is necessary to assure very high quality education and that in itself leads to increasing employment needs.

5.2 The increasing demand for knowledge and skills requires a continuation of education and training even after people find employment. Life-long education including everybody is necessary to sustain rapid economic development. This means that the need for education-related jobs increases by more than a factor of ten.

5.3 The demand for more educators is best met by reemploying an appreciable fraction of retirees, many of them to be reeducated or at least requiring additional education.

6. Money: Money is the most powerful and least understood of all social organizations, one capable of unlimited innovation that can generate unlimited economic and social development. Banking, mortgage, insurance, venture capital, investment funds, and the credit card are monetary innovations that have supported an enormous expansion of economic activity and job creation. There is ample scope for expanding the use of these instruments and for new monetary innovations that will have a similar impact.
7. Compartmentalization of work: The artificial division of life into airtight compartments — education, employment, retirement — imposes arbitrary and unnecessary hardships on citizens. Workers should be encouraged to continue their formal education even after entering the workforce and continue to engage in productive work as long as they are physically capable and psychologically inclined. The idea of fixed retirement age ignores the increasing longevity and enhanced health of the elderly population and unnecessarily deprives them of the social and psychological satisfaction derived from productive employment.

The issue of employment embraces the entire society — its values, culture, attitudes, expectations, organization and skills, as well as technology and public policy. Taking this wider perspective, ample means can be found for expanding employment through measures that accelerate development of the society as a whole. Full employment is an achievable goal for each South Eastern European country today. Each country will find its own best way taking advantage of its uniqueness.

*On behalf of South East European Division of the World Academy of Art and Science:
Orio Giarini, Garry Jacobs and Ivo Šlaus*