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EUROPEAN ECONOMIC COMMUNITY  
EUROPEAN ATOMIC ENERGY COMMUNITY

COMMISSION

# Report on the Development of the Social Situation in the Communities in 1977

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The following currency abbreviations are being used in all language versions of the General Report and of the other reports published in conjunction with it.

BFR = Belgische frank / franc belge  
LFR = Franc luxembourgeois  
DKR = Dansk krone  
FF = Franc français  
DM = Deutsche Mark  
LIT = Lira italiana  
HFL = Nederlandse gulden (Hollandse florijn)  
UKL = Pound sterling  
IRL = Irish pound  
EUC = European unit of account  
USD = United States dollar

## A — General and political introduction

1. The *economic revival* heralded by favourable signs in the last quarter of 1976 was not substantiated by events in 1977—in fact, only a modest growth was evidenced in demand and production. The expected acceleration in the economic growth rate did not materialize, and consequently the growth of gross domestic product has only been around 2% for the whole year.

This *slowdown in the growth rate* can be traced to the slackening of external demand—which had shown signs of reviving during the previous year—and above all to the weakening in intra-Community trade. Broadly speaking, therefore, it was not possible to raise the level of capacity utilization in industry and there was insufficient increase in economic activity to absorb the growing number of young people entering the labour market for the first time.

2. Throughout the year, with the exception of the period from April to June, the total number of registered *unemployed* in the nine member countries fluctuated between 5½ and 6 million; for a brief period (during the second quarter) the figure fell to 5¼-5½ million. At the end of December 1977 there were approximately 6 million unemployed (representing an unemployment rate of nearly 6%, a figure never previously reached since the establishment of the Community).

The employment situation was further aggravated during the period under review by the increasing *difficulties* faced by certain *industries*. This was particularly true of the steel industry, which was affected by the low propensity to invest displayed by certain major steel-consuming industries and by increased foreign competition. Other sectors in difficulty include the textile and clothing industries which have for some time been exposed to growing competition from non-member countries: half a million jobs have been lost in this sector in the space of a few years. Finally, mention should also be made of the coal industry, where pithead stocks again increased as a result of the shift in demand towards other fuels.

3. Another matter for concern is *youth unemployment*, which further increased from an already high level in autumn 1977 on account of the unusually large number of young people leaving school at that time. According to the October 'Communication to the Council by the Commission on youth employment', the number of young people unemployed rose by more than 200 000 between 1976 and 1977, to reach almost 2 million; young people under the age of 25 therefore represent nearly 40% of all unemployed persons. The increase might possibly have been even more marked if the Member States had not over the past two years stepped up their efforts as regards measures aimed at creating openings for young job seekers.

*Women*—especially young women—were the most seriously affected by *unemployment* during the period under review. In some Member States, the number of women unemployed is already higher in absolute terms than the corresponding figure for men.

4. In view of this situation, the *Commission* made the *re-establishment of full employment* the prime objective, not merely of its social policy, but of its activities as a whole. This can be seen from the efforts undertaken in the context of Community short- and medium-term economic policy, the action to improve the situation of certain increasingly threatened sectors of activity or groups of workers (notably in the conduct of the long and difficult negotiations with the textile- and clothing-exporting countries outside the Community) and the efforts—aimed especially at certain undertakings—to rationalize the iron and steel industry.

5. As regards social policy in the strict sense, the *Commission* concentrated its efforts on improving the *coordination of national employment policies*, refining the instruments used for *employment analysis and forecasting*, making the most effective possible use of the various *financial instruments* at its disposal for the promotion of employment in the Community—with particular emphasis on those regions and sectors of activity most seriously threatened by unemployment—and on measures to promote the vocational preparation and employment of young people.

The senior employment officials of the Member States met three times in the course of the year; the discussions were mainly concerned with the economic situation and labour market outlook, but the meetings also considered questions relating to the rise in youth unemployment and Community activities in the vocational training field—notably the draft Recommendation on vocational preparation for young people.<sup>1</sup>

In the context of its programme of research and action on the development of the labour market, which was the subject of its Communication of 16 April 1975,<sup>2</sup> the *Commission* also launched an initial series of more than twenty studies designed to improve understanding of certain areas of the European labour market, structural unemployment, employment prospects in certain sectors, the development of vocational training systems, etc.

6. The *Commission* devoted particular attention to the previously mentioned problem of rising *unemployment among young people and women*.

On 6 July 1977 it adopted a Recommendation on vocational preparation for young people who are unemployed or threatened by unemployment,<sup>3</sup> with a view to encourag-

<sup>1</sup> Point 6 of this Report.

<sup>2</sup> Social Report 1976, point 3.

<sup>3</sup> OJ L 180 of 20.7.1977.

ing Member States to introduce measures likely to promote the integration of these young people into working life. In response to a request from the Council at its meeting of 28 and 29 June 1977, the Commission also forwarded to the Council a communication on youth employment containing a series of suggestions aimed at promoting the employment of young people by increased Community action in this field.

Following a request from the Council at its meeting of 28 June 1977, the Commission also presented a proposal to extend aid from the European Social Fund under Article 4 of the Council Decision of 1 February 1971 on the reform of the Fund to include measures aimed at promoting the employment of women. This proposal was considered by the Ministers of Social Affairs on 28 October and formally adopted by the Council on 20 December 1977.<sup>1</sup>

7. The *Standing Committee on Employment* met twice in the course of the year under review.

- (i) At its eleventh meeting on 5 May 1977, the Committee discussed two questions in particular—the employment outlook up to 1980 and the review of the rules governing the tasks and operations of the European Social Fund; it also took note of a Communication by the Commission on the coordination of the Community's financial instruments, drafted with a view to drawing up an overall policy to cover all the instruments for the provision of aid for structural measures. As regards the employment situation, the Committee considered two types of measures to combat unemployment: work sharing and employment premiums.
- (ii) The twelfth meeting, held on 24 November, was devoted exclusively to the problem of youth unemployment; the Committee used as a basis for its discussions the Commission communication on youth employment presented to the Council in October and containing four specific suggestions for action to promote the employment of young people. According to the conclusions drawn by the Chairman following detailed discussion of the problem, the Committee felt that particular priority should be given to providing aid from the Social Fund, which should be given adequate financial resources, for operations to strengthen the links between post-school education and work. It also felt that the Commission should present proposals on new Community aids designed to encourage the creation of jobs, in particular through employment premiums and aid for activities in the public interest, and urged the Commission to step up aid and cooperation between the Member States in developing their labour market institutions.

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<sup>1</sup> Point 10 of this Report.



8. The *Tripartite Conference* in Luxembourg on 27 June 1977, which brought together representatives of the Governments of the Member States (Ministers of Economic and Financial Affairs, Ministers of Social Affairs and Employment) and representatives of the employers' and workers' organizations, was entirely dominated by problems stemming from the persistently high level of unemployment and the concern to secure sound and lasting economic growth. The Conference was based on the discussion of a Commission working paper entitled 'Growth, stability and employment: stocktaking and prospects' in which the Commission described the situation and developments since the previous conference, analysed the nature of the problems, set out the principles for action which it felt might be agreed, indicated the questions remaining to be answered and very briefly outlined some conclusions.

Following a very thorough discussion, during which the Commission's working paper was well received by the delegates, the Chairman, at the end of the debates, called on the organizations participating to investigate the following four themes:

- (i) work sharing;
- (ii) employment in the tertiary sector (including the public sector);
- (iii) the international environment, the competitiveness of European industry and employment;
- (iv) the right conditions to ensure employment-creating growth and, in particular, to promote investment.

9. The *Ministers of Employment and Social Affairs* of the Member States met in Council on two occasions during 1977. At these two meetings discussion centered on the proposals presented by the Commission in March in connection with the review of the rules governing the tasks and operations of the European Social Fund.

At the *meeting* held in Luxembourg on 28 June 1977, the Ministers reached agreement on a number of questions of principle regarding the future tasks and operation of the European Social Fund, notably on the precise scope of each type of intervention provided for in Articles 4 and 5 of the basic Decision and on possible differentiation in the extent to which the Fund was to participate in financing projects.

In addition, two Directives were adopted at the meeting:

- (i) a Council Directive on the education of the children of migrant workers;<sup>1</sup>
- (ii) a Council Directive on the approximation of the laws, regulations and administrative provisions of the Member States relating to the provision of safety signs at places of work.<sup>2</sup>

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<sup>1</sup> Directive 77/486/EEC of 25 July 1977: OJ L 199 of 6.8.1977.

<sup>2</sup> Directive 77/576/EEC of 25 July 1977: OJ L 229 of 7.9.1977.

The purpose of the first Directive is to ensure that children of workers who are nationals of another Member State receive free tuition to facilitate their initial reception; it also provides that Member States shall, in cooperation with the country of origin, take appropriate measures to promote the teaching of the language and culture of that country.

The second of the Directives lays down certain principles and technical specifications, to be applied in the Member States from 1 January 1981 at the latest with a view to harmonizing safety signs at places of work.

The Council also took note at this meeting of a Commission progress report on the creation of the European Trade Union Institute and stressed the importance it attached to the setting-up of this Institute.

Finally, the Council took note of a Commission communication on general guidelines for future social policy.

10. At the *meeting* held in Luxembourg on 28 October, the Ministers of Employment and Social Affairs adopted common guidelines which have enabled the review of the rules governing the tasks and operations of the European Social Fund to be completed. The final texts were adopted on 20 December 1977—in the form of three Regulations and four Decisions—and came into force on 1 January 1978.<sup>1</sup>

The aims of the review were:

- (i) to concentrate aid from the Fund more effectively on the Community's most acute problem;
- (ii) to make aid available, taking into account changing needs, for other employment policy measures in addition to those relating to retraining and to settlement of workers;
- (iii) to rationalize management procedures for the granting and payment of aid.

Thus, the new provisions have, amongst other things, expanded the range of measures eligible for aid from the Fund to include those aimed at facilitating the occupational and geographical mobility of women and extended the duration of the Funds' powers to provide aid under Article 4 in favour of young unemployed persons, workers leaving agriculture, persons employed in the textile and clothing industries and migrant workers. At least 50% of the Fund's available appropriations are reserved for operations under Article 5 of the 1971 Decision carried out in Community development regions. It has also been decided to raise the rate of intervention to 55% for operations in

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<sup>1</sup> OJ L 337 of 21.12.1977.

specific regions suffering from especially severe problems. In addition, administrative and financial procedures have been simplified.

Finally, the Ministers agreed in principle on the creation of new categories of aid to promote employment and therefore asked the Commission to present suitable proposals regarding aid for young unemployed persons.

In connection with the problems of youth employment, the Council held a preliminary debate on the basis of a Commission communication whose suggestions for action in this respect centred on new aid measures designed to encourage the creation of jobs and make it easier for young people to find employment and increased Community action in the field of post-school training. Following the discussions, the Commission was asked to prepare specific proposals following the guidelines agreed by the Council, on Community aid for programmes designed to promote youth employment. The Commission was also encouraged to work out measures in the context of the Social Fund aimed at strengthening the link between post-school training and employment for young people and to step up the level of assistance and cooperation between the Member States in developing their institutions with a view to achieving optimum balance between supply and demand on the labour market.

The meeting of 28 October also dealt with the question of amending Regulations (EEC) No 1408/71 and (EEC) No 574/72 on the application of social security schemes to migrant workers so as to improve the situation of members of migrants' families living in a Member State other than that in which the worker is domiciled, particularly as regards sickness insurance and maternity benefits.

To ensure that action under the programme of pilot schemes and studies to combat poverty<sup>1</sup> set in motion by the Decision of 22 July 1975 would continue, with financial assistance from the Community, beyond the two years originally laid down, the Council approved an amendment to this Decision enabling the Community to continue financing current projects until 1980 and providing, under specified conditions, for the possibility of introducing new projects—particularly substitute projects.

Finally, the Council also took note at this meeting of three reports:

- (i) the fifth report on the activities of the European Social Fund during the 1975 financial year;
- (ii) the first report of the Advisory Committee on Safety, Hygiene and Health Protection at Work;
- (iii) a report by the Commission on the European programme of pilot schemes to combat poverty.

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<sup>1</sup> OJ L 199 of 30.7.1975.

11. On 13 December 1977, the *Ministers of Health* of the nine Member States held a meeting with Commission representatives for the first time at Community level.

There were four items on the agenda:

- (i) Economic aspects of health. The Ministers described the situation in their respective countries and outlined major policy decisions which had been—or would be—taken with a view to curbing the rise in health expenditure. They also stated the importance they attached to the studies now being prepared on this subject by the Commission and expressed the wish that these be continued and the results presented without delay. In a different connection, the Commission announced that it was looking into the desirability and feasibility of introducing a Community health record card.
- (ii) Health education. The Ministers held a general discussion on health education policies, with particular reference to tobacco addiction and abuse of stimulants. They requested the Commission to compile basic documentation on the action taken by Member States in this field and draw up suggestions for Community measures.
- (iii) Measures to combat certain contagious diseases. There was an exchange of views on this question, concentrating on the problem of vaccination. The Commission was asked to look into ways of improving the exchange of information and cooperation in this field between Member States.
- (iv) Mutual assistance in the event of disasters. The Ministers took note of the documentation presented by the Commission and asked that it continue its work in this area.

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12. The course of *social policy at Community level* over the coming months must be determined in the light of the present situation and outlook. The principal aim must undoubtedly be the re-establishment of full employment and not only the resources of social policy but also those available in the context of other policies, especially economic and structural policies, should be devoted to attaining this objective. The adaptation and strengthening of these policies necessitated by the profound changes taking place in the patterns of world trade will have an even greater impact on the structure of employment in the Community and, in consequence, on social policy at national and Community level.

However, efforts to re-establish full and stable employment in a period of modest economic growth must not be allowed to obscure the need to maintain efforts to achieve social progress in accordance with the Treaty establishing the European Economic Community. The Commission will therefore work towards the gradual reduction of the most serious inequalities within the Community and progress in the field of living and working conditions, whilst taking account of new needs to which society gives expression.

With a view to achieving a broad consensus on these objectives, extensive consultations at Community level between the various participants in the economic and social process are essential for the pursuit of the Commission's policy of increasing the involvement of the two sides of industry in the economic and social decisions of the Community.

13. As regards *employment*, Community policies must, in the present circumstances, be aimed at achieving a positive balance in the number of jobs available both by preventive action (particularly to avoid precipitate dismissals) and by action to create jobs.

Additional jobs could be created in a number of dynamic sectors of activity—e.g. in advanced technology industries and services—and in sectors where there are new requirements or existing needs are inadequately covered (education, health, social services and others).

Job creation must be accompanied by an active labour market and vocational training policy aimed especially at those groups of workers currently most vulnerable. The Commission has recently put before the Council a proposal on aid for the creation of jobs for young people.

As regards the *labour market*, to strengthen at all levels the coherence of employment policy, the Commission will make every effort to intensify aid and cooperation between the Member States in developing their institutions concerned with optimizing the balance between supply and demand, especially through the exchange of national officials and assistance for reforms currently taking place.

In response to the Tripartite Conference of June 1977, the Commission will, in close collaboration with the two sides of industry and the national Governments, work out a systematic approach to the economic and social problems linked to employment, concentrating on the study of the four themes listed under point 8 above.

14. The Commission is convinced of the necessity to reduce *income inequalities* and therefore intends to intensify its research for improving income structures, particularly by more extensive coordination at Community level in favour of low-wage earners.

In addition, it will publish a Green Paper in the near future on the promotion of an *asset formation policy* for workers and other relatively low income groups.

15. The Commission is aware of the need to ensure that the development of wage and non-wage incomes, both within the individual Member States and at Community level, is compatible with the requirements of growth and therefore considers that it should promote action aimed essentially at improving the *qualitative aspects of working conditions*. With this in mind, it intends:

- (i) to forward to the Council a proposal for a Directive on night work together with a memorandum on shift work;
- (ii) to put before the Council proposals designed to implement the 'Action programme of the European Communities on health and safety at work', forwarded to the Council at the end of 1977,<sup>1</sup> as soon as the latter has examined it;
- (iii) to consider what action may be called for in the light of discussions within the Standing Committee on Employment and at the next Tripartite Conference on the question of work sharing.

16. In the field of *social protection*, both for workers and for the population as a whole, the fixing of common minimum standards, taking into account the Community's level of development and the most urgent needs, is one of the actions most likely to increase public awareness of this question. The Commission will therefore:

- (i) forward to the Council in the course of 1978 a proposal for a Directive on the protection of employees in the event of the bankruptcy of their employer;
- (ii) endeavour to work towards the fixing of common minimum standards of social protection against the major risks;<sup>2</sup>
- (iii) intensify consultation between those responsible for social security at national level with a view to setting common priorities for the development of social security in the Member States;
- (iv) continue work on the implementation of pilot schemes and studies to combat poverty;
- (v) forward to the Council the second European social budget describing medium-term trends in social expenditure and its financing in the Member States.

On the basis of the conclusions adopted by the Council and the representatives of the Governments of the Member States meeting in the Council on 13 December with regard to health matters, the Commission will:

- (i) draw up specific suggestions for action by the Member States in the field of health expenditure;
- (ii) make communications to the Council on possible action at Community level in the field of health information and education, on Community action to combat certain contagious diseases and on the desirability and feasibility of introducing a Community health record card.

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<sup>1</sup> OJ C 9 of 11.1.1978.

<sup>2</sup> See Action Programme 1978, Chapter D, III, p. 26 (Doc. COM/78/52 final).

17. As part of the efforts to bring about greater *participation* by the economic and social forces of the Member States in the Community's economic and social decisions, the Standing Committee on Employment intends to speed up its rate of work. Thus, two meetings are already planned for the first half of 1978 to study, in more detail, possible ways of creating additional jobs by improving the distribution of available work, and to seek means of increasing the number of additional jobs created in the tertiary sector, including the public sector.

Similarly, the Economic Policy Committee will investigate together with the two sides of industry, the relationship between investment and employment and problems connected with the international environment, growth and the sectoral changes taking place in the Community.

Apart from this, the Commission will also extend its activities with a view to the organization of sectoral tripartite conferences bringing together governments and the two sides of industry to consider the economic and social problems of certain sectors particularly affected by the crisis, such as shipbuilding and the steel industry.

In addition, it considers that meetings between the two sides of industry in the major industries should be promoted at Community level as these can make an important contribution to solving current employment problems.

Finally, new impetus should be given to activities aimed at improving worker consultation and participation at the level of the undertaking. With this in mind, the Commission plans to make a proposal to the Council designed to make it an obligation for groups of undertakings to regularly inform and consult their staff or staff representatives.

**B — Outline of activities by the institutions  
of the European Communities in the social  
field in 1977**



## Main developments

18. *Employment was one of the overriding preoccupations in 1977. The main concern has been to coordinate Community action and to mobilize funds. This is the spirit in which the discussions of the Standing Committee on Employment were prepared, and also those of the Council meetings on social affairs, the European Council and the Tripartite Conference. The theme of the Tripartite Conference was in fact: 'growth, stability and employment'.<sup>1</sup>*

*These efforts are characterized by the concern with giving Community coherence to the manifold aspects of the instruments of employment policy. This policy has given rise to the important initiative represented by the improvement in the rules of operation of the European Social Fund;<sup>2</sup> the adoption of a Recommendation from the Commission on vocational preparation for young people who are unemployed or threatened by unemployment;<sup>3</sup> and the presentation to the Council of a number of suggestions to promote the employment of young people.<sup>4</sup>*

*Apart from its specific intervention in the field of employment, the Community's social policy was marked by a desire to pursue its activity in the wide field of improvement in living and working conditions, social welfare and health. Here it is necessary to stress the importance of the first meeting of the Ministers of Health.<sup>5</sup> The desire to strengthen collaboration with the two sides of industry was also prominent.*

## Employment

### *Tripartite Conference on Employment and the Standing Committee on Employment*

19. A third Tripartite Conference brought together at Luxembourg on 27 June the representatives of the Community-level employers' and workers' organizations and of the Council and the Commission.<sup>6</sup> Discussions centred on the new instruments for dealing

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<sup>1</sup> Bull. EC 6-1977, points 1.1.2 to 1.1.7.

<sup>2</sup> Bull. EC 3-1977, points 1.3.1 to 1.3.6.

<sup>3</sup> Bull. EC 7/8-1977, point 2.1.40.

<sup>4</sup> Bull. EC 10-1977, points 1.4.1 to 1.4.10; Supplement 4/77 - Bull. EC.

<sup>5</sup> Bull. EC 12-1977, points 1.5.1 to 1.5.4.

<sup>6</sup> Bull. EC 6-1977, points 1.1.2 to 1.1.7.

with the problems of unemployment and inflation. The Conference evinced a broad measure of consensus on these problems, but a number of factors remain which have to be better understood if the Community is to attain its objectives. It was agreed that the Commission should concentrate more particularly on dealing with the following points: the duration of working time, the role of the tertiary sector, the international environment and the relationship between investment and employment. The desire was expressed that the Commission should undertake, together with all the participants in the Conference, the preparation of another Conference in 1978 and, finally, that the two sides of industry should be more closely associated, at a general level, with the Commission's work in the field of employment.

The Standing Committee on Employment met on 5 May<sup>1</sup> and discussed employment prospects up to 1980, work-sharing and employment premiums, the revision of the European Social Fund and the coordination of the Community's financial instruments. At its meeting on 24 November the Committee dealt mainly with the employment of young people.<sup>2</sup>

### *Labour market policy*

20. Twenty-five studies were undertaken as part of the research programme for improving knowledge of the labour market. This programme makes use of a wide range of national research activities: marginal employment, compartmentalization of the labour market, structural unemployment, modification of training schemes, trends in employment by sector.

The Commission further developed its role as a centre for the exchange of information between Member States, through the organization of meetings of the heads of national employment services. These meetings have also facilitated coordination of the attitudes of the Member States within other international organizations (ILO, OECD, etc.). They have also served as a preliminary discussion stage for the work of the Standing Committee on Employment and the Tripartite Conference.

### **Employment of young people**

21. Unemployment among the under twenty-fives continued to rise. During the summer it was estimated that these young people accounted for more than 37% of the total number of unemployed, and the figure rose in the autumn when more young people arrived on the labour market in search of their first job. In this field, therefore, the

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<sup>1</sup> Bull. EC 5-1977, point 2.1.27.

<sup>2</sup> Bull. EC 11-1977, point 2.1.52.

Commission continued to have recourse to the aid of the Social Fund. On 6 July the Commission adopted a Recommendation to the Member States on vocational preparation for young people who are unemployed or threatened by unemployment.<sup>1</sup>

A study was undertaken on job creation measures, at national level, in order to ascertain the most effective means of reducing unemployment among young people.

Following the request made by the European Council in June<sup>2</sup> the Commission sent a memorandum to the Council setting out its suggestions for joint action to combat youth unemployment and summing up the range of measures already taken by the Member States. In October the Council<sup>3</sup> examined this memorandum and asked the Commission to draw up more detailed proposals for Community aid for programmes to promote the employment of young people in the Member States and for Community measures to strengthen the link between post-school training and employment.

Finally, the Commission completed a study on the objectives to be pursued in the area of vocational training; this study was attached to a text prepared by members of the Advisory Committee for Vocational Training.

### **Employment of women**

22. In order to speed up implementation of the principle of equal treatment for men and women workers, as laid down by the Council Directive of 9 February 1976,<sup>4</sup> the Commission consulted the representatives of the Governments of the Member States and the two sides of industry regarding the advisability of a new Community instrument to help improve the vocational training of women. This measure<sup>5</sup> embodies the work of the seminar on the subject which the Commission held in 1975 and of the seminar organized in September by the European Centre for the Development of Vocational Training on equality of opportunity in vocational training.

Action taken with a view to modifying attitudes in regard to women working resulted in 1977 in the production, in all the Community languages of the film 'Equal Chances, Equal Opportunities'.<sup>6</sup>

It has begun to be distributed widely, more than 20 000 people have already seen it on the occasion of meetings and discussions, and it has been shown on various television channels.

<sup>1</sup> OJ L 180 of 20.7.1977; Bull. EC 7/8-1977, point 2.1.40.

<sup>2</sup> Bull. EC 6-1977, points 1.1.11 and 1.1.12.

<sup>3</sup> Bull. EC 10-1977, points 1.4.1 to 1.4.10.

<sup>4</sup> OJ L 39 of 14.2.1976.

<sup>5</sup> Bull. EC 11-1975, point 2.2.10; Social Report 1975, points 20 and 29.

<sup>6</sup> Bull. EC 2-1977, point 2.1.18.

### *Vocational training*

23. In May the Advisory Committee for Vocational Training adopted guidelines for implementation of the common vocational training policy.<sup>1</sup> These guidelines are to serve as a basis for the Community's operations in this field.

As regards the approximation of training levels, the Committee took note in November of the results of work on the possibilities of new methods of application to be introduced in this field.

A study on training and further vocational training for staff engaged in vocational guidance was completed.

The examination of apprenticeship in the Community countries was also completed.<sup>2</sup> The results of this will enable direction to be given to measures which are suitable for developing the training of apprentices.

Efforts made under the joint programme for the exchange of young workers, particularly of young workers living in a rural environment, were taken further.<sup>3</sup> These exchanges increased by about 40%. In order to improve their operation, pilot schemes were put into effect, comprising guidance courses and language courses, administrative assistance and the provision of grants. A start was made on writing out a second joint programme.

The European Centre for the Development of Vocational Training, which was officially opened in March 1977,<sup>4</sup> is implementing the priorities in its programme: training and employment of young people, vocational training for women, setting-up of a documentation and information service, establishment of a research programme.

### *Free movement of workers*

24. In accordance with the Regulation of 15 October 1968<sup>5</sup> and with the action programme to help migrant workers and their families,<sup>6</sup> the Commission established in Member States a network of people responsible for the SEDOC system (European international vacancy clearance system) and began the first run-throughs of the system,

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<sup>1</sup> Bull. EC 5-1977, point 2.1.19.

<sup>2</sup> Social Report 1975, point 29.

<sup>3</sup> Social Report 1976, point 23.

<sup>4</sup> Bull. EC 3-1977, point 2.1.45.

<sup>5</sup> OJ L 257 of 19.10.1968.

<sup>6</sup> Supplement 3/76 - Bull. EC.

which should result in pilot schemes which will have the effect of ensuring that a clearer picture of job opportunities is provided in certain occupations on the labour markets of Member States.

The Commission stepped up its efforts to promote cooperation between employment bodies specializing in the field of free movement, in particular by the extension of training courses for officials of placement services held in other Member States. The exchange of employment officers has continued between Italy on the one hand, and Belgium and the Federal Republic of Germany on the other.

### *Readaptation of workers in ECSC industries<sup>1</sup>*

25. The amounts made available in 1977 to assist workers in the ECSC<sup>1</sup> industries remained at the same level as in 1976, despite the increasingly serious difficulties which have arisen in the steel industry.

Since the general labour market situation has made it impossible to transfer steelworkers to other industries, several governments have organized early retirement schemes. The fact that the cost of such measures is often borne by the social security institutions explains why, this year again, the greater part of readaptation aid has gone to workers in the coal-producing industries which have been forced to close down coking plants supplying blast-furnaces.

TABLE 1  
Readaptation of workers (ECSC credits)

	Coal industry		Steel industry iron ore mining		Total	
	Amounts made available (u.a.)	Workers	Amounts made available (u.a.)	Workers	Amounts made available (u.a.)	Workers
Belgium	687 000	526	3 567 500	2 986	4 254 500	3 512
Germany (FR)	5 730 500	3 834	223 250 <sup>1</sup>	521	5 953 750	4 355
France	8 640 500 <sup>2</sup>	1 051	5 183 750	5 279	13 824 250	6 330
United Kingdom	—	—	1 722 750	2 792	1 722 750	2 792
Total	15 058 000	5 411	10 697 250	11 578	25 755 250 <sup>3</sup>	16 989

<sup>1</sup> Of which 75 750 EUC to be charged to the ECSC operational budget for 1978.

<sup>2</sup> Of which 679 500 EUC to be charged to the ECSC operational budget for 1978.

<sup>3</sup> Of which 755 250 EUC to be charged to the ECSC operational budget for 1978.

<sup>1</sup> Eleventh General Report, point 58.

## European Social Fund

26. The appropriations granted to the European Social Fund in 1977 came to 617 million u.a., broken down as follows:

- (a) operations under Article 4 of Decision 71/66/EEC:<sup>1</sup> 273 million u.a., of which 172 million u.a. for unemployed young people or young people in search of a job, 53 million u.a. for textile workers and persons leaving agriculture, 25 million u.a. for migrant workers and 23 million u.a. for handicapped persons (pilot schemes and training of instructors);
- (b) operations under Article 5 of Decision 71/66/EEC: 310 million u.a. for under-developed or declining regions, industries affected by technical progress and groups of undertakings in difficulty; and the remainder, 33 million u.a., for handicapped persons;
- (c) preparatory studies and pilot schemes under Article 7 of Regulation (EEC) No 2396/71:<sup>2</sup> 1.1 million u.a.

Since applications to the Fund for assistance far exceeded the appropriations granted, more rigorous selection criteria became necessary. These criteria were decided by the Commission,<sup>3</sup> after consulting the Social Fund Committee, and were published in the Official Journal for the first time.

During 1977 applications were examined in two batches and the decisions of the Commission were taken in July, for the first batch, and in December, for the second. These applications had previously been examined by the Social Fund Committee.

Detailed information regarding the operations of the Fund in 1977 will be provided in the sixth report on the activities of the European Social Fund, which will be transmitted to the Council and the European Parliament in July 1978.

As regards Community assistance for redundant workers from the Italian sulphur-mines, the sum of 9 153 u.a. was paid to the Italian Government in the course of 1977.

27. The Commission sent to the Council on 24 March<sup>4</sup> a memorandum containing proposals for improving the rules relating to the operation of the Social Fund, in order to make utilization of the Fund's resources more effective and better coordinated with the Community's other structure-oriented financial instruments, to increase the rate of the Fund's intervention to help projects in backward or declining regions, to increase aid for

<sup>1</sup> OJ L 28 of 4.2.1971.

<sup>2</sup> OJ L 249 of 10.11.1971.

<sup>3</sup> OJ C 141 of 15.6.1977; Bull. EC 6-1977, point 2.1.49.

<sup>4</sup> Bull. EC 3-1977, points 1.3.1 to 1.3.6.

the vocational training of women, and to widen the Fund's field of activity. These proposals were examined by the Council at its meetings of 28 June<sup>1</sup> and 28 October.<sup>2</sup> The Council formally adopted the changes to be made to the Fund's operating rules on 20 December, and the new arrangements are due to come into effect on 1 January 1978.<sup>3</sup>

## Social protection

### *Social security, the European social budget and the fight against poverty*

28. In the context of the policy to further progress and cooperation in the field of social security, the ninth edition of the Comparative Tables of the Social Security Systems was published, while work went ahead on studies on health care in general, the costs of hospitalization and pharmaceutical products, social security and population development, invalidity benefits, and retirement age. The two concerted action groups of heads of social security departments and independent experts continued to meet regularly. They decided to undertake a study on the financing of social security.

The draft Commission Recommendation on the extension of social protection<sup>4</sup> was revised and a draft Council Resolution worked out to take account of the Opinions of Parliament and the Economic and Social Committee. The Commission sent a communication to the Council on 12 January concerning the adaptation of social security benefits to the increase in prosperity in the Member States;<sup>5</sup> Opinions were delivered by Parliament<sup>6</sup> and the Economic and Social Committee<sup>7</sup> concerning the draft Directive on equal treatment for men and women in the field of social security.<sup>4</sup> The Directive is at present being examined by the Council.

Finally, work continued with revision of the Commission Recommendations on occupational diseases.<sup>8</sup>

In April 1976 the Council accepted the Commission proposals on the preparation of the second European social budget (1978-80), so the Commission went ahead with it. The budget will be available in the first half of 1978. Over the first six months of 1977 the

<sup>1</sup> Bull. EC 6-1977, point 1.1.9.

<sup>2</sup> Bull. EC 10-1977, point 2.1.31.

<sup>3</sup> OJ L 337 of 27.12.1977; Bull. EC 12-1977, point 2.1.71.

<sup>4</sup> Social Report 1976, point 28.

<sup>5</sup> Bull. EC 1-1977, point 2.1.27.

<sup>6</sup> OJ C 299 of 12.12.1977; Bull. EC 11-1977, point 2.3.11.

<sup>7</sup> OJ C 180 of 28.7.1977; Bull. EC 6-1977, point 2.3.59.

<sup>8</sup> OJ 80 of 31.8.1962; OJ 147 of 9.8.1966.

Commission implemented the guidelines accepted by the Council regarding the establishment of a permanent system of legislative and statistical information on social security in agriculture. This will lead to a report on the situation as at 1 July 1977 and to the preparation of statistical data for 1975-76.

The implementation of the programme to combat poverty<sup>1</sup> entered its second year. Twenty-one studies and pilot schemes had been undertaken. The first annual progress report on the programme was submitted to the Council in January.<sup>2</sup> Furthermore, a Decision relating to extension of the programme beyond 1977 and the introduction of new projects was adopted by the Council on 12 December.<sup>3</sup>

The Commission published a study on 'The Perception of Poverty in Europe'.<sup>4</sup> Finally, a seminar was organized at Chantilly in September to enable those in charge of the projects to compare notes.<sup>5</sup>

### *Social security for migrant workers*

29. On 31 December the Commission sent to the Council<sup>6</sup> a proposal for a Regulation amending the Regulation of 14 June 1971 on the application of social security systems to employed persons and their families moving within the Community, with a view to its extension to self-employed persons and their families.

A Regulation adapting Community rules to the changes which have occurred in the legislation of Member States and to fill certain gaps which experience had revealed was adopted by the Council on 21 November.<sup>7</sup>

Besides pressing on with examination of the amendments to be made to the Council Regulation of 14 June 1971,<sup>8</sup> the Administrative Commission on Social Security for Migrant Workers studied a number of questions relating to the application of Community rules. Certain of these questions were also submitted to the Advisory Committee on Social Security for Migrant Workers.

The interpretation or the validity of certain provisions enacted under Article 51 of the EEC Treaty were the subject of twenty preliminary rulings given by the Court of Justice.<sup>9</sup>

<sup>1</sup> OJ L 199 of 30.7.1975; Social Report 1976, point 28.

<sup>2</sup> Bull. EC 1-1977, point 2.1.28.

<sup>3</sup> OJ L 322 of 17.12.1977.

<sup>4</sup> Bull. EC 7/8-1977, point 2.1.49.

<sup>5</sup> Bull. EC 9-1977, point 2.1.32.

<sup>6</sup> OJ C 14 of 18.1.1978.

<sup>7</sup> OJ L 302 of 26.11.1977; Bull. EC 10-1977, point 2.1.33.

<sup>8</sup> Social Report 1976, point 29.

<sup>9</sup> Cases 62/76, 63/76, 72/76, 75/76, 76/76, 79/76, 87/76, 93/76, 102/76, 104/76, 109/76, 112/76, 22/77, 32/77, 35/77, 37/77, 41/77, 55/77, 64/77, 66/77; point 49 of this Report.



In conclusion, a report on the effects of the fluctuations in exchange rates on the calculation and payment of social security benefits to migrant workers was prepared by the Audit Board attached to the Administrative Commission.

This report is in process of publication.

### *Activities on behalf of migrant workers and their families*

30. At its meeting of 25 July the Council formally approved a proposed Directive on the education of the children of migrant workers.<sup>1</sup>

It also made a statement confirming its desire to achieve the aims of the Directive in respect of the children of migrant workers from non-member countries as well as those from member countries. Furthermore, it is continuing to examine a proposal for a Directive on harmonization of the laws of Member States designed to curb illegal immigration and illegal employment.<sup>2</sup>

### *Natural disasters*

31. In 1977 the Commission granted 4 million u.a. in Community aid to the victims of natural disasters in the south-west of France and the regions of Tuscany and Piedmont in Italy.<sup>3</sup>

## **Living and working conditions**

### *Wages and living and working conditions*

32. Two documents have been drawn up, after many meetings with government experts and both sides of industry, as a result of several years' work on the subject of asset formation among workers: a descriptive report on the incentives in operation or envisaged in the Member States and a supplementary report on the problems of asset policy. It has not been possible to overcome entirely the technical difficulties encountered in drawing up the report on the lowest wages, and this has led to further delay.

<sup>1</sup> OJ L 199 of 6.8.1977; Bull. EC 6-1977, points 2.1.53 and 2.1.49.

<sup>2</sup> OJ C 277 of 23.11.1976; Social Report 1976, point 30.

<sup>3</sup> Bull. EC 9-1977, point 2.3.28.

33. On 13 June Parliament adopted a resolution<sup>1</sup> on the Commission's communication on reform of the organization of work, which was sent to the Council at the end of 1976.<sup>2</sup> Following on from this resolution, and the Council discussions on 9 December 1976 which emphasized the need for action on shift work, the Commission is preparing proposals for reducing the strain of shift work and a proposal for a Directive of night work.

Lastly, the Commission has part-financed the first year of the course at the European Institute for Planners and Process Designers set up at Strasbourg, whose object is to publicize possible new ways of organizing work in industry.

#### *Labour law. Industrial relations*

34. The European employers' and workers' organizations were consulted several times on the preparation of meetings of the Standing Committee on Employment (particularly concerning employment of young people and coordination of the Community financial instruments); the preparation of the Tripartite Conference of June 1977 and the follow-up action to be taken; the recommendation on vocational training for unemployed young persons; the revision of the rules governing the Social Fund; the protection of workers in the case of insolvency of their employer; the policy on asset formation; the extension of social security to those who are not covered or insufficiently covered; the action programme on safety, hygiene and health protection at work. The Commission, following its Recommendation of 31 January 1967<sup>3</sup> on the protection of young people at work, has undertaken a study to determine what influence this Recommendation has had on national legislation and whether further initiatives are desirable.

The Commission has requested two groups of independent experts to undertake studies on the rules covering collective agreements and on the trends in collective bargaining. The government experts and the experts from the trade unions and trade associations examined a report on the harmonization of Member States' legislation on protection of workers in the case of insolvency of the employer.

35. The Commission has intensified the sectoral meetings between employers' and workers' representatives. The work has continued within the existing joint committees: road transport, railways, inland navigation, fisheries, agriculture, coal and steel (in collaboration with the ECSC Consultative Committee on the problems raised by the

<sup>1</sup> OJ C 163 of 11.7.1977; Bull. EC 6-1977, point 2.3.12.

<sup>2</sup> Social Report 1976, point 34.

<sup>3</sup> OJ 25 of 13.2.1967.

crisis in the iron and steel industry).<sup>1</sup> The emphasis has been on employment and working conditions.

By Commission Decision of 30 September 1977<sup>2</sup> contact between both sides in the footwear industry has been put on a regular basis to study the socio-economic situation in this industry. Contact in other sectors has been stepped up to make a permanent dialogue possible between the two sides of industry: shipbuilding, textiles, sugar, brewing, banking and insurance, teaching, construction, aircraft manufacture, civil aviation, shipping, ports, urban transport and commercial agents.

Work has proceeded in cooperation with the trade unions in order to assist the European Trade Union Confederation to set up the European Trade Union Institute, after the Council approved this project on 28 June.<sup>3</sup>

### *Housing*

36. The English Scheme for financing construction of low-cost housing for workers in the ECSC industries has continued. For the first instalment (25 million EUC), 9 900 building projects have already been approved for a total of nearly 20 million EUC. For the second instalment (30 million EUC), the Commission has consulted national bodies and trade organizations and has distributed the appropriations among the Member States ECSC industries.

The special programme of 6 million EUC for rebuilding steel workers' dwellings following the earthquakes in Friuli has been entirely taken up; payment has, however, been delayed because of fresh earth tremors which have forced the local authorities to amplify their reconstruction plans.

The Commission has financed two pilot schemes, one on adapting housing to the needs of the handicapped, and the other on coordinating the housing and social services departments dealing with the handicapped.

The findings of the survey of migrant workers' housing conditions have been sent to the Council. On this basis, the Commission has decided to grant financial assistance to pilot schemes for improving these workers' housing.

Finally, the Commission has organized a 'European Habitat Competition' for 1978, with a prize, to be awarded to promoters of urban renewal schemes.

<sup>1</sup> Bull. EC 3-1977, point 2.1.47; Bull. EC 5-1977, points 2.1.33 and 2.1.34.

<sup>2</sup> Bull. EC 9-1977, point 2.1.31.

<sup>3</sup> Bull. EC 6-1977, point 1.1.8.

**TABLE 2**  
**Financing of the eight normal schemes and the three experimental ECSC**  
**low-cost housing schemes**  
**(situation at 31 December 1977)**

*(million EUC)*

Country	Commission funds		Additional funds <sup>1</sup>	Total aid	Other sources	Total cost construction and modernization
	Own resources	Borrowed funds				
Belgium	8.77	23.04	2.30	34.11	53.44	87.55
Denmark	1.17	—	0.54	1.71	5.60	7.31
Germany (FR)	69.40	13.24	147.60	230.24	987.14	1 217.38
France	38.45	0.43	18.21	57.09	249.73	306.82
Ireland	0.76	—	0.77	1.53	1.18	2.71
Italy	20.60	13.91	11.18	45.69	49.59	95.28
Luxembourg	3.60	1.70	3.36	8.66	12.88	21.54
Netherlands	8.06	2.14	8.14	18.34	49.24	67.58
United Kingdom	9.00	—	—	9.00	24.56	33.56
<b>Total</b>	<b>159.81</b>	<b>54.46</b>	<b>192.10</b>	<b>406.37</b>	<b>1 433.36</b>	<b>1 839.73</b>

<sup>1</sup> Additional funds made available through Commission action.

**TABLE 3**  
**Work on the eight normal schemes and the three experimental ECSC**  
**low-cost housing schemes**  
**(situation at 31 December 1977)**

Country	Number of dwellings financed			
	In preparation	Under construction	Completed	Total
Belgium	174	238	7 568	7 980
Denmark	8	6	274	288
Germany (FR)	561	1 606	89 978	92 145
France	1 281	1 584	28 054	30 919
Ireland	57	—	122	179
Italy	356	575	6 721	7 652
Luxembourg	17	38	1 109	1 164
Netherlands	75	87	5 556	5 718
United Kingdom	33	—	5 566	5 599
<b>Total</b>	<b>2 562</b>	<b>4 134</b>	<b>144 948</b>	<b>151 644</b>

### *Social services and family matters*

37. The Commission convened a meeting of the Liaison Committee for Social Workers in the European Community to examine current problems in social work in the Member States, particularly those caused by the increase in unemployment. The Commission also took part in the fifteenth Conference of European Ministers concerned with family matters, the central theme of which was the development of departments for helping parents educate their children.

### **Health and safety**

#### *Public health*

38. The problem of public health, which directly influences the welfare of the European citizen, was on the agenda of the first meeting of the Ministers of Health, held on 13 December.<sup>1</sup> The Commission was requested to take coordinated measures in the field of health education—especially regarding addiction to tobacco, the taking of stimulant drugs, and nutrition—and also in connection with the control of certain transmissible diseases, and to continue studying the economic aspects of health.

#### *Radiation protection*

39. The Commission has given an Opinion on two regulations (introduced by Belgium and Italy) in application of the Directive on the basic standards for protection of the health against ionizing radiation<sup>2</sup> (Article 33 of the Euratom Treaty). A draft Recommendation has been drawn up to ensure protection of the public against the hazards from radioactive substances in consumer products.

The Commission has undertaken a study, as required by Article 37 of the Euratom Treaty of five plans for the disposal of radioactive waste from four nuclear reactors (Neckar-westheim, Philippsburg I, Isar and Fessenheim) and one reprocessing plant (HAO, Cap de la Hague).

Particular attention has been paid to radioactive waste produced by the nuclear fuel cycle as a whole. Studies are continuing with the aim of obtaining more efficient retention of certain nuclides (filters and iodine traps), whether for a better understanding of

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<sup>1</sup> Bull. EC 12-1977, points 1.5.1 to 1.5.4.

<sup>2</sup> OJ L 187 of 12.7.1976.

dispersion in the environment and its effects throughout Europe (tritium in liquid effluent, atmospheric dilution) or, in the case of the Rhine Basin, to assess the radiological impact of the increasing use of nuclear energy. The Commission has also continued to cooperate with the national authorities on harmonizing the principles and procedures for authorizing the discharge of radioactive waste. In addition, a seminar was held at Karlsruhe in November on the problem posed by such waste in irradiated fuel reprocessing plants.

A number of publications have been issued on radiation protection.<sup>1</sup>

A measurement programme has been undertaken to chart the natural irradiation in the Community. Studies have also been started, with the cooperation of experts, on the problem of measuring plutonium and uranium uptake in the lungs and on the calibration of dosimeters.

In the training and information field, a seminar was organized for representatives of the European Trade Union Confederation.

#### *Health aspects of the environment*

40. Under the policy on the protection of the environment, further progress has been made with analysis of the dose/effect relationships (criteria) in respect of the following pollutants: mercury, cadmium, organochlorine compounds, asbestos. These have been submitted to experts with a view to determining health criteria. A seminar was held in April, in conjunction with the World Health Organization and the Environmental Protection Agency, on the collection of biological samples, and an expert panel was set up on mesothelioma (one of the cancerous diseases caused by asbestos), both under the programme for assessment of the toxicity of environmental pollutants. The harmonization of toxicity tests for chemical substances at Community level started with an intercomparison programme on the lethal dose (LD<sub>50</sub>), and this will continue in 1978.

Cooperation has been established with the Italian authorities to assess the hazards arising from the accidents in Seveso and Manfredonia (meeting in July on chloracne and in October on arsenic).

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<sup>1</sup> Results of environmental radioactivity measurements in the Member States of the European Community; Seminars on the problems posed by the growing use of consumer goods containing radioactive substances; Third Information Seminar on the European Personal Dosimeter Intercomparison Programme (Berlin, 1976); Report on the two seminars on information and training on radiation protection for trade union representatives from the nine Member States of the EEC (7-8 October 1975, Brussels; 16-17 November 1976, Luxembourg); Seminar on High-Efficiency Aerosol Filtration; Seminar on Radioactivity in the Waters of the Meuse; First European Symposium on Rad Equivalent.

The Directive on biological screening of the population for lead was adopted by the Council on 29 March.<sup>1</sup>

### *Alcoholism*

41. The Commission, in cooperation with the WHO and the International Council on Alcohol and Addictions (ICAA), organized a seminar which took place in Luxembourg in November on the medical and social risks that consumption of alcohol involves.

### *Safety, hygiene and health protection at work*

42. The Community action programme on health and safety at work has been sent to the Council, and could already be put into effect in 1978. Meanwhile, several studies have been completed which will serve to direct the activities of the Advisory Committee on Safety, Hygiene and Health Protection at Work, whose first report was put before the Council in August. The Commission also sent the Council, on 1 August, an amended draft proposal for a Directive on the protection of the health of workers exposed to vinyl chloride monomer.<sup>2</sup> The Directive on the provision of safety signs at places of work was adopted by the Council on 28 June.<sup>3</sup>

The collective training courses held in 1977 on industrial safety and industrial medicine included seven periods for inspection officials and two for both sides of industry.

### *ECSC social research policy*

43. Social research and research into coal and steel, which are the three components of the action envisaged in Article 55 of the ECSC Treaty, are aimed at improving safety and hygiene in the workplace, promoting medical research and, from an ergonomic point of view, adapting the work to man and to technical progress. Some research is also directed towards reducing pollution (water, air, noise). In June a symposium was held on coking plants, to review the results of research in the field of protection of workers and improvement of the environment.<sup>4</sup>

<sup>1</sup> OJ L 105 of 28.4.1977; Bull. EC 3-1977, points 2.1.51 and 2.1.59.

<sup>2</sup> OJ C 219 of 14.9.1977; Bull. EC 7/8-1977, point 2.1.54.

<sup>3</sup> OJ L 229 of 7.9.1977; Bull. EC 6-1977, point 2.1.59.

<sup>4</sup> Bull. EC 6-1977, point 2.1.61.

### *Steel Industry Safety and Health Commission*

44. At its meeting on 25 January<sup>1</sup> the Steel Industry Safety and Health Commission approved the documents on accident prevention and on equipment for oxygen plant under pressure. It sponsored 'information days' on safety at work and ergonomics, on behalf of Belgian metalworkers (Melreux, November 1977).<sup>2</sup>

### *Mines Safety and Health Commission*

45. The Mines Safety and Health Commission held three full meetings. It approved three recommendations—on safety techniques in the production zone, on the installation of water barriers for protection against coal-dust explosions underground, and on strata consolidation by means of roof bolts, wooden plugs or injection. It also approved five reports—on rescue stations, on the neutralization of mine fires by injecting nitrogen, on the procedure for stabilizing ventilation in the event of an underground fire, on fire-damp ignition caused by coal-mining and heading machines, and on filter self-rescuers (maintenance and training).

Now that the Commission's responsibilities have been extended to cover offshore oilwells, the Ekofisk accident has shown that the oil and gas working party has a part to play in setting standards to ensure the safety of workers on platforms. An expert committee has been requested to study the prevention of blowouts. This Commission has also approved its fourteenth Progress Report and it held a conference to commemorate its twentieth anniversary on 22 and 23 November, when the most urgent problems still to be resolved in the coal-mining and other extractive industries were discussed.<sup>3</sup> A round-table discussion on 4 and 5 October brought together representatives of the International Organization for the Study of the Endurance of Wire Ropes and the members of the Working Party on Winding Ropes and Shaft Guides.

### *Handicapped persons*

46. Between 1974 and 1977 the European Social Fund has devoted a total of 62 million u.a. to the demonstration projects undertaken under the action programme for the vocational rehabilitation of handicapped persons.<sup>4</sup> On 28 June 1977 the Council decided

<sup>1</sup> Bull. EC 1-1977, point 2.1.29.

<sup>2</sup> Bull. EC 11-1977, point 2.1.60.

<sup>3</sup> Bull. EC 11-1977, point 2.1.61.

<sup>4</sup> OJ C 80 of 9.7.1974; Social Report 1974, point 39.



not to extend its Resolution of 27 June 1974, which provided for a contribution from the Fund on the basis of Article 4 for three years. The first stage of this programme is accordingly at an end, and its results will be a most useful source of information.<sup>1</sup>

### *Paul Finet Foundation*

47. During the academic year 1976/77 the Executive Committee of the Paul Finet Foundation examined 1 423 applications for scholarships; it awarded 1 002, for a total of BFR 8 473 017, to schoolchildren and students whose fathers were employed in ECSC industries and lost their lives as a result of an industrial accident or occupational disease. Since it was set up the Foundation has awarded 6 806 scholarships, for more than BFR 56 million.

### **Interpretation and application of the social provisions by the Court of Justice**

48. The Court has followed the line taken in earlier judgments on the Community rules relating to entry and residence.<sup>2</sup> It confirmed that the special residence document referred to in Community directives is solely declaratory in effect and may not be regarded as a residence permit implying discretionary powers on the part of national authorities. It is for the competent authorities of each Member State to impose penalties where appropriate on a person who has failed to provide himself with one of the documents of identity referred to in the directives but the penalties imposed must not be disproportionate to the nature of the offence committed.<sup>3</sup>

The measures referred to in Article 3(1) and (2) of Directive 64/221 include any decision whereby a court recommends deportation, where such recommendation is necessary before a deportation order can actually be made. Criminal convictions may be invoked only where the circumstances leading to them reveal that the personal conduct of the person concerned represents a present threat to public policy. In any event, if a threat to public policy is to be invoked, there must be, not only that disturbance of the public peace that any violation of the law entails, but also a genuine and sufficiently serious threat to a fundamental interest of society.<sup>4</sup>

49. As in previous years the Court had on a number of occasions to interpret the regulations governing social security for migrant workers, not only Council Regulations

<sup>1</sup> Point 36 of this Report.

<sup>2</sup> Social Report 1976, point 45.

<sup>3</sup> CJEC 14.7.1977 (Sagulo, Brenca and Bakhouché), 8/77: [1977] ECR 1495.

<sup>4</sup> CJEC 27.10.1977 (Bouchereau), 30/77: not yet reported.

Nos 1408/71 and 574/72, which are those currently in force, but also Regulations Nos 3 and 4, which were repealed with effect from 1 October 1972.<sup>1</sup>

As regards these two latter Regulations, the Court was asked whether a Member State could apply a provision of its own legislation to reduce benefit where benefit payable pursuant to Articles 27 and 28 of Regulation No 3 overlapped with benefit due from a non-member country by virtue of a bilateral convention between that non-member country and another Member State. The Court held that the provisions of Regulations Nos 3 and 4 do not preclude the application by the institution of a Member State, when calculating for accounting purposes the amount of the benefit to which the person concerned would be entitled if all the insurance periods had been completed exclusively under the legislation of that Member State, of a rule laid down under its own legislation in order to reduce the theoretical amount by the amount of a benefit received by the person concerned from a source outside the Community.<sup>2</sup>

The Court also confirmed and extended its interpretation of Article 52 of Regulation No 3 in relation to the action by subrogation which may be available under that Article to a social security institution in a Member State as the consequence of an accident in another Member State involving a person insured with it.<sup>3</sup>

It also confirmed its earlier rulings on the material scope of the social security regulations, to the effect that any national legislation giving beneficiaries a legally defined status with no discretionary or individual power to assess individual needs or situations is within the field of social security for the purpose of Article 51 of the Treaty and Regulations Nos 3 and 1408/71. It follows that a national scheme of benefits for handicapped persons conferring a legal entitlement to receive the benefit is, in relation to persons covered by Regulation No 1408/71, a form of social security scheme for the purpose of Article 51 of the Treaty.<sup>4</sup>

But it follows, in contrast, that when the competent insurance institutions to which the persons referred to in a provision of German law had been affiliated no longer exist or are outside the territory of the Federal Republic of Germany, and when the purpose of the German legislation in question is to alleviate certain situations which arose out of events connected with the National Socialist régime and the Second World War, and when, finally, the payment of the benefits in question to nationals is of a discretionary nature where such nationals are residing abroad, those benefits are not to be regarded as in the nature of social security. Accordingly, Regulations Nos 3 and 1408/71 do not

<sup>1</sup> Social Report 1976, point 45.

<sup>2</sup> CJEC 10.3.1977 (*Kaucic v Institut national d'assurances-maladie-invalidité*), 75/76: [1977] ECR 495.

<sup>3</sup> CJEC 16.2.1977 (*Landesversicherungsanstalt Rheinland-Pfalz v Töpfer*), 72/76: [1977] ECR 271.

<sup>4</sup> CJEC 16.12.1976 (*Inzirillo v Caisse allocations familiales de Lyon*), 63/76: [1976] ECR 2057.

apply to benefits such as those provided for in § 108(c) of the Reichsknappschaftsgesetz in respect of insurance periods completed before 1945 outside the territory of the Federal Republic of Germany and of West Berlin.<sup>1</sup>

Asked whether Regulation No 1408/71 applies to the recipient of benefits paid by virtue of employment exclusively in an associated territory and at the same time subject to specific legislation enacted by one of the Member States with regard to that territory and the persons employed in it, the Court replied in the affirmative, stressing the breadth of the definition of national legislation in Regulation No 1408/71 and the fact that the relevant provisions did not merely guarantee benefits acquired pursuant to the specific legislation but also amended it and supplemented it.<sup>2</sup>

Lastly, on the question whether Article 12 of Regulation No 3 and Article 13 of Regulation No 1408/71 permit the wages received by a worker in another Member State to be reckoned for the purposes of social security contributions in the State of residence, the Court held that the two Articles prevent the Member State of residence from requiring payment, under its social legislation, of contributions on the remuneration received by a worker in respect of work performed in another Member State and therefore subject to the social legislation of that State.<sup>3</sup>

Reiterating the grounds for its judgment of 21 October 1975<sup>4</sup> declaring Article 46(3) of Regulation No 1408/71 incompatible with Article 51 of the Treaty the Court again stated that there was such incompatibility to the extent that Article 46(3) imposes a limitation on the overlapping of two benefits acquired in different Member States by a reduction of the amount of the benefit acquired under national legislation alone.<sup>5</sup>

It follows, in the Court's view, that Article 46(3) applies only in cases where aggregation of insurance periods is necessary for the purpose of acquiring the right to benefit as referred to in Article 51(a) of the Treaty.<sup>6</sup>

But in the case of a pension to which entitlement arises by virtue of the legislation of a single Member State the Court considered that Regulation No 1408/71 did not stand in the way of full application of that legislation, including clauses providing for reducing, suspending or withdrawing entitlement, though if that legislation is less favourable than the aggregation and proportional distribution scheme, then, by reason of Article 46(1) of Regulation No 1408/71, the latter scheme must be applied.<sup>7</sup>

<sup>1</sup> CJEC 31.3.1977 (*Fossi v Bundesknappschaft*), 79/76: [1977] ECR 667.

<sup>2</sup> CJEC 31.3.1977 (*Bozzone v Office de Sécurité Sociale d'Outre-Mer*), 87/76: [1977] ECR 687.

<sup>3</sup> CJEC 5.5.1977 (*Perenboom v Inspecteur der Directe Belastingen*), 102/76: [1977] ECR 815.

<sup>4</sup> CJEC 21.10.1975 (*Petroni v ONPTS*), 24/75: [1975] ECR 1149.

<sup>5</sup> CJEC 3.2.1977 (*Strehl v FNROM*), 62/76: [1977] ECR 211.

<sup>6</sup> CJEC 20.10.1977 (*Giuliani v Landesversicherungsanstalt Schwaben*), 32/77: not yet reported.

<sup>7</sup> CJEC 13.10.1977 (*FNROM v Mura*), 22/77: not yet reported, and (*Greco v FNROM*), 37/77: not yet reported.

## C – Development of the Social Situation in 1977

## Employment

(including migrant workers)

### Trends within the Community

51. After remaining relatively stable throughout 1976,<sup>1</sup> the underlying trend in Community *unemployment* again turned upwards at the end of the first quarter of 1977, and continued to rise throughout the rest of the year. As a result, by December 1977 total registered unemployment in the Member States of the Community had risen to over 6 million, i.e. 5.7% of the civilian working population (an increase of about 550 000 in one year.)

During the closing months of 1977 however, there was a slight downswing in the seasonally adjusted figures.

This trend was largely due to the fading of the economic recovery which had stabilized the unemployment situation through 1976, the weak economic growth which characterized the Community economy being insufficient to sustain the demand for labour.

The increase in unemployment was spread throughout all the Member States of the Community with the exception of the Federal Republic of Germany, the Netherlands and Ireland. Belgium, Denmark and Italy each recorded an increase in registered unemployment of over 1% of the civilian labour force. On the other hand, in Ireland, where economic growth had exceeded earlier expectations, unemployment had fallen somewhat. The same was true of the Federal Republic of Germany and the Netherlands.

The incidence of the increased unemployment was not equally divided between men and women in all countries. Female *unemployment* has increased in all the Member States except Ireland. In the Netherlands and the Federal Republic of Germany the fall in male unemployment was sufficient to offset the increase on the feminine side, while in Italy, Belgium, the United Kingdom and Denmark the increase in female unemployment was substantially greater than that in male unemployment.

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<sup>1</sup> Social Report 1976, points 47 and 48.

TABLE 4  
Number of registered unemployed in the Member States of the Community  
(annual averages and monthly situation)

(in thousands)

Year/Month	Belgium	Denmark	FR Germany	France	Ireland	Italy	Luxembourg	Netherlands	United Kingdom
1970	81.0	23.9	148.8	262.0	64.9	887.6	0.0	46.4	612.0 <sup>1</sup>
1971	84.5	28.7 <sup>1</sup>	185.1	338.2	62.5	1 038.1	0.0	62.0	792.1
1972	105.2	28.8	246.4	383.5	72.0	1 047.8	0.0	107.9	875.6
1973	111.2	17.8	273.5	393.9	66.6	1 004.8	0.0	109.9	618.8
1974	124.1	47.9	582.5	497.7	70.3	997.2	0.1	134.9	614.9 <sup>2</sup>
1975	207.8	113.5	1 074.2	839.7	98.3	1 106.9	0.3	195.3	977.6
1976	266.6	118.2	1 060.3	933.5	110.5	1 182.6	0.5	210.9	1 360.0 <sup>3</sup>
1977	307.6	147.0	1 030.0	1 071.8	109.0	1 377.9 <sup>4</sup>	0.8	203.5	1 483.6
December 1976 1977	289.7	144.6	1 089.9	1 036.9	114.4	1 218.4	0.7	217.6	1 371.0
January	292.5	159.4	1 248.9	1 068.4	116.1	1 342.4	0.7	225.8	1 395.4
February	285.2	161.3	1 213.7	1 055.0	115.4	1 298.9	0.7	219.0	1 421.8
March	279.9	148.0	1 084.2	1 020.6	114.0	1 305.7	0.7	201.5	1 383.8
April	276.3	147.3	1 039.2	999.9	111.7	1 260.8	0.7	187.7	1 392.3
May	274.4	134.5	946.5	976.1	108.8	1 264.9	0.6	179.8	1 341.7
June	272.9	128.4	931.0	967.7	106.4	1 316.0	0.6	186.5	1 450.1
July	325.3	131.8	972.6	1 004.3	106.7	1 381.7	0.7	201.4	1 622.4
August	335.3	138.2	963.5	1 063.9	107.3	1 445.5 <sup>4</sup>	0.8	208.7	1 635.8
September	337.5	140.5	911.2	1 175.1	103.6	1 484.3 <sup>4</sup>	0.9	205.3	1 609.1
October	338.2	150.1	954.4	1 205.8	103.7	1 469.9 <sup>4</sup>	1.0	203.5	1 518.4
November	340.0	157.3	1 004.3	1 179.4	105.0	1 469.7 <sup>4</sup>	1.2	207.2	1 499.1
December	334.2	167.6	1 090.7	1 144.9	109.8	1 494.3 <sup>4</sup>	1.3	216.0	1 480.8

<sup>1</sup> New series.<sup>2</sup> Average for the year calculated over 11 months only.<sup>3</sup> Contributions.<sup>4</sup> Provisional figure.

Source: Standardized series on registered unemployment, submitted to the SOEC by the National Employment Services.

*Young people* experienced particular difficulty in attempting to enter the labour market. This was due partly to the lack of suitable jobs available; low general demand for labour had led to reduced turnover in employment, with consequent rigidities in the labour market exacerbating the situation. On the other hand, there have been complaints about the lack of experience and inadequate training of young people seeking employment. Thus in the six countries where figures are regularly available, unemployment among people under 25 accounted for more than 20% of registered unemployment in the Federal Republic of Germany and more than 40% in Belgium, France, Luxembourg, the Netherlands and the United Kingdom at the end of 1977 (the United Kingdom figures refer to July and are, of course, influenced by school-leavers).

In most countries the tendency over the last four years has been for an increase in the share of unemployment accounted for by the young, and more especially in an increase in the share accounted for by young women. Thus the impact of unemployment has been uneven; while total unemployment has doubled, that of young people under 25 has trebled. In the 50-plus age group, the increase has been smaller, and there may be two reasons for this: firstly the demographic decline in the size of the 50-plus age group and, secondly, the growing trend towards early retirement. In both cases the increase for women has been greater than that for men.

Due to the weak overall economic growth, 1977 was a difficult year for the *ECSC industries*. In the coal industry, stock-piling rose and employment fell as a result of changes in demand for various fuels following the beginning of the energy crisis in 1973. The iron and steel industry suffered—to a greater extent than in 1976—from the continued depression, from a low propensity to invest on the part of certain large scale steel users, and from increased foreign competition.

There was more unemployment in the sector; the number of workers allocated to maintenance and repair work or special tasks in the public interest, and the number of those made redundant, showed a rising trend.

52. This persistent deterioration in the labour market has led to a re-examination by the Member States of both their *economic* and *labour market* policies. The aim has been to further stimulate overall demand and provide more direct aid to employment.

Thus, one of the main features of employment policy developments in 1977 has been the increased intervention in favour of young people in the context of general anti-unemployment measures.

The Member States, adopted a range of labour market instruments to favour young people, such as the subsidies and premiums paid for youth employment, and work-experience schemes for young entrants to the labour market. There has also been a further increase in vocational training assistance provided to young people.<sup>1</sup>

In the context of action at *Community* level, mention must be made of the Tripartite Conference,<sup>2</sup> which has sought to smooth the path towards an economic recovery by an improved analysis of the problems, and by the establishment of a work programme between Commission, Member States and social partners to study certain structural problems in the way of a recovery. These include the possibility of work-sharing measures, the role of the tertiary and public sectors, the problem of job displacement versus job creation investments, and the changing international environment. At the same time, the Commission has been examining ways in which measures to aid youth employment could be improved and made more generally effective; this has been the subject of a Communication to the Council.<sup>3</sup>

53. The almost total ban on *immigration* from third countries was maintained in most of the Member States in 1977. The return of the migrant workers to their countries of origin has continued but the available statistics show no significant change in the figures compared with 1976.

The total number of migrant workers inside the Community has been estimated at 6 million (1973, 6.5 million) and shows, in spite of the economic difficulties, that the Community is still relying on the migrant workers' labour force, especially where the migrants are occupying jobs often unacceptable to the indigenous population.

In June 1977, the Council of Ministers approved a Directive on education of migrant workers' children<sup>4</sup> from EEC countries, and a declaration relating to obligations in relation to third country migrants, particularly, stressing the importance of creating special reception classes for migrant workers' children and giving education in the migrants' mother tongue, including teaching in history and culture of their country of origin.

The fight against illegal immigration was continued and some of the Member States reinforced sanctions against illegal immigration and employment.

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<sup>1</sup> Point 77 of this Report.

<sup>2</sup> Points 20 and 103 of this Report.

<sup>3</sup> Point 22 of this Report.

<sup>4</sup> OJ L 199 of 6.8.1977.



## Development of the situation in the member countries

### Belgium

54. In 1977, *unemployment* once more rose as compared with the previous year. The average number of unemployed persons receiving benefits was 264 284 (157 997 men and 106 287 women).

The upward trend in the unemployment level as compared with 1976 stabilized between January and September (+15% on average). It rose to +18.1% at the end of October but then fell to 16.5% at the end of November and 13.7% at the end of December. The growth of unemployment amongst women tended to slow down from month to month during 1977, but at the end of December it was still more marked than the corresponding trend for men (14.7% for women against +12.4% for men). At the end of 1976 unemployment amongst men had returned to its end-1975 level, but in 1977 the departure from 1976 trends became sharper once again. The average growth rate for the year was +15.6% (+8.1% for men and +21.3% for women).

The chief characteristic of the recession was the emphasis on unemployment amongst women and young people. On average, women accounted for 59.8% of the total number of registered unemployed in 1977 and young people aged under 25 for 33.9%. It should be stressed that these percentages are of the same order as those recorded in 1976, i.e., 57 for women and 34.6 for young persons.

At regional level, Wallonia had the highest unemployment rate (14%) amongst insured persons at the end of December 1977, compared with 11.3% in Flanders and 10.4% for Brussels. However, the Flanders region registered the highest average increase in unemployment compared with 1976, i.e., +17.4% against +14.2% for Wallonia and +12.2% for Brussels.

To conclude, unemployment has grown in most sectors of activity, particularly those employing female staff. It should be noted that the following sectors were most affected: the metallurgical and textiles industries and electricity/water/gas.

In view of this situation, energetic *measures* were taken to contain unemployment within acceptable limits.

Some measures taken under the economic recovery law of 30 March 1976 were extended until 31 December 1977, for example, the on-the-job training scheme for young certificate holders under 30 engaged for 6 months in a proportion of 1% of the undertaking's work force. In view of the success of this measure, the number of trainees to be taken on was increased from 1% to 2% of the work force for 1978 under the law of 22 December 1977 (*Moniteur Belge*, 24 December 1977). Trainees were paid 75% of the

normal wage by the employer for the first 6 months and 90% if this period was extended; however the new law provides for payment of 90% of the wage for the entire duration of the training period. The earlier law was compulsory for undertakings employing 100 persons or more, but the Government granted a premium of BFR 30 000 to firms employing less than 100 workers if they took on a trainee without being obliged to do so. The new law has extended this obligation to undertakings with 50 workers or more. The system of premiums for undertakings not covered by the law has been maintained.

The law of 22 December 1977 referred to above also extends the optional bridging pension scheme, introduces an early retirement scheme for unemployed elderly workers and sets up a special temporary scheme '3e circuit de travail', to provide work for unemployment persons. Under another measure, the full rate of unemployment benefit is maintained for an unemployed person who once more becomes redundant after accepting a job which is less well-paid than his previous one. A similar provision was adopted for unemployed persons who accept short-time work.

Special measures were also adopted regarding the employment of handicapped persons. Financial aid is provided by the FNRSH<sup>1</sup> or the ONEM<sup>2</sup> for an employer taking on a handicapped worker.

The Belgian Government has also decided to encourage the creation of jobs by granting employers who increase their staff a premium in the form of exemption for 6 months from social security contributions on the wages of newly-recruited workers.<sup>3</sup>

During inter-trade discussions, the trade unions demanded a reduction in working hours as a means of redistributing part of the available volume of work and thereby solving the unemployment problem. The employers' organizations maintain that this would not be an effective means of combating unemployment, since in their view it would have only negative effects.

55. At the end of 1976 there were 250 000 to 300 000 migrant workers (including unemployed and pensioners) in Belgium, more than half of whom were Community nationals. The ban on immigration from non-member countries was, in general, maintained in 1977.

At the end of December 1977, the unemployment rate among migrant workers was 14.2% compared with 7% for nationals.

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<sup>1</sup> Fonds national de réinsertion sociale des handicapés (National Fund for the reintegration of handicapped persons).

<sup>2</sup> Office national de l'emploi (National Labour Office).

<sup>3</sup> Point 212 of this Report.

## Denmark

56. Although the number of persons in employment has risen slightly, unemployment in Denmark worsened in 1977 compared with the previous year, with 167 000 people out of work in December 1977 (compared with 144 600 a year earlier). Fewer hours were worked than in 1976 due to the increase in the relative number of part-time jobs. At the same time, unemployment tended to last longer: according to a ministerial study, 50 000 people had been seeking work for 200 days or more. The traditional 'marginal' categories, e.g. elderly workers, young people and to a lesser extent women, were particularly affected by the situation as everywhere.

Throughout the year the problem has been one of the public authorities' central concerns. In August, a special parliamentary session was held, leading to an agreement between the different political parties on the need to adopt urgent measures to reduce the balance-of-payments deficit without adversely affecting the employment situation, whilst adopting a more restrictive financial policy and introducing measures to facilitate recruitment of new workers (reduction in certain cases of the retirement age for people difficult to employ, reduction in employers' contributions to sickness insurance to encourage recruitment) and linking dismissals to a guarantee procedure (pursuant to EEC directives), the authorities mainly acted to protect employment through a *direct intervention plan*.

In principle, the plan covers the years 1977-80. The section covering the 1977/78 financial year includes several types of measures:

- (i) export subsidies granted under various schemes to small-scale industry, farmers and the fishing and tourist industries. The Government has allocated nearly DKR 2 700 million for these subsidies for 1977-80;
- (ii) large scale works have been begun in the *energy field*, concentrating first on promoting the use of centralized heating systems, the insulation of public buildings, and research to exploit natural sources such as solar and wind energy: DKR 2 200 million were allocated to these activities;
- (iii) a series of measures aimed at the *labour market*, in particular *unemployment among young workers*, and designed to expand the vocational training system, increase the number of permanent or temporary posts in the public services and provide more incentives for job mobility. A sum of DKR 1 300 million has been allocated for these measures;
- (iv) lastly, the Government will contribute DKR 550 million for the *construction of modern factories and farms*.

The municipal authorities will contribute a total of DKR 2 600 million to implement the plan, which was launched in the autumn. Of this sum, DKR 900 million (to include

the increased recruitment subsidies for employers), will be allocated to combat youth unemployment, whilst DKR 1 100 million will represent the local authorities' contribution towards the implementation of the measures listed above. The total cost of the three-year plan will be about DKR 10 000 million.

57. The ban on *immigration* from non-member countries (except Scandinavia) was maintained in 1977. At the beginning of the year, the total number of *migrants* and their families was approximately 92 000, including 23 500 from EEC countries, 43 000 from other European countries (especially Norway and Sweden), and 25 000 from countries outside Europe.

### *Federal Republic of Germany*

58. In 1977 the economic situation and economic growth progressed less satisfactorily than the forecasts at the end of 1976 had given cause to expect. The projected growth rates for the real gross national product were revised downwards on several occasions, reaching a final figure of around 2.5%. As a result the economic revival, which slowed down particularly in the second and third quarters of the year, failed to bring about the hoped-for reduction in the number of unemployed.

Because of the change in the basis on which industrial statistics are calculated it is not yet possible to gain a complete picture of the employment trend. In the spring of 1977 there was a slight fall in the numbers employed in mining and processing industries while in the building industry and public works there was a marked fall (about 6%). On average 1 030 000 wage and salary earners were unemployed during the year, that is to say, 30 000 less than in 1976. The unemployment rate for 1977 was 4.5%, compared with 4.6% in 1976 and 4.7% in 1975.

Up to May 1977 unemployment fell compared with the previous year, but remained at slightly higher levels than in 1976 during the summer months. However, from September onwards the figures rose steadily, with 250 000 registrations in December 1977.

On average, 3 500 undertakings, introduced short-time working during the year, involving 231 000 wage and salary earners (1976: 5 400 undertakings, 277 000 wage and salary earners).

The generally high level of unemployment hid differences in the situation of specific groups, branches and regions. The situation of the full-time unemployed improved a little in autumn 1977, while it deteriorated in the case of the part-time unemployed. For every nine unemployed persons seeking part-time employment there was only one job available. In the case of men and women, too, the trends ran counter to each other. The number of unemployed women rose both in absolute terms and as a percentage,

while the situation on the labour market for men eased somewhat. In November, 522 700 women and 481 000 men were unemployed; the unemployment rate for women was much higher than for men (6.1% compared with 3.4% of the total number in paid employment). For seasonal reasons, unemployment among young people increased during the summer months. The relatively high number of people leaving school led to bottlenecks in the search for training places. In each of the summer months about 100 000 young people aged under twenty were unemployed; however, the unemployment ratio for them is generally slightly lower than the average for the population as a whole.

Admittedly, the divergence in structural characteristics between the demand for labour in the economy as a whole and registered unemployment is characterized most clearly not by regional or occupational differences but by *differences* relating specifically to qualifications. In some branches there is a particular shortage of specialist workers. This shortage is aggravated by the decreasing willingness of workers to change jobs, which was already apparent in 1975 and 1976, with the result that it is increasingly difficult to recruit qualified workers from the reserve of people wishing to change jobs. By and large, firms have raised the level of general and vocational qualifications which they require of applicants in comparison with previous years. For this reason, the ranks of the unemployed in the Federal Republic of Germany are increasingly composed of people who for various reasons do not meet these higher requirements. They can only be placed in employment to a limited extent (e.g. older, handicapped and insufficiently trained unemployed persons, and those seeking part-time work).

The persistent problems on the labour market led to a mass of *individual proposals* and several comprehensive *programmes* to combat unemployment. The Federal Government supplemented its strategy of overall guidance of the economy with a specific employment policy.

Specific labour market policy measures must be viewed against the fact that the special programmes of the Länder and the Federal Government mostly involve adding to the funds of the Federal Labour Office already provided for under the law on the promotion of employment or the redefinition of the extent of the problems.

A number of special programmes were launched by the Länder; they were mainly concentrated on improving the occupational and training opportunities of young people. On 25 May 1977 the Federal Government adopted an extensive labour market programme, of which the most important items were as follows:

- (i) additional measures to create work for what are known as problem groups, elderly persons, women, long-term unemployment (office and administrative workers);
- (ii) about DM 600 million were made available for these measures, including 270 million to expand job opportunities in the social services;

- (iii) increase in the staff of the placement and advisory offices (about 1 600 additional jobs in employment offices);
- (iv) strict application of the rules on the duration of benefits for unemployed persons who are 'unwilling to work';
- (v) financial corrections to unemployment benefit and unemployment assistance;
- (vi) a revision of the 1938 'hours of work code' to see whether overtime can be cut back;
- (vii) a check to see whether more part-time workers can be given employment in the public service;
- (viii) a recommendation to the Governments of the Länder that they should introduce a compulsory tenth school year for unemployed young people, as a temporary measure;
- (ix) an improvement in employment in the building industry. The current regional programme is increased by 30 000 dwellings for 1977. The Federal authorities are making an additional DM 600 million available (with a further DM 1 100 million in 1978).

In addition, all avenues will be explored in the effort to eliminate illegal work.

In the opinion of the Federal Government these measures can have no more than a supplementary effect. For this reason, proposals are also being increasingly discussed for examining work-sharing methods (reduction in working time, early retirement, tenth school year for vocational training, sabbatical year for bringing up young children) and for expanding employment in the public service. Most of these proposals are controversial issues, not least between the two sides of industry.<sup>1</sup> In the autumn of 1977 there were increasing signs that the Federal authorities and the Länder were relaxing their restrictive recruitment policy.

59. The total number of *migrants* at the end of 1976 was 1 874 000 or 59 000 (3%) less than a year earlier. The migrant workers represented, at the end of 1976, 9.4% of the total employee labour force.

A general ban on immigration from non-member countries was maintained in 1977. The policy on migrant workers has been concentrated on giving help to the second generation through education for children and young people, special vocational training and extra help for homework for pupils. The social service policy for migrant workers has continued and 600 local offices staffed with social workers are taking care of migrants. Particular attention has been given to linguistic training.

<sup>1</sup> Point 109 of this Report.

The laws restricting the access of migrant workers to certain regions were repealed in 1977. The existing provisions were made more flexible so as to allow the children of migrant workers who had entered the Federal Republic of Germany in 1975-76 access to employment.

### France

60. In France *unemployment* has tended to increase. Again this year, young people and women suffered most from this situation.

Young people under 25 are the most vulnerable (44.6% in November 1977 against 47.3% in November 1976), whilst the proportion of unemployed women held steady (53% in November 1977). Among the various trades, office workers accounted for a quarter of the total unemployed (255 000 in January 1977).

Unfilled vacancies followed the demand curve: at the end of November 1977 there were 77 500 vacancies compared with 109 000 in November 1976, the building, metal and electrical industries being the worst hit.

Short-time working has also spread, the number affected rising from 50 000 to 210 000 between September 1976 and October 1977—although this figure is still below 1975 levels.

Faced with this situation, the French Government has adopted a number of *measures* to contain and reduce unemployment.

The measures described below are included in the 'pacte national pour l'emploi' (national employment pact) and are mainly intended to provide employment or training opportunities for young workers entering the labour market:

- (i) until 30 June 1978, employers are exempt from social security contributions in respect of young people employed for the first time between 1 July and 30 December 1977 (giving a reduction in wage costs designed to permit an increase in numerical strength);
- (ii) for apprentices taken on between July and December 1977 the employer is exempt from all social security contributions for the duration of the contract (normally two years);
- (iii) undertakings must contribute an amount corresponding to 0.2% of their wage bill to vocational training schemes for young people under 25;
- (iv) young people will be able to follow 6- to 8-month in-service training courses accompanied by at least 200 hours of theoretical studies, whilst receiving pay equivalent to 90% of the SMIC, financed by the State;

- (v) a mobility premium is also granted to young people wishing to work abroad (FF 4 840);
- (vi) opportunities for recruitment by the public authorities are available (200 000 temporary posts);
- (vii) the benefits linked to employment-training contracts (under which the employer undertakes to ensure the employment or training of young workers in return for Government subsidies for training costs and trainee remuneration) are extended to widows and single women with one or more dependent children.

On 31 December 1977 the national employment pact had led to the following results:

- (i) 60 300 young people were attending training courses;
- (ii) 94 200 were attending in-service training courses;
- (iii) 93 800 held apprenticeship contracts;
- (iv) 20 000 held employment-training contracts;
- (v) 189 300 had been recruited under the system of exemption from employers' social security contributions.

This resulted in a significant reduction in unemployment, with a drop of 14% (seasonally adjusted) in unsatisfied job applications between August and November, the unemployment rate falling from 5.6% to 4.9%.

Lastly, a national inter-trade agreement, concluded on 13 June 1977 between the CNPF (employers' organization) and the affiliated trade unions, provides for the extension, up to 31 March 1979, of the guaranteed income ('bridging pension') scheme for dismissed workers aged over 60 set up in 1972; henceforth, workers opting for the scheme will receive 70% of their previous wage or salary up to the age of 65, which is the normal pensionable age.

These measures were motivated by the need to provide for the influx on the labour market of about 600 000 young people in the second half of 1977. Even if they failed to halt unemployment, the measures were intended to curb it considerably, which seems to have been the case—although only for young persons aged under 25.

61. In spite of the general ban on *immigration* from third countries, France has made some exceptions, especially concerning skilled workers and artistical jobs. Whilst immigration of family members of the migrant workers had not been stopped, they were prevented from entering the labour market. The government's policy has been to help the migrants to return home on a voluntary basis; premiums of FF 10 000 have been offered either to unemployed migrants or to migrants who have been working in France for more than 5 years, but relatively few have applied.



The total amount of migrants, including families, is 4.2 million (7.7% of the total population). The unemployment rate among the migrants is 6.6%, compared with 5.4% of the active part of the population at the end of October 1977.

### *Ireland*

62. Mainly as a result of the rise in industrial production, the employment situation in Ireland has improved, although the level of employment is still below that at the beginning of the economic crisis. At mid-December 1977 there were 107 219 unemployed (85 404 men and 21 815 women) compared with 111 819 in December 1976, or a decrease of 4%; however the unemployment rate was still around 9½% of the active population. The industrial analysis of the unemployed for October 1977 showed that there had been decreases as compared with last year in the clothing, engineering and food industries but an increase in the textile industry. Unemployment in the construction industry showed a slight drop over the year.

The new government was formed in July 1977 and resolutely began to carry out the economic strategy set out in its pre-election manifesto, in particular the creation of 5 000 new jobs by the end of 1977 and 20 000 by mid-1978.

The budget approved in January 1977, included a series of *measures* to stimulate employment involving an expenditure of IRL 56 million of which IRL 37 million were earmarked for industrial investment and the reinforcement of economic and social infrastructures (construction of schools and hospitals, expansion of port facilities, telephone development etc.) and a further IRL 19 million for more direct intervention, such as the reinforcement of health services—about 1 000 jobs—and the recruitment of 1 100 more teachers.

The Employment Incentive Scheme, which came into effect in April 1977, was an important measure. Under this Scheme a premium of IRL 20 per week, for 24 weeks, is granted for each registered unemployed worker engaged by an employer over the level of employment in January 1977.

At first, these premiums related only to industrial and agricultural workers, and were later extended to cover the hotels and catering trade and then the building and services sectors.

Over 40% of the unemployed are under 25. The Employment Incentive Scheme is also applicable to school-leavers, the premium in this case being IRL 14 per week, against IRL 10 per week at the beginning of the year.

In summer, special aid of 250 000 was made available to the Department of Education to carry out projects of a desirable community nature that would employ many young people, or for projects of a productive nature promoted by young people.

63. Most of the approximately 400 000 Irish citizens working outside Ireland are occupied in the United Kingdom.

The *migration* figures in 1977 do not differ much from those in 1976, but could suggest a slight change towards net outward movement.

### *Italy*

64. After the sustained industrial activity during the first quarter of 1977 there was a gradual downturn in the following months, which became particularly marked after the end of the summer. Several sectors already in difficulty (textiles, the chemical industry, shipbuilding, steel) are now, to a greater or lesser extent, in a critical situation.

A thorough review of statistical sources and methods made it possible to ascertain the real scope of *unemployment* during the first half of the year. In December 1977 the Central Statistical Institute reported 1 498 300 job seekers, but following the radical change in the data gathering system, it was found that the overall activity rate was 38.9%, compared with 35.9% calculated in 1976 according to the earlier method; the unemployed rate was also much higher, i.e. 7.6% compared with an official rate of only 3.7% the previous year. The new statistical data, although not comparable with earlier series, seem much closer to those recorded in the other Member States.

The most disturbing factor in this overall picture is youth unemployment. In December 1977, according to the sources referred to, 1 141 000 young persons were unemployed, corresponding to about 75% of the total; of these 428 000 had school leaving certificates or university degrees. Furthermore, 874 000 women were seeking jobs. In view of these facts it is not surprising that unemployment amongst young people was the Government's central concern.

The Government adopted a special *measure* to promote youth employment under Law No 285 of 6 June 1977, but it is likely to prove difficult to implement. The Law in question authorizes regional employment exchanges to draw up a special list open to young persons aged 15 to 29 designed to promote the access to the working world through a system of premiums to employers combined with vocational training courses organized by the Regions. Premiums and other facilities are also offered to young persons wishing to join agricultural cooperatives aimed at exploiting unused agricultural land. Finally, special projects are to be carried out by the central and regional authorities with a view to employing substantial numbers of young people for four to eight months in tasks in the public interest. Substantial funds, e.g. LIT 1 060 000 allocated over three financial years, have been set aside for financing this measure which has suffered many setbacks since its introduction mainly due to the economic situation, which discourages recruitment by private industry, whether for unspecified periods or through training contracts.

The entry into force of Law No 675 of 12 August 1977 on the coordination of industrial policy, restructuring, reconversion and sectoral development was another important institutional event. This law set up an 'Industrial Restructuring and Reconversion Fund', managed by a 'Committee for the Coordination of Industrial Policy' for the purpose of granting various financial facilities to industrial or mining concerns (low interest rate loans, subsidies of various types, linked in some cases to the maintenance of employment at specific levels) for restructuring and reconversion operations. A 'Manpower Mobility Fund' has also been set up and is being managed by a central committee attached to the Ministry of Labour: the task of this Fund is to subsidize regional mobility by paying travel costs, removal costs and, if necessary, a resettlement allowance for workers and their families.

Since these measures for young persons and for restructuring and reconverting industry have only recently been implemented, it is too soon to express an opinion concerning their effectiveness in dealing with the problems raised by the employment crisis in Italy. An assessment of their impact will only be possible in a few month's time. Moreover, it is freely admitted by those responsible that the effectiveness of public intervention measures will depend to a great extent on the economic situation, which is still very difficult to control.

Two draft laws are at present being studied by Parliament as part of a plan to improve the organization of the labour market.

The first involves a long-awaited modernization of the placement system to adapt it to the real needs of the country.

The second is an outline law concerning vocational training at national level, taking into account the recent transfer of powers to the regions.<sup>1</sup> Despite political and institutional obstacles to the adoption of the two draft laws, they are expected to come into force during 1978.

65. No precise figures are available but it is estimated that 700 000 Italians were working in another Community country in 1977.

As a result of the employment situation in the Community, the return of *migrants* to Italy has continued.

### *Luxembourg*

66. Luxembourg, like the other Member States was hit by the crisis and by *unemployment problems*.

<sup>1</sup> Social Report 1976, points 81 and 82.

The figures for 1977 show stagnation—if not a fall—in industrial production, and weakness in the building sector, whereas there was a satisfactory level of activity in the service industries, excluding transport (in view of the latter's dependence on industry). Broadly, the growth rate of the *gross domestic product* is unlikely to exceed 1% by volume.

The iron and steel industry, which is the main employer (16% of the working population) is being forced to cut down on staff and is not replacing outgoing workers; over 1 000 jobs were lost in this way in 1977 and forecasts, which are hardly optimistic, point to a further loss of about 5 000 jobs in the coming years.

The inevitable cut-back in staff in the iron and steel industry accompanying the reorganization of production structures in this branch, together with the cyclical slowdown in recruitment in other branches of industry and the influx of young persons onto the labour market, have led to a steady increase in unemployment.

Government action, carried out after wide-ranging consultations, has so far made it possible to avoid mass dismissals and offset the effects of the crisis for the most directly affected social categories. *Job protection* measures (short-time working, special tasks) have enabled the population's purchasing power to be maintained and private consumption increased slightly: however, they are no substitute for an *action plan* designed to restore the country's competitive position, and enable exporters to take advantage of any improvement (unlikely the coming months) in external markets. The ECSC measures (Davignon Plan), the 'Iron and steel anti-crisis Plan' (rationalization plus industrial diversification) and the measures taken to implement the conclusions of the Tripartite Conference all come within this framework—especially the setting up of the SNCI (Société Nationale pour le Crédit à l'Industrie) and the new Economic Development Committee. Most of the conclusions of the Tripartite Conference were incorporated in the law adopted by Parliament in December on measures to stimulate economic growth and maintain full employment (Law of 24 December 1977).

67. After the upswing in 1970-75, the net balance of movements of *migrant* workers has become negative since 1976.

About one-third of the total labour force in 1977 consisted of foreign workers.

The laws and regulations of 29 July 1977 enabled new rules to be drawn up for granting work permits and carrying out medical examinations on immigrants, and a more liberal policy in issuing work permits.

## Netherlands

68. From March to September 1977 unemployment rose continually. This was mainly the result of an increase in the number of job-seekers, due, *inter alia*, to a reduction in the number of young people with access to education and a growing tendency for women to enter the labour market.

At the same time, job offers remained constant.

The turning point came in September; after that unemployment fell steadily so that the annual average for 1977 (203 500 unemployed) was below the 1976 level (211 000). The Central Planning Bureau (Centraal Planbureau) had originally expected an unemployment figure of 240 000; however, on the basis of the trend outlined above, this forecast was reduced to 225 000.

At the end of December, there were 216 000 unemployed (152 300 men and 63 700 women). The number of persons unemployed for 6 to 12 months was 33 500, including 11 100 women; those unemployed for more than a year numbered 37 900 men and 12 700 women, or 1.2% and 4.2% respectively of the wage- and salary-earning population. The figures therefore comprise a hard core of long-term unemployed.

At the end of December 1977, 37 000 men and 32 800 women aged under 23 were unemployed, of whom 27% and 39% respectively were school leavers. At the end of December 1977 2 561 school leavers (1 073 men and 1 488 women) had been unemployed for 12 to 24 months.

The law on investments (Wet investerings rekening), which should have a marked influence on employment, had not yet entered into force on 1 January 1978, as originally intended.

Various social and educational<sup>1</sup> *measures* to combat unemployment are being implemented.<sup>2</sup>

In May, for the purpose of helping the 170 000 young people leaving school this year, a total of HFL 100 million was earmarked to maintain and extend the scheme for promoting the vocational training of young people; the project for compulsory part-time education, the 'pseudo-job' scheme, and the measures to deal with unemployment amongst young people.

The temporary scheme to *promote vocational training* for young persons is applicable from 1 July 1977 to 30 June 1978. An employer who recruits a young person and

<sup>1</sup> Point 97 of this Report.

<sup>2</sup> Social Report 1976, points 64 and 85.

provides him with vocational training covered by the apprenticeship system is eligible for a subsidy of HFL 100 per week for a trainee who is not obliged to continue his ordinary education and HFL 75 per week for a young person obliged to attend part-time education. A subsidy of HFL 50 per week is now available for the second year of training.

The temporary 'pseudo-job' scheme has been extended to 30 June 1978. A 'pseudo-job' means that, by agreement, an apprentice has the opportunity to attend practical training covered by the apprenticeship system for two days a week. He may not participate in the production process. The employer is entitled to a subsidy of HFL 100 per week.

The scheme for promoting *compulsory part-time education* has also been extended by a year. If an employer takes on a young person obliged to attend part-time education, he is entitled to a subsidy of HFL 50 per week.

Interim measures involving the granting of short-term subsidies to non-commercial projects allowing the recruitment of *unemployed young persons* may now cover a minimum of 13 and a maximum of 52 weeks. This scheme has been extended to 31 August 1978.

In May 1977 a subsidy scheme for the *placing of handicapped persons* came into force (largely the same as the 1976 scheme). An employer who engages a handicapped person receives a wage cost subsidy of 60% to a maximum of HFL 21 000 for the first year, and 30% for the following 3 months to a maximum of HFL 2 600. As a general precondition it is stipulated that the handicapped person must receive an employment contract for an indefinite period with the same remuneration as an able-bodied worker. HFL 10 million have been earmarked for experimental projects for *unemployed women*.

69. At the end of June 1977, 126 250 foreign workers were living in the Netherlands, of which 87 000 had permanent work permits, i.e. had worked in the country for at least 5 years. 11 270 migrant workers from third countries were, at the end of December 1977, unemployed.

The government's programme for *migrant* workers includes vocational training, preparing the migrant for return. In this context, a bilateral agreement with Yugoslavia provides particularly for vocational training for returning migrants, and bulk financial assistance for job creation in Yugoslavia. The programme is regarded as part of the programme for undeveloped countries. Individual programmes for migrants facilitating their return have been set up by the social administration but other school programmes are set up with the purpose of integration.

## United Kingdom

70. During the first half of 1977, labour market trends in the United Kingdom changed slightly. From February to May, the number of unemployed persons dropped by about 5 500 on average, whilst the number of vacancies increased steadily. In mid-September, however, it was observed that the volume of *unemployment* was rising again, reaching 6.1% of the working population (excluding young school leavers).

Taking the figures by region, it could be seen that the centres of gravity of this phenomenon were in Scotland, Wales and Northern Ireland.

Young school-leavers were absorbed into the economy at a rate of 3% slower than in the previous year. In mid-September, 166 000 young people out of a total of about 240 000 school-leavers registered in July were still looking for work, while there were also 143 500 young people aged 18 to 19 in the same position.

However, again taking September as a reference period, there were then approximately 55 000 young people engaged in the work experience or job creation programmes or in training courses set up by the public authorities.

The numbers of young people entering the labour force will increase over the next five years as a result of high birth rates during the 1960s and the provision of opportunities for these additional young people is receiving consideration.

The persistence of high levels of youth unemployment has led to the adoption of the Manpower Services Commission's plan for an *integrated programme* of opportunities for young people. This youth opportunities programme<sup>1</sup> will draw together and build on existing schemes for young people and will approximately double provision under existing schemes. The new programme will be in full operation by September 1978 and will cost about UKL 166 million a year when it is fully in operation.

The main instruments used in the campaign against youth unemployment this year were:

- (i) the job creation programme, with a total budget of UKL 166 million, which provided 39 000 jobs for young people in socially valuable tasks demanding a large labour force, such as urban renewal, reorganization and conservation of natural resources, etc.;
- (ii) the youth employment subsidy, introduced in 1976, granted for about 20 000 beneficiaries during the first half of 1977;
- (iii) the work experience programme (referred to above) in which 12 500 young people aged 16 to 18 participated during the first six months of the year.

<sup>1</sup> Social Report 1976, point 66.

To deal with adult unemployment the Government has devised the *special temporary employment programme* which will be fully operational in September 1978. Its objective is each year to recruit 25 000 unemployed workers aged 19 and over for special projects, concentrating on areas of about average unemployment. Preference will be given to those aged 19 to 24 who have been continuously unemployed for more than 6 months and those aged 25 and over who have been continuously unemployed for more than 12 months.

In addition, the *temporary employment subsidy*, adopted in 1975, was extended in March 1977 for another year and a supplement of UKL 10 introduced for employers who have exhausted the full 12 months period under the main scheme and are still faced with redundancies. This measure has been very effective since it has helped to safeguard about 200 000 jobs for a gross expenditure of under UKL 22 million in a full year.

The response to the *job release scheme*, introduced in January 1977, has been lower than expected, but the measure has proved a modest success. It applies only in the assisted areas of the country and offers an allowance to people in the last year of their working life who give up their jobs to unemployed people. Some 21 000 people (employed and unemployed) joined the scheme in 1977 and applications are now being received at the rate of over 11 000 (employed) in a full year; from 1 July 1977 the scheme was open to employed people only.

71. The Under-Secretary of State at the Department of Employment announced in December that it was the Government's intention to phase out the special arrangements for hotel and catering staff which, for 1977, had been set at 2 000. Additionally, it was decided to ban the issue of work permits to resident domestic workers and nursing auxiliaries from outside Europe 'to increase employment opportunities at home and to avoid the exploitation of overseas workers'.

There has been a sharp drop in the number of New Commonwealth citizens, UK passport holders and citizens of Pakistan accepted for settlement on arrival in the first 3 months of 1977 compared with the same period in 1976. This relates mostly to wives and children joining their families.



## Vocational training

### Trends within the Community

76. The *reform* and *modernization* of vocational training structures and systems is becoming a matter of increasing concern in all circles involved throughout the Community. In many countries priority is being given to studies and research to modernize training for teachers and instructors from both the technical and pedagogical points of view.

77. In several cases, collaboration between the public authorities and the private sector has been strengthened with a view to promoting the development of *training systems better suited* to the needs of the economy, especially for young people.

The system of paid training periods in undertakings, with public financial backing, is being expanded in most countries.

The public authorities and industry have both taken further steps to promote *vocational retraining* for workers led to change their occupation as a result of the worsening of the structural crisis in a number of sectors.

78. At *Community* level, on 6 July the Commission adopted a recommendation to the Member States on the vocational preparation of young people who are unemployed or threatened by unemployment.<sup>1</sup>

The European Centre for the Development of Vocational Training has given priority to the implementation of certain points in its programme: training and employment of young people, vocational training for women, creation of a documentation and information service, establishment of a research programme.

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<sup>1</sup> OJ L 180 of 20.7.1977.

## Development of the situation in the member countries

### Belgium

79. *Vocational training* activities were stepped up towards the end of 1976 (+ 5% of current programmes). This effort was maintained throughout 1977, and following the policy review in this area by the new government which took office on 3 June 1977 training activities have been still further intensified.

The review affected the organization of short refresher courses focused on the practical application of subjects taught. Courses are particularly aimed at young people with no practical experience.<sup>1</sup>

Once the organizational problems had been solved the programme got into its stride after the holidays, as can be seen from the number of courses under way at the end of the period:

average, second semester	: 5 880
average, first semester	: 6 170 (+ 5%)
October 1977	: 8 459 (+ 44%).

Although all group and individual training activities were expanded, efforts were made by the Centres run by the National Employment Office (ONEM).

80. Measures taken at the beginning of 1977 have led to an increase in the numbers of *young people* undergoing training compared with 1976.

The Royal Decree of 10 January 1977 (*Moniteur Belge*, 22 January 1977) lays down the rules for applying the provisions of the law of 30 March 1976 on training periods for young people in private undertakings with less than 100 workers. A premium of BFR 30 000 is granted to employers who accept such trainees.

The Ministry of Labour and Employment decided to set up instruction at ONEM to give young people without qualifications a general basic training, and to review the 'crédits d'heures' (paid time allowances) continuous training scheme.

81. With respect to training for *women*, ONEM is pursuing its efforts to offer equivalent training for both sexes. All its vocational training sections are accessible to women without discrimination.

<sup>1</sup> Point 54 of this Report.

For some time past, private organizations have offered courses to prepare women for working life, to enable those who wish to enter or re-enter the working world to adapt themselves to its demands and learn about the different occupations and training courses.

The Commission on the employment of women formed a working group in 1977 to identify vocational training pilot projects for women eligible for aid from the European Social Fund.

### *Denmark*

82. With the implementation on 1 August 1977 of Law No 289 of 8 June 1977, the *basic vocational training system* (EFG) has moved out of its experimental phase.<sup>1</sup> Under the EFG system, training commences with one year of basic training at a commercial or technical school. This basic training covers seven occupational fields, and is combined with specific vocational guidance, to allow apprentices a choice of occupations leading to subsequent training within a specialist trade. Two to three years of practical training follow, divided between theoretical (school) instruction and practical specialist training in an undertaking.

During the first year of EFG training, apprentices receive no pay. During the remainder of the training, employers pay apprentices for time devoted to both theoretical and practical instruction. Under the new law, employers will be reimbursed in whole or in part for the time spent at theoretical training from a special fund to which all private employers must contribute.

In 1977, about 13 600 young persons were trained under the EFG system.

83. The *traditional apprenticeship system* has been maintained side by side with the EFG system. Based on experience with the EFG system, the following further measures were taken:

- (i) introduction of more intensive and personal educational and vocational guidance, with effect from 1 August 1977;
- (ii) organization of special training, with specific pedagogic assistance, for handicapped persons; this type of training is to be expanded in the future.

84. As mentioned under point 56, in August 1977 the Government adopted a *new, more extensive, programme* to counter unemployment which had assumed significant proportions.

<sup>1</sup> Social Report 1976, point 73.

The programme included a series of measures—partly new—to improve training and employment possibilities for young unemployed persons. In addition to the measures referred to in point 56, courses for young unemployed persons will be offered in secondary schools, and commercial and technical schools, while special training for the long-term unemployed and courses to prepare young people for working life will be organized.

At the same time appropriations were earmarked to continue the special financing of courses given under the training scheme for specialized workers and skilled workers (advanced training) and to organize new vocational information courses for the long-term unemployed and—in particular—special courses for women.

### *Federal Republic of Germany*

85. In 1977 the Federal Government considered that all responsible bodies should give priority to the task of ensuring that there were *adequate training opportunities* for the young people born in the high birth-rate periods who will be leaving school in the next few years, and of integrating them into the working world. A series of practical short- and medium-term measures were introduced in order to achieve these objectives.

The graduated plan concerning the major problems of vocational training<sup>1</sup> approved by the Joint Committee on Educational Planning of the Federal Government and the Länder, and the 'programme to reduce the risk of unemployment for young people' of 15 November 1976, establish the conditions necessary to:

- (i) promote the development of vocational training institutions;
- (ii) improve the training prospects for young persons without school-leaving certificates or vocational training; and
- (iii) improve the supply of teaching staff for vocational training schools.

The Federal Government is helping the Länder to implement these measures with a DM 400 million programme and a further DM 250 million as part of the 'investments in the future' programme. This means that, with the contributions of the Länder a total of about DM 1 300 million is available for the development of vocational training schools and establishments between now and 1980. A further sum of DM 300 million from Federal funds is earmarked for the promotion of pilot schemes and the development of new types of training. In addition to this, considerable funds are available from the Länder, especially as part of special programmes, to combat unemployment among young people and increase the supply of training places.

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<sup>1</sup> Social Report 1976, point 76.

The training capacity of small and medium-sized undertakings in particular should benefit from the 'special programme of inter-company training centres'. This programme also makes it possible to eliminate regional imbalances in vocational training. The Federal Government finances up to 80% of the investment costs.

It has made available about DM 985 million for the development and setting up of inter-company training centres between 1974 and 1981.

As part of the rehabilitation action programme the Federal Government promoted the provision of inter-company training places for handicapped persons in vocational preparation centres and vocational training centres.

86. In all sectors of the *economy* training establishments substantially increased the number of training places available and thus made a vital contribution towards meeting the demand from young people. Measured in terms of the number of new training contracts concluded, more than 95% of training capacity was utilized. During the year, industry as a whole endeavoured to increase training capacity. One important consequence of this was the Federal Government's decision to suspend for 1977 the training levy provided for in the 1976 law to promote the supply of training places.<sup>1</sup> In spite of the numerical balance between the supply of training places and the demand from young people, very considerable problems still exist in some sectors—girls for instance may face particular problems in finding a training place.

Moreover, a proportion of those who might have undertaken vocational training are deterred by the difficulty of finding a training place and either take a job straightaway or withdraw totally from the employment market.

After having suffered cutbacks in the last few years, training activities in the *public sector* were increased considerably in 1977: both the post office (Deutsche Bundespost) and the railway (Deutsche Bundesbahn) trained more young people than were needed to meet their own requirements for occupations providing opportunities for occupational mobility outside as well as inside the public service sector. The Federal Government provided about DM 62 million for the utilization of available training capacity in Federal establishments.

Relying mainly on funds allocated under the law on the promotion of employment, the *Federal Labour Office* continued its efforts in the field of courses to prepare young people for vocational training or employment. These efforts included assisting one-year integration courses for 'underqualified' young people in the chemical industry, where a collective agreement was concluded in 1977 for the first time on such activities. The

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<sup>1</sup> Social Report 1976, point 75.

Federal Labour Office also conducted pilot courses aimed at increasing the proportion of women in skilled trades (at present 6% of the female working population).

On the other hand, however, the economy measures in the field of *further training* introduced under the 1975 law on the structure of the budget also made their effect felt in 1977. As a result of the reduction in the financial aid from the Federal Labour Office for persons undertaking further training and the introduction of stricter selection criteria, the number of persons undertaking further training has decreased substantially since 1974. The worst hit are the disadvantaged groups (women, unskilled workers, elderly workers, workers with health impediments), which are disproportionately affected by unemployment.

### France

87. In 1977, continuing vocational training kept on developing in accordance with the breakdown of tasks between the State and undertakings determined in 1975. State intervention is motivated by employment objectives; thus a great proportion of vocational trainees are job seekers.

In the same period, considerable progress was made in expanding individual social advancement possibilities: with the help of the regional vocational training, social advancement and employment committees, the reorganization of social advancement courses begun in 1976 was continued.

88. Law No 77-704 of 5 July 1977 and the various regulations adopted in application thereof deal with the setting up of new training and occupational integration facilities for *young* persons aged under 25.

The following four measures were involved:

- (i) exemption of employers from payment of social security contributions up to 30 June 1978, for young persons taken on before 31 December 1977 and having left school, university, a training centre or active national service within the previous twelve months. For the undertaking to qualify for this exemption, three conditions must be fulfilled: the young person must spend at least six months in the undertaking; the undertaking must not have dismissed workers for economic reasons since 1 May 1977; the average number of staff employed by the undertaking must not have been reduced;
- (ii) exemption from employers' social security contributions for any apprentice taken on before 31 December 1977, provided he is hired during the normal two-years apprenticeship period;

- (iii) reimbursement by the State of part of undertakings' wage costs. Under the law of 5 July, this refund can be combined with the exemption from employers' social security contributions if the young person is taken on before 31 December 1977;
- (iv) in-service training periods: until 31 December 1977, undertakings can take on young people for training, on the following conditions: the Government will pay their wages and social security contributions, whilst the employer undertakes:
  - (a) to keep on the young person for six to eight months,
  - (b) to provide him—or have him given—additional training for at least 200 hours during this period.

These activities are financed by a compulsory special levy of 0.2% on undertakings' contributions to the financing of continuous vocational training operations.

89. The employers' organizations have drawn up an *action plan* designed to create 300 000 employment or training openings before the end of 1977. The objective is to ensure that all young persons leaving school or university in June should have a job or training period offered to them before 31 December, within the framework of the Government's measures.

The National Council of French Employers (*patronat*) has given several undertakings:

- (i) priority will be given to the employment of young people, in particular those with technical training;
- (ii) all young apprentices undergoing training will be taken on and, as of October 1977, the number of first-year apprentices will be increased by 25%;
- (iii) the number of employment-training contracts will be increased by one third to reach a total of 50 000 per year;
- (iv) undertakings will take on a number of trainees equivalent to 1% of their total staff (providing 100 000 vacancies) and sessions will be organized to increase the number of hours' training given to young people by 20%.

On 31 December 1977, more than 400 000 employment or training vacancies were available under the action plan.<sup>1</sup>

### *Ireland*

90. Following the introduction of a new *apprenticeship* system,<sup>2</sup> amendments have been made to the rules on the period of apprenticeship and the minimum entry qualifica-

<sup>1</sup> Point 60 of this Report.

<sup>2</sup> Social Report 1976, point 79.

tions. A Curriculum Advisory Committee has been set up with expert working parties for a number of trades. In 1977, about 1 100 places were available at AnCO (Industrial Training Authority) training centres under this new training system against about 900 last year.

The number of unemployed school leavers, redundant apprentices and other unemployed *young people* trained under the community youth training programme<sup>1</sup> increased from 460 in 1976 to 670 in 1977.

91. There has been an increase in the number of *women* trained in AnCO training centres,<sup>1</sup> and in the range and level of skilled courses which women take. Of the 10 727 persons trained in these centres in 1976, about 13% were women; in 1977 the number of women rose to about 21% of the total number of persons trained in AnCO centres.

92. An evaluation of the pilot scheme for training of *handicapped* persons<sup>1</sup> whereby the handicapped were trained alongside other people confirmed that many handicapped people could be trained together with the able-bodied. The number of people who found employment after such training compared favourably with that of other trainees. As a result, the scheme was extended in 1977.

Apart from the training of handicapped persons for open employment undertaken by AnCO, the Rehabilitation Institute and other voluntary organizations and work activation units attached to Health Board Psychiatric Units also carry out such training and they too have expanded their facilities.

In the field of vocational training *research*, AnCO has some notable on-going studies ranging from detailed projects in the behavioural sciences to evaluation work pertaining to economic factors affecting vocational training.

### *Italy*

93. The Government has issued Decrees Nos 616, 617 and 618 of 24 July 1977 on the transfer and delegation of administrative powers from the State to the *regions* pursuant to Law No 382 of 22 July 1975, which provides that:

- (i) the regions are now responsible for all administrative functions concerning services and activities in respect of basic and advanced training, retraining and occupational guidance for any occupation, including continuous training, refresher courses and training relating to changes in production activities, together with the supervision of private craft and vocational training activities, except for State institutes and art schools;

<sup>1</sup> Social Report 1976, point 80.



- (ii) the central Government continues to be competent for technical assistance and financing for special projects in the event of serious localized imbalances in labour supply and demand;
- (iii) the granting of public funds by the State to public and private bodies for vocational training purposes, other than study, research and experimental activities is banned;
- (iv) the 'technical training syndicates' (formerly under the aegis of the Ministry of Education) are abolished and their functions, equipment and staff assigned to the regions, except for school guidance activities which are still the responsibility of the local education authorities (*distretti scolastici*).

94. The Government, in agreement with the trade unions, has undertaken to use the funds earmarked for vocational training in the 1978 budget primarily for financing the 'employment-training contracts provided for in Law No 285 of 1 June 1977 on *youth* employment. Up to now the employment exchanges have received 750 000 applications from young job-seekers entitled to benefit under this law.

In 1977, public and semi-public undertakings in Italy continued their intensive programmes of vocational training and retraining courses in employment for *adults*. These courses were highly significant in backing up Government programmes to stabilize employment and meeting the needs of undertakings in the process of reconversion.

Other courses—equally important—were those devoted to the training of executive and managerial staff in the same undertakings, including an all round management course designed for executive staff. This is a basic course designed to provide a grounding in management for staff who, while responsible for a particular sector, must acquire the ability to understand the connection between their particular responsibilities and the undertaking's overall policies and strategy.

### *Luxembourg*

95. In the *Government's* statement of 17 March 1977 on the economic, social and financial situation, it was stressed that basic and specialized training would become increasingly important. Moreover, it was observed that a considerable number of young persons wishing to enter the working world had no qualifications or had not completed their training. Consequently, under the law of 24 December 1977, the Government was authorized to take measures to stimulate economic growth and maintain full employment and enabled to organize vocational preparation and guidance courses for young persons who, on completion of compulsory education, failed to integrate into working life whilst being ineligible for the full unemployment benefit since they have not reached the age

required (16 years) or completed the statutory qualifying period. These courses, organized by the Ministry of Education, will begin early in 1978.

In the same statement, the Government also endorsed the concept of upgrading manual work. With this in mind it is planned to organize an information campaign designed to reassess the classification of manual occupations and give greater emphasis to the related training courses.

96. A number of *regulations* were recently adopted:

- (i) the Ministerial Regulation of 31 December 1976 (Ministry of Education), which sets up a three-year industrial apprenticeship course in the iron and steel industry;
- (ii) the Government order in Council of 7 January 1977, which provides for the organization of a preparatory course for adults to lead to the certificate of vocational proficiency. This course is designed to give participants the opportunity to undertake vocational retraining or prepare for the final apprenticeship examination in various branches of activity in the crafts, industry, commerce and services sectors;
- (iii) the Grand-Ducal Regulation of 26 May 1977, which introduces a practical training course for pupils at the School of Commerce and Management. The aim of this course is to introduce pupils to practical management techniques in a private undertaking, Government department or semi-public body. The course lasts 4 weeks;
- (iv) the Grand-Ducal Regulation of 29 July 1977, which amends the earlier Regulation of 6 September 1968 setting up basic paramedical training courses;
- (v) Article 8 of the law of December 1977 on growth and full employment, which introduces payment of an apprenticeship premium for employers in the iron and steel industry for training skilled manpower. This law further provides for vocational preparation and guidance measures for young unemployed persons.

#### *Netherlands*

97. In March 1977 the Minister for Education and Science published a 'supplementary memorandum on outlines for a future educational structure'. The memorandum points out that:

- (a) because more attention is being paid to personal development, and because of specialization in the working world, vocational training is being deferred to a later stage in the pupil's school career;
- (b) the conviction is growing that vocational preparation should mean not only training for a technical skill but also preparation for active and conscious participation in the labour process as such;

- (c) as a result of social changes there is a need for greater occupational mobility of people on the labour market and they must be made ready to cope with whole areas of skills rather than with specialized skills.

The memorandum advocates the following educational structure: after primary education, comprehensive secondary education for pupils aged 12 to 15 or 16 years (middle school) followed by a 2- to 4-year high school course with two objectives:

- (a) preparation of new recruits for jobs varying from the most elementary level to that of middle management;
- (b) provision of basic knowledge, skills and attitudes as a preparation for further education, especially higher education.

98. An increasing need was felt to employ teaching methods providing more opportunities for a closer adaptation of trainees' and students' education to social reality. The Ministers of Social Affairs and Education and Science set out proposals on this subject in the memorandum on training courses (April 1977), in which special attention was paid to the involvement of industry.<sup>1</sup> Other subjects discussed were the organization of training courses, security of tenure for trainees, the financing of the costs of training, and concertation at national, regional and local consultations.

In September 1977 the first 'open school' pilot schemes were implemented. These schemes involve more than 1 500 participants in three categories: employed and unemployed adults aged 30 to 50, young adults aged 17 to 30, and married women aged 30 and over.

### *United Kingdom*

99. Following publication of the consultative document 'Training for vital skills',<sup>2</sup> a Task Group with representatives from employers, trade unions, industrial training boards, education and the Training Services Agency (TSA) was set up by the *Manpower Services* means of securing an adequate and continuing supply of skills needed by industry.

The Report, 'Training for skills—A programme for action', was published in December 1977 and accepted by the Government.

A 3-year research project designed to improve employment prospects for less-qualified school leavers, particularly 16-year-olds, and their ability to compete for jobs, is to be carried out by the MSC in conjunction with 3 local education authorities. The project

<sup>1</sup> Social Report 1976, point 86.

<sup>2</sup> Social Report 1976, point 87.

aims to build up skill profiles both for individual jobs and across jobs, identifying the structure underlying different skill elements and comparing the skills of different groups of employees. On the basis of these findings curricula will be prepared for vocational education purposes in secondary schools, and for the development of training programmes run by the MSC.

The Training Opportunities Scheme, under which more than 90 000 people completed their training in 1976 and which caters mainly for people over 19 years old, was extended during 1977 to include provisions for training persons for self-employment. Furthermore, technician training was extended and the network of skillcentres continued to expand.

The programme for financial support<sup>1</sup> to help offset the impact of economic recession on training in industry was continued in 1977 and the Government made UKL 46 million available for this purpose.

100. In June 1977 the Government asked the MSC to introduce a new UKL 160 million programme for young people aged 16 to 18 which, when fully operational in September 1978, will provide up to 230 000 opportunities for unemployed young people to benefit from work experience or training each year.

As recommended, this programme provides 2 main types of opportunities:

- (a) *Work preparation* (courses to train and prepare the people for work):
  - (i) assessment and employment induction courses for young people; duration: about 2 weeks;
  - (ii) short industrial courses: training for a specific but broad occupational area; duration: about 13 weeks;
  - (iii) remedial and preparatory courses: to acquire basic requirements for other opportunities; duration: as long as necessary for individual to achieve objective.
- (b) *Work experience*: experience of different kinds of work on employers' premises (6 months) through the medium of projects, in workshops (12 months) producing goods and services, and through various local community activities (up to 12 months).

Other schemes include:

- (i) *Community industry*, which provides work for seriously disadvantaged youngsters and those finding it hard to obtain and hold down jobs; duration: on average 12 months, and

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<sup>1</sup> Social Report 1976, point 88.

- (ii) *Incentive training grants* to meet anticipated requirements for manpower at higher skill levels. The target for 1977-78 is to train more than 40 000 youngsters in 12 months or more.

The experimental programme of schemes of unified vocational preparation, launched last year, is continuing. The number of schemes provided is expected to increase in the second year of the programme.

The Training and Further Education Consultative Group, set up in 1976 to provide a national forum for discussion of matters of common interest to the training and further education services, held four meetings during 1977 and discussed a wide range of topics. During the year, the Group began to issue from time to time a bulletin setting out summaries of recent proceedings of the Group and topics to be considered by it in the near future.

## Industrial relations

### Trends within the Community

102. The European employers' and workers' organizations were consulted at *Community level* on the following matters: preparations for the meeting of the Standing Committee on Employment (particularly as regards the employment of young people and the coordination of Community financial instruments); preparations for the June 1977 Tripartite Conference and the follow-up to its decisions; the Recommendation concerning vocational preparation for young people who are unemployed or in danger of losing their jobs; revision of the rules governing the operation of the Social Fund; protection of workers whose employer becomes insolvent; asset formation policy for wage and salary earners; extension of social security to groups not covered or inadequately covered; the action programme on hygiene safety and health protection at work.

103. On the *general level* of relations between Community institutions and the workers' and employers' representative organizations, the Tripartite Conference on the situation and outlook for growth, stability and employment in the Community proposed by the Conference on 24 June 1976<sup>1</sup> took place in Luxembourg on 27 June 1977.

The Conference, which was concerned with discussion rather than negotiation, showed that while it was fairly easy to reach agreement as regards the analysis of the situation, the situation was quite different when it came to the measures to be taken and the remedies to be applied. The main subjects discussed were the relations between investments and employment and unemployment among young persons and women.<sup>2</sup>

As regards future work, it was agreed to initiate or continue studies on the factors influencing labour supply and demand which might have a direct effect on the growth of the number of available jobs. In the light of these studies and the economic trends both in the Community and worldwide, a new conference could be called at an appropriate time.

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<sup>1</sup> Social Report 1976, point 93.

<sup>2</sup> Points 20 and 52 of this Report; see also Bull. EC 6-1977.

104. Within the framework of its *sectoral* policies the Commission has undertaken to ensure greater participation of the social partners in the economic and social decisions of the Community through a more wide-ranging and intensive use of the Joint committees.<sup>1</sup> Furthermore, the Commission believes that the 'sectoral' meetings should be widened in scope and, where possible, the number of joint committees increased until at least all the major sectors of the Community are covered,<sup>2</sup> and that the field of competence of these committees should be extended.<sup>2</sup>

Consequently, the Commission has redoubled its efforts to set up new joint committees, particularly in those sectors where the social and economic situation makes such a measure desirable at Community level.

As a result of the Commission decision of 30 September 1977, contacts between employers and workers in the footwear industry were institutionalized. In the following sectors contacts have been intensified with the aim of establishing a permanent dialogue between the two sides of industry: shipbuilding, textiles, sugar, breweries, banking and insurance, teaching, building and construction, aerospace, civil aviation, shipping, dockyards, urban transport and commercial agents.

Elsewhere, work has continued in the existing joint and mixed committees (road transport, railways, inland navigation, fisheries, agriculture, and coal and steel) particularly as regards employment problems and working conditions. In the steel sector the mixed committee concerned drew up, together with the ECSC Consultative Committee, measures to combat the crisis in the iron and steel industry.

Finally, in cooperation with the European trade union organizations, work continued on helping the European Trade Union Confederation (ETUC) to set up the European Trade Union Institute, an aim endorsed by the Council of Ministers at its meeting on 28 June 1977.

105. The *economic situation* and its repercussions on workers, particularly in connection with employment, were the main topic of concern for the workers' organizations.

At its meeting on 21 and 22 April 1977 the Executive Committee of the European Trade Union Confederation (ETUC), taking into account the existing situation in the Member States, approved a series of claims relating to reductions in working time. The ETUC is of the opinion that working time should be reduced by shortening the working week and extending holidays, and considers that, given the present situation on the labour market, this would be a move towards re-establishing full employment by distributing available

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<sup>1</sup> Programme of the Commission for 1977, p. 45 - February 1977.

<sup>2</sup> Statement by Commission Vice-President, Mr Vredeling, before the Council of Ministers of Social Affairs and Employment on 28 June 1977.

work as equitably as possible. In particular the ETUC calls for the gradual introduction of a 35-hour week without loss of wages, the extension of annual holidays to six weeks, the raising of the compulsory school-leaving age to 16, and the option of retiring from the age of 60 without any reduction in pension.

At the end of its meeting on 29 and 30 November 1977 the Executive Committee of the European Trade Union Confederation (ETUC) adopted a declaration on the economic situation, unemployment and inflation calling for the introduction of coordinated measures at international level leading to a revival of economic expansion in Western Europe, a return to full employment, an improvement in the quality of life and an increase in workers' purchasing power. This expansion will be based on stimulating and supporting consumption, in particular by increasing low incomes, and on an increase in public investment, particularly in branches of the services sector, such as health care, housing, training and the environment. Finally, the ETUC decided in principle to organize, during the first half of 1978, a European workers action day to support its claims, and suggested the calling of a tripartite conference of all Western European countries to work out a joint policy for re-establishing full employment.

At its third General Assembly, held in Amsterdam on 17 and 18 May 1977, the European Metal Workers Federation (EMF), after declaring that the trade union movement could never come to terms with the present high level of unemployment, affirmed that full employment should be restored at the latest by 1980, in particular by the creation of new jobs, improved working conditions, a reduction in working time and an improvement in the vocational qualification of workers.

106. The problems caused by the development of *multinational companies*, in particular the effects on the terms of employment and working conditions of their employees, still remained in the forefront of discussions.

In its action programme on these problems, published in June 1977, the European Trade Union Confederation (ETUC) considers that the time has come to lay down compulsory legal standards at European level, since the principles of economic democracy require that any form of power should be controlled to prevent abuse. As regards investment, the ETUC calls for the creation at Community level of an office which would be notified of all investments in highly internationalized sectors; workers' representatives should be guaranteed by law the right to receive information and be consulted on any investments planned. Future Community legislation on groups of companies should provide for the establishment of a body to assemble information and arrange consultation with the workers' representatives in all undertakings belonging to a group; worker representation in the governing bodies of the parent undertaking should also be covered. Finally, the ETUC calls for amendments to the legislation in force in some countries to make international expressions of solidarity by workers legally valid.



## Development of the situation in the member countries

107. In *Belgium*, the main problems in 1977 concerned employment, the fight against inflation, economic recovery and the preservation of what has been achieved in the social field.

The 'Egmont plan' adopted by the Government in February included a series of measures intended to revive the economy, reduce unemployment and provide the State with the funds needed to cover public expenditure. Social measures with regard to employment were concerned, in particular, with an extension of the rules governing training courses for young people in undertakings, premiums for employers hiring workers and an increase in the contribution by the National Employment Office to the payment of wages of unemployed persons taken on for work in the public services. However, the taxation and budgetary measures under this plan, which was only partially implemented, provoked hostility on the part of the trade union organizations; the result was that a series of strikes covering several industries was called and then suspended because of the dissolution of Parliament announced on 9 March.

As regards employment, the new Government which took office following the April elections drew up a plan to absorb unemployment, comprising short-term measures for 1978.<sup>1</sup>

The workers' organizations broadly welcomed this plan, though they considered that the measures contained in it went only part of the way towards solving the problems. The employers' organizations expressed reservations on some aspects of it because of the additional burdens on undertakings which it would entail.

With regard to tripartite concertation at overall level, the atmosphere improved considerably during the past year; a significant event was the conference at which representatives of the public authorities, employers, holding companies and trade unions examined measures to be taken to deal with employment, restructuring and retraining problems in the iron and steel industry and the round-table discussions on textiles which produced a plan to deal with all the problems in the sector.

At the end of December 1977, a timetable was worked out for the tripartite negotiations which will take place during the first months of 1978 and which will concern industrial policy, the encouragement of small- and medium-sized undertakings, and social security.

As regards joint consultations at inter-trade level, the negotiations on a social planning agreement were checked by the workers' demand for the gradual introduction of a 36-hour week. The employers' organizations were unreservedly opposed to this measure,

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<sup>1</sup> Point 54 of this Report.

holding that the reduction of working time would only add to the cost of labour in the present competitive situation without contributing in any real way to absorbing unemployment, and proposed that an extension of part-time work should be examined.

As regards collective negotiation at occupational level, agreements on social programmes were concluded in various sectors (banks, chemical industry, textiles, gas, electricity, construction, the oil industry, food industry, etc.). Some of these introduced or renewed undertakings with regard to the employment level. Pay rises were generally moderate, and in many cases took the form, at least in part, of a flat-rate rather than a percentage increase.

Mention should be made of an agreement designed to safeguard and stimulate employment concluded by a Belgo-Luxembourg iron and steel company, under which rationalization measures would be implemented in parallel with measures to create new jobs for workers becoming redundant.

In the public sector, a collective agreement signed on 27 October provides for the first time for the granting of a trade union premium, together with, in the case of officials with 20 or 30 years of service, the option of early retirement on certain conditions.

Finally, industrial disputes at works level occurred for various reasons (policy as regards human relations, protection of the level of employment, medical checks, observance of the OECD guidelines concerning multinational undertakings, reduction of working time, closures, dismissals, renewal of collective agreements, and general wage and salary claims.

108. In *Denmark*, relations between employers and workers have (as in other recent years) been affected by the growing interference of Parliament in collective bargaining. A compromise collective agreement announced in March 1977 and under discussion since the August political compromise in 1976<sup>1</sup> was put to a referendum of trade unions (LO) and employers (DA), but rejected by DA. Parliament stepped in and embodied the compromise collective agreement in an Act of Parliament of April 1977. The Act provides for four wage increases of DKR 0.70 per hour between March 1977 and September 1978, a minimum wage of DKR 29 per hour, increased financing for the training fund and better holiday compensation (10% of the annual wage instead of 9.5%). Whether the Act will achieve the goal of maximum 2% annual increase in wage costs remains a matter of uncertainty.<sup>2</sup>

An attempt to introduce new jobs and new technology into the newspaper industry was the root cause behind the country's most notable strike in 1977, at *Berlingske Tidende*, the biggest national publishing group. Printers went on strike for four months to protest

<sup>1</sup> Social Report 1976, point 98.

<sup>2</sup> Points 82 and 160 of this Report.

against the plans, and the dispute, submitted twice to the Labour Court, eventually involved most of the newspaper industry and DA.

Parliament intervened to stop two other strikes, the first seriously affecting car ferry services between islands and the other one telecommunications systems in Greenland.

Radical proposals for changing the shape of collective bargaining were put forward by DA suggesting that centralized negotiations tended to lead to wage drift, and that more decentralized negotiations should be considered, implying a structural reorganization of both LO and DA.

109. In the *Federal Republic of Germany*, there were considerable differences of opinion during the period under review about questions of short-term economic and labour market policy, particularly with regard to the measures to be taken to reduce unemployment, after the labour market failed to stabilize to the extent hoped for.<sup>1</sup>

In the opinion of the employers, the way to reduce unemployment is to activate the forces of economic growth. They consider that the measures to encourage investment introduced by the Federal Government are unable to induce the necessary upturn if they are not accompanied by a marked moderation in wages and salary policy in order to improve the prospects for sales and profits of the undertakings. The trade unions, on the other hand, consider that an adequate increase in general real incomes, in order to support internal demand, is indispensable. They accuse the employers of investing too little, and that largely for purposes of rationalization projects which destroy jobs, in spite of increasing profits and numerous investment aids. They also have doubts concerning the effectiveness of the Federal Government's strategy of overall guidance of economic policy, and have called for more selective structural measures including the control of public subsidies as regards their effect on employment. In this connection there were repeated demands for a law on full employment which would require all political bodies to take adequate account of the effects of their decisions and on employment. In addition, the trade unions put forward for discussion the introduction of a vocationally based tenth school year, the lowering of the pensionable age to 60, and the shortening of working time. While the employers were in favour of a tenth school year under certain conditions, and were also not opposed in principle to earlier retirement, they were emphatically against a shortening of working time, since this would only redistribute the shortage of jobs and not eliminate it. A further basic point at issue is reform of the financing of social security.

Relations between the two sides of industry reached a new low as a result of the appeal to the Constitutional Court by the employers' associations in June 1977<sup>2</sup> against the 1976

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<sup>1</sup> Points 58 and 161 of this Report.

<sup>2</sup> Point 117 of this Report.

co-management law.<sup>1</sup> This step on the part of the employers caused the trade unions to stay away from the 'concerted action' meeting in June. Since then, relations between the workers' and employers' organizations have been very strained, and there is no way of knowing whether this means a far-reaching break up of the partnership that has subsisted up to now between the two sides of industry and what effects this will have on future collective bargaining negotiations.

110. In *France*, the persistent adverse situation on the labour market—where the point of issue continued to be unemployment among young people, particularly those seeking their first job—and the need to avoid further inflationary pressure influenced Government policy and the attitude of both sides of industry.

Ruling out any general stimulation of the economy because of the fear of triggering off a new inflationary upsurge but resolved on the other hand to promote partial and selective recovery, the Government first of all adopted a 'National employment pact' with the aim of mitigating the deflationary effects on employment of the economic recovery plan adopted in the autumn of 1976,<sup>2</sup> and then a series of supplementary measures to combat certain structural causes of inflation and increase the geographical and occupational mobility of workers.<sup>3</sup>

However, the worsening employment situation, the rise in prices, slowdown and even the stagnation in the rate of wage increases, and the standstill in wage negotiations led the trade union organizations unanimously to call a national general strike on 24 May 1977: this was the biggest strike since 1968, although not as widespread, and the first for 13 years to be supported by every trade union albeit for a variety of motives.

The national inter-trade strike on 1 December was called by the CGT, the CFDT and the FEN. The background to this action, in contrast to 24 May, was the breakdown in the agreement between the left-wing political parties on the updating of the joint programme, and it took place primarily in the nationalized sectors.

Aware of the deterioration in its relations with the two sides of industry, the Government tried to cushion its anti-inflation policy through measures to revive certain sectors by means of investment credit and aid to encourage consumption by the worse-off families, to re-establish a favourable atmosphere for negotiations with the trade unions of workers in the public service and nationalized industries and to reduce unemployment—particularly among young people—by means of a campaign aimed at heads of undertakings.

In this context, industrial relations generally appeared to be influenced by political considerations and the atmosphere has been strained.

<sup>1</sup> Social Report 1976, point 108.

<sup>2</sup> Social Report 1976, point 100.

<sup>3</sup> Points 60 and 163 of this Report.

Disputes, often limited to individual undertakings, took a number of forms (traditional strikes, sit-ins, detention of management staff, etc.) and arose from a variety of causes (defence of jobs, wage claims, improvement of working conditions, etc.).

As regards contractual policy, two important agreements were concluded in June 1977 and contributed, if only to a small extent, to providing partial solutions to employment problems.

First of all, in the area of unemployment insurance, the national inter-trade agreement of 13 June 1977<sup>1</sup> extended the guaranteed income support introduced under the agreement of 27 March 1972 for workers becoming redundant (70% of wages) to workers retiring voluntarily at the age of 60 or more, until 31 March 1979.

Secondly, the agreement on social protection in the iron and steel industry is intended to make it easier for workers to leave the industry by granting them redundancy payments. However, the application of this agreement—signed by only one workers' organization, the FO (Force Ouvrière)—gave rise to controversy about the danger of new dismissals; the Government—which had largely financed the restructuring of the iron and steel industry—then appointed an interministerial supervisory committee, a decision which in the end was welcomed.

At national inter-trade level an agreement was signed on 14 December by the so-called reformist trade unions, introducing gradually and generally the monthly payment of workers but with the exception of agricultural workers, people working at home, seasonal workers, and casual and temporary workers. Subsequently a law made this agreement universally binding.

Other sectoral agreements were concluded under the outline agreement of 17 March 1975 on the improvement of working conditions<sup>2</sup> (textiles industry, insurance companies in the Paris region, the lumber industry).

In the public and nationalized sector, agreements were reached in tobacco and matches, coalmining, gas and electricity, railways and the Paris urban transport system. These agreements, which were only signed by the minority organizations in the sector concerned, guaranteed moreover, in accordance with Government policy, only a minimum increase in purchasing power.

111. In *Ireland*, the tone for relations between employers and labour was set by the National Agreement of February 1977, following on from the Tripartite Conference of September/October 1976 and subsequent discussions. The Agreement provided for

<sup>1</sup> Points 60 and 215 of this Report.

<sup>2</sup> Social Report 1975, point 110.

phased wage rises over a 14-month period, and came in the wake of the tax-concessionary January budget.<sup>1</sup>

It is estimated that 450 000 working days were lost as a result of industrial disputes in 1977 (770 000 during 1976 and 296 000 in 1975).

Recently, the Government announced its intention to set up a Review Group on industrial relations to carry out a comprehensive independent investigation into the state of the country's industrial relations, and see where improvements could be made. The Minister of Labour is to discuss possible short-term improvements with the two sides of industry early in 1978.

112. In *Italy*, 1977 was marked by intensive negotiations between the Government and the workers' and employers' organizations on the definition and implementation of measures to reduce the rate of increase in the cost of labour, damp down inflationary trends, develop investment and encourage employment, especially of young people.

These negotiations led to agreements between the trade unions and the employers' organizations and between the Government and the trade unions; the latter agreements led to the adoption of numerous laws and regulations on the reduction of the number of public holidays, index-linking of wages, the long-service allowance, and the partial and temporary payment from taxation of some social security charges.

On 26 January 1977, negotiations between the two sides of industry led to an agreement intended as a contribution to the fight against inflation, the preservation of monetary stability, a slowdown in the rise in labour costs and the creation of favourable conditions for new investment and the development of employment, particularly in the Mezzogiorno.<sup>2</sup> It includes provisions concerning long-service allowances, paid public holidays, paid leave, shift work, overtime, mobility of workers within undertakings and measures to combat absenteeism.

Furthermore, in negotiations with the Government the workers' organizations declared their willingness to put forward moderate wage claims at undertaking level; they also agreed to the revision of criteria used for calculating the sliding scale on certain items of consumer goods. For its part, the Government agreed to expand investment and give greater emphasis to direct as against indirect taxation.

When Parliament reassembled after the summer recess, the workers' organizations requested the Government to take action concerning the employment of young people, the reorganization of undertakings in which the State has a holding, and industrial

<sup>1</sup> Point 165 of this Report.

<sup>2</sup> Points 64 and 167 of this Report.

reconversion. In addition, they asked the Government to remove the freeze on the sliding scale imposed at the end of 1976, and proposed that this measure should be accompanied by an increase in direct taxation.

During the closing months of the year, relations between the trade unions and the Government deteriorated, since the Government's proposals for boosting economic activity, investments and employment did not satisfy the unions' demand for a change in economic policy. The workers' organizations called for immediate urgent solutions to the following problems: sectoral plans; reform of the financial situation of undertakings; reorganization of the system of undertakings in which the State has a holding; and development of the Mezzogiorno. In support of their demands the trade unions decided to call a general strike throughout the country, to take place in January 1978.

Collective bargaining negotiations were marked by the need to avoid new inflationary strains and resolve employment problems.

In the private sector, existing collective agreements were renewed in trade, the printing industry, journalism and the plastics and rubber industries.

Collective negotiations at company level were influenced by the agreements concluded between the public authorities and the workers' organizations concerning the cost of labour and the decision by the trade union federations to give priority to the revival of investment and employment rather than to pay increases.

The sector most concerned by the renewal of the collective agreements was that of public service. The agreement for 1977 includes provisions on remuneration for work on public holidays, Sunday shift work, overtime, vocational training and trade union rights.

113. In *Luxembourg*, because of the gravity of the crisis in the iron and steel industry and other sectors, concertation between the Government and the two sides of industry played an essential role.

The major event was the Tripartite Conference called by the Government from April to June to determine appropriate ways and means of achieving full employment in the light of the short- and medium-term outlook for economic growth. In its conclusions the Conference proposed a plan of action comprising economic, financial, social and educational measures,<sup>1</sup> which were largely covered in the law passed on 24 December authorizing the Government to take steps to encourage economic growth and maintain full employment.

The law of 24 December introduced a Tripartite Coordinating Committee whose consultative tasks include an examination of the economic and social situation in general

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<sup>1</sup> Point 168 of this Report.

and an analysis of the nature of unemployment. The law provides for economic arrangements, intervention on the employment market, contractual measures to reduce production costs so as to help maintain employment, and general measures of national solidarity in case of crisis on the employment market. As regards the intervention on the employment market, the measures concerned relate to vocational retraining and further training of workers in danger of losing their jobs; bridging allowances in the case of early retirement; a ban on overtime; a ban on the employment of people receiving old-age pensions; a ban on people holding two or more paid jobs; extension of the scheme for compensating workers on short time to firms faced with structural problems; and the guarantee of wages and salaries for workers affected by their employer's bankruptcy.

In addition, the Economic Committee continued to meet each month.<sup>1</sup> It has proved to be an important coordinating instrument, and the details of the special public works programme to maintain full employment in the iron and steel industry were worked out at its meetings.

At the same time, the Social and Economic Council continued its work of consultation and coordination and has been asked by the Government for its opinion of the draft programme for town and country planning and on the plans for building a nuclear power station.

Finally, continuous discussions were held in an effort to find a solution to the problems raised by the threat of redundancies in the chemical and iron and steel industries. As regards the 'Métallurgique de Rodange' a restructuring plan was adopted at the end of December providing for the elimination of 700 jobs by natural wastage, the introduction of compulsory early retirement, or redeployment in other branches of activity.

Despite the deterioration in the economic situation, there were no strikes.

The number of collective agreements concluded or renewed in 1977 rose to about 34 for wage earners and 24 for salary earners in the private sector.<sup>2</sup>

114. In the *Netherlands*, the discussions between the employers' and workers' organizations on wages policy and working conditions in 1977 were marked by opposing views on the improvement of employment opportunities and the protection of the living standards of workers. While the trade unions, besides demanding maintenance of the automatic adjustment of wages in line with prices in January and in July 1977 (as usual) and an increase of 2% in real gross wages, also demanded more opportunities for participating in company decisions, the employers' organizations concentrated on an

<sup>1</sup> Social Report 1975, point 104.

<sup>2</sup> Point 168 of this Report.



improvement in the profits of undertakings, since this was the condition for both higher incomes and more jobs.<sup>1</sup> With this in mind, wage increases would have to be kept down to a total of 6% (including indexation), which would mean that, after deduction of the wage drift, increased social security payments by the employers, and effects from 1976, only 3.5% could be granted for the year.

In order to give more backing to the trade union demands in this situation there were strikes in various sectors, and as a result the two sides of industry reached a basic agreement according to which wages were again to be automatically indexed in line with prices in 1977. However, a committee was to be set up under the aegis of the Social and Economic Council with the task of examining other possible methods of guaranteeing the purchasing power of wages.<sup>1</sup> Furthermore, there are plans to examine the problem of converting higher profits into the creation of additional jobs. It was also agreed that the Government and the two sides of industry would have to get together once again if the actual price trend in 1977 did not correspond to the trend forecast by the Central Planning Office, in order to draw economic policy conclusions for 1978. In particular, the mutual dependence between the maintenance of the purchasing power of wages, the profit situation of undertakings, and public expenditure including social insurance would have to be rebalanced.

Since the central negotiators could not agree on an increase in real wages this point was dealt with sector by sector. In general, this led to increases of between 1.5% and 2% gross.<sup>1</sup>

Furthermore, management and labour in the building, metal industries agreed on the possibility of early retirement (from the age of 63). In the metal industry, in contrast to the building and docks industry and the existing scheme in teaching, this scheme will not be financed by the Government but by the sector concerned itself up to a maximum of 0.4% of the total wage bill. Any additional costs will be borne by the Government. In the metal industry about 15% of the workers eligible, and about 43% in the docks industry, have made use of this opportunity so far; in building and in teaching the figure is about 25% of those eligible.<sup>2</sup>

In addition to the actual wage settlements under the collective agreements for 1978, the trade unions also called for negotiations on an improvement in the distribution of available work and in particular collective agreements to guarantee jobs and the job structure within undertakings. The aim here is to obtain a say in the planning of employment policy at company level. The Christian National Federation of Trade Unions in the Netherlands (CNV) is calling for the establishment of joint councils in the individual branches of the economy.

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<sup>1</sup> Point 170 of this Report.

<sup>2</sup> Point 219 of this Report.

115. In the *United Kingdom*, 31 July 1977 signalled the end of the strictly defined pay policy operated under Phases 1 and 2 of the Social Contract between the Government and trade unions.<sup>1</sup> Figures showed that while rises in earnings during Phase 2 did not wholly correspond to the Government's declared objectives, the voluntary restraint exercised by wage negotiators had considerable impact in restricting increases in earnings and helping bring down the rate of inflation. Living standards did, however, suffer, and many groups of workers considered themselves the victims of rough justice. Consequently, trade union support for Government economic policies has partly been at the expense of the solidarity between individual groups of trade unionists and their national leaders. On more than one occasion trade union members have struck in defiance of official trade union policy.

At the Trades Union Congress in September 1977, delegates agreed to continue to observe a twelve-month gap between pay settlements, in order to prevent the leap-frogging of wage rises, while calling for a return to free collective bargaining. For its part, the Government urged that earnings should rise no more than 10% overall in order to achieve a lower rate of inflation, and punitive measures were applied to some firms agreeing to wage settlements in excess of this guideline.<sup>2</sup> Provision was made for genuine self-financing productivity schemes to be permitted along with improvements to occupational pension schemes.<sup>2</sup>

On the employers's side the Confederation of British Industry, though it had had little say in the determination of pay policy in the past, agreed with the Government on the continuing need for restraint in pay settlements, but condemned the Government's intention to penalize firms agreeing to excessive wage claims. As a contribution to the debate on improving the collective bargaining system, the CBI published a discussion document recommending: firm control on public expenditure and wage settlements in the public sector; a national consensus between unions, employers and government on the overall scope for pay increase; concentration of the negotiating process into 3 or 4 months, examination of the effect of legislation and social security on collective bargaining.

The anomalies and disparities created by pay policy were the reason for many industrial disputes, particularly among skilled engineering workers, striking to regain their position on the pay scale which had been whittled away by across-the-board increases. Other grievances have involved workers whose planned pay increases were postponed owing to pay policy (e.g. police, air-traffic control assistants). The issue of trade union recognition by employers provoked a number of disputes, the most noteworthy of which took place at a film processing laboratory, and which rapidly became a microcosm of industrial relations problems. Issues were thrown up such as the role of pickets, violence and mass

<sup>1</sup> Social Report 1976, point 105.

<sup>2</sup> Point 171 of this Report.

picketing, the role of the police, the law and the courts, involvement of other groups of workers, and the provision of public services. The activities of the Advisory, Conciliation and Arbitration Service in this dispute, as in others, have been of some importance. ACAS was set up in January 1976 under the Employment Protection Act 1975<sup>1</sup> and has since been concerned with advising in many disputes (3 000 in 1976).

During the whole of 1977 9 985 000 working days were lost in disputes (3 284 000 in 1976). As was to be expected, pay problems were at the root of most stoppages, followed by manning and work allocation conflicts.

### *Employee representation*

116. In *Belgium*, several passages of the Government declaration and the policy agreement between the majority parties emerging from the April elections concerned social coordination at company level.

While the works council and the workers' delegation are to be strengthened so that they remain the privileged bodies in the process of coordination between employers and workers at this level, nevertheless appropriate measures should be adopted to provide workers with more complete and more detailed information on the position of the undertaking. As one of these measures, a social report will be drawn up for the works council with the aim of pinpointing the social effectiveness of the measures introduced by the undertaking as regards information, training, working conditions, wages and incomes.

In addition, a distinction will have to be made between, on the one hand, the management function and, on the other, the supervisory function; and the Government will define the organization of these functions in the most appropriate form after obtaining the opinion of the competent social coordination bodies.

117. In the *Federal Republic of Germany*, the regulations were approved governing the election of employees' representatives to the supervisory boards of the large undertakings coming under the co-management law of 1 July 1976.<sup>2</sup> This election procedure, which in the opinion of those concerned is extremely complicated, provides not only for direct but also proxy voting and allow both group and mass votes. In some larger undertakings, e.g. Volkswagen, the new supervisory boards have already been elected on the basis of procedures already agreed among those immediately affected within the undertaking.

On 29 June 1977, the employers submitted an appeal to the Constitutional Court against the co-management law of 1 July 1976. The appeal is based on the argument that co-

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<sup>1</sup> Social Report 1976, point 139.

<sup>2</sup> Social Report 1976, point 108.

management infringes the right of final decision by liable ownership which is laid down in the Basic Law, and the balance and independence of the parties to collective bargaining agreements. This action is intended to obtain clarification concerning the possibilities and limits of legislative provisions relating to the participation of workers' representatives in management decisions.

The unions point out that they regarded the 1976 co-management law as a compromise which, in the last analysis, was also supported by the employers, and describe the appeal as a breach of the relationship of trust between the two sides of industry.

118. In *France*, a proposal by the Committee responsible for studying company reform<sup>1</sup>—Law No 77-769 of 12 July 1977, resulted in the implementing legislation which was published on 10 December 1977. This law obliges heads of undertakings and establishments normally employing at least 300 workers to draw up a social report every year for submission to the works council.

The aim is to summarize in a single document the main statistical data necessary for an understanding of the undertaking's situation in the social field, to record progress made, and to assess the changes in the past year and the two previous years. This new obligation does not supersede any obligations which heads of undertakings have under previous laws concerning consultation and information of work councils. The social report covers seven areas: employment, remuneration, working conditions, health and safety conditions, training, industrial relations and the working climate. The law makes temporary provision for the first report to be presented in 1979 in undertakings normally employing at least 750 persons, and in 1982 in those normally employing at least 300 persons.

In addition, Law No 78-5 of 2 January 1978 relates to the development of cooperation with supervisory staff in undertakings under which the heads of undertakings employing more than 500 persons are to work together with the elected supervisory staff representatives and the trade union representatives to draw up a report on the ways and means of developing such cooperation. This report will deal with the advisability and ways of establishing methods, procedures or forms of permanent cooperation, and will be communicated before 1 January 1978 to every member of the supervisory staff of the undertaking. The law leaves intact the traditional tasks of the workers' legal representative bodies.

119. In *Ireland*, the Worker Participation (State Enterprises) Act 1977 was passed in March<sup>2</sup> and provides for the election of employee representatives to the boards of seven State enterprises operating in air transport, peat production, sea transport, road and rail

<sup>1</sup> Social Report 1975, point 119.

<sup>2</sup> Social Report 1976, point 110.

transport, electricity, sugar manufacture and food processing, and fertilizer production. Only trade unions may nominate candidates, who must have at least three years service, and the elected directors will make up one-third of the board members. Trade unions representing at least 15% of employees may call for a ballot to determine whether the majority of employees are for or against elections for employee directors, and in the elections (by secret vote according to the principle of proportional representation) all employees over 18 years of age and with at least one year's service may vote.

120. In *Italy*, the question of worker participation in the managing bodies of undertakings was in the forefront among current industrial relations questions and has been the subject of statements and debates in both workers' and employers' organizations as well as declarations by members of the Government.

While the debate has been wide-ranging and lively, the two sides of industry have nevertheless confirmed their basic hostility to formal worker co-management in undertakings—although for reasons which in many cases are basically opposed—preferring the existing forms of participation (workers' rights to information on firms' plans and control of investments) laid down in the collective agreements.

121. In *Luxembourg*, as a result of the recession, important decisions were taken by the co-management bodies of many undertakings, in particular in heavy industry, concerning employment, restructuring and investment.

Furthermore, a decision by the Ministry of Finance of 21 March 1977 set up a staff delegation in the Customs Service with the task of protecting and defending officials' rights and interests, taking an active part in internal reform and ensuring fruitful collaboration between administration and staff.

Finally, with a view to the reform of staff delegations, the Government has asked for a report from the Economic and Social Council on the main problems relating to the amendment of the legislation concerned. The Government will then submit to the legislative bodies a draft reform plan whose main object will be to redefine the role and the tasks of staff delegations within the present framework of staff representation structures at company level.

122. In the *Netherlands*, the draft law revising the law on works councils was still not adopted in 1977.<sup>1</sup> The Government submitted further proposals for amendments to the Social Affairs Committee of the Second Chamber at the beginning of the year, but the

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<sup>1</sup> Social Report 1976, point 113.

draft law could not be dealt with before the Government fell in March. Moreover, the two sides of industry were dissatisfied with the new amendments, for various reasons, and the employers continued to press for the draft to be withdrawn.

During the negotiations on the formation of a Government, the parties concerned (CDA and VVD) reached a new compromise which is essentially based on the existing draft law. The complicated decision structure is to be simplified and the legal position of the members of the works council is to be strengthened. In addition, an opinion to be delivered by the Social and Economic Council extends the right to participation to firms employing between 25 and 100 people and to public undertakings and institutions.

The parties involved in forming a Government agreed to ask the Social and Economic Council for an opinion on how the present system of nominating members of the supervisory board can be replaced by a system under which both the workers and the shareholders each nominate one-third of the members and the remainder are elected by the members of the supervisory board themselves.

As regards the electoral procedures for the supervisory board the Federation of Dutch Trade Unions (FNV) considers that the works council should nominate at least as many representatives as the shareholders. The members elected in this way would then go on to nominate further persons, whose number, however, may not exceed one-third of the supervisory board. The Christian National Federation of Trade Unions in the Netherlands (CNV) wishes to transform the supervisory board into a body 50% of whose members are nominated by employees.

In this connection, mention should be made of a study being carried out by a sub-committee of the Social and Economic Council in order to determine the actual way in which legislation functions when members of the supervisory board are nominated in those cases where both the works council and the shareholders' general meetings have the right to veto the nomination of a member of the supervisory board by the supervisory board.

After negotiating for three years the employers' and workers' organizations agreed to carry out between 5 and 10 co-management projects. These can relate to firms but also to State institutions or non-profit-making associations, in which various forms of co-management are to be tried out and analysed for three years under scientific control. These experiments are a result of initiatives on the part of the Minister for Social Affairs.

In its opinion on the organization of trade union work in companies, the Social and Economic Council was unable to formulate any common view. Whereas a majority in the Council wished to have the matter regulated by collective agreement on the basis of a Council code of behaviour, the workers' representatives favoured legal regulation which, in their opinion, would be useful and very interesting from a social point of view.

123. In the *United Kingdom*, the Committee of Inquiry on Industrial Democracy (the Bullock Committee) reported in January 1977 on their findings.<sup>1</sup>

The majority report (not subscribed to by the City and industrialist Committee members) proposed the introduction of board-level employee representation in companies employing 2 000 or more if a ballot requested by one or more recognized unions showed a majority of workers in favour: only trade union members could vote in the elections themselves. A Joint Representation Committee would be set up consisting of the independent trade unions recognized by the company, and be responsible for determining the method of selecting employee board members.

The board would consist of an equal number of shareholder and employee representatives plus a small number of independent outsiders co-opted by both sides (the  $2x + y$  formula). A new Industrial Democracy Commission would be set up to advise, conciliate and generally follow developments.

The expected legislative proposals along the lines of the Committee's recommendations were not forthcoming during the year, the Government deciding instead to adopt a flexible approach, setting up a ministerial committee to review the situation and determine the best course of action. Divergences of view within the trade union movement, combined with fierce opposition from industrial and financial quarters to the Bullock proposals, and the Government's delicate Parliamentary situation were largely responsible for the reappraisal. It is expected that a White Paper on Industrial Democracy will be published early in 1978.

The less than wholehearted support for the Bullock proposals evident at the Trades Union Congress in September 1977 was symptomatic of the general feeling that industrial democracy came second to pay, employment and issues of more immediate concern. Stress was however laid on the role of collective bargaining as a means of ensuring effective industrial democracy.

Initiatives were undertaken in 1977 to promote worker participation in a variety of public sector industries, such as gas, electricity, coal, aircraft, shipbuilding, post office, motor vehicles (British Leyland), steel, etc. Existing participatory channels were extended or new ones developed, partly at the behest of the Government and partly due to trade union pressure. The Government also encouraged other forms of worker control over the means of production by the continued financing of worker cooperatives in the motorcycle and manufacturing industries.

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<sup>1</sup> Social Report 1976, point 114.

**Trade union unification**

124. In *Italy*, during the last year no substantial progress was made in the process of unifying trade unions organizations.

125. In the *Netherlands*, the restructuring of trade unions continued in 1977.<sup>1</sup> The industrial workers' unions belonging to the NVV and NKV intend to amalgamate into a single federation from 1 October 1978, but for the moment the discussions on amalgamation have been broken off. The NVV and NKV unions in the services sector, however, have reached agreement on the formation of a single federation. There are further plans for the NVV and NKV to work together in still more areas than hitherto. The Chairman of the NKV suggested that there was a possibility of setting up a single FNV trade union headquarters.

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<sup>1</sup> Social Report 1976, point 116.



## Working conditions and labour law

### Trends within the Community

#### Working conditions

##### Humanization of work

132. The Council of Ministers and the European Parliament gave broad support to the objectives of the Commission's communication on the reform of work organization, noted in the Report for 1976.<sup>1</sup> The European Foundation for the Improvement of Living and Working Conditions, which was expected to play a major role in research and the exchange of ideas, embarked on its first working programme in 1977, which includes an inventory of the most significant experiments in work reorganization, to be the basis for a 'Foundation model' embodying criteria for evaluating such schemes and also a study of the development of shift working in Member States. The Commission has assisted the launching of a first cycle of courses by the 'Centre Européen pour Concepteurs Industriels' at Strasbourg, as a contribution to the education of decision makers, including production and design engineers, in new approaches to work organization.

##### Shift work

133. The discussions on the Commission's communication on the reform of work organization to the Council emphasized the specific need for reform in the case of shift work, where it was felt that a European approach might be particularly appropriate, given the relationship between shift work, production costs and the terms of competition. Shift work, while traditional in certain industries where it was technically impossible to avoid continuing processes, increased enormously during the 1960s for quite different

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<sup>1</sup> Point 122 of this Report.

reasons, such as the need to meet growing consumer demand, the pressures of international competition, and a tendency towards capital-intensive production, with predictably rapid technological obsolescence, during a period of general labour shortage. In consequence, it is estimated that 20 to 25% of the European labour force are currently involved in shift work and up to 10% in shift work which involves working at night.

The generally negative effects of certain forms of shift work—in particular night work—on the health, family and social life, and career expectations of workers have been the subject of concern for many years on the part of such international organizations as the International Labour Office (ILO) and the Organization for Economic Cooperation and Development (OECD) and on the part of governments, employers and trade unions. Review and reform are now both timely and a practical possibility, given changes in the economic circumstances underlying the rapid extension of shift work, the availability of technological alternatives, and the increasing concern in Member States about the whole situation of manual workers, particularly those engaged in assembly-line working.

#### **Working time - The Council Recommendation of 22 July 1975**

134. As the deadline for the implementation of the Council Recommendation on the principle of the 40-hour week and four weeks' annual holiday approaches, it may be appropriate to make some general comments on progress so far achieved. Generally, the principle of the 40-hour week has been or is being adopted. In certain Member States, however, the application of the principle has not resulted in a very significant reduction in actual hours worked and overtime would appear to have become accepted as a normal rather than an exceptional arrangement. As to annual holidays, much progress has been made, but not evenly as between Member States, and a widening gap may be emerging between those whose stronger economies have supported advances beyond the minimum standard of the Recommendation and those where that minimum is not yet achieved. In certain cases this is because any improvement would have to be costed and offset against limits on pay increases under the terms of incomes policies and national wages agreements.

#### **Reduction in working time**

135. In several Member States, reduction or rearrangement of working time has been advanced as a contribution to the solution of the problem of unemployment, often in the context of tripartite conferences. In some countries certain trade union organizations have made a case for a reduced working week (for example in Belgium a 36-hour week by 1980), in Ireland a 35-hour week, in the Federal Republic Germany a 35-hour week) usually in association with other measures, such as earlier retirement or restrictions on

overtime and usually with the caveat that due regard must be had to the specific economic circumstances of particular industrial sectors. Employers' organizations have been reticent or even hostile, particularly when the principle of full wage remuneration (including normal increases) is maintained as non-negotiable, but have frequently made counter-suggestions, such as increased opportunities for part-time work, which have not found favour with the trade unions.

Governments in general remain open to suggestions about redistribution of available work, but none has so far become committed to a general policy of reducing working hours, although certain collective agreements now embody such a reduction as a response to such discussions. Shortening the length of working life seems, so far, to be a more usual result. While all the measures discussed can be criticized as 'Malthusian', since they all reduce opportunities for 'full' employment in the traditional sense, the discussion at least brings issues of working time to the centre of the political stage and some improvement in working conditions may result. For example, while early retirement may not be a social gain for all concerned, it may well be defended as a substantial social improvement if priority is given to workers involved over a long period in shift or night work, in heavy or tedious work or in work generally recognized as carrying a health risk.

## **Labour law**

136. The economic recession in all the Member States has not failed to have its effect on the development of labour law. As was the case last year, the member countries' activities in this field were mainly concerned with improving the situation of certain groups of workers (young people, women, handicapped persons, elderly workers, etc.) and improving the protection of worker's rights and interests.

February 1977 saw the expiry of the two-year period within which Member States were required to bring their laws into line with the provisions of the Council Directive of 17 February 1975 on the approximation of laws relating to collective redundancies.

## **Development of the situation in the member countries**

### **Working conditions**

#### **Humanization of work - job enrichment**

137. In *Belgium*, the law of 22 December 1977 on the budgetary proposals for 1977-78 provides for the establishment of a 'Fonds d'humanisation des conditions de travail'

with an initial endowment of BFR 400 million to encourage improvements in the content, organization and conditions of work by grants to enterprises of up to 30% of investment costs and up to 50% of research costs. The newly-established 'Fondation Roi Baudouin' and the 'Council National du Travail' are cooperating in a study on the rehabilitation of manual work.

In the *Federal Republic of Germany*, public support for the Federal Government's research programme on humanization of work was increased to DM 60 000 000 for 1977 (compared with DM 88 000 000 for the three years 1974-76), this amount representing 50% of the cost of research projects.

In *France*, 74 schemes had been accepted to date for assistance from the newly-established 'Fonds d'amélioration des conditions de travail' (FF 45 000 000 available for 1976-77) which provides grants to enterprises of up to 15% of capital investment and 20% of training costs required to improve work organization. A major project (Colgate Palmolive—Picardy) is concerned with the elimination of night work.

In the *Netherlands*, a fund of HFL 57 000 was made available for pilot actions to improve the working environment.

In the *United Kingdom*, the tripartite Steering Group on Job Satisfaction has extended its area of interest to the design of new factories from the point of view of incorporating new forms of work organization. The programme of the Work Research Unit has expanded, particularly in the field of training.

### **Shift work**

138. In *France*, a decree of 30 June 1977, covering 26 major branches of industry, imposed as from 1 July 1977, a minimum interruption of work of 14 hours beginning from Saturday between 7 and 10.30 p.m. on all enterprises practising continuous shift-working. Exemption on grounds of technical necessity will require the specific authorization of the departmental director of labour, who will also receive the comments of the works council. Derogation is provided for to meet the case of exceptional workloads, but only for a period of one month with provision for a renewal. After 1 January 1978, facilities for hot meals and rest must be provided at or near workplaces. This law also prohibits the occupation of two work posts by the same worker.

### **The working week**

139. In *Belgium*, collective agreements have been negotiated, providing for the reduction of the working week in certain industrial sectors, in electricity to 38¾ hours from 1 July 1977 and to 38 hours from 1 July 1978, in gas to 38 hours from 1 January 1978

and 37¾ hours from 1 October 1978 and in the ports to 36¼ hours from 1 July 1978.

In the *Federal Republic of Germany*, in 1977, collective agreements introduced a 40-hour week for a further 300 000 workers. Under collective agreements, 92% of workers now enjoy a 40-hour week, the remaining 8% having a 41 to 45-hour week. The average working week is 40.2 hours.

In *France*, collective agreements have been negotiated for a reduction of a half-hour in the working week in the retail food trade from 1 July 1977 and a further half-hour from 1 October 1977, for employees working more than 43½ hours per week. In the milling trade, a reduction of a half-hour has been agreed from 1 October 1977 for employees working more than a 45-hour week, with a ceiling of 47 hours average over any 12-week period.

In *Luxembourg* the number of hours additional to a 40-hour week, which can be worked without authorization by the labour inspectorate, was reduced to three.

The law of 24 December 1977 on growth and full employment introduced the principle of authorization for overtime working.

#### **Paid holidays**

140. In *Ireland* and the *United Kingdom*, an additional annual public holiday was introduced.

In *Belgium*, a Royal Decree of 22 February 1977 fixed the conditions of remuneration for absence from work in the exercise of a political mandate, granted as of right by legislation in 1976.

In *Denmark*, the law on annual holidays was amended in December 1977, providing a general right to 24 days' annual holiday.

In *France*, the Confédération française démocratique du Travail (CFDT) and the Force ouvrière (FO) demanded a fifth week of paid holiday for manual workers and in the *Federal Republic of Germany* the trade unions decided to work for the objective of six week's annual holiday.

In the *Federal Republic of Germany*, 85% of workers had at least 4 weeks annual holiday at the end of 1976 under collective agreements, with an average basic minimum entitlement of 22.9 working days. 79% of workers had additional paid holidays above the minimum.

In *Luxembourg*, following the law of 26 July 1975, establishing a timetable for the phased extension of paid annual leave to 25 working days by 1979, a uniform annual

paid leave of 22 working days was granted for 1977, the leave-week being calculated as 5 working days. A proposed reform of the regulation of public holidays has had the effect of providing for an additional paid holiday where a public holiday falls on a Saturday and not only, as formerly, on a Sunday.

#### **Flexible arrangement of working time**

141. In *France*, the Government continued to support experimental schemes for staggered working hours in a number of cities. An agreement was negotiated in Peugeot-Citroën with the main trade union organizations, providing for additional annual holidays, depending on absenteeism records, and working conditions (such as shift work or Sunday work), with the option of using or accumulating such leave on an individual basis.

In the *United Kingdom*, a growing interest in flexible working hours was registered, with over 1 000 000 workers now involved, mostly in such areas of white-collar employment as public administration, insurance and banking.

#### **Educational leave**

142. In the *Federal Republic of Germany*, collective agreements covering 5 000 000 workers provided a right to paid or unpaid educational leave. The number of workers who can in practice benefit is likely to be much smaller.

In the *Netherlands*, an *ad hoc* commission was set up by the Social and Economic Council, at the Government's request, to examine the issue of educational leave.

#### **Length of working life**

143. In *Belgium*, the programme law of 22 December 1977 extended to firms employing less than 20 persons the provisions on anticipated early retirement for workers who wish it, on condition that they are replaced by young persons.

In *Denmark*, legislation was enacted reducing the qualifying age for early retirement pension from 60 to 55 years, in certain social and professional circumstances.

In *France*, a national inter-trade agreement was negotiated in the context of employment measures, providing, in effect, a system of pre-retirement at 60. In the steel industry, a collective agreement was negotiated, but with one trade union organization—the Force Ouvrière—providing for retirement, with 80 to 100% of wages guaranteed, at 56 and 59 for certain categories of workers and at 54 for employees engaged in shift working over 15 to 20 years.

In the *Netherlands*, an experimental scheme for voluntary retirement, at 63 or 64 was introduced in April for construction workers. Other temporary experiments of this kind have been introduced from 1 July<sup>1</sup> in various industries.

In the *United Kingdom*, in August 1977 a scheme for voluntary early retirement was introduced in the coal industry for men aged 62 or more with 20 or more year's underground service, with weekly payments up to normal pensionable age and provisions to extend the scheme to workers aged 61 in August 1978 and to workers aged 60 a year later.<sup>2</sup>

### Labour law

144. In *Belgium*, the Royal Decree of 22 February 1977 fixes the remuneration payable to workers absent from work in the exercise of a political mandate.

Pursuant to the law of 28 June 1976 on temporary work, the Royal Decree of 27 May 1977 prohibits the employment of temporary workers in undertakings coming under the joint construction committee, and the Royal Decree of 18 July 1977 defines the meaning of the expression 'exceptional tasks' in that law.

The Royal Decree of 26 July 1977 extended to 31 December 1977 certain legal provisions on the closure of undertakings, and also made them applicable to the reorganization of undertakings.

The programme law of 22 December 1977 extends the scheme for training young people introduced by the law of 30 March 1976, by incorporating certain amendments which mainly relate to the number of trainees (2% of the number of workers employed instead of 1%) and the level of remuneration (90% instead of 75% of normal earnings).

Lastly, following the opinion of the committee on the employment of women regarding the application of equal pay for men and women, collective agreements were examined in 1977 with a view to pinpointing any discrimination or anomalies. The results were forwarded to the Ministry of Employment and Labour and all the joint committees have been invited to examine them.

The National Labour Council has agreed to examine measures to be taken to incorporate two Community Directives into Belgian laws: these are the Directive on the implementation of the principle of equal treatment for men and women and that on the approximation of the laws of the Member States relating to the safeguarding of employees' rights in the event of transfers of undertakings, businesses or parts of businesses.

<sup>1</sup> Point 219 of this Report.

<sup>2</sup> Point 220 of this Report.

A draft law granting greater independence to industrial doctors was also placed before the National Labour Council and the latter delivered an opinion on the draft proposal for a law on apprenticeship for wage-earning occupations.

145. In *Denmark*, Parliament, concerned with changes to the labour market passed in January the law on notice to the labour exchange in cases of mass dismissals. The law implements all the provisions of the Community Directive on mass dismissals, adopted in 1975. A proposal to give the tripartite regional labour market boards the power to extend or reduce the 30-day reference period was rejected.

In May, a Bill was passed in Parliament amending the supplementary pension scheme (ATP) and dealing with the field of application, investment, composition of the board of directors, etc.

The law on unemployment insurance and labour exchanges was amended, also in May, to enable 16 year-olds (formerly 17 year-olds) and persons called up for military service to be admitted to unemployment funds. At the other end of the age scale, the age limit for early retirement pensions was lowered from 60 to 55.

In June, Bills were passed increasing social pensions (based on improvements in the labour market) and changing daily cash benefits for the self-employed (effective as from April 1978).

146. During the period under review two important supreme court decisions were announced in the *Federal Republic of Germany*.

In the sphere of collective agreements the Federal Constitutional Court, in its ruling of 24 May 1977, found that the legal basis of the collective agreements law concerning the power to declare the provisions of collective agreements generally binding was compatible with the Basic Law. The designation of a collective agreement as generally binding means that the provisions of this agreement also apply to employers and employees not previously covered. The practical significance of the power to declare agreements generally binding is that the conditions of employment of every fifth worker in the Federal Republic of Germany are at least partially determined by a collective agreement designated as generally binding.

In an important statement of principle concerning the law on the constitution of enterprises, the Federal Labour Court ruled in December 1976 that the use of industrial action to settle or carry on disputes relating to that law was illegal. All such issues should be decided through the prescribed statutory procedure (conciliation and labour court proceedings).

147. In *France*, Law No 77-76 of 12 July 1977 introduces unpaid parental leave for the purpose of bringing up children for a maximum of two years after their birth. This



applies to wage and salary earners with one year's service in undertakings with more than 200 workers (to be reduced to 100 workers from 1 January 1981). Leave will normally be granted to the mother, but failing that the father will be eligible. Further, the law contains provisions concerning the reintegration of the worker into his post, the retention of previously acquired advantages, and social security contributions. It should be noted that the leave is also granted in the case of adoption. Further, Law No 78-3 of 2 January 1978 fixes the special provisions applicable to wage-earners who are candidates for—or elected to—the National Assembly or Senate. To facilitate the accession of wage-earners to Parliament, up to 20 working days' leave is granted, which may be deducted from annual paid leave. In the case of election, the law provides for suspension of the employment contract and on expiry of renewed political mandates the worker is first in line for recruitment.

148. In *Ireland*, to implement the 1975 EEC Directive on collective dismissals, the Protection of Employment Act 1977 came into operation in May 1977.<sup>1</sup> The Act applies to establishments employing more than 20 persons, and provides for consultation procedures if, over a period of at least 30 consecutive days, an employer intends laying off:

- (i) 5 persons in an establishment employing 21 to 49;
- (ii) 10 persons in an establishment employing 50 to 99;
- (iii) 10% of the number of employees in an establishment employing 100 to 299;
- (iv) 30 persons in an establishment employing 300 or more.

The consultations between the employers and representatives of the employees concerned must take place at least 30 days before the first dismissal, cover the possibility of avoiding redundancies and be the basis for deciding which employees should be made redundant. The employer must also give the Minister for Labour at least 30 days notice of the first dismissal.

The Unfair Dismissals Act<sup>1</sup> came into force in May 1977 and lays down criteria for judging whether dismissals are unfair. Every dismissal is considered as such unless the employer can show substantial grounds to justify it. Dismissals are considered as unfair where they are shown to have resulted from trade union membership or activities, religious or political opinions, race or colour, pregnancy or unfair selection for redundancy. A Rights Commissioner can hear cases brought to him by employees considering themselves unfairly dismissed. If either party objects to a Rights Commissioner hearing, the case may be referred to the Employment Appeals Tribunal. In either case the employee can be awarded reinstatement in his old job, re-engagement in a suitable alternative job or financial compensation up to a maximum of two years. The recommen-

<sup>1</sup> Social Report 1976, point 135.

dition of a Rights Commissioner may be appealed against by either party to the Employment Appeals Tribunal.

The Employment Equality Act 1977<sup>1</sup> came into operation in July 1977 and abolishes discrimination on the grounds of sex or marriage in recruitment, training, promotion, regrading, trade union membership, provision of services by employment agencies, etc. The Act defines discrimination as:

- (i) treating a woman less favourably than a man because she is a woman;
- (ii) treating a married person less favourably than a single person;
- (iii) imposing a requirement for employment, membership of trade unions or professions, etc. which is not essential for the job or membership;
- (iv) penalizing a person for acting or asserting a right under the Act.

Disputes on discrimination can be referred by either party to the Labour Court which can attempt conciliation itself or refer the case to an Equality Officer (who also deals with the case if conciliation breaks down).

Recommendations of the Equality Officer may be appealed against by either party in the Court, which will then make a determination and may award compensation of up to two years' pay to those discriminated against. The Act provides for the establishment of an Employment Equality Agency, operative from October 1977, to promote equality of opportunity between men and women in all aspects of employment. It includes representatives of workers, employers and women's organizations appointed by the Minister for Labour, and is able to refer cases of discrimination to the Labour Court, issue recommendations, reports and non-discrimination notices enforceable in courts.

The Protection of Young Persons (Employment) Act 1977,<sup>1</sup> passed in July 1977, prohibits the employment of under 15 year-olds. Exceptions are made for 14 to 15 year-olds doing light, non-industrial work during school holidays (not more than 7 hours per day or 35 hours per week) or during school terms (outside school hours and no more than 2 hours per day or 14 hours per week during the week or 4 hours on a Saturday or Sunday). For 15 to 16 year-olds normally 8 hours work per day and 37½ hours per week are permitted (maximum hours 8 per day and 40 per week) and for 16 to 18 year-olds normal hours are 40 per week (maximum hours 9 per day and 45 per week). 14 to 15 year-olds cannot be employed between 8 p.m. and 8 a.m. nor 15 to 16 year-olds between 10 p.m. and 6 a.m. Close relatives have been excluded from certain provisions of the Act by the Minister for Labour, who has also varied the provisions of the Act for agricultural workers.

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<sup>1</sup> Social Report 1976, point 135.

149. In *Italy*, there was intensive legislative activity in 1977, mainly due to the need to apply agreements concluded between the Government and the two sides of industry.<sup>1</sup>

Thus for example Law No 54 of 5 March 1977 amended the rules governing public holidays by abolishing seven official holidays falling on weekdays, which may give rise to recuperation or compensation under collective agreements. Law No 21 of 31 March 1977 introduces changes to the pay index-linking system pursuant to agreements between the Government and the two sides of industry.<sup>2</sup>

Further, Law No 903 of 9 December 1977, which came into effect on 18 December, will incorporate into Italian Law the Council Directive on the implementation of the principle of equal treatment for men and women as regards access to employment, vocational training and promotion, and working conditions.

Reference should be made to various new provisions concerning placement, one designed to eliminate clandestine work by a worker receiving benefits from the wage integration fund, and others amending social security legislation for certain categories of beneficiary.

150. In *Luxembourg*, the Grand Ducal Regulation of 29 December 1976 strengthens employee's protection against employers' insolvency, particularly in the event of a declaration of bankruptcy.

In the interest of full employment, the law of 3 August 1977 forbids all forms of clandestine work, not only by wage and salary earners, but by the self-employed. If the provisions of the law are contravened, fines can be imposed and, if the offence is repeated, periods of imprisonment.

Among legislative provisions and regulations currently being studied, reference should be made to the draft law covering the right of civil servants to strike, which is under discussion in the Council of State and the Chamber of Deputies.

151. In the *Netherlands*, legislative provisions for the implementation of the Directive on employees' rights in the event of transfers of undertakings, businesses or parts of businesses are being prepared by the Ministry of Social Affairs. Legislation is also being prepared to implement the Directive on equal treatment for men and women as regards access to employment, vocational training and promotion, and working conditions.

In October a draft law was put before parliament which is designed to improve the situation of young workers by placing certain obligations on management as regards the provision of information and training.

<sup>1</sup> Point 112 of this Report.

<sup>2</sup> Point 167 of this Report.

The Minister of Justice declared before Parliament that the Netherlands would ratify the European Social Charter. The right of workers to strike will thus be statutorily guaranteed. A draft law on the right to strike which has already been before Parliament for 9 years is to be withdrawn, since it is now unacceptable, for various reasons, to both employers' and workers' organizations.

A new draft law on the centralization of jurisdiction in relation to strikes is to be introduced in Parliament.

In a judgment of the Supreme Court, a fundamental decision was taken on the extent to which employers are obliged to pay persons willing to work but prevented from actually doing so because of a strike. The Court is of the opinion that there is no obligation to pay workers in the event of a strike organized by the trade unions, in contrast to the situation in the event of an unofficial strike by a small group. Since types of strike lying between these extremes were not dealt with, there is still some uncertainty as to the legal situation.

At the end of October the Social and Economic Council delivered its opinion on the draft Directive on equal treatment for men and women as regards social security.

152. In the *United Kingdom*, the remaining sections of the Employment Protection Act 1975<sup>1</sup> were brought into force during 1977, except for those relating to time off for trade union duties and activities. In January 1977, unions became authorized to lodge a claim on behalf of workers with the Advisory, Conciliation and Arbitration Service for an improvement in terms and conditions of employment on the grounds that existing terms and conditions were less favourable than the relevant recognized terms and conditions for the trade in the area or, where these did not exist, the general level. In February, sections were brought into operation dealing with the qualifying hours for part-time work, thereby entitling large numbers of part-time workers to the same rights and job security as full-time workers. Also in February, employees became entitled to receive guarantee payments from their employers when laid off or on short time. In April sections were activated giving employees the right to paid time off work in order to perform certain public duties.

The main provisions of the Race Relations Act 1976 came into force in June 1977, making it unlawful for an employer to discriminate in recruitment or dismissal or in the treatment of existing employees in matters of promotion, transfer, training or other benefits on the grounds of colour, race, nationality, or ethnic or national origins. A Commission for Racial Equality was set up to work towards the elimination of discrimina-

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<sup>1</sup> Social Report 1975, point 155; Social Report 1976, point 139.

tion, the promotion of equality of opportunity, and good relations between persons of different racial groups.

An Employment Protection Bill was put forward to bring together in one Act all the employee rights contained in the Redundancy Payments Act, Contracts of Employment Act, Trade Union and Labour Relations Act, and Employment Protection Act.

Applying existing forms of labour law has encountered a number of problems, particularly regarding their interpretation by the judicial system. In the case of mass dismissals, dealt with in Section 99 of the Employment Protection Act, the interpretation of the term 'independent recognized trade union' (entitled to be consulted about mass redundancies) has given rise to some difficulties, and the payment of compensation to dismissed workers covered by the Act has been complicated by the employer's insolvency in many cases.

## Wages, incomes and asset formation

### Trends within the Community

154. The development of social policy in 1977, particularly as regards incomes and asset formation, was strongly influenced in all the countries of the Community by persistent economic problems. It is now over four years since the Member States have been fighting the three evils of inflation, recession and unemployment with a variety of economic recovery plans. Inflation began to ease off in 1976, and by the end of 1977 the average inflation rate in the Community will probably be about 10%, compared with 13.8% in 1975 and 11.3% in 1976. A certain revival of economic expansion in 1976—with a real growth of 4.6% in gross domestic product—led to hopes of better economic conditions in 1977, but this revival has not lasted; growth has been around 2% this year, whilst unemployment is very high and the level of investment is still too low. The major theme in 1977 has therefore been economic revival, calling for greater stimulation of investment and a slight upturn in private consumption, together with efforts to stabilize prices—in particular through income restraint policy.

The economic recovery plans implemented in 1976 were, in some countries, continued in 1977 without major changes, whilst those prepared in late 1976 were put into effect in 1977; yet other plans laid down guidelines as far ahead as 1978. As a whole, the results in 1977 were a less dramatic rise in prices and a slowdown in the growth of wages in money terms, leading either to a significant fall in purchasing power as in the United Kingdom, to a maintenance of the *status quo* as in France, or even to a slight increase in purchasing power as in Belgium. It should be noted that the reintroduction of free collective bargaining, in Belgium and in the Netherlands, at the beginning of 1977 did not lead to substantial wage demands or pay rises, since the trade unions continued to follow the line advocated by the Governments. This was also the case in the United Kingdom, after Stage II of the Social Contract lapsed on 31 July 1977.

155. As regards the automatic indexation of wages, 1977 saw the trade union organizations reaffirm their attachment to their traditional systems. This was particularly clear in

Italy where the three major federations firmly opposed any change in the basic operation of the sliding scale system, although they did agree to certain concessions as regards severance pay and the neutralization of certain increases. The same was true of the Netherlands, where the unions started a major campaign of strikes in order to secure the retention of the index-linking principle, although they agreed to study other possible methods of guaranteeing purchasing power jointly with the employers' organizations. In Belgium, following the technical changes introduced in 1976, the index-linking system was, in 1977, restored to full operation.

156. The tendency had over the past few years for the lowest paid to receive proportionally higher wage increases than other groups continued in 1977. In those countries with a legally guaranteed minimum wage, this was increased by a percentage exceeding the increase in the cost of living and sometimes even exceeding the increase required by the strict application of the statutory procedure. The French minimum growth wage (SMIC) and the minimum guaranteed wage in Luxembourg and the Netherlands all grew faster than the average wage in those countries. Also of importance in this connection is the introduction in Denmark, on a proposal from the mediator adopted in the law of 15 April 1977, of a 'guaranteed minimum' wage set at the high level of DKR 29 per hour for all workers paid by the hour. Furthermore, in the course of collective bargaining, flat-rate wage increases or supplements on top of percentage increases were granted in a number of countries. Finally, some Governments introduced fiscal measures aimed at safeguarding the purchasing power of the least-privileged social groups. In the United Kingdom, for instance, wage restraint was offset by tax concessions, in Ireland, various tax cuts were introduced, in Belgium there was full indexation of the tax scales for the lowest incomes, and in France the adjustment of tax scales to take account of inflation was weighted in favour of the bottom ten income brackets.

157. The economic situation in 1977 did not permit of great progress in the field of asset formation policy. The schemes introduced in previous years in certain countries, such as the Federal Republic of Germany and France, continued to operate normally, but new schemes planned in Denmark and the Federal Republic of Germany, were once more postponed. The draft law drawn up by the Dutch Government in 1976 on workers' participation in the capital growth of undertakings will be amended by the new Government. In France, a savings scheme for manual workers was introduced with a view to enabling them to obtain the funds necessary to set up or acquire craft undertakings. In Luxembourg, the private banks set up an indexed savings scheme slightly more favourable than the State Savings Bank's scheme. Finally, the Luxembourg and Irish Governments introduced new measures aimed at promoting access to home ownership; in Luxembourg, under the provisions of a draft law the State will be able to grant special premiums or guarantee the repayment of mortgage loans, and in Ireland, a new scheme including sizeable subsidies was introduced to encourage first-home ownership.

## Development of the situation in the member countries

### *Belgium*

158. The provisions on wage and income restraint contained in the 'Economic recovery law' of 30 March 1976, which expired on 31 December 1976<sup>1</sup> had an appreciable effect on income trends and the inflation rate. So as to ensure that the ground thus gained was not lost once more, the Government proposed a series of measures to Parliament extending this law and aimed at limiting the overall growth of incomes to 8.5% for 1977, mainly by means of persuasion. Important in this respect was the 'law on the safeguarding of employment, purchasing power and the competitiveness of the economy', adopted on 24 December 1976.

Two major measures were dropped—in fact automatic index-linking of wages is fully restored and collective bargaining is free once again. On the other hand, the law contains provisions designed to discourage large wage increases. For instance, when notification of an intended price increase is given, no account will be taken of pay rises exceeding those required by adjustment to the consumer price index, and the same will apply in the case of price adjustment clauses in contracts. In spite of these constraints, wage claims might have been expected to be particularly pressing after the freeze throughout most of 1976. However, the agreements concluded—covering from one to two years—were, in general, moderate.<sup>2</sup> The largest increases in hourly rates were granted in the petroleum industry (BFR 7 per hour), the building industry (BFR 6.5 per hour) and the metal industries (between BFR 2 and BFR 6 per hour). In addition to increases in hourly rates, flat-rate bonuses and end-of-year bonuses were often granted. On the basis of the statistics at present available on pay increases under collective agreements, the average rise for wage earners for the first three-quarters of 1977 would appear to be 7.1% i.e., 5.1% due to price index movements and 2% due to collective agreements, as against an overall increase of 7.9% for the first three-quarters of 1976, which included 6.6% due to the price index and 1.3% under collective agreements. For salary earners the relevant figures were 6% overall for the first three-quarters of 1977, including 4.6% due to the price index and 1.4% under collective agreements, and 6.7% overall for the first three-quarters of 1976, including 6.3% due to the price index and 0.4% under collective agreements. It should also be noted that the minimum guaranteed wage, introduced under the national inter-trade agreement of 10 February 1975, stood at BFR 19 657 (gross monthly amount) in December 1977.

<sup>1</sup> Social Report 1976, point 147.

<sup>2</sup> Point 107 of this Report.



In the public services, an agreement was concluded between the Government and the unions. A bonus for unionized employees, the adjustment of the end-of-year bonus, and a premium to aid small pensioners, were the most important points of that agreement.

In addition, however, the abovementioned law of 24 December 1976 also applies to certain non-wage incomes. In this connection, it specifies that in 1977 dividends and other income from capital may be increased by 8.5% over the amount allowed in 1976; similarly, professional fees may be increased by 8.5% provided they correspond to standard charges and rents may be raised by the same figure as from 1 January 1977.

As regards tax scales, the Government has obtained Parliament's approval<sup>1</sup> for a number of important changes, namely: persons with an income not exceeding BFR 280 000 will be eligible for full tax indexation, which will then be degressive up to BFR 500 000; incomes over this figure will be subject to a surtax.

Since the reform of the consumer price index entered into force on 1 June 1976,<sup>2</sup> fruit and vegetable prices have been compared each month (except for the period of temporary 'neutralization' from July to August 1976) with those for the same month in the reference period, taking no account of seasonal variations. Following the Ministry of Economic Affairs' suggestion, a three-month period has, since October, been used for comparing the prices of these products, so as to reduce the effect of seasonal fluctuations.

159. As regards asset formation, proposals are to be made on the 'Building industry social and economic fund' during the renegotiation of the collective agreement expiring in March 1978. The trade union organizations intend to make proposals for the grant of a supplementary pension.

### *Denmark*

160. As the collective agreements extended by 2 years in March 1975 were due to expire on 1 March 1977, to prepare the way for their renegotiation for 1977-79, at the beginning of the year the Government invited the two sides of industry to participate in tripartite discussions in the hope of obtaining unanimous agreement on a coherent incomes policy. The preliminary discussions were carried out on the basis of the political 'compromises' of September 1975 and August 1976 and the Government once again confirmed its intention of ensuring that production, exports and employment were not endangered by excessively rapid growth in costs and incomes. In spite of this, when negotiations between employers and employees resumed in February 1977, they were

<sup>1</sup> Law of 22 December 1977 concerning budget proposals for 1977-78.

<sup>2</sup> Social Report 1976, point 147.

unable to reach agreement and, in accordance with the law, the mediator had to intervene.<sup>1</sup> His report of 4 March 1977, which contained a proposal for a compromise, was accepted by the Trade Union Federation (LO) but rejected by the Employers Confederation (DA); consequently, the Government presented it in the form of a draft law to Parliament, which adopted it on 15 April 1977.

This law provided for two wage increases in 1977, one on 1 March and the other on 1 September, each of DKR 0.70 per hour for adults and DKR 0.40 per hour for young people. In some sectors (including the iron and steel industry, the metalworking industries, office work and the retail trade) these increases were applicable to the agreed 'minimum' rate and in others (other industries and those civil service jobs for which remuneration is fixed by collective agreement) to the agreed 'standard' rate. It also provided, on the same basis, for increases of DKR 0.70 for adults and DKR 0.50 for young people on 1 March and 1 September 1978. Additionally, this law introduced—also on the basis of the compromise proposed by the mediator—a 'guaranteed minimum' rate of DKR 29 per hour for all adults workers paid by the hour. This rate will not be subject to the increases applicable for standard and minimum wages but will be adjusted in line with the next cost-of-living bonus.

The law was reinforced in August 1977 when a new political 'compromise' was reached at an extraordinary session of Parliament. The central concern of this 'compromise' was to improve the financial and employment situation in Denmark so as to maximize the effectiveness of the wage restraint policy. VAT was increased to 18% with a view to reducing private consumption, although State subsidies for products such as milk, butter and margarine somewhat diminished the effect of this measure.

The automatic index-linking system is still in force in Denmark, but since the 'compromise' of August 1976 any sums due over and above the two yearly index-linked increases are paid by the State and credited to the supplementary pension fund administered by ATP. The first monthly payment under this arrangement, averaging DKR 104 per employee, was made in September 1977. This portion of the fund should therefore reach about DKR 10 000 million in a year; but it will not be possible to solve the question of its utilization until the 'Committee on incomes and asset formation', set up in 1976, has presented its report to Parliament, which it is expected to do towards the middle of 1978.

### *Federal Republic of Germany*

161. The low level of economic growth at the beginning of the year, together with a volume of gross capital formation inadequate for balanced expansion, formed the back-

<sup>1</sup> Point 108 of this Report.

ground to the Government's economic forecasts for 1977. According to its annual report, adopted on 26 January, the 1977 target for real growth in GDP should be approximately 5%, a figure which was many times lowered during the year, but the major concern continued to be the employment situation.<sup>1</sup> Naturally, this economic climate strongly influenced wage negotiations, which opened with claims for increases of the order of 8 to 9% and in the end led to rises of 6 to 7%, the level being determined by sectors of activity relatively favoured in the current economic situation such as the metalworking and chemical industries. Agreements were concluded granting rises of 6.9% in February for the former and 7.2% in April for the latter. In the public services, the hard negotiations in February led, on 2 March, to the granting of an across-the-board increase in wages and salaries of 5.3% with effect from 1 February, plus a lump sum of DM 100 to compensate for the extension of the agreement to run for thirteen months and a flat-rate holiday bonus of DM 135. Civil servants in the strict sense received similar increases.

As in 1976, earnings in the private sector grew slightly faster than wage rates fixed by collective agreement, since the latter rose by 6.9% from the first half of 1976 to the first half of 1977, whereas gross aggregate wages per person in employment rose by 7.5% during the same period. However, the corresponding net figure was only 5.6% after allowing for higher social security contributions and income tax. In the light of the increases in retail prices, the growth in purchasing power over this period can be assessed at roughly 2%.

Problems with regard to income distribution were highlighted once again in 1977 by the study on household incomes in 1976 carried out by the Institute for Economic Research in Berlin; according to this study, the disparity in earnings between self-employed persons and employees had grown, whereas that between employees and pensioners had narrowed. Taking an average net income per household in 1976 of DM 2 500 per month, 96% of self-employed persons' households and 50% of salary earners' households lay above this level, in comparison with only 33% of wage earners' households and 15% of pensioners' households. The Institute further noted that the average income of self-employed persons, which was three times the average income of wage earners, had risen 14% between 1975 and 1976, in comparison with 14% for salary earners, 4% for wage earners and 7% for pensioners. This rather favourable evolution in household income of the self-employed did not appear to continue in 1977 as evinced when the growth of 'Gross income from property and entrepreneurship', as per the National Accounts, is taken as an indicator. This shows a 2.5% increase over 1976 as compared with 7% for 'Gross compensation of employees'.

In order to analyse the effects of public expenditure and social benefits and charges on the redistribution of incomes, the Government has, on the other hand, set up a Com-

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<sup>1</sup> Points 58 and 109 of this Report.

mittee of Inquiry made up of experts in the relevant fields. It should also be noted that the Metal Industries Trade Union expressed itself in favour, as its congress, of a narrowing of wage differentials and wishes to see proportionally greater increases granted to the lower paid than to other groups under future collective agreements. It also called for the introduction of a guaranteed annual income, with a view to stabilizing the level of employment.

162. As regards asset formation policy, 15.6 million employees were benefiting from the DM 624 Law at the end of 1976, 14.4 million of them having received asset formation allowances from their employers. The number of beneficiaries thus continued to decline on account of the income ceilings laid down by this law, but on the other hand the average amount per employee rose to DM 615 (of which DM 410 were contributed by employers) after standing at DM 580 for the past three years. A total of DM 9 600 million (DM 11 000 million if interest and premiums are included) was saved under the scheme in 1976. It is estimated that in 1977, 18% of employees received the maximum amount of DM 624 under collective agreements. The Government is watching the development of the situation and intends to raise the maximum of DM 624 as soon as seems necessary for the progress of collective agreements in this field.

In 1977 a high proportion of the sums saved under the DM 624 Law (approximately DM 25 000 million) became freely available, because savings schemes had been introduced in collective agreements on a massive scale in 1970. Half or possibly even two-thirds of these sums would seem to have been reinvested.

In order to take the situation of the unemployed into account to the maximum possible extent in asset formation policy, certain legal provisions were amended so that in the event of unemployment, personal payments may be made to continue savings plans which entailed employers contributions. In addition, workers who have been unemployed for a year or more can unblock savings plans before the end of the freeze without losing the financial benefits offered by the State.

### *France*

163. After the revival of economic expansion in 1976—the gross domestic product grew by 5.2%—the first six months of 1977 saw a relative stagnation in production and a weakening of domestic demand in France. This situation led the Government to introduce a number of selective support measures, particularly aimed at reviving private demand and stimulating the building and public works sector.<sup>1</sup> The second stage of the Government's anti-inflation programme, adopted in September 1976, came into effect on

<sup>1</sup> Points 60 and 110 of this Report.

1 January 1977. One of the features of this programme was the general rule that the purchasing power of wages should only be maintained, and not increased, in 1977, and that the norm for increases in wages should be 6.5%<sup>1</sup> in money terms.

In compliance with this plan, the National Council of Employers (CNPF) sent wage guidelines to the undertakings envisaging an increase of 1.5% on 1 April 1977 to be brought up to 3% on 1 July, 4.5% on 1 October and 6.5% at the end of the year. The rise in prices was, however, more rapid than had been forecast, which led the CNPF to modify its guidelines and suggest an increase of 4.5% on 1 July, rising to 7% on 1 October and, at the end of the year, to a level equivalent to the actual rise in prices since 1 January 1977. In these circumstances, the scope for collective bargaining was naturally limited: very few collective agreements were concluded, whereas decisions by employers were much more numerous—roughly five for each agreement. The wage restraint guidelines were, in general respected—as can be seen from the fact that there was a clear slowdown in wage increases, which amounted to 8.9% for the first nine months of 1977, compared with 11.9% during the same period of 1976.

As regards the public sector, in the absence of any collective agreement the Government decided to increase salaries by 1.5% with effect from 1 April 1977, 2.5% on 1 June, 2.6% on 1 September and 2.3% on 1 December—a total increase of 9.1% since the beginning of the year. During the autumn, wage agreements were concluded for the major nationalized undertakings (EGF, RATP, Charbonnages de France, SNCF), though they were not signed by two of the major trade union organizations—the CGT and the CFDT. Under all these agreements, wages and salaries are increased—according to formulas of varying complexity—in line with the gross domestic product, the consumer price index and the productivity of the undertaking itself, and in such a way as to guarantee a slight increase in purchasing power. Negotiations are continuing along the same lines in the public sector.

The minimum growth wage (SMIC) was increased five times during the year. It rose from FF 8.94 per hour on 1 December 1976 (FF 1 549.60 per month on the basis of the forty-hour working week) to FF 10.06 on 1 December (FF 1 743.73 per month), i.e. an increase of 12.5% in money terms and approximately 2.8% in real purchasing power.

As regards the situation of manual workers, after having considered the conclusions of the study group set up to investigate their pay, the Government expressed the view that the two sides of industry should, during the second half of 1977, prepare for negotiations at sectoral level of manual workers' wages, using adjustment techniques designed to minimize any risk of inflationary effects. These negotiations did not however take place and the Government faced with this state of things recommended that employers pay a wage supplement of FF 120 to manual workers on 1 December.

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<sup>1</sup> Social Report 1976, point 153.

During the Parliamentary debate on the 1978 budget, the Government stated that the 1977 wages policy would be continued in 1978, but with certain modifications. Increases in purchasing power will be allowed only for incomes below FF 18 000 per month and—as in 1977—will be directed mainly towards workers on the minimum wage and manual workers. The purchasing power of incomes between FF 18 000 and FF 30 000 should be maintained at the same level, whilst incomes above FF 30 000 should not be increased at all. In this context, it should be noted that income tax scales were only partially adjusted to take account of inflation—the bottom ten tax brackets were raised by 7.5%, and the next highest by 6% and 5% respectively.

164. In the field of asset formation policy, 28 March 1977 saw the publication of the practical rules for the application of the law and decree adopted in 1976<sup>1</sup> enabling workers in future to draw out any sums to which they may be entitled under participation and profit-sharing schemes before the expiry of the unavailability period where the purpose is to constitute or supplement the capital sum needed for home ownership.

Already, quite large numbers of employees wishing to become home owners appear to be taking advantage of this new arrangement for the early release of savings.

In addition, the decree of 4 August 1977 laid down the procedure for the implementation of Article 80 of the Finance Law of 29 December 1976, which sets up a savings scheme for manual workers designed to enable those wishing to acquire or set up craft undertakings to obtain the necessary capital. This scheme is open to all hired manual workers under 30 and involves saving between FF 1 200 and FF 6 000 per year for a period of from 5 to 8 years, accumulating interest at the rate of approximately 8.5% after tax. The State offers a subsidy to workers setting up a craft undertaking, equal to 15% of the investment required with a ceiling of 75% of the amount saved, plus a loan of up to ten times the amount saved at an average rate of interest of 8% for a maximum of 12 years.

Finally, on 12 October 1977 the Government stated its intention, as part of its policy to promote shareholding—now updated—to take steps to facilitate the acquisition of shares by managerial staff, especially in their own company.

### *Ireland*

165. The Irish Government had obtained agreement, as part of the 1976 Interim Agreement on wages, that the negotiations between the two sides of industry for the new 1977

<sup>1</sup> Social Report 1976, point 154.

Agreement would be preceded by tripartite discussions. These discussions began in September 1976 on the basis of a Government Green Paper entitled 'Economic and social development, 1976-80'. The major proposal in the Green Paper was for a pay pause until the end of 1977, offset by IRL 50 million in tax concessions and IRL 50 million expenditure for job creation projects. Although a consensus could not be reached on the package proposed by the Government at the tripartite discussions which adjourned at the end of October 1976, the traditional negotiations between employers and workers began in November 1976 at the Employer-Labour Conference. Proposals formulated in January 1977 were accepted by both sides in February resulting in the 1977 National Agreement.<sup>1</sup> Under this Agreement there is an initial three-month pay pause, followed by two phases—the first of seven months and the second of four months. In each phase wages may be increased by 2½ plus IRL 1 per week, but whereas the minimum increases are the same in both cases (IRL 2 per week), the maximum increases are IRL 4.13 per week for the first phase and IRL 4.23 for the second phase. The Agreement, which runs for fourteen months during which the total increase for most workers will be IRL 4.36, or 8% on a yearly basis (compared with 13% under the 1976 National Agreement and 16½% under the 1975 Agreement), expires on 31 December 1977 for certain categories of workers and 28 February 1978 for the rest. It should be noted that this Agreement stipulates that any further claims which would increase labour costs are not allowable and industrial action in pursuit of claims over and above those granted in the Agreement is prohibited. Following its June 1977 election manifesto, the new Government proposed tax cuts of IRL 160 million in 1978 in the context of a pay rise of about 5% during the year. Negotiations within the Employer-Labour Conference for a new National Agreement for 1978 started in early December 1977.

It should also be mentioned that the Minister for Finance announced that the system of marriage differentiation in public service pay scales would be abolished retrospectively with effect from 1 July 1977.

166. In the field of asset formation, a State grant of IRL 1 000 has, since 26 May 1977, been paid to all first-time purchasers of new houses. This grant is also paid to persons building their own houses, provided the foundations were laid after that date. In November 1976 the Government introduced a new subsidized house purchase loan scheme. During the first nine years of the loan the Exchequer will pay the borrower a subsidy (IRL 4.50 per week on a loan of IRL 5 600 or over, for example), diminishing by one-ninth each year. The borrower, therefore, does not start to repay the loan at the full rate until the tenth year. The loan may, depending on the family situation of the buyer, amount to as much as 100% of the value of the house, but in general the maximum is IRL 7 500 or 98% of the value of the house.

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<sup>1</sup> Point 111 of this Report.

*Italy*

167. An inflation rate of 22% in 1976 and a high average increase in labour costs led the Government, employers and unions to look together for urgent measures which would reduce the cost of labour by an appreciable margin, in order to revive production, reduce inflation and fulfil the economic policy commitments required by the International Monetary Fund and the Council of the European Communities as a condition for further financial aid.

On 26 January 1977 a nine-point agreement was signed between the employers confederation (Confindustria) and the three major union federations (the CGIL, the CISL and the UIL) with the aim of 'increasing the competitiveness of Italian industry both domestically and internationally'. This agreement provides, in particular, that from 1 February 1977 the sliding scale wage indexation system will no longer apply in the calculation of severance pay (which are roughly equal to one month's wages for each year's service)—though workers' entitlement to these allowances remains otherwise unchanged—nor in the calculation of certain bonuses such as productivity bonuses. In addition, special sliding-scale schemes in effect in certain sectors (banking, insurance, credit institutions, the chemical industry, etc.) which are more generous than the general industrial scheme will be abolished. These dispositions were formulated as a decree on 1 February 1977 and this was subsequently enacted as a law on 3 March 1977. It should be stressed in this connection that the unions firmly opposed any change in the sliding-scale system itself or its operation.<sup>1</sup>

Under the decree-law of 7 February, the Government, wishing to supplement this agreement, decided that, from 1 February 1977 to 31 January 1978, part of the social charges of industrial and craft undertakings (except those in the building and allied industries) would come from public funds. The additional State expenditure resulting will be covered by increases in VAT and other forms of indirect taxation. It was also decided that from 1 February 1977 to 31 January 1978, wages and salaries granted under agreements concluded at undertaking level which were higher than those fixed in the national collective agreements would not be deductible from the taxable income of undertakings and that any undertaking granting such increases would not be eligible for relief from its social charges. This amounted, in effect, to a freeze on plant-level bargaining.

The decree-law further stipulated that increases in indirect taxation would not be taken into account in the calculation of cost-of-living bonuses (a partial suspension of the sliding scale). These last two measures were withdrawn by the Government under pressure from the unions, which agreed in return that certain increases in electricity charges, public transport fares and newspaper prices should be disregarded for the purposes of

<sup>1</sup> Point 112 of this Report.



calculating the sliding scale index. The unions also agreed not to submit any claims for general increases at undertaking level, whilst the Government agreed to shelve the question of labour costs until March 1978 at the earliest. With these changes, the decree-law was voted by Parliament on 7 April 1977.

The publication of the results of an inquiry carried out by a Parliamentary Committee into the structure and levels of earnings in the public and private sectors aroused a lively debate. The conclusion to emerge from the inquiry is that earnings are in no way determined by the two essential criteria of efficiency and productivity. The Parliamentary Committee found that there was unnecessary obscurity as regards the structure and level of earnings, a total lack of control over income formation, wide variations in earnings for similar work and considerable disparities between remuneration levels for manual and non-manual work. In its conclusions, the Committee proposed possible solutions and suggested that the situation in both the public and private sectors could be regulated by an outline law; however, for the private sector it considered inter-trade agreements between the two sides of industry to be preferable.

Apart from this, it should be noted that the 9 December 1977 law on equality of treatment for men and women as regards working conditions, which implements the Directive adopted by the Council of the European Communities on 9 February 1976, includes certain provisions, concerning penalties, designed to complement those already in force regarding the implementation of the principle of equal pay (Article 119 of the EEC Treaty and the Council Directive of 10 February 1975).

### *Luxembourg*

168. The Luxembourg economy is still suffering from the effects of the major international crisis in the steel industry, which is forcing producers to restructure and rationalize. The growth in GDP for the whole of 1977 is around 1%. On the other hand, the services sector is continuing to grow and, in contrast to incomes, consumption is increasing rapidly, apparently at the expense of saving by workers. The Government and the two sides of industry decided that concerted action was necessary if existing and anticipated problems were to be overcome. A 'Tripartite conference' was therefore held over a period of three months to draw up an 'Action programme for the maintenance of economic growth and employment' which was finalized on 1 July 1977.<sup>1</sup> In addition to utilizing certain instruments already in existence or about to come into effect, this programme also led to the enactment of a new enabling-law valid until 31 December 1979. Under this enabling-law it will, for instance, be possible to conclude collective agreements designed to reduce production costs with a view to safeguarding jobs in under-

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<sup>1</sup> Point 113 of this Report.

takings in difficulty. Where necessary, in derogation from the law of 12 June 1965 on collective agreements, a new agreement may be concluded before the date of expiry of contractual arrangements in force if both employers and employees so wish. The agreements may, if necessary, be declared generally binding for the industries of sectors of activity involved. In the event of a manifest crisis situation on the labour market, i.e., when the threshold of 2 500 job seekers is reached, the Government is authorized, temporarily, to modify the rules for the application of the sliding-scale indexation system for wages and salaries and all other forms of income, and to impose a freeze on rents, profit margins and prices of goods and services.

During 1977 a number of collective agreements<sup>1</sup> were concluded or renewed, providing, as in 1976, for moderate pay increases—for example LFR 2 to 3 per hour for manual workers.

Salary scales for bank and insurance employees were restructured. In the iron and steel industry, an agreement valid until 31 December 1978 was reached. It entails a flat payment of LFR 200 payable at the end of 1977 to counteract the decrease of the monthly bonus during the year. It is to be noted that civil servants' salaries were increased by 2% on 1 January 1977 but a further raise of 3% planned on 1 January 1978 did not take place on account of the deterioration of the economic situation.

The minimum guaranteed wage was adjusted automatically on two occasions 1 February and 1 June following index rises of 2.5%; from LFR 15 480 per month on 1 January 1977, or LFR 89.50 per hour, it rose progressively to LFR 16 263 per month, or LFR 94 per hour. Under the law of 23 December 1976, the minimum guaranteed wage was extended with effect from 1 January 1977 to cover domestic staff, workers at home and persons working in family businesses. In addition, this law had provided for an increase of 4% in the minimum wage on 1 January 1978, and this increase brought the monthly rate up to LFR 16 914—i.e. LFR 97.75 per hour.

In view of the planned changes to the consumer price index,<sup>2</sup> two statistical studies were carried out in this connection: the first is a survey on the family budgets of the lower paid, and in the second information is being compiled on prices with a view to drawing up a new index comprising 300 items instead of 173. The weighting of the new index will need to be negotiated between the government and the two sides of industry in 1978, on the basis of the results of the family budgets survey.

169. In the field of asset formation, an indexed savings scheme was elaborated in December 1976 by the Government in collaboration with the State Savings Bank.<sup>2</sup> The private banks are now offering their customers a similar savings scheme, but on more

<sup>1</sup> Point 113 of this Report.

<sup>2</sup> Social Report 1976, point 157.

advantageous terms, since they offer a rate of interest equal to average rate of inflation for the year in question plus 1%, compared with the inflation rate +0.50% offered by the State Savings Bank.

Apart from this, in May 1977 the Government introduced a draft law in the Chamber of Deputies on housing aid, designed to promote both home ownership and housing improvement.<sup>1</sup> Under certain conditions, the State is authorized to guarantee the repayment of mortgage loans granted to individuals or, depending on income and family situation, to grant housing premiums or interest subsidies to persons who have contracted debts for the purpose of building or acquiring a home.

### *Netherlands*

170. During the consultations between the two sides of industry to determine the progress of wages in 1977 began in November 1976, different views were held regarding indexation.<sup>1</sup> The employers stated that they could not guarantee the respect of automatic wage indexation and urged that the increase in the wage bill should be limited to a maximum of 6%. Since the predicted wage drift, increased social security contributions and the impact in 1977 of the previous year's increases together represented 2.5%, the employers' position would have left only 3.5% available for actual pay rises. For their part, the unions were firmly committed to the maintenance and full application of indexation, which was expected to lead to an increase of 2.5% in the first half of 1977 (in compensation for the rise in the index between April and October 1976) and a further increase of about 2.5% early in the second half of 1977 (for the rise in the index between October 1976 and April 1977). In addition, the unions demanded a gross increase of 2% in real terms, amounting to an annual increase of 0.5% in the real disposable income of an average worker (allowing for social security contributions and income tax, but excluding an estimated wage drift of 1.5%).

Agreement was eventually reached in mid-February on the maintenance of indexation, but only after a wave of strikes affecting various sectors<sup>2</sup> and a statement by the Government that it was prepared to reduce certain employers' social security contributions by 1.5% (about 0.5% of the annual wage bill) and make aid available to undertakings in difficulty which were unable to pay the minimum guaranteed wage. It should be emphasized that in addition to agreeing on the maintenance of indexation, the two sides of industry undertook jointly to study other methods of guaranteeing purchasing power and, if necessary, to resume tripartite discussions in the event of a deterioration in the economic situation. The question of the gross increase in real terms was also resolved—this time in agreements negotiated at sectoral level, under which increases of between

<sup>1</sup> Point 179 of this Report.

<sup>2</sup> Point 114 of this Report.

1.5% and 2% in real terms were granted. The forecasts for price rises during the period October 1976 to April 1977 proved to have been too conservative, with the result that the index rise granted on 1 July 1977 in fact amounted to 3.3%.

In the course of negotiations on working conditions in 1978, the trade unions gave up the idea of increases in real terms but insisted on receiving full compensation for price increases. The employers stated that this was unacceptable without a new reduction in social and fiscal charges corresponding to a point in these price increases. As no compromise could be reached, the national agreement was not signed and collective bargaining started at the level of branches and enterprises.

The minimum monthly wage was adjusted twice in 1977 (+4.6% on 1 January and +3.5% in July), rising to HFL 1 537.90 per month on 1 January then to HFL 1 591.20 per month on 1 July 1977, i.e., a total increase of 8.2% in one year. The July increase was higher than required by the strict application of the statutory procedure (+1.3%). On 1 January 1978, the minimum wage was once again increased by 5.1% as per the legal mechanism and it now stands at HFL 1 673.1 per month. The Ministry of Social Affairs published statistics on incomes in the period 1973-77, which highlight the impact of the policy of granting proportionally higher wage increases to the lower paid groups. Whereas the purchasing power of an income equal to four times the average wage fell by 1.9% during these years, that of an income equal to twice the average wage, rose by 2.9% and that of the average wage itself by 8.6%; over the same period, the purchasing power of the minimum guaranteed wage grew by 13.1%.

With a view to making earned incomes more 'transparent', the Government introduced a draft law (reintroduced by the new Government) on the disclosure of incomes arising from a given occupation (paid employment, professional or entrepreneurial activity). In November, a draft law was laid before Parliament with a view to empowering the Minister of Social Affairs to apply the same measure of moderation to wages not fixed by conventional agreement as to conventional wages. The draft was approved by Parliament on 22 December and will be valid for 1978 and 1979.

In the field of asset formation policy, the draft law on workers' participation in the capital growth of undertakings, which was submitted to Parliament on 22 June 1976,<sup>1</sup> will be amended by the new Government.

### *United Kingdom*

171. The agreement reached between the Government and the Trades Union Congress in June 1976 on pay policy for the twelve months up to 31 July 1977 was outlined in a

<sup>1</sup> Social Report 1976, point 159.

White Paper entitled 'The attack on inflation—The second year'. It provided for a 5% increase in total earnings subject to a minimum rise of UKL 2.50 per week and a ceiling of UKL 4 per week and also stipulated that no new increase could be granted until twelve months after the previous one. This agreement was honoured almost without exception and the index of average earnings for July 1977 showed an annual increase of only 8.1% compared with a rise of 17.6% in the retail price index over the same period—a cut in purchasing power without precedent since the war.

This fall in living standards, caused by a very high rate of inflation, was largely responsible for the TUC's refusal to support the Government pay policy as fully as it had during the two previous years. It did however urge that settlements should not be so high as to put at risk an orderly restoration of collective bargaining, and fully endorsed the 12 month rule.<sup>1</sup> For its part, the Government still regards wage restraint as vital for its prices policy and tax strategy. On 15 July 1977 the Chancellor of the Exchequer made a statement to Parliament which was later incorporated in a White Paper—'The attack on inflation after 31 July 1977'—in which he indicated that, whilst there was to be an orderly return to normal collective bargaining, the Government hoped that earnings would not increase by more than 10%. In addition, the Government introduced a series of tax changes, including higher personal allowances and measures regarding food prices, designed to increase net incomes. By December 1977, the great majority of settlements under the policy were in accordance with it.

It should also be mentioned that the mini-budget presented on 26 October 1977 included important tax changes designed to increase disposable incomes by reductions in direct taxation totalling almost UKL 940 million. Announcing these new measures, under which the number of people paying no income tax will rise by nearly 900 000 because the tax threshold has been raised by 12%, the Chancellor said that they were intended to compensate for some of the sacrifices of the last three years. He also stated that further measures to revive the economy would be introduced in spring 1978, provided wage increases remained moderate and earnings did not exceed the 10% guideline.

172. In the field of asset formation policy, the Government has stated its intention to promote the allocation to workers of shares in their own enterprises by fiscal benefits to workers and enterprises as well.

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<sup>1</sup> Point 115 of this Report.

## Housing

### Trends within the Community

173. The cautious optimism to which the development of the housing situation in most Member States appeared to give grounds last year<sup>1</sup> only lasted for a brief while. After a short-lived recovery in the building industry, the number of workers unemployed in the sector once again increased sharply and there was a marked decline in housing production up to autumn 1977. The measures taken in the Member States to support the industry did not apparently begin to take effect until late in the year.

Most Member States have devoted considerable attention to the question of *energy saving*. Besides intensive provision of information, grants have been introduced in all areas to promote energy-saving work, whether or not as part of a more general modernization of the dwelling.

174. In 1976 and 1977 the Commission contributed to the costs of a number of studies and pilot projects concerning the housing of the *physically handicapped*. The Commission hopes that the results of these studies will soon be available. Similarly, in 1977 the Commission provided financial support for a number of pilot projects concerning the housing of *foreign workers*. The positive results which the Commission expects from these projects can contribute to improving the housing conditions of these workers, which often leave something to be desired.

The Commission has brought out a study on the effects of the various existing subsidy schemes for low-cost housing.<sup>2</sup> At the end of 1977 the results of the sociological investigation into the housing conditions of foreign workers have also been published.

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<sup>1</sup> Social Report 1976, point 163.

<sup>2</sup> Social Report 1976, point 164.

## Development of the situation in the member countries

175. In *Belgium*, the number of unemployed in the building industry, after a slight improvement in 1976, has again increased appreciably during the year under review. As regards private housing construction, the Government removed the last credit restrictions with effect from 1 October. As regards low-cost housing construction, a sum of BFR 24 000 million was set aside for 1977 as against 20 000 million in 1975 and 1976. It is hoped that in this way employment in the building industry will be maintained as far as possible.

In *Denmark*, following the parliamentary elections, a number of agreements were concluded between the parties which concerned among other things employment policy and building policy. It is intended to introduce a first series of employment measures costing for 1977 a total of DKR 810 million, including DKR 200 million of energy saving provisions in dwellings, official buildings and business premises, DKR 100 million for repairs and minor modernizations to apartment buildings, and DKR 50 million for modernization and fire protection work. Additional revenue of DKR 915 million per year should arise from the tax on the development of land for single-family dwellings and holiday homes.

November 1977 saw the introduction of a 2.5% tax levied on the sale price on the initial transfer of owner-occupied dwellings in property held on a co-ownership basis.

In the *Federal Republic of Germany*, the Government introduced a series of measures aimed at maintaining demand in the building industry in the medium term:

- (i) the programme for future investments provides for investments of approximately DM 16 000 million in infrastructure improvement during the period up to and including 1980, and of this sum by far the greater proportion will be invested in building projects;
- (ii) the Federal Government decided on basic figures for Federal contribution towards the promotion of low-cost housing construction which should, if accompanied by appropriate contributions from the Länder, make it possible to maintain the 1977 level of low-cost housing construction up to 1981;
- (iii) the conditions for investment in the privately financed construction of rented dwellings were improved by the reintroduction of decreasing depreciation for buildings.

In addition, the regional programme (future home ownership programme) was increased by 50 000 dwellings to a total of 80 000 for 1977 on a non-recurring basis.

In *France* the number of those seeking employment in the construction industry, having decreased throughout the year 1976, increased appreciably in 1977.

During the year the Government took certain measures designed to maintain the level of activity in this sector.

In addition the implementation of the reform of financial aids to housing, adopted by Parliament at the end of 1976 was continued throughout the year 1977. The essential aspects of this reform are the concentration on assistance to the individual, the development of owner occupation and the improvement of existing housing. During the second half of the year, experiments with the new forms of aid were carried out in 12 departments, prior to the general application of the new regime in 1978.

The law of 31 December 1975 on the reform of land use policy has had an effect. The payment due by developers who exceed maximum legal density has brought new resources to local authorities or discouraged higher densities. The right of pré-emption on the sale of property given to communes within certain areas has made it possible to do without compulsory acquisition and to act on a much better understanding of the housing and property market.

In *Ireland*, the new Government has committed itself to encouraging employment in the building industry, in which about 25% of the total work force of 100 000 is at present unemployed, and also to increase the number of people who own their own homes. Important changes in housing policy include the introduction of a grant of IRL 1 000 for the purchase of a first dwelling, the abolition of local taxation (rates) on housing, the raising of the income ceiling and of the loans for the purchase of council houses and the relaxation of some conditions on the purchases of council property by tenants.

In *Italy*, to maintain the level of employment in the building industry, in August 1974 the Parliament approved a number of urgent measures which form part of the draft law on the ten year plan for low-cost housing which is still under consideration.<sup>1</sup> Furthermore, in January 1977 the law on land use was passed, with which it is hoped to combat speculation more effectively.

In *Luxembourg*, in 1977 the law came into effect under which the purchaser of a dwelling in course of construction is insured against cash problems on the part of the builder and against constructional faults. The obligation to take out a bank guarantee means that, in addition, the builder has every interest in making the dwelling which he has sold available as quickly as possible.

In the *Netherlands* policy innovations were hampered by the fact that the country was, for a relatively long period, governed by an outgoing government. However, attention was given to a continuation and further development of the policy on growth points and growth cities, which had been adopted earlier<sup>2</sup> and for which substantial infra-

<sup>1</sup> Social Report 1976, point 165.

<sup>2</sup> Social Report 1975, point 182.



**TABLE 5**  
**Completed housing and proportion of subsidized dwellings <sup>1</sup>**

Country	Dwellings completed	1972	1973	1974	1975	1976 <sup>2</sup>
Belgium <sup>3</sup>	Total number of dwellings	51 921	63 056	66 345	78 547	76 907
	Number per 1 000 inhabitants	5.6	6.5	6.8	8.0	7.8
	Number of subsidized dwellings	33 763	42 078	29 928	31 077	31 553
	% of total	65.0	66.7	45.1	39.6	41.0
Denmark	Total number of dwellings	50 010	55 566	48 595	35 510	39 218
	Number per 1 000 inhabitants	10.0	11.1	9.6	7.0	7.7
	Number of subsidized dwellings	12 090	12 671	11 250	8 519	8 922
	% of total	24.1	22.8	23.1	24.0	22.7
FR of Germany	Total number of dwellings	660 600	714 226	604 400	435 910	392 380
	Number per 1 000 inhabitants	10.7	11.5	9.7	7.1	6.4
	Number of subsidized dwellings	121 200	169 336	147 821	126 700	132 100
	% of total	18.3	16.7	24.5	29.1	33.7
France	Total number of dwellings	546 300	500 500	500 400	514 300	449 000
	Number per 1 000 inhabitants	10.8	9.6	9.6	9.8	8.5
	Number of subsidized dwellings	410 100	348 100	355 200	355 600	316 000
	% of total	75.1	70.0	71.0	69.1	70.4
Ireland	Total number of dwellings	20 827	23 870	25 420	26 890	24 000
	Number per 1 000 inhabitants	6.9	7.8	8.2	8.6	7.6
	Number of subsidized dwellings	20 314	23 133	24 745	25 840	21 053
	% of total	97.5	96.9	97.3	96.1	87.7
Italy	Total number of dwellings	259 000	196 640	180 700	219 647	184 276
	Number per 1 000 inhabitants	4.4	3.6	3.2	3.9	3.2
	Number of subsidized dwellings	20 000	14 000	19 000	24 000	30 000
	% of total	7.7	7.1	10.5	10.9	16.3

Luxembourg	Total number of dwellings	2 254	2 468	3 395	3 330	3 380
	Number per 1 000 inhabitants	6.5	7.0	9.5	9.2	9.2
	Number of subsidized dwellings	703	963	1 324	1 185	1 140
	% of total	31.2	39.0	39.0	35.6	33.7
Netherlands	Total number of dwellings	152 272	155 412	146 174	120 770	106 813
	Number per 1 000 inhabitants	11.5	11.6	10.8	8.9	7.6
	Number of subsidized dwellings	125 766	124 337	110 433	98 490	85 915
	% of total	82.6	80.1	75.5	81.5	80.4
United Kingdom	Total number of dwellings	330 700	304 000	278 000	313 200	324 000
	Number per 1 000 inhabitants	5.9	5.4	5.0	5.6	5.9
	Number of subsidized dwellings	289 800	114 000	134 000	162 300	169 000
	% of total	87.6	37.5	48.2	51.8	52.2
Community	Total number of dwellings	2 073 884	2 015 738	1 853 429	1 748 104	1 599 974
	Number per 1 000 inhabitants	8.1	7.9	7.1	6.8	6.2
	Number of subsidized dwellings	1 033 736	848 618	833 701	833 711	795 581
	% of total	49.8	42.1	44.98	47.7	49.7

<sup>1</sup> Any dwelling, whose cost of construction, purchase or rental is kept at such a level that it can be rented or purchased by financially less-favoured population groups through financial means made available by public authorities (loans, bonuses, subsidies, low-interest rates) is regarded as a subsidized dwelling.

<sup>2</sup> Provisional figures.

<sup>3</sup> The figures refer to dwellings whose construction was started.

structure and area development loans and grants were allocated. The entry into force of an amendment to the Housing Act and its implementing provisions, started to have an effect on consultation with tenants, the administration and management of dwellings owned by local authorities and building societies.

Where the minister responsible is of the opinion that these bodies do not provide sufficient housing units for socially underprivileged, he may order them to review their policies.

In the *United Kingdom*, the Government in its consultative document published in June 1977 put forward for discussion a large number of proposals for change. These included more emphasis on the assessment of local housing needs, accompanied by new systems of financial control and subsidy for public sector housing; changes in improvement grant provisions to stimulate improvement of older property, and measures to make house purchase easier for first time buyers.

### **Housing requirements, building programmes, dwellings completed<sup>1</sup>**

176. In by far the majority of countries the number of completed dwellings is decreasing, an obvious development in a period of serious economic problems and at a time when, in some countries at least, more attention is being devoted to the modernization of the older housing stock than to new building. In view of the high unemployment figures, many disparate measures are being taken in the Member States to maintain the level of employment in the building industry. However, experience suggests that most of these measures will only produce results in the longer term but, because of the considerable 'snowball' effect, they are then bound to have a favourable influence on other industrial sectors.

In addition to the measures on behalf of private home building, most Governments are making more credits available for the low-cost housing sector. The effect of this is more rapidly noticeable than in the private sector, a fact which is reflected in the number of completed low-cost dwellings, where the decrease tends to be smaller.

### **Building costs**

177. In most countries the index figure for building costs has risen less rapidly. This trend had already begun here and there, but is now more general. Whereas in earlier years building costs rose considerably more rapidly than the cost of living, they now appear to more or less keep pace with each other. The stabilizing prices of building materials seem to some extent to balance out the increased wage costs.

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<sup>1</sup> As regards completed dwellings, see Table 5 on pp. 128 and 129.

## Rents

178. In *Belgium* rents have been frozen by the law of 10 April 1974. Each year the maximum percentage rate of increase for the following year is laid down by law. The increase amounted to 8.5% for 1977 (law of 24 December 1976) and to 5% for 1978 (law of 22 December 1977).

In *Denmark*, a separate item for 'housing' was also included in the price index figure which is calculated on the basis of the actual prices which the consumer has to pay for goods and services (including taxes). For the period from 1 January 1976 to 1 January 1977 the price index figure for housing (based on rented dwellings in both the public and the private sectors) shows an increase of 12.1%.

In the *Federal Republic of Germany*, average rents in the first five months of 1977 rose less rapidly than the cost of living. In relation to previous years, too, the upturn slowed down; the average rent increase over the period referred to amounted to slightly more than 3.5% compared with an average for 1976 of 4.9% and of 6.3% for 1975.

In *France* the increase in rents was limited to 6.5% for 1977 under the amending legislation of 1976.

In *Ireland*, average rents remained low. For private rent-controlled housing no rent increase was fixed in 1977. The rates on dwellings (generally included in the rent of council housing) were reduced by 25% and will be abolished completely as of 1 January 1978.

In *Italy* the rent freeze was again extended pending the entry into force of the new controlled-rents law approved by the Senate. However, for the period August 1976 to August 1977 an increase of 6.6% was permitted, which is much lower than the increase in the cost of living (18.6%).

In the *Netherlands*, an increase of 7% in rents was authorized on 1 April 1977. This increase is obligatory in the public sector. In the private rented sector, however, the level of increase is generally based on criteria related to the improved quality of the housing following a points system.

In the *United Kingdom*, the Government continued with its policy of additional subsidies in order to keep the rent increases in the public sector (6 million tenants) down to an average of 12%. The increase in rents in the private sector (over 3 million tenants) fell further behind the increase in the cost of living. Controlled rents (about 400 000 tenants) can only be increased to reflect the cost of repairs and improvements. Rents fixed by rent officers (about 700 000 tenants) can be reviewed once every 3 years, but the increase is usually phased over the next 2 years. The Government is occupied at present with a general review of the Rent Act, in the course of which it is examining the extent to which the maintenance, improvement and optimum use of existing dwellings in the private sector is affected negatively or positively by the present rules.

**Reconstruction and modernization**

179. In *Belgium*, for Wallonia the grant scheme for the reconstruction of unsound dwellings was made more attractive by raising the income ceiling and increasing the maximum grant to BFR 100 000.

As of 1 June 1977 a new reconstruction scheme came into effect for the Brussels region, giving a choice between a maximum grant of BFR 75 000 and a low-interest loan amounting to a maximum of BFR 600 000.

In *Denmark*, the grant scheme for energy saving measures was extended in autumn 1977. A total of DKR 550 million spread over a period of three years was allocated for grants relating to rented dwellings. The grant can cover up to 30% of expenditure incurred subject to a maximum of DKR 2 000 per dwelling; housing built before 1974 is now also eligible. Work costing up to DKR 6 000 can be carried out in owner-occupied dwellings and half the cost deducted from the owner's taxable income. It is estimated that this measure will reduce tax revenue by DKR 600 million over a period of three years.

In recent years, reconstruction involved between 3 000 and 4 000 dwellings per year. This is more than before the entry into force of the law on slum clearance passed in 1969, but still no more than a very modest figure compared with total requirements, which are placed at between 100 000 and 150 000 dwellings.

In the *Federal Republic of Germany*, the Federal Minister for Housing and the Housing Ministers of the Länder drew up a modernization programme for the period 1977-80. For 1977 a total amount of DM 304 million was set aside for subsidizing this modernization, on the assumption that the total cost per dwelling would not be allowed to exceed DM 25 000.

In *France* a particular effort was made in the improvement of older housing: public funds for this purpose were tripled between 1976 and 1977 and the various forms of financial assistance available from public sources made it possible to finance 110 000 individual operations. The government's willingness to make a special effort to this field was emphasized by the introduction of forms of assistance better adapted to the needs of the occupiers within the framework of the reformed housing code.

In *Ireland*, the possibilities of obtaining grants for reconstruction, extension or improvement of dwellings were already restricted by the previous Government, with the result that these grants could practically be given only in the case of smaller houses. However, the new Government has introduced a new loan and grant scheme for the reconstruction and improvement of the housing stock where work commenced after 1 November 1977. The restrictions imposed were removed and the level of grant increased.

In *Italy*, in 1977 there were only a few local initiatives as regards the improvement of housing. The lack of a legislative framework restricts initiatives of any size, and these will in the future be still further hindered by the law on land use already referred to, under which great financial obligations are imposed upon owners of land in cases where they are granted a permit for improvement work.

In *Luxembourg*, a draft law is before the Parliament introducing a complete review of financial support to housing construction, but also including regulations and financial provisions concerning the improvement of older dwellings.

In the *Netherlands*, the 750 000th house modernized since the end of the war was recorded. The number of houses of poor or indifferent quality was estimated in January 1975 at 850 000 out of a stock of 4 300 000. It is estimated that a further 200 000 houses will be added to the number requiring modernization, between now and 2000. It is to be hoped that this problem will be dealt with more expeditiously than that of the 750 000 houses referred to above.

In the *United Kingdom* a shift of emphasis in housing policy towards rehabilitation was evident in the further increase in the number of General Improvement Areas (at present more than 1 000) and the number of Housing Action Areas (at present more than 200) declared. There was also a reduction in the number of individual grants for housing improvements. Results of the House Condition Survey held in England and Wales 1976,<sup>1</sup> which became available during the year, showed that over the years 1971 to 1976 the number of substandard houses was brought down from 2 800 000 to 1 700 000. However, the policy statement referred to above is to be amended in such a way that more money is made available for the improvement of older housing.

### **Town and country planning**

180. In *Belgium* some 10 regional development plans were definitively adopted during 1977. A majority of them concern the Flemish part of the country. In the Walloon region the emphasis is more on urban renewal: various specific new standards for subsidization have been laid down. In the latter region an improvement grant has been introduced to encourage improvements to sound dwelling-houses which are over thirty years old, in addition to the renewal grant, and the rent subsidy of unlimited duration for elderly and disabled.

In *Denmark*, on 1 February 1977 the law on commune general plans entered into force. This covers both a commune and local plans (which include rules concerning the use of land and of building plots).

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<sup>1</sup> Social Report 1976, point 169.

In the *Federal Republic of Germany*, in January 1977 the law amending the housing law came into force, making the latter a fully-fledged legal instrument for urban development policy. The amendments referred especially to the extension of the right to first refusal to the local authorities, the simplification of compulsory purchase procedures for building land and the possibility of requiring owners to carry out necessary constructional changes as a part of building and modernization work.

In *France* the law of 31 December 1976 on town planning, the law of 10 July 1976 on the protection of nature and the law of 3 January were progressively applied.

These three laws contain many provisions which strengthen the existing regulations in the following fields: protection of the environment in town and countryside, protection of natural open space, improvement of information and popular participation.

In *Ireland*, under the 1976 Local Government Act, the authority to deal with appeals, references and other appellate matters under the 1963 Act was passed from the Minister for Local Government to a newly created appeal body (The Planning Appeals Board).

In *Italy*, in January 1977 as has already been stated, the Land Use law came into force. The most important feature of this law is that a distinction is made between the right to own land and the right to build, which is now transferred to the local authority and can be further transferred to private persons wishing to build on payment of a sum which can vary between 5 and 20% of the building costs.

In *Luxembourg*, important work took place in the field of regional development in 1977. As a result, the Government was able on 11 November 1977 to issue general development directives concerning, in particular, demographic and economic development, town planning and housing, public facilities and the environment. As regards demographic policy, the directives' recommendations aim at stabilizing the resident population at a total of around 350 000 to 360 000 inhabitants between now and 1990 by stimulating the birth rate amongst residents and limiting immigration.

In the *Netherlands* the Government presented in February 1977 its decision concerning its policy paper on urbanization and the concomitant structural plan. These documents are accompanied by a commentary indicating the changes introduced, following consultation on the initial documents, and the reasons for their inclusion.

In the *United Kingdom* the urgent problems of the inner cities and the falling population figures have made the Government review the planned growth of the new towns. A study of three inner city areas, the results of which became available a short time ago, have led the Government, in cooperation with the local authorities in the hardest-hit cities, to seek solutions for the economic and social problems in these areas.

## Family affairs

### Trends within the Community

181. There are still marked differences between the Member States as regards the rates of family allowances. In countries where such allowances are linked to wage or price indices (Belgium, Denmark, France, Luxembourg, the Netherlands) the amounts are regularly increased, except for the first-child allowance in the Netherlands, which has been frozen since 1972. In the other countries, where rates sometimes remain unchanged for several years, 1977 saw increases in Ireland, whilst in Germany all except the first-child allowance will be increased on 1 January 1978.

However, it must be remembered that any comparison of compensation for family commitments within Member States cannot be confined to family allowances only; in particular any such comparison must take into account the effect of taxation on final household disposable income.

182. A trend which is becoming more and more marked is the search for greater equality between men and women within the family, as in the working world. In addition to the reforms of civil law arising from this trend, certain measures have been adopted which would certainly not have seen the light of day a few years ago. In France, for instance, the 'congé parental d'éducation' was introduced in 1977 to enable wage or salary earners, whether father or mother, to stay away from work for two years after the birth of a child, without pay but with guaranteed re-employment. It is also significant that the Italian law of 9 December 1977 on 'equal treatment for men and women at work' is not restricted to access to employment, pay and vocational training, but also aims to achieve equality as regards special leave for family reasons. It extends to the father the privileges previously reserved for the mother: optional leave for six months after the birth of a child, with payment of 30% of wages or salary, entitlement to two hours off with pay per day to look after a child under one and leave when a child is sick.



183. A move towards guaranteeing children's rights more fully by strengthening their legal position may also be observed. A draft law containing provisions on this matter is being discussed in the Federal Republic of Germany; the same question is being studied in Ireland at the request of the Ministry of Health, whilst in France and the Netherlands there have also been calls for moves in this direction.

The XVth Conference of European Ministers responsible for Family Affairs, which met in Bonn in September 1977, expressed its approval of the initiative taken by the United Nations General Assembly in proclaiming 1979 an 'International Year of the Child'; the objective is to prepare action programmes to promote the well-being of children and create a favourable climate among the public. Preparatory work for the activities of this International Year has already started in several Member States.

It is worth noting that the Conference of Ministers expressed the wish that, in the general framework of improving working conditions, especially working time, thought should be given to allowing parents more time off to bring up their children. The Ministers considered that where reductions in working time were envisaged, priority should be given to reducing the number of hours worked each day rather than extending annual leave. A similar position was adopted by the COFACE (Committee of Family Organizations in the European Communities) at its general meeting in September 1977.

## Development of the situation in the member countries<sup>1</sup>

### *Belgium*

184. The possibility—which has existed for women civil servants since 1975—to take two year's unpaid leave to bring up a child aged under three has been extended, by Royal decree, to women staff in State educational establishments and those subsidized by the State. Women who adopt a child are also eligible.

There has been a substantial increase in the amount of State aid to homes for unmarried mothers and their children, and nurseries providing a 24-hour service for children from problem families; it now stands at BFR 700 per day per person, against BFR 315 for homes for unmarried mothers and BFR 165 for nurseries at the beginning of 1976. The home help services for families and elderly persons received more than BFR 1 577 million in State subsidies in 1976, whilst the number of qualified home helps rose from 8 661 to 10 335 in one year. None the less, the pay and working conditions make recruitment difficult, whilst applications for home help are steadily rising. There were

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<sup>1</sup> See also Chapters VI, VIII and IX.

95 approved marriage and family guidance centres in 1976; they received subsidies of BFR 22.3 million, or nearly BFR 8.8 million more than in the previous year.

The law of 6 July amends the article of the Civil Code on parental responsibility for damage caused by minors to make both parents equally responsible: henceforth, the father and mother, instead of the father alone, are responsible for such damage. This change is part of the trend in family law whereby joint parental authority is replacing the patriarchal system.

The measures taken in application of the judgment of the Court of Justice of the European Communities of 30 September 1975, whereby families from other Member States have the same rights as nationals as regards fare reductions on public transport,<sup>1</sup> came into force on 1 January 1977. The Belgian authorities have extended this privilege to families from non-member countries resident in Belgium for at least one year with three or more children under age.

### *Denmark*

185. The law of 8 June 1977, which will enter into force on 1 January 1979, amends the legislation on the collection of maintenance payments. At present this is the responsibility of the police and, in Copenhagen, of the metropolitan authorities; however, in cases where maintenance allowances for children are advanced by the public authorities, collection is made by the communes. The new law transfers the task of collecting all maintenance allowances for children and spouses to the local social welfare departments.

As regards family help services, following the 1976 reform of the law on social assistance, the concept of 'husmoderafløsning' (housewife's relief) has been replaced by that of 'hjemmelhjælp' (home help). Temporary home helps are available in the event of illness, confinement or convalescence and permanent home helps in the event of long-term illness or disability. In recent years the demand for this second type of aid, which makes it possible to avoid placing the elderly or disabled in homes, has been rising.

### *Federal Republic of Germany*

186. The rates of family allowances have not changed since 1 January 1975. Pursuant to the law of 16 August 1977, which will come into effect on 1 January 1978, they will

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<sup>1</sup> Social Report 1975, points 50 and 186.

be increased from DM 70 to 80 per month for the second child and DM 120 to 150 for the third and each subsequent child, whilst the allowance paid for the first child will remain at DM 50. Family allowances are not index-linked in the Federal Republic.

In addition to marriage and family guidance centres, which received more than DM 3 million in subsidies from the Federal Government, child-rearing advisory services are also being promoted—there are currently 647 of them. However, this number is still insufficient, since there are long waiting lists for these services. In 1977 the Federal Government made DM 8 million available to welfare bodies to build and modernize holiday homes for families. There are 150 such homes with a capacity of about 20 000 persons; they also receive subsidies from the Länder. In addition, assistance towards the cost of a holiday in one of these homes is available to individual families from the Länder and the communes under certain conditions.

The law reforming matrimonial and family legislation came into force on 1 July 1977.<sup>1</sup> Under the provisions of the new law, couples must settle the question of running the household and sharing tasks by mutual agreement. In the event of divorce the question of the guilt of one or other spouse is no longer taken into consideration when dividing old-age pension rights; the rights already acquired or in the process of being acquired are shared between them. A draft law introducing new rules on parents' rights and duties is under discussion. Its aim is to amend the legal status of paternal authority and it follows modern educational concepts according to which parents should pay more attention than in the past to the child's personality and aspirations.

The Federal Government considers that activities on behalf of migrant workers and their families should be geared towards improving the educational and vocational opportunities of the second generation of foreigners growing up in the Federal Republic. For this purpose children are given help with their homework and the organization of leisure time activities; the results have proved very satisfactory. The Government decided to step up these activities and increase the related subsidies from DM 600 000 to DM 1 million in 1977.

### *France*

187. The increase in family allowances granted in July 1977 represented a rise of 10.6% in one year. In addition to these allowances, which are granted for the second and each subsequent child and not subject to a means test, a new benefit, the 'family supplement', was introduced by the law of 12 July 1977; it will be paid as of 1 January 1978 to families with a child under 3 or at least three children, whether or not the mother works, provided that the family's resources do not exceed a certain ceiling; the

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<sup>1</sup> Social Report 1976, point 177.

latter will vary according to whether one or both parents work. It is estimated that about 2 600 000 families will receive this benefit. This family supplement replaces several allowances granted on an income-related basis: the single wage allowance, the housewife's allowance and the child-minding allowance.

The same law commits the Government to undertake a study to define the basis for an overall family policy, covering cash benefits, taxation measures and facilities and services. A report will be submitted to Parliament before 31 December 1978.

Another law of 12 July 1977 introduced 'parental leave for bringing up children'. It entitles wage- and salary-earning mothers or fathers to take unpaid leave for a maximum of two years following the birth or adoption of a child, after which the person concerned is entitled to return to the same job—or a similar one—on equivalent pay. Initially, this law only applies to wage and salary earners with at least one year's seniority, working in an undertaking with more than 200 employees.

A special increase of FF 300 was granted in 1977 to recipients of the return-to-school allowance (*rentrée scolaire*), raising the latter to FF 453.60. The 'single parent' allowance was increased by about 20%. The decree of 27 June 1977 introduced an allowance of up to FF 150 per day payable for a maximum of 14 days to women farmers who stop work to give birth to a child—this allowance is towards the cost of replacing them during their confinement.

The law of 17 May 1977 deals with 'mothers' helps'. Henceforth this will be the title given to recognized child-minders and wet-nurses who look after minors in their own homes for payment, whether on a daily or permanent basis. This law gives them wage-earning status with the consequent advantages: entitlement to a minimum wage, paid leave, unemployment benefit, etc. It also makes provision for training to aid them in their task of bringing up children. As regards crèches, simplified schemes more rapidly brought into play than the traditional crèche are being tested, such as the 'mini-crèche'; instead of setting up a crèche in one place, children are divided into groups of 10 to 12 in several apartments situated in a subsidized housing complex, fitted out to meet standards regarding health and teaching facilities laid down by the related legislation.

The law of 3 January 1977 introducing 'individualized aid' to housing is designed to meet the needs of families more closely; existing subsidies for the construction of low-cost housing are continued and, at the same time, aid to the individual is increased and access to home ownership promoted.

The law of 26 December 1976 introduced reforms in the adoption system abolishing the ban on adoption for parents with children of their own, lowering the minimum age for a single person from 35 to 30 years and abolishing the minimum age for married couples adopting jointly.

*Ireland*

188. Family allowances were increased, except for the allowance for the first child. Supplementary benefits for dependent children granted under various welfare schemes were also increased.

In 1977 a subsidy was paid to the Catholic Marriage Advisory Service and aid was also granted to local branches of this organization, whose activities include pre-marriage guidance courses, advisory services for matrimonial problems and advice on bringing up children. Subsidies are also granted to marriage guidance services operated by the Council of Churches. The 'Attorney-General' has requested the Law Reform Commission, under the Law Reform Commission Act 1975, to consider the question of reforming the law of nullity in marriage.

*Italy*

189. The law of 9 December 1977 on 'equal treatment for men and women at work' does not simply deal with access to employment, pay and vocational training; it also aims to achieve equality as regards special leave for family reasons, by extending to the father the following privileges previously reserved for the mother:

- (i) optional leave for a maximum of 6 months during the child's first year of life, with payment of an allowance corresponding to 30% of wages, financed by the social security system;
- (ii) entitlement to two hours' paid absence from work per day to look after the child until it is one year old;
- (iii) the right (on presentation of a medical certificate) to stay away from work in the event of the illness of a child under three. This is unpaid leave, unless provisions to the contrary are stipulated in the employment contract or regulations applying in the public sector.

This law also provides for the granting of leave for the adoption of a child under three; financing of the two hours' paid absence per day by the social security system (and not, as in the past, by the employer); transfer of a deceased wife's old age pension to the surviving spouse.

The 1971-76 Government-aided five-year plan for building 3 800 communal day nurseries has not yet been completed; financial difficulties due to cost increases prevented its full implementation. The methods of financing laid down in the 1971 law are under review. The guiding principles of this plan have met with general approval, since day nurseries are now regarded as an essential service both from the social and pedagogical points of view.

The final phase of the application of the new family law has been realized in 1977; it relates to the choice of the scheme concerning spouses' estates: joint or separate ownership.

### *Luxembourg*

190. The law of 20 June 1977 introduced a regular medical check for pregnant women and young children and amended the rules on birth grant. The latter, which currently amounts to LFR 22 540 (at index level 281.76) paid in three instalments, may only be allocated if the woman has had at least five medical examinations and one dental examination during her pregnancy, besides a post-natal examination in the eight weeks following confinement; furthermore, the child must undergo two perinatal examinations and four subsequent medical examinations up to the age of two. Under this law, any woman who has lived in Luxembourg for one year may receive the birth grant, whereas five years' residence by one of the spouses was previously required.

In view of the shortage of personnel for family advisory services and to meet growing needs in this sphere, the national association of social workers is organizing training courses for marriage guidance counsellors.

A draft law on the legal status of children born out of wedlock is now before Parliament.

### *Netherlands*

191. Changes have been made in the financing of the home help services; although the latter are mainly financed from the budget (HFL 927 million in 1977), previously the social assistance system also contributed where low-income families were involved. This contribution has now been abolished to tighten control over public spending in this sphere and distribute it more effectively and equitably. At the same time a new system of contributions from the beneficiaries was introduced, varying according to income. A draft law has been tabled enabling single persons with dependent children aged under 14 to deduct expenditure on home help from their taxable income.

Since the regulation on the financing of day nurseries entered into force on 1 January 1977, their wage bill has been paid entirely by the State. Family contributions vary from HFL 10 per month for those with a specified minimum income to HFL 225 for those with an income of HFL 2 200 or more.

On 8 February 1977 an inter-ministerial coordination committee on 'women's emancipation' policy was set up under the aegis of the Ministry for Cultural Affairs, Recreation

and Social Welfare, to replace the existing working party on this subject. In May the Government submitted a comprehensive report to Parliament on this policy and the various stages envisaged. The programme provides for 'operations to further the process of emancipation', involving nurseries and child-minding centres, school timetables and participation by parents in the activities of pre-school establishments. For the immediate present, a law is being drafted to implement the Council of the European Communities' Directive on equal treatment for men and women as regards employment and work. The introduction of a more general anti-discrimination law is under consideration. In the new Government formed in December 1977, a State Secretary with special responsibility for the emancipation of women was appointed under the authority of the Minister for Cultural Affairs, Recreation and Social Welfare.

A new draft law would make it possible for an unmarried mother, who is still a minor to be legally emancipated at 16. Young people still come of age at 21; the Dutch Family Council is in favour of lowering this age to 18. Lastly, it may be noted that, under the auspices of this Council and in collaboration with the Ministry of Justice, a study on non-marital relations is being carried out by the Dutch Institute for Sexual and Social Research.

### *United Kingdom*

192. The new system of financial support for families with children introduced by the 1975 Child Benefit Act made provision for the payment, from April 1977, of an allowance for the first child; the scheme covered 3 million first children for the first time.<sup>1</sup>

Resources allocated to the special programme to extend the provision of pre-school education, launched in England and Wales in 1974, have been reduced significantly (UKL 2.7 million in 1977/78 compared with UKL 9.3 million in 1976/77). None the less, the buildings constructed in the early stages of the programme permitted some growth in the number of children attending nursery schools and nursery classes in primary schools (179 964 in 1976, or 21 796 more than the previous year). In Scotland, places are available for about 28% of all children aged 3 to 4.

It is estimated that about 40 000 people will benefit from the extension of the non-contributory invalidity pension scheme in November 1977 to married women unable to pursue an occupation and carry out their household tasks.

One of the recent developments in family law is the implementation of a clause in the 1975 Children Act giving adopted persons the right to know the identity of their real

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<sup>1</sup> Point 220 of this Report.

parents when they reach the age of 18 (17 in Scotland). There is provision for social work counselling to help applicants understand the possible effects of tracing their natural family. Another source of increased responsibility for social workers is the rapid rise in the divorce rate and the possibility which now exists for unopposed petitions for divorce to be dealt with without legal representation: this involves social workers in drawing up welfare reports concerning the custody of the children (more than 14 000 reports in 1976 in England and Wales).

Under the Domestic Violence and Matrimonial Proceedings Act 1976, which came into force on 1 July 1977, and applies only in England and Wales, it will be easier for a woman to obtain an injunction restraining her partner from violence against her or the children, or excluding him from the family home.

Broad consultations were held by the Government on the recommendations made by the Committee on Child Health Services, in its report 'Fit for the future' published in December 1976 covering England and Wales. After a detailed description of the present situation regarding child health, this report recommends a more integrated service combining family and school health care, a new pattern of health surveillance, and a national advisory body in which the health services, personal social services and those responsible for education would be represented; the accent in the report is on preventive action and the need to involve parents.



## Social welfare services

### Trends within the Community

194. There has been an extremely fast rate of increase in expenditure on social assistance (non-contributory benefits paid to persons whose resources are below a certain minimum) throughout the Member States in recent years. The average annual increase, which was 16.8% in France between 1970 and 1975, stands at around 19% in the Federal Republic of Germany over the period 1970-76 with a downward trend since 1974. The German local authorities have called for a curb on such expenditure, but this has been opposed by the trade unions and social welfare organizations, which point out that the increase is largely due to continued unemployment and the ageing of the population. In several Member States the need is felt for a detailed study of the factors determining the increase in this expenditure. In 1977 there was a major reform of Ireland's social assistance system. The concept of entitlement to social assistance was introduced—as in Belgium the year before—with the normal corollary of right of appeal against the refusal to grant benefits.

195. Social welfare services go more and more beyond the question of helping individuals—they also promote activities within local communities so as to encourage those concerned to decide and administer themselves the services and facilities which they need. This tendency is particularly marked in the social welfare activities carried out amongst groups which were all too often treated with a 'hand-out' mentality: elderly persons, the handicapped, migrant workers, the 'fourth world' population.

The chief feature of social welfare action is the great diversity and flexibility of its aid measures, due notably to the fact that it is largely conducted by voluntary associations which, since they are not subject to strict administrative rules, have greater scope for innovation and experiment. In all the Member States the growing desire of citizens to organize their own day-to-day living conditions themselves, brings about a development of communal life and the emergence of the most varied types of spontaneous community activities such as neighbourhood committees, associations for the protection of tenants

or persons threatened by projects for urban renovation, volunteer groups providing legal advice or information on welfare rights, etc. It is very difficult to give an exact picture of these many-sided activities, but their importance needs to be mentioned in any social report, since they show a growing eagerness amongst the population to take a direct part in social changes.

It would be very useful if more information could be provided and exchanges carried out between countries as regards these novel experiments, which are sometimes financed from public funds. For its part the Commission contributes towards this social experimentation work, which has great potential value through its programme of pilot schemes to combat poverty. This programme does, admittedly, have its limitations but as it is accompanied by research and assessment, it enables useful comparisons to be made at Community level, such as took place at the seminar held in September 1977, which brought together Government representatives, research workers and project leaders.

196. The field covered by professional social workers is growing from year to year. Their intervention has become necessary in several countries as a result of new laws on adoption, divorce, voluntary termination of pregnancy, etc.; in addition, they have to cope with the problems raised by unemployment, the increase in delinquency, alcoholism and the use of drugs amongst young persons, and the increasing need for material and psychological assistance arising from economic difficulties. One might have expected that public authorities provide the funds necessary to recruit large numbers of social workers, with the twofold aim of meeting these needs and creating jobs. Yet, apart from a few attempts to remedy really gross shortcomings, no step has been taken in this direction. In several Member States (Belgium, Denmark, Federal Republic of Germany, Italy, the Netherlands and United Kingdom), the Governments have promoted the system of taking on unemployed persons to carry out tasks which are important in the social context amongst elderly persons, the handicapped and families in difficulties, thereby acknowledging the pressing needs in those spheres; but these are only temporary schemes. The results of such short-term economic measures need to be assessed and greater thought and attention be brought to bear on all aspects of the problem of creating jobs in the social sector.

## Development of the situation in the member countries

### *Belgium*

197. The year 1977 saw the gradual implementation of the major reform of social welfare services introduced by the law of 8 July 1976, which set up public social

welfare centres and introduced the new concept of entitlement to social assistance, the aim of which is to enable everyone to lead a life consistent with human dignity. There have already been decisions in the appeal courts concerning the interpretation of this concept; some of these decisions, concerning recognition of entitlement to both psychological and material assistance, are quite novel indeed.

One of the first effects of the law is the setting up of a social welfare service in all communes, including rural ones, leading to further staff recruitment.

In granting social assistance more and more use is being made of data-processing, and this worries social workers whose associations are now studying the problems raised by the use of the data provided by the social welfare services.

Decrees of 4 March and 15 April 1977 enabled public social welfare centres and non-profit-making associations to take on unemployed persons to carry out tasks useful to the public involving 'administrative and social assistance for elderly persons, the handicapped, families in difficulty or the protection of the environment'.

These measures were extended considerably by the programme law of 22 December 1977 which sets up a special temporary scheme (also known as 'troisième circuit de travail'), which assigns public utility tasks to the unemployed.

### *Denmark*

198. The effects of the implementation of the new law on social assistance, which entered into force in 1976, are being felt in the municipalities and districts. The local social services are finding it difficult to cope with the great increase in applications for aid, which is mainly due to the rise in unemployment and the wide dissemination of information to the public that accompanied this reform. This means that the majority of social workers are greatly overworked. At the same time, 717 social workers are unemployed (out of the 3 600 qualified social workers in Denmark in 1977) because, in the present economic situation, the social welfare services are not recruiting staff at the same rate as in the past.

### *Federal Republic of Germany*

199. Expenditure on social assistance continues to increase more rapidly than social benefits as a whole. In 1976 it amounted to some DM 9 500 million (provisional figure) compared with 8 400 million in 1975, or an increase of about 13%, whereas social benefits as a whole increased by only 6.9% during that period. This situation has led the Länder and the communes, which finance almost all social assistance, to look

for ways of curbing this expenditure, and the Länder have announced that they have devised a system which would enable its growth rate to be reduced. Though the Federal Government has stated that it is prepared to study the problem, it does not consider such a restriction possible. Some bodies, such as private social welfare organizations, have warned of the dangers of over-hasty reforms in this sphere and stressed that the increase in expenditure is largely due to the persistently high number of unemployed persons and the increase in the proportion of elderly persons in the population, especially in recent years. There are about 2 million recipients of social assistance.

It should also be pointed out that public expenditure under the heading 'Aid to the young' (which covers various spheres of activity including crèches, nursery schools, the fostering of children from problem families, backing for youth organizations, etc.) amounted to about DM 8 000 million in 1976 (not including investments).

In 1977, the Federal Union of local sickness funds expressed its approval of the setting up of a social welfare service within sickness insurance organizations, since it considers that recognition of the psycho-social causes of illness is essential, alongside medical treatment, in order to obtain lasting results. The local funds intend to make greater use of the social centres (Sozialstationen) and of their home, medical and domestic services.

In 1977 the research institute in municipal administration of the Konrad Adenauer Foundation produced six studies dealing with the social welfare services for elderly persons, physically and mentally handicapped persons, drug addicts, the homeless and potential juvenile delinquents. These studies showed that, if these categories have to cope with financial difficulties, their greatest need is for personalized social assistance. It is therefore proposed that financial aid should be supplemented with socialization and rehabilitation measures and that, in order to do this, staff of the social welfare services should be increased and the necessary facilities developed.

The Federal Ministry for Health, Youth and Family Affairs has intensified its activities in the spheres of health education and information on social rights particularly as regards problems of old age, on which two reports have been published, one on maintenance of the independence of elderly persons, the other on the physical and sporting activities suitable for these persons. The Ministry has also launched a pilot scheme designed to help women to be reintegrated in society after their release from prison.

The field covered by social workers continues to grow, mainly because they are needed to implement certain new laws; these include laws on penal provisions, adoption, voluntary termination of pregnancy and homes for the mentally ill.

The Federal Government's employment programme of 25 May 1977 allocated subsidies amounting to DM 270 million for placement measures in the social services, which enabled unemployed persons to be taken on to help elderly people, families and handicapped persons. These subsidies were granted for a period of 12 months.

*France*

200. The appropriations earmarked for social assistance in the 1978 budget amount to FF 11 000 million, plus the contribution from the departments and the communes. Expenditure on social assistance as a whole, increased on average by 16.8% every year between 1970 and 1975.

A decree of 22 April 1977 introduced a major reform of administrative structures by merging social security departments with those of the health and social services at regional and departmental level; the new structures are called directorates for health and social matters. The effects of this reform, which is no doubt prompted by a desire to achieve coordination and to check the increase in expenditure in these spheres, cannot yet be assessed.

It should be pointed out that certain social welfare facilities full-scale developments are taking place as regards certain social welfare facilities. The social centres whose original aim was to group together the basic services necessary for the inhabitants of a district, are playing an increasingly important role in organizing and promoting schemes among the local population. On 1 January 1977 they numbered 706, of which 446 were administered by private non-profit-making associations, 200 by family benefits funds, 30 by local authorities, and 30 by the Farmers' Social Security Scheme, which, in addition, maintains 6 000 old people's clubs (of a total of about 10 000) in rural areas; these clubs are mainly administered and organized by the users themselves, and which are beginning to play a really vital role in village life. Another type of social welfare activity which is forging ahead is that of clubs and teams with preventive aims, working among young people who are having problems in adapting to society. These units located in 202 towns, which increased in number from 263 in 1974 to 383 in 1977, were set up on the initiative of voluntary associations receiving a certain amount of aid from public funds.

In addition, the role played by hostels for young workers is changing. The economic situation, which particularly affects young people entering working life, and further-more coming of age, now lowered to 18, induces young people to leave their families, and this has modified the original purpose of the hostels by channeling ever-increasing number of young misfits or potential misfits towards them. As a result there is an increasing demand for socio-educational action such as reception, motivation, remedial teaching, guidance and integration into social and working life. Various types of financial aid have been introduced to meet these needs such as larger budgetary provisions for Ministry of Health, earmarked for operating these hostels and their residents, (FF 14.9 million in 1977 compared with FF 8.4 million in 1976).

It should be pointed out that in France the State budget finances only a proportion of social welfare activities; another source of financing is the social welfare funds of the

social security organizations, and in particular family benefit funds, which devoted FF 2 100 million to these activities in 1976.

A decree of 3 March 1977 set up an interministerial Working Party on 'Habitat and social life' with the aim of acquiring a better knowledge of the requirements of the population concerning neighbourhood facilities and collective services and improving their satisfaction as regards those services. The reforms would also bring about certain operations in urban districts where shortcomings in social and cultural life are particularly apparent.

Lastly, attention should be drawn to a measure which is part of the general trend whereby compulsory maintenance allowances tend to be ignored when granting assistance: as a result of a decree of 27 July 1977, when elderly persons with inadequate means ask for home helps to be paid by the social welfare services, the authorities no longer inquire as to whether or not their children meet their maintenance commitments.

### *Ireland*

201. In April 1977, social assistance payments were increased by between 10% and 15% with a further increase of 5% in October. Various new facilities have been introduced for pensioners living alone, widows, invalids and elderly persons with low incomes.<sup>1</sup> The qualifying age for old age pension has been reduced from 67 to 66. This age reduction also applies to schemes of free electricity allowance, free travel and free television licences.

The new scheme of supplementary welfare allowances to replace the home assistance scheme was brought into operation in July 1977. It stipulates that any person has a right—as against the discretionary nature of the assistance provided under the former scheme—to a minimum basic income if his means are below a certain threshold. This basic minimum income will be on a scale equivalent to the rural rates of unemployment assistance, which at present are IRL 10.30 for a single person and IRL 17.90 for a married couple with additional payments for dependent children. There is provision for supplementation where these payments are insufficient to meet needs. An important feature of this reform is the right of appeal against refusal of the allowance.

There are 550 social workers, of whom about 65% are professionally qualified (four years' training) and 30% have a basic degree in social studies (three-year) with field-work training. The regional health boards employed 173 social workers at the beginning

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<sup>1</sup> Point 216 of this Report.

of 1977. The Government has adopted a job-creation programme which will provide about 100 new posts for social workers.

### *Italy*

202. The wide-ranging political and cultural controversy of recent years on social welfare problems has given rise to proposals for reform emanating from various political groups. A select Parliamentary Committee has drawn up a synthesis based on the latter, which is currently before Parliament. This document takes a novel approach which goes beyond the concept of social assistance centred around the granting of benefits and aims rather at providing a series of integrated social services intended for the entire population.

This draft reform involves various problems; in particular, it has to satisfy the need to rationalize the fragmented expenditure sometimes resulting from uncoordinated aid measures.

Pending the adoption of this outline law, some regions and communes have taken autonomous measures setting up 'local social service units', which are the basis of the reform. In some cases these units have been set up within the framework of the local health units which were themselves set up pending the creation of the national health service.

### *Luxembourg*

203. In 1976 the Government set up a National Council for elderly persons as an advisory body able to make proposals, and consisting of representatives of the associations dealing with the problems of the elderly. The compensatory allowance for certain categories of beneficiaries of annuities and pensions, set up in 1975 to offset the effects of inflation, which particularly affect elderly persons, has been increased several times, it is now LFR 720 per month for a single person and LFR 1 080 for a couple.

The law of 29 July 1977 set up a National Immigration Council consisting, in addition to officials from the various ministries concerned, of representatives of employers' and workers' organizations and eight migrant workers' representatives.

### *Netherlands*

204. Appropriations for social assistance under the 1977 budget amounted to more than HFL 4 886 million, or HFL 926 million more than in 1976. A new arrangement

has been introduced as part of the outline law on social assistance which enables self-employed persons aged 58 to 65 whose activities do not provide them with an adequate income to receive an income supplement to bring it up to social assistance level, which is equal to that of the net minimum wage. However, one of the conditions of eligibility is that the applicant should obtain at least half the minimum income from this activity.

A decree on admission to old peoples' homes came into force on 1 January 1977. This decree, which is in line with a general trend observed in all the Community countries to keep old people in their normal living environment as far as possible, makes it compulsory for anyone who wishes to move into an old people's home to consult a small committee, consisting of a doctor, a social worker and an administrative official which is to be set up in each commune. This committee examines the various aspects of his or her living conditions with the person concerned—health, housing, income, family and psychological situation, etc.—and gives advice as to whether the person should go into a home immediately or postpone such a step until later. If this postponement is advised and accepted, the committee prescribes the types of assistance, such as home help, which are necessary in order to make it easier for the person at home, and submits a report to the competent authorities or institutions who are then obliged to provide this assistance.

HFL 31.5 million is earmarked for the 'Passport 65' in the 1978 budget of the Ministry of Culture, Recreation and Social Welfare. This card, which enables persons aged over 65 to obtain reductions and other benefits, had been issued to one million persons, or 70% of the elderly population, by 1 February 1977.

The guiding principle of social welfare policy with regard to physically handicapped persons is to avoid, as far as possible, introducing special measures or provisions for them which might isolate them from the rest of the population. Attention is therefore paid to ensuring that they use existing facilities which form part of general social welfare services.

The main problems facing social workers are unemployment, housing needs as yet unsatisfied, and the difficulties encountered in welfare work amongst cultural minorities, particularly migrant workers. Special measures are being taken to increase individual aid for migrant women.

### *United Kingdom*

205. A thorough review of the supplementary benefit (social assistance) scheme was put in hand by the Secretary of State for Social Services. The scheme has not been reviewed since its introduction in 1966 and in recent years has been the subject of mounting criticism because of its increasing complexity and reliance on discretionary payments, and because of its growing administrative costs. The first results of the review are expected in 1978.



A recent White Paper sets out the ways in which the Government intends to give 'explicit priority in social and economic policy' to the problems of inner areas of major cities. The aim is regeneration of these areas by improving the employment situation and by action in the education, health and social services fields as well as in housing. There is to be a concentration of resources in deprived inner city areas, involving perhaps the redeployment of staff such as home helps, community workers or social workers to care for young people in trouble.

The Urban Programme (transferred from the Home Office to the Department of the Environment and the Welsh Office) will be increased from under UKL 30 million a year to UKL 125 million a year in 1979-80, with a continuing commitment amounting to 1 000 million over the next ten years. It will cover environmental and industrial as well as social projects.

The joint financing of health and social services introduced in England in 1976 seems to have produced positive results. Activities are jointly planned at local level, and this produces social measures which reduce the cost of medical care, particularly by reducing the length of stay in hospital or enabling people to be supported in their own homes instead of being admitted to hospital.

A law adopted in 1977 concerns homeless persons or persons threatened with homelessness; the responsibility for helping these persons, which fell to the social services departments of local authorities, has been transferred to the housing authorities; the law also gives priority to pregnant women, families or single persons with dependent children, elderly persons, handicapped persons, etc.

Among the means of helping juvenile delinquents or potential delinquents, the Government has given great encouragement, mainly by means of increased financial assistance to 'intermediate treatment', which is a scheme combining residential care and supervision in the family setting.

The British Association of Social Workers (BASW) has produced a report on the social work task which is being widely used in discussion to clarify those tasks in social welfare for which social work skills are essential. A working group consisting of representatives of social workers' associations and with observers from the government departments concerned, has proposed the setting up of a register of accredited social workers in which would be entered those who follow up their qualifying courses by two years experience in field-work approved for this purpose.

## Social security

### Trends within the Community

209. The development of social security in 1977 has been significantly marked by the adoption in a number of countries of two groups of measures prompted directly by the *labour market* situation.

One group of measures—of which there are examples in Belgium, Denmark, France, Luxembourg, the Netherlands and the United Kingdom—is designed to encourage *elderly* workers to retire early. These measures are usually aimed at workers still in employment, where it is hoped that their retirement will free jobs for young people; however, they sometimes concern unemployed elderly workers with no prospect of obtaining further employment.

The other group of measures is designed to promote employment by offering employers various forms of relief from *social charges*. Such measures have been introduced in Belgium, Denmark, France, Italy and the Netherlands: where relief is granted the costs are borne by the national budget.

A distinctive feature of several of the measures just mentioned is, however, the fact that they are temporary (since their effects are limited to a fixed period of time) and sometimes experimental in nature. In a field like social security such measures represent an innovation. Prompted by the problems of the moment, they appear to represent an attempt to incorporate, in traditional social security policy, a *cyclical aspect* previously lacking. On the other hand, these measures of limited application are also apparently being used to test certain solutions whose principle is reported as controversial or where it is felt ideal to give them general application would be premature. In any event, the direction taken by these solutions is significant.

210. The difficult economic situation also explains, in part at least, why *controlling the growth of expenditure* has in certain countries become the main aim of social security policies, after the period of continuous expansion since the 1960s. Measures have been

taken or are being worked out in a number of countries to control or cut back this growth. In the health care sector, where the expansion is most worrying, this trend is particularly clear and shows Governments' desire to take a long-term, in-depth approach. The action taken tends to include measures aimed at controlling the rise in prices and fees; in addition, measures are being taken involving coordinated planning to prevent a chaotic expansion of health care provision, and attempts are being made to increase awareness of the individual's responsibility in health matters. In the shorter term, financial contributions by insured persons towards certain medical expenses have been adopted in certain countries as a means of reducing sickness insurance expenditure.

In parallel with this desire to contain social expenditure within certain limits, a movement towards a *more equitable* distribution of benefits and costs is also becoming evident. Measures which should be seen in this light include those introducing preferential treatment for families, elderly or disabled persons, the efforts undertaken in some countries to harmonize the various social protection schemes and the gradual elimination of discrimination between men and women as regards social security. Finally, a number of plans for the reform of social security systems or their financing are also a response to this demand for greater equity.

211. It is perhaps fair to say that 1977 has seen no major changes in the social security field. Apart from measures taken in connection with the employment situation, action has mainly been concerned with consolidating social security systems in the face of the problems presented by the current situation, marked by a slowdown in economic activity and an ageing work force. However, recent developments in social security call for reflection on *future guidelines* as regards improving the adaptation of systems to human needs and strengthening social solidarity, especially in the present economic situation. Discussion on these lines has continued throughout the year at national level, as can be seen from a number of schemes for reform at present under study, and at Community level within the context of consultations on the harmonization of social protection policies and the programme of pilot schemes to combat poverty.

## Development of the situation in the member countries

### *Belgium*

212. Mention should first be made of two measures introduced at the end of 1976: pensionable age was fixed at 64 for wage earners who have been employed in an 'arduous and unhealthy' occupation for a specified period (law of 27 December 1976), and the number of hours which a pensioner is allowed to work per quarter was reduced

from 270 to 180, except for certain categories, notably widows (Royal Decree of 27 December 1976).

The economic situation prompted a number of decisions in the course of the year. The law of 24 January 1977—a temporary measure—exempts employers from contributions for newly employed workers for two consecutive quarters. Under a Royal Decree of 12 April 1977 the rate of unemployment benefit remains unchanged for a period of a year when the worker accepts a less well-paid job or a part-time job. Finally, the plan to combat unemployment, adopted by the new Government on 31 July 1977 and which constitutes a major part of the law of 22 December,<sup>1</sup> amongst other measures, relaxes the conditions for granting bridging pensions under the existing scheme (the number of beneficiaries is expected to reach an average of 34 500 in 1978) and introduces a special bridging pension scheme for unemployed persons aged at least 60 (55 in the case of women) who have been without a job for a year, and for the long-term sick.

Social security was further extended to cover professional footballers as regards health care, retirement and survivors' pensions and family allowances (law of 3 March 1977).

Amongst the other measures introduced, mention should be made of the flat-rate 'welfare' benefit (BFR 4 840 per household) granted to all persons receiving cash benefits<sup>2</sup> and the payment of an additional month's family allowance at the beginning of the school year. These two benefits were paid in September.

The mandate of the Royal Commissioner on the reform of sickness insurance was extended to 31 December 1977. As far as immediate action is concerned, the Decree of 12 January 1977 increased the insured's contribution towards the cost of pharmaceutical products from BFR 60 to BFR 70. Other measures are planned for 1978. On the other hand, the new Government abandoned the plans for an increase of 0.40% in employees' contributions to sickness insurance.

### *Denmark*

213. A number of changes were introduced under a series of laws dated 8 June 1977.

Voluntary unemployment insurance is now open to young people from the age of 16. In addition, young people who have finished their military service can obtain unemploy-

<sup>1</sup> Programme law concerning economic, social and fiscal policy, annexed to the budget for 1978.

<sup>2</sup> This flat-rate benefit is integrated into the rates paid with effect from 1 January 1978. By substituting this kind of adaptation of cash benefits to the former system linked to the development of economic growth, selective action can be taken in favour of the recipients of lower benefits. As part of the same action, a quarter of a month's family allowances was paid to recipient families in December.

ment benefit immediately, since their army service is regarded as a period of employment.

In Denmark, the first five weeks' sickness benefits are paid by the employer; however, 'small' employers (i.e., those whose total wage bill in 1976 was less than DKR 1 475 000) are in future exempt from the requirement to pay benefits to new employees who fall sick in the first 3 weeks of employment. This measure is expected to promote employment. In addition, the age limit for voluntary affiliation to the sickness insurance scheme was abolished for self-employed persons and persons devoting themselves to household tasks.

Finally, provision was made for pensions to be granted from the age of 55 for persons with employment or social problems.

Early retirement is naturally voluntary and those concerned can choose, provided they meet certain requirements, to receive unemployment benefit instead.

A general reform of the pension system is at present under study. An important report has been published by the Committee responsible for considering this question; it proposes three possible models, of which the first retains the present system but increases pension rates, whilst the others provide for a basic pension plus a supplement calculated either on the basis of years worked or on the basis of previous earning levels. It is also probable that the future pension reform will involve decisions on the questions of retirement age (flexible or fixed) and the transition from working life to complete retirement.

### *Federal Republic of Germany*

214. The worries aroused by the financial situation of the pension funds and sickness insurance schemes led to two important laws, both dated 27 June 1977.

The first of these laws, in addition to fixing the annual adjustment of benefits, is also designed to improve the financial basis of pension insurance. To this end, it makes numerous changes in the legal provisions governing the scheme. They concern, in particular, financial relations between pension funds and sickness insurance funds (contributions by pension funds towards pensioners' sickness insurance are henceforth limited to 11% of pension expenditure) and between pension funds and unemployment insurance schemes (unemployed persons' pension fund contributions are henceforth to be paid by the unemployment insurance scheme). The other changes concern the general basis for the calculation of pensions (which will take account of recent wage trends), child supplements (which will be replaced next year by family allowances), the rules relating to gainful employment for pensioners, etc. These changes should make the

scheme less vulnerable to external influences in general and to fluctuations on the labour market in particular. It is hoped that they will curtail certain rights which are incompatible with the principle of solidarity amongst insured persons.

Consolidatory measures also result from the law of 12 December regarding the promotion of employment. It may be necessary to bring in additional measures to obtain medium term equilibrium for pension schemes.

The other law of 27 June aims to curb the increase in sickness insurance expenditure, which has reached considerable proportions in the last few years.

It includes the following provisions: contributions will only be paid on behalf of pensioners who have been members of the sickness insurance scheme (or their spouses, where these have not been gainfully employed); insured persons will contribute towards the cost of pharmaceutical products (DM 1 for each product prescribed) and dental prostheses (20%); certain family members whose personal income reaches a specified level will not be entitled to benefits; the overall remuneration due to the medical association will be fixed by national agreement; expenditure on prescriptions will be limited and non-essential medicines (tonics, laxatives etc.) excluded.

In addition, concerted action has been taken involving all those concerned with the health of the population: each year recommendations will be made with a view to promoting rationalization and increased efficiency in the health services.

Amongst other changes which have taken place, mention should be made of the law of 16 August 1977, which includes a provision increasing family allowances, with effect from next year, from DM 70 to DM 80 per month for the second child and from DM 120 to DM 150 for each subsequent child.

Finally, a committee has been set up for the purpose of proposing new arrangements to cover surviving spouses and ways of improving old-age protection for women. This action forms part of the efforts to eliminate discrimination between men and women.

### *France*

215. In France, too, the increasingly rapid growth of health expenditure has led the government to decide on or contemplate various measures to curb this trend: an increase in the 'ticket modérateur' (insured persons' contribution) from 30% to 60% for certain non-essential medicines such as laxatives, tonics, yeasts, etc. (combined with the abolition of the contribution for medicines recognized as irreplaceable and expensive); a campaign against nicotine addiction and alcoholism; action designed to encourage the individual to insure himself against risks regarded as abnormal (sports, motoring); the

possible introduction of a daily charge of FF 15 in the event of hospitalization. The sickness insurance contribution rate is no longer reduced for wage earners over the age of 65. These diverse measures have resulted in a reduction in the rate of expenditure growth.

The usual adjustment of benefits took place, but family allowances and minimum old-age benefits were increased twice during the year, the latter from FF 9 000 to FF 11 000 per year. For the third time, pensions granted before 1973 were increased by 5% (assuming the maximum period of membership) to bring them into line with pensions granted more recently.

The law of 12 July, in addition to improving the situation of surviving spouses, makes it possible for women who have been insured for 37½ years to obtain a full old-age pension at 63 from 1 January 1978 and at 60 from 1 January 1979.

As regards the employment situation, mention should also be made of the inter-trade agreement of 13 June 1977, which extends the income support (i.e. bridging pension) introduced under the supplementary unemployment scheme for elderly workers who become redundant to workers over the age of 60 who leave their jobs voluntarily.

Furthermore, this supplementary scheme, whose benefits were increased during the year (as were public assistance benefits), was extended from 1 January 1977 to agricultural workers.

With a view of promoting employment, the law of 5 July 1977 provides that until 30 June 1978 the State will pay the employers' contributions for young people hired before 31 December 1977 who finished their studies less than a year previously. In addition, this law entitles young people who have finished their studies to claim benefits in kind under the sickness and maternity insurance schemes for one year, a right which was also extended to recipients of the handicapped adults' allowance and their families from 1 July 1977, without time limit. These last two measures form part of the generalization of social security coverage.

The law of 12 July 1977 introduces, with effect from 1 January 1978, a new benefit called the 'family supplement', which is designed to replace a variety of existing benefits (single-income allowances, housewife's allowances, child-minding allowances). This family supplement of FF 340 per month (50% higher for one-parent families) will be granted, subject to an income ceiling (FF 23 050 per year), to families with a child under three years of age, or with three or more children, whether or not the mother is gainfully employed. It will be adjusted in the same way as the other family allowances.

Finally, mention must be made of two laws of 2 January 1978 concerning the generalization of social security.

The first of these laws provides for everyone, as well as all dependants, residing on French soil who is not already covered, or is no longer covered, by a compulsory social security scheme to join a personal insurance scheme which provides cover for sickness and maternity expenses as well as family benefits.

Voluntary insurance (order of 1967) has been discontinued, everyone who was insured under this scheme has been transferred with full rights to the personal insurance scheme.

The second law of 2 January provides cover for ministers of religion and members of religious congregations and communities, who are not insured compulsorily by any other social security scheme, in respect of sickness, maternity, old age and invalidity risk under conditions which take their circumstances into account.

### *Ireland*

216. Under the Social Welfare Act 1977, all social security and social assistance benefits were increased by 10% to 15% in April and by a further 5% in October, a special allowance of IRL 1 per week was granted to beneficiaries living alone who had reached pensionable age, the schemes of free travel, free electricity and free television licences were extended to disabled persons and the pensionable age was lowered from 67 to 66 in October 1977. In addition, the Finance Act granted special tax relief for persons over 65 with an income not exceeding IRL 1 000 per year (IRL 1 800 for persons with a dependent spouse).

The child-minding allowance for widowers and men living alone who are receiving certain social security benefits was extended to women in the same situation (widows, deserted wives or unmarried women).

As regards health expenditure, it proved necessary to raise the rate of insured persons' contributions by 20% to increase revenue. The hospitalization charges paid by private patients and by insured persons whose annual income exceeds IRL 3 000 were also increased (by approximately 30%). In a more general context, the select Committee on Health Services was charged with examining the objectives, efficiency, priorities and financing of the health services.

A decision in principle was taken to replace the existing system of flat rate and pay-related social insurance contributions by a wholly pay-related scheme. Work has commenced on the examination of the administrative and other implications involved in implementing this decision.

Finally, a new social assistance scheme was introduced from 1 June 1977 (Supplementary Welfare Allowance Scheme).



*Italy*

217. Government action was prompted by two main aims: to reduce social charges with a view to combating unemployment, and to prepare the way for the introduction of a national health service.

The Order in Council of 7 June 1977 provided that temporarily (from February 1977 to January 1978), the social charges of industrial and craft undertakings would be paid in part by the State, a measure which was later extended to other undertakings (in the catering trade, export trade, etc.). The State contributes (using funds obtained from increases in VAT and the tax on petroleum products) up to a maximum of LIT 14 000 per month for each worker (increased to LIT 24 500 from May). This aid is intended to offset sickness insurance contributions. It should, however, be pointed out that a social security financing system with a better equilibrium has been claimed for several years; this would require the self-employed to pay the same contributions as employed persons.

The Government also put before Parliament the draft law setting up a national health service, based on a five-year plan to begin this year. Responsibility will be divided between the State, the Regions and the Communes, and the whole system is based on local health units serving 50 000 to 200 000 inhabitants. New provisions have already been enacted as regards the prices of pharmaceutical products (reductions of 6 to 7%), as have the rules governing relations with the medical profession (particularly as regards remuneration) and the provisions covering the transfer of functions from the mutual insurance institutions to the Regions.

Among the other measures, the following may be mentioned briefly: the improvement of social protection for working mothers, the adjustment of long-standing pensions (i.e. those granted before 1968) and the extension to the seamen's scheme of the adjustment rules applicable to the general scheme. Improvements were made in social security for agricultural workers as regards accidents at work, unemployment and family responsibilities. These improvements involve either increases in the benefit rates or increases in the length of time for which they are paid.

Finally, mention should be made of an important law of 9 December 1977 on equal treatment for men and women as regards employment, covering the field of social security in particular.

*Luxembourg*

218. The law of 20 April 1977 continues the efforts, in progress for some years, towards the harmonization of the various social security schemes in Luxembourg. This law, which relates to the sickness insurance scheme for agriculture, brings the latter into

line with the other similar schemes as regards benefits in kind and extends to the agricultural scheme various financial provisions applied by the other sickness funds (in particular, payment by the State of certain specified benefits and of the costs of treatment for certain illnesses such as mental illness, tuberculosis, cancer and poliomyelitis). The same law increases pensioners' contributions to bring them to a uniform rate of 5%—the same as that fixed for pensioners under the other schemes at the beginning of the year. It should be added that the growth of health expenditure is a source of considerable concern and that measures are being worked out to curb it.

The reform of the entire system of pension schemes is also under study and, in this connection, mention should be made of the important opinion expressed by the Luxembourg Economic and Social Council on 5 July 1977.

The Government's action programme<sup>1</sup> for the employment sector will have certain consequences from the point of view of social security. These include the introduction of a tide-over allowance for workers who within a three-year period effective from 1 January 1978 fulfil the conditions required to have an old-age pension or an early pension and who voluntarily retire early, a prohibition on employing retired persons with an income in excess of the statutory minimum wage and the extension of the short-time working scheme. These measures are temporary and will be implemented gradually.

### *Netherlands*

219. In the field of pensions, in addition to two complementary adjustments of 3% each, holiday allowances for pensioners were increased from 6 to 7% (law of 12 May 1977). The Government also made available the funds necessary to provide retired miners with a pension representing 70% of their final earnings, adjusted up to the age of 65.

The law of 22 December 1976 relaxed the conditions for exemption from national insurance contributions or entitlement to pay reduced contributions. This law also extends entitlement to orphans' pensions to illegitimate children whose mothers are dead and who have not been recognized by their fathers.

The general special sickness expenses insurance scheme was extended to cover day care in hospitals, homes, etc. (Royal Decree of 28 June 1977).

Other measures introduced should be seen in the context of the employment situation. The law of 6 April 1977 provides for the payment of annual subsidies from the general

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<sup>1</sup> Points 66 and 113 of this Report.

unemployment fund to port undertakings' which have agreed to pay their employees for hours not actually worked. Various temporary experiments in voluntary early retirement (from 63 years of age) for elderly workers have been introduced; these schemes are in operation in education, the building industry, the metalworking industries and port undertakings.<sup>1</sup>

Employers' contributions to the incapacity insurance scheme and the general special sickness expenses insurance scheme were slightly reduced and it is planned to introduce measures to limit government subsidies to the old-age insurance scheme to free funds for the fight against unemployment.

Lastly, attention should be drawn to the general determination to contain the increase in social expenditure within clearly defined limits.

### *United Kingdom*

220. An Act passed in March 1977 makes provision, for a limited period, for benefits to be paid from the age of 64 to workers who agree to retire in order to free jobs for young unemployed people. The Act gives the Minister the power to introduce similar measures whenever unemployment rises to high levels. Still on the question of retirement age, attention must also be drawn to the important collective agreement concluded in the mining industry, under which, within three years, the occupational retirement age will be reduced from 65 to 60 for miners with at least 20 years' service underground who wish to give up work. As a first stage, retirement age was fixed at 62 with effect from August 1977.

The new child benefit system came into force in April 1977<sup>2</sup>: These benefits will be increased next year (from UKL 1 to UKL 2.30 per week for the first child and from UKL 1.50 to UKL 2.30 for each subsequent child). At the same time tax relief for dependent children will be reduced.

A number of other improvements were introduced in the course of the year, the extension of attendance allowances to cover handicapped foster children and, of particular importance, the extension of non-contributory disablement pensions to married women whose invalidity prevents them from carrying out their household tasks.

Mobility allowance was increased from UKL 5 to UKL 7 from 16 November and a further increase to UKL 10 in 1978 has been announced. The allowance is now available

<sup>1</sup> Points 114 and 143 of this Report.

<sup>2</sup> Social Report 1976, point 183.

to 55. A new independent organization, 'Motability', has been set up to supplement government aid in the mobility field.

From April, contribution ceilings were raised (from UKL 95 to UKL 105 per week) and the option for married women and some widows to pay reduced-rate contributions (given them limited social security rights) began to be phased out. The contributions to be paid by patients towards the cost of dental and ophthalmic treatment were also increased.

## Safety, hygiene and health protection at work

### Trends within the Community

222. It is now generally recognized that the fight against accidents and occupational diseases must be fought on the spot, that is, at the place of work and that it can succeed only if there is an awareness for safety and all involved work towards the same goal. This has been strongly emphasized in the present context for years and the inferences have been detailed in a programme<sup>1</sup>—actually the trend has been largely confirmed by subsequent developments.

Most Member States have already done a great deal to embody this principle in their own legal provisions. Employers now have to take safety aspects into account when running their business and have to ensure that safety considerations have their place in all company decisions; employees are participating increasingly in the execution and supervision of organizational and practical measures related to safety, a fact which also highlights their joint responsibility in this area; firms have been required or recommended to set up special machinery in the form of technical and medical services and committees: training and instruction procedures are being laid down and large-scale programmes of general or special training and refresher courses are being introduced; supervisory regulations are being adapted to meet new requirements.

Fundamental laws and regulations of this kind first need time to become established and gain acceptance and are subsequently complemented and implemented in detail mainly by means of special measures.

It would appear that a certain time lag is necessary. Specifically, this stage of development has been reached in Belgium, Denmark, the Federal Republic of Germany and the United Kingdom, whereas in Ireland and the Netherlands the fundamental reshaping

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<sup>1</sup> Social Report 1972, point 96.

ing of the provisions on worker protection is not yet complete and Luxembourg intends regulating occupational medicine first.

Of course, every country is taking complementary and subsidiary measures. Whilst new regulations in Belgium concern the building sector in particular, and while special attention is being paid in the Federal Republic of Germany of the whole subject of 'work-places', steps are being taken in Denmark, France and the United Kingdom to implement—or to reinforce the effectiveness of—the recently-created new basic provisions by means of regulations relating to practical arrangements and organization. Italy is following a special policy aimed at unified action on health and safety matters, whether at work or in other spheres of life.

223. Furthermore, in every country there is still a lot of work to be done to ensure that the numerous technical regulations keep pace with scientific and technological progress. The latter's continuous and very rapid development is a constant challenge to the responsible organizations and requires an infinite amount of painstaking work, details of which will be included in these annual reports. This work covers the usual wide range of subjects: not only the safety of machinery and regulations concerning particularly hazardous plants and equipment, but also, as in France, the coordination of the work of several independent companies operating together—a problem to which the Commission is also giving special attention. However, the work being carried out on the production, introduction and use of dangerous substances and preparations is, and must continue to be, of particular importance; the public at large will to a large extent judge the performance not only of the Member States but also of the Commission by the success of their measures in this area.

Last but not least, the Member States have made great efforts to incorporate into their own legal provisions the evergrowing number of Council Directives relating to the area under discussion. Here again, the EEC regulations drawn up during the last few years have been particularly concerned with dangerous substances and preparations, and various hazardous machines and items of equipment (including tractors used in agriculture) and these now have to be incorporated in national regulations.

## Development of the situation in the member countries

### *Belgium*

224. As amended on 28 December 1976, the Law on Industrial Accidents of 10 April 1971 now imposes on employers the obligation to notify all accidents which occur at work, or when travelling to or from work, to the competent labour inspectorate. The

Royal Decree of 4 January 1977 stipulates that accidents must be notified within a period of 5 working days.

The Royal Decree of 28 December 1976 amends the regulations respecting construction work contained in the general Labour Protection Law (Title III, Chapter II, Section IIIA). The amendments refer in particular to the provisions respecting safety calculations; *steel elements* for hanging and outrigger (flying) scaffolds; safety coefficients for mobile hanging scaffolds and the use of safety belts when working on them; buckets, baskets, etc.; movable and mobile scaffolds.

The projects mentioned last year<sup>1</sup> are either still under study or at the adoption stage; this also applies to provisions respecting the manufacture of safety belts from synthetic material.

In particular, new arrangements have been set in hand in the following fields: further training for heads of safety services and their deputies; lifting platforms, winches, etc.; certificates of competency for drivers of revolving tower cranes.

In addition, measures are under study for preventing hazards associated with the handling of vinyl chloride monomer (VCM) and polyvinyl chloride (PVC); as regards the use of polychlorinated biphenyl (PCB), preparations are being made to adopt the Council Directives of 27 July 1976.

### Denmark

225. The Working Environment Act of 23 December 1975, which replaced the three previous work safety laws, came into force on 1 July. The basic requirements regarding the organization of the working environment at places of work, as laid down in this outline law, are spelt out in detail in administrative regulations drawn up in collaboration with the new 'working environment council' (a successor to the earlier industrial council) and the 12 safety committees set up for individual industries. Both management and labour are represented on these bodies and thus now have a greater influence on the framing of these regulations.

Several regulations implementing the above Act have already been issued. They concern the continued application of existing regulations, restricted application of the Act to work done at home, and safety committees in various industries. Other regulations deal with light paid work done by children and the adoption of the Council Directives on the certification and marking of cables, chains and load hooks and on aerosol containers. The rules of the Working Environment Fund have also been issued. Finally, as regards

<sup>1</sup> Social Report 1976, point 213.

the inspection of factories, rules have been drawn up which govern the supervisory code and inspectors' reports, and the collaboration between the factories inspectorate and shipping inspectorate in implementing the regulations on the loading and unloading of ships. In particular, the Labour Inspection Service Executive has issued safety instructions for hydraulic and pneumatic presses, steam boiler installations, laundry machinery, respiratory equipment, deep freeze installations, stationary elevating platforms, mobile elevating platforms with operating stands, eye protection media and liquid manure containers.

A considerable number of regulations, which are urgently required both as a result of the law on the working environment and to keep pace with the development of science and technology, are being prepared. As from 1 April 1978 a special Working Institute will be set up under the Labour Inspection Service Executive. An Industrial Health Department will also be set up in stages for each branch of industry, priority being given to those branches most exposed to risk.

It is intended to devote a special effort to the training of specialist safety personnel. In the next five years about 2 000 safety officers and supervisors (safety committee members) will be trained each year; in February 1977 a series of training courses began in which, each month, 80 hours instruction is given to a group of 15 instructors.

#### *Federal Republic of Germany*

226. Under the *Arbeitsstättenverordnung* (Order concerning workplaces) of 20 March 1975,<sup>1</sup> 21 guidelines on workplaces have so far been announced; they give substance to the Order and specify certain requirements that must be met in the installation and equipping of workplaces. In particular they deal with the following: the design of staff facilities (such as rest rooms, changing rooms, washrooms and toilets), room temperatures, the positioning and number of doors and gates, corridors and other means of access and safety lighting.

In the 8 September 1975<sup>1</sup> version of the Order relating to hazardous materials, the technical rules on 'labelling and the provision of safety recommendations' and on 'arsenic' have been amended. A new technical rule concerning the technical guide levels for hazardous materials and a guideline on protective measures for the use of anti-fouling paints that are poisonous or injurious to health have been issued.

It is expected that the Order concerning the storage of explosive substances<sup>1</sup> will be issued shortly.

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<sup>1</sup> Social Report 1975, point 227.



As part of the standing programme of research into the humanization of working life, announced in 1974,<sup>1</sup> the following investigations have been continued or commenced:

- (i) ergonomic measures to reduce or eliminate hazards at work caused by noise, dust, heat, dangerous substances, night and shift work, etc., using new or improved working equipment or methods (e.g. working conditions for audio-typists and in repair shops, control and observation points, the clock and watch and jewellery industry, working conditions for refuse disposal and municipal cleaning workers); occupational health projects, reduction of accident hazards by means of new working techniques; ergonomic design of workplaces and working processes for older and less productive workers (identification of stresses and difficulties specific to certain occupations, branches of the economy and job types), design of selected workplaces in the iron and steel, non-ferrous metal and rubber industries);
- (ii) technological measures to reduce intolerable physical and mental stresses in the manufacturing and service industries, such as strenuous physical work, monotonous and repetitive work, etc. These measures include technical aids, control systems and finishing processes suitably adapted to the human operator;
- (iii) measures to improve the organization of work and to reduce intolerable stresses in the manufacturing and service industries; development and testing of new, improved work structures which offer more personal responsibility and scope for initiative;
- (iv) measures to spread and disseminate scientific knowledge and field experience.

### *France*

227. The law of 6 December 1976 brought decisive new developments in industrial protection and its basic elements have already been described.<sup>2</sup> This law was supplemented and consolidated by several decrees, namely the following regulations, all of which were published on 1 October 1977: the decrees of 9 June and 19 August 1977 increase industrial protection on building sites, especially large-scale building sites operated by several firms, and deal particularly with safety committees, safety and hygiene planning and the lay-out of access roads and supply networks. The decree of 30 June 1977 limits the extent to which shift work may be introduced, while the decree of 24 August 1977 gives greater powers of intervention to industrial inspectors in cases where they find accident risks which are not expressly covered by the above law. The decree of

<sup>1</sup> Social Report 1974, point 293.

<sup>2</sup> Social Report 1976, point 216.

11 August 1977 concerns the Council for the Prevention of Occupational Hazards, which is provided for in the law and is currently being set up; it is to receive extensive advisory powers in the field of accident prevention and will bring together—under the chairmanship of the Employment Minister—representatives of the administrations, of national bodies and of the employers' and employees' federations and technical experts. Further implementing regulations for the law of 6 December 1976 are being drawn up; this applies particularly to the arrangements needed to implement the extension, provided for by this law, of the applicability of certain regulations of the Industrial Legal Code to agriculture.

The decree of 15 March 1977 on lead poisoning deals with medical supervision before and after workers take up jobs exposing them to the risk of lead poisoning; the new provisions are designed to ensure that these workers undergo more thorough chemical tests and additional examinations than were required under previous regulations. An order of 4 November 1977 lays down technical instructions for occupational physicians responsible for such medical supervision.

The decrees of 17 and 25 August 1977 lay down exposure limits and monitoring arrangements for asbestos. The order of 11 July 1977 improves the medical supervision of workers exposed to specific high risks. Regulations concerning the coordination of safety and health measures between main and subsidiary concerns are being drawn up.

With regard to social security legislation, the decree of 11 May 1977 extends the ban on the use of bolt guns (i.e. direct acting (pistonless) cartridge-powered stud-driving equipment), which already existed in two regions, over the entire national territory. Similar extensions of the area of application are planned for security measures relating to the use of hydraulic guns and for accident prevention measures relating to the loading, unloading and transportation of dangerous fluids in tankers or containers on public road networks; these measures are already in force in certain regions.

### *Ireland*

228. A Ministerial order was made relating to the protection of safety and health of employed persons using automatic winding equipment in a particular ore mine.

In particular, regulations are being prepared to implement the EEC directives of 27 June 1967 (with many alterations) and 27 July 1976 relating to the classification, packaging and labelling of dangerous substances and to the marketing and use of certain dangerous substances. Work is also being continued on the draft safety provisions for offshore

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<sup>1</sup> Social Report 1976, point 217.

installations. Moreover, it is intended that the provisions contained in the Factories Act 1955 relating to the safety, health and welfare of workers be expanded and improved. In addition, preliminary work is being done to update certain security provisions in order to keep pace with technological developments and present day conditions in industry; this applies in particular to safety provisions for divers working in harbours and docks; eye protection for workers in welding and similar operations; protection for workers handling chemicals and working in processes involving dangerous flammable liquids. The revision of the regulations on medical examinations of workers in lead processing and workers entering employment in mines is also under way. Moreover, various regulations are being revised where this is necessary in order to comply with EEC directives.

### *Italy*

229. The year under review saw the continuation of a process which has begun with the law of 22 July 1975 on regionalization and organization of public administration. This law has now been supplemented by several Presidential decrees; the effect of the new regulations will become clear only after a certain initial period.

The following is a rough outline of the main features of the current situation:

- (i) From 1 July 1977 onwards the administrative responsibility for medical care was transferred to the regions and to the autonomous provinces of Trento and Bolzano; the health insurance agencies, funds and independent bodies hitherto entrusted with this responsibility are now in liquidation, a process which will take some time to complete and the planning, coordination and unification of which will be carried out by a central committee chaired by the Minister of Health. This committee will later be superseded by the national Health Committee. Relations between the doctors and the new administrative structures are to be regulated by nationwide agreements.
- (ii) The aforementioned new division of responsibilities will obviously also cover health protection relating to the workplace, i.e. questions of industrial hygiene and industrial medicine. On the other hand, it seems to be still unclear whether and to what extent industrial safety falls within the competence of the regions or remains, as hitherto, the responsibility of the State. Upon the answer to this question, which will not emerge for some while yet, depends the division of responsibilities not only within the Ministry of Labour but also in the National Institute for the Prevention of Accidents (ENPI) and in the National Association for the Control of Combustion (ANCC).
- (iii) A ministerial committee was set up to draft a law governing the dangerous chemicals industry.

A law of 18 August 1977 provided for the implementation of the EEC guidelines on wheeled agricultural and forestry tractors. The Ministries of Industry, Labour and Transport were together entrusted with supervision in this field.

A parliamentary committee was set up by a law of 16 June 1977 to investigate the dioxine disaster which was referred to in last year's Report.<sup>1</sup> It is to draw up proposals for effective legal regulation of health protection for employees and the general public, for safeguarding the equilibrium of the natural environment and for the implementation of effective controls.

### *Luxembourg*

230. In 1977 no legal or administrative regulations were adopted in the field of occupational safety, medicine and hygiene. However, a law on occupational medicine is being drafted.

On a practical level, it is intended to make the medical centres set up for sport and social activities available to officially appointed doctors for determining how apt are adolescents for work. Furthermore, when new centres of this kind are built, the requirements of occupational medicine are taken into account with a view to their utilization as occupational medical services for more than just one factory or firm.

### *Netherlands*

231. The Labour Act of 1919 was amended by an Act dated 18 May 1977. Its main feature is that it authorizes the enactment of regulations for the protection of young persons against hazards to their life, health and personality development. The new Act is entitled 'Young Persons Charter' to indicate that it deals with all the rights and obligations concerning young workers in an undertaking. The regulations now issued are only provisional; they will be complemented by additional legal provisions now in preparation and are principally concerned with the instruction and training of young workers and the obligation to draw up a young persons charter.

The Royal Decree of 4 January 1977 amends the 1938 Safety Decree for Factories and Workplaces issued on the basis of the Safety Act of 1934. The amendments take into account technical progress and practical requirements and concern, *inter alia*, the improvement of regulations on daytime lighting and outward landscape, the use-testing of lifting gear and the control of such installations, bonuses for handling dangerous substances and the limitation of harmful noise and vibrations.

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<sup>1</sup> Social Report 1976, point 218.

The Asbestos Decree of 1 April 1977 issued on the basis of the Silicosis Act of 1951 prohibits the storage and use of crocidolite (blue asbestos) and materials or products containing crocidolite. It also prohibits the spraying of asbestos or materials or products containing asbestos and their use for thermal insulation or for acoustic, preservative or decorative purposes. Finally it states that the concentration of asbestos dust at the workplace shall be kept as low as possible and shall not exceed 2 fibres per square centimetre in inhaled air.

In order to implement several EEC directives, the Minister of Agriculture and Fisheries issued regulations on the testing of tractors used in agriculture and forestry on 10 March 1977. The Minister of Social Affairs issued regulations, on 8 September 1977, regarding the conditions under which young persons of 16 and over may exceptionally drive agricultural tractors. This derogates from the 1972 decree according to which all young persons were banned from driving agricultural tractors.

A draft Bill before Parliament, due to replace the old 1934 safety law, is concerned with the working environment and lays down new regulations relating to workers' safety, hygiene and welfare. A similar procedure, which due to its urgent nature is being given top priority, is being used to update the regulations regarding the way safety at work is organized, which up to now is still based on the same old 1934 law. Work has also continued on the projects mentioned in last year's report.<sup>1</sup> The national tripartite 'MAC'<sup>2</sup> Committee also mentioned in last year's report was set up on 30 December 1976.

### *United Kingdom*

232. In January, regulations were issued which brought about a change in the administration of legislation governing fire precautions at places of work. Under these regulations the Health and Safety Executive retains full responsibility for fire safety in certain 'special' premises such as nuclear installations, coalmines and chemical plants, whereas responsibility for general fire precautions at places of work has been transferred to local fire authorities.

The Safety Representatives and Safety Committees Regulations made in March will allow recognized trade unions from 1 October 1978 to appoint safety representatives who will have certain rights and functions.

The Health and Safety Commission established an Advisory Committee on Toxic Substances to advise on methods of controlling the health hazards to persons at work and

<sup>1</sup> Social Report 1976, point 220.

<sup>2</sup> MAC = maximum admissible concentrations.

related hazards to the public. The Committee is giving urgent consideration to the formulation of proposals for safety in the use of carcinogenic substances, lead and fumigants and is investigating the risks from man-made fibres. It has also agreed outline proposals for the notification of toxic properties of substances.

In August, the Health and Safety Commission set up a Medical Advisory Committee to deal with the biomedical aspects of occupational health.

The Advisory Committee on Asbestos published an interim statement and a selection of the written evidence submitted to it.

In Northern Ireland the Department of Manpower Services will closely adapt certain parts of the Health and Safety at Work etc. Act 1974 to the particular conditions of this territory.<sup>1</sup>

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<sup>1</sup> Social Report 1974, point 299.

## Health protection

### Member States' legislation on radiation protection

235. Apart from a reform of X-ray regulations in Denmark, the legal and administrative provisions relating to radiation protection adopted by the Member States in 1977 consisted mainly of specific regulations for the detailed implementation and extension of radiation protection regulations already in force.

It should be noted in this context that further legal and administrative provisions are being prepared in the individual Member States with a view to ensuring for workers and the general public the best possible radiation protection that present-day science and technology can provide. These provisions are being introduced in application of the Council Directive of 1 June 1976<sup>1</sup> laying down the revised basic safety standards for the health protection of the general public and workers against the dangers of ionizing radiation.

Likewise pursuant to the Council Directive of 1 June 1976, the internal regulations on radiation protection in force at the Community's Joint Research Centres at Ispra, Geel, Petten and Karlsruhe are at present also being revised with a view to ensuring optimum protection in these establishments.

#### *Belgium*

The Royal Decree of 28 February 1963 containing general regulations for the protection of workers and the general public against the dangers arising from ionizing radiations was amended by the Royal Decree of 24 May 1977 (Belgian Gazette of 7 July 1977).

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<sup>1</sup> Directive No 76/579/Euratom: OJ L 187 of 12.7.1976.

By the terms of this Decree, the Regulations governing the use of unsealed radioisotopes for medical or veterinary purposes and the medical application of ionizing radiations are extended to pharmacists and to holders of a university degree in chemistry.

Like medical doctors and veterinary surgeons, such persons may in future be specially authorized to use unsealed radioisotopes for diagnostic purposes and for *in vitro* analyses. In order to carry out such work, they may be authorized to receive radioactive substances direct from the manufacturers and importers. They will be granted special approval by the Minister with responsibility for public health, after a medical examining board has considered their diplomas, certificates and qualifications and given a ruling on their competence.

A draft version of this Decree was submitted to the Commission for its Opinion in accordance with the provisions of Article 33 of the Euratom Treaty.

### *Denmark*

In Denmark, Regulation No 141 of 27 March 1956 has been superseded by Regulation No 56 of 17 February 1977 on the use of X-ray installations (Lovtidende A 1977, p. 217) and by Regulation No 217 of 29 April 1977 on X-ray equipment for medical purposes (Lovtidende A 1977, p. 586).

Regulation No 56 as it stands, only provides directives whose implementation depends on the adoption of other measures. On the other hand Regulation No 217 contains detailed provisions on the protection of the general public and workers against X-rays. Further directives have been issued in this field relating to the radiation protection of patients and personnel, the use of film dosimeters and the shielding of rooms where X-rays are carried out or X-ray equipment is operated.

### *Federal Republic of Germany*

In the Federal Republic of Germany, as a result of efforts extending over many years, significant progress has been made in the field of nuclear law and the legislation on radiation protection has been reformed through the adoption of a large number of new provisions relating to the safety of nuclear installations and to radiation protection.

Particular mention should be made of the following: the Regulation on legal liability in the field of nuclear law of 25 January 1977 (Bundesgesetzblatt I, p. 220), which came into effect on 1 February 1977, lays down practical rules in implementation of the stricter provisions on liability contained in the Atomic Energy Act, as amended on 15 July 1975 (Bundesgesetzblatt I, p. 1885), and simplifies the legislation relating to legal liability. The Regulation of 18 February 1977 on procedures in the field of



nuclear law (Bundesgesetzblatt I, p. 280), which has been in force since 1 March 1977, supersedes the Regulation of 29 October 1970 on nuclear installations; it revises the licensing procedure by rationalizing it and by extending the participation of third parties in the procedure.

The new Regulation of 13 October 1976 on protection against damage caused by ionizing radiation (Radiation Protection Regulation) (Bundesgesetzblatt I 1976, p. 2905; 1977, pp. 184, 269) came into force on 1 April 1977.<sup>1</sup> This further develops the radiation protection legislation and introduces wide ranging improvements with regard to the protection of occupationally exposed persons and of the population living in the vicinity of nuclear plants and installations.

In connection with the Radiation Protection Regulation, the 'Safety Criteria for Nuclear Power Stations' of 25 June 1964 were reissued (Bundesanzeiger No 206 of 3 November 1977). These safety criteria lay down basic technical safety requirements for the planning of nuclear power stations, a main objective being to guarantee the protection called for in keeping with the state of the art against damage arising from the construction and operation of the installations and against obstructive activity or other interference by third parties. Directives on information required for examination in licensing procedures for nuclear installations, relating to the reactor protection system (Gemeinsames Ministerialblatt, 1977, pp. 66, 108), the reactor core (GMBI. 1977, p. 108), the control and shut-down systems (GMBI. 1977, p. 113), the reactor pressure vessel (GMBI. 1977, p. 743), the manostat and indicator system (DWR) (GMBI. 1977, p. 739) and the internals of the reactor pressure vessel (GMBI. 1977, p. 661) were adopted at the same time.

### *France*

1 January 1977 saw the entry into force of Law No 76-663 of 19 July 1976 (Official Journal of the French Republic, 20 July 1976) concerning installations classified for environmental protection purposes. Its provisions apply to all establishments whatsoever which may constitute a source of hazards or nuisances for the surrounding area, or for health, safety, public hygiene, agriculture, protection of nature and the environment, or for the preservation of sites and monuments, and particularly to establishments holding or using radioactive substances.

An order dated 28 February 1977 (Official Journal of the French Republic of 11 March 1977, p. 1379) stipulates the qualifications required of the health physicists who must by law be employed in high-energy radiotherapy installations.

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<sup>1</sup> Social Report 1976, point 222.

An order of 2 May 1977 (Official Journal of the French Republic of 21 June 1977, p. 3383) creates a certificate of competence in the handling of equipment used in industrial radioscopy and radiography. This certificate is awarded either on the basis of practical tests of the candidate's knowledge or on the basis of paper qualifications. The SCPRI (Central Department for Protection against Ionizing Radiations) maintains a nationwide file.

Two orders of 7 and 8 July 1977 (Official Journal of the French Republic of 14 August 1977, pp. 5066 and 5067) have been issued pursuant to Decree No 75-306 of 28 April 1975 concerning the protection of workers against the dangers of ionizing radiations in basic nuclear installations.

These orders relate respectively to:

- (i) the determination of threshold limit values and safety signs to be used in areas which are prohibited or subject to special regulations within each controlled area. These safety signs are based on the standard basic symbol (three-bladed design as in standard M60-101), the colour being identical to that for the area in question;
- (ii) the approval of the monitoring methods devised by the SCPRI (Central Department for Protection against Ionizing Radiations). This order is issued pursuant to Article 23 of the Decree of 28 April 1975 which makes the director of an establishment responsible for testing protective devices used in installations, radiation protection devices, signs and alarm signals, and also for environmental monitoring.

The Labour Code lays down regulations governing the frequency of and procedures for the medical examination of workers. Some types of work involve particular risks and require special medical surveillance; the list of such types of work and the surveillance procedures were amended by an order of 11 July 1977 (Official Journal of the French Republic of 24 July 1977, p. 3909).

With regard to the disposal of radioactive waste, an order was issued (No 77-974 of 19 August 1977—Official Journal of the French Republic of 28 August 1977, p. 4384) defining the scope and procedures relating to the obligation placed (by the Law of 15 July 1975 concerning the disposal of waste and the recovery of material) on undertakings which produce, import, carry or dispose of waste, particularly radioactive waste, to provide the administration with full details of the origin, nature, characteristics, quantities, destination and method of disposal of such waste.

An order of 10 October 1977 (Official Journal of the French Republic of 23 November 1977, p. 7769) was issued amending the order of 23 April 1969 (Official Journal of the French Republic of 8 June 1969) which stipulated the approval procedure applicable to appliances and installations using ionizing radiations for medical purposes.

It includes three important innovations *vis-à-vis* the previous procedure: the limitation of certain categories of approval to qualified specialists (cardiologists, pneumophthisiologists, radiologists in the field of radioscopy; orthodontists and radiologists in the field of panoramic dental radiography); the creation of two new categories for mammography and tomodensitometry; the obligation for practitioners to record X-ray examinations in patients' health files.

### *Italy*

Two texts have been published pursuant to Presidential Decree No 185 of 13 February 1964 concerning the safety of installations and the protection of the health of workers and the general public against the dangers of ionizing radiations caused by the peaceful uses of nuclear energy:

- (i) The Ministerial Decree of 4 January 1977 (Official Gazette No 129, 13 May 1977) defines those industries and scientific research installations which, while not being basic nuclear installations, must nevertheless be licensed. Technical criteria are laid down, particularly for mobile installations for use in industrial gamma-graphy, particle accelerators and equipment used in study and experiments relating to thermonuclear fusion. The draft version of this Decree was transmitted to the Commission in 1973 for its Opinion, in accordance with Article 33 of the Euratom Treaty;
- (ii) The Ministerial Decree of 4 August 1977 (Official Gazette No 231, 25 August 1977) defines the threshold values for contamination of air, water and soil, and of food and beverages, above which the provisions of Article 108 of Presidential Decree No 185 apply. This Decree places certain responsibilities on persons who collect, carry and dispose of radioactive waste if, during such operations, incidents occur which could result in serious contamination of air, water or soil.

The Ministerial Decree of 16 February 1977 changes the premiums for the compulsory insurance of doctors against disease or injury caused by X-rays and radioactive substances.

Furthermore, a draft Ministerial Decree was sent to the Commission at the end of September in accordance with Article 33 of the Euratom Treaty. The provisions of this draft Decree relate to the environmental monitoring provided for by Article 15 of Presidential Decree No 185 and to the physical surveillance of workplaces during prospecting for and extraction of radioactive ores. If contamination levels exceed the limits laid down by decree the provisions of Chapter IV of Presidential Decree No 185, safeguarding the health of workers in mines, are applicable.

## **Measuring techniques for the practical implementation of radiological protection requirements**

236. Measures for the precise assessment of radiation exposure are taken by the Member States in order to carry out physical surveillance as required in the Euratom Basic Standards for the health protection of the general public and workers against the dangers of ionizing radiation. These measures take the form of legal and administrative regulations, recommendations and technical standards.

The requirements made of measuring techniques differ from country to country depending on the sophistication of their nuclear technology. Whereas only general requirements must be observed in some countries, extremely detailed regulations have been drawn up in others. In certain countries institutions have been set up for the specific purpose of physical surveillance.

### *Federal Republic of Germany*

Paragraph 1 of the Second Ordinance on Compulsory Calibration of Measuring Instruments (2. Verordnung über die Eichpflicht von Messgeräten) of 6 August 1975 (BGBl I (Federal Law Gazette) p. 2161) requires that as from 1 January 1977 all dosimeters for X- and gamma-rays must be calibrated if they are to be used for radiological protection measurements in accordance with legal requirements. This Ordinance has been supplemented by test rules laid down jointly by the Physikalisch-Technische Bundesanstalt and the calibration authorities. The standards committees for radiology and nuclear technology have also published standards for the various dosimetry methods. These include in particular:

- (i) Elektronische Datenverarbeitung in der Dosimetrie (Electronic Data Processing in dosimetry) (October 1977);
- (ii) Verfahren zur Dekontamination (Decontamination procedures) (Part 1: December 1976; Part 2: April 1977);
- (iii) Regeln für die Auslegung von Nuklidlaboratorien (Rules for the design of nuclide laboratories) (March 1977);
- (iv) Anforderungen an umschlossene radioaktive Stoffe (Requirements for sealed radioactive substances) (Part 1: February 1977; Part 2: April 1977).

### *France*

The 'Service Central de Protection contre les Rayonnements Ionisants', a technical department of the Ministry of Health, is responsible for surveillance in the field of protection against ionizing radiation and for drawing up standards and techniques for

measurement and protection. It is also the seat of the International Reference Centre (IRC) of the WHO for radioactivity. The 'Institut de Protection et de Sûreté Nucléaire' set up on 2 November 1976 by the 'Commissariat à l'Energie Atomique' has now come into operation. It is largely concerned with carrying out studies and research on radiation protection, nuclear safety, carriage and control of fissile materials. It also advises on questions of radiation protection in connection with the construction of nuclear facilities.

### *United Kingdom*

In 1977, the British Calibration Service, which is a branch of the Department of Industry, brought out a series of publications on the calibration of measuring instruments used in radiological protection and radiotherapy. These publications also contain requirements for the approval of laboratories dealing with the calibration of measuring instruments used in radiological protection and radiotherapy.

## **Monitoring of environmental radioactivity**

### **Radioactivity**

237. The general monitoring of environmental radioactivity provided for in Article 36 of the Euratom Treaty was undertaken by the monitoring networks already operating in the Member States.

An analysis of the available data which have been transmitted to the Commission, relating to radioactivity in air and in precipitation in 1975 and the early part of 1976, shows a general reduction in total beta activity and in  $^{90}\text{Sr}$ ,  $^{137}\text{Cs}$ ,  $^{238}\text{Pu}$  and  $^{239}\text{Pu}$ .

An increase in environmental radioactivity, due principally to the presence of short-lived radioelements, was noted from the fourth quarter of 1976 onwards. This increase followed the nuclear test carried out in eastern Asia on 26 September 1976. But in any event, the increase in question, while significant, can be considered to be negligible when the measured values available are compared with the maximum permissible concentrations (MPC) laid down for the general public, which are very much higher.

The quantities of  $^{90}\text{Sr}$  and  $^{137}\text{Cs}$  detected in milk continued to fall in 1975-76.

The results of measurements carried out in the air and in precipitates, water and milk are contained in a single report covering the nine Member States and dealing with the years 1975 and 1976.<sup>1</sup>

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<sup>1</sup> Results of environmental radioactivity measurements in the Member States of the European Community for air, deposition, water, milk (1975-76) (EUR 5944).

**D — Statistical survey**

245. In the 'Report on the Development of the Social Situation in the Communities in 1972', the Commission for the first time replaced the usual format of the statistical appendix to the annual Social Report with 'social indicators' divided into subject areas. In doing so, it was guided by various considerations, in particular by:

- (i) the incorporation of areas hitherto not included in the statistical appendix;
- (ii) the need to facilitate direct comparison between the countries and to indicate chronological developments by reproducing percentage and index values;
- (iii) the enlargement of the Community on 1 January 1973, and the resultant need for a direct statistical comparison between the original and the new Member States.

The new form of presentation was further extended in subsequent Social Reports. Thus, last year's report contained indicators of the development of the social situation in 10 different areas for the period 1960 to 1975/76.

In accordance with the intention expressed in the 'Social action programme' (Action III(6)), the Statistical Office of the European Communities—in cooperation with the statistical services of the Member States—has in the last few years endeavoured to improve this first attempt to establish 'social indicators' in order to achieve the aim of providing 'comprehensive and comparative data on past and present developments in the social situation in the member countries of the Community, as a means of facilitating and encouraging the progressive convergence of social conditions in the Community, and of providing an essential basis for Community decisions concerning common targets in the social field'.<sup>1</sup>

As a result of these endeavours, at the end of 1977 the Statistical Office issued for the first time a publication with the title 'Social indicators for the European Community 1960-75'.

As this publication covers (in a more comprehensive way) more or less the same fields and data as the statistical appendices to the most recent Social Reports, the Commission has decided to dispense with a statistical appendix in the 1977 Social Report. The interested reader is referred to the above publication.

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<sup>1</sup> Social action programme, Supplement 2/74 - Bull. EC, p. 31.

246. For those who need more detailed data and in particular complete data for particular areas, there follows a list of the latest social statistics published by the Statistical Office of the European Communities:

- (i) 'Population and employment, 1950-76',  
in the Series 'Social Statistics' 1977;
- (ii) 'Population statistics, 1960-76',  
in the Series 'Social Statistics' 1977;
- (iii) 'Labour force sample survey 1975',  
in the Series 'Social Statistics' 1977;
- (iv) 'Education statistics, 1970-76',  
in the Series 'Social Statistics' 1977;
- (v) 'Hourly earnings—hours of work, X-1976'  
in the Series 'Social Statistics' 1977;
- (vi) 'Structure of earnings in industry—1972',  
in the Series 'Social Statistics' special series, volumes 1-7a/b;
- (vii) 'Structure of earnings in wholesale and retail distribution, banking and insurance  
in 1974',  
in the Series 'Social Statistics' special series, volumes 1- ...;
- (viii) 'Labour costs in industry, 1972-75',  
in the Series 'Social Statistics' 6-1975;
- (xi) 'Labour costs in commerce, banking and insurance 1974',  
in the Series 'Social Statistics' 1977;
- (x) 'Social accounts 1970-75',  
in the Series 'Social Statistics' 1977;

Furthermore, in cooperation with the Directorate-General for Employment and Social Affairs, the Statistical Office of the European Communities publishes on about the 20th of each month a 'Statistical telegram' giving the number of those registered as unemployed with employment offices at the end of the previous month.



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Already in April the Commission publishes its annual '*Report on the Development of the Social Situation*' which gives an outline of the main activities which have taken place in the social field in the nine countries of the European Communities during the past year.

The *Introduction* (Section A), which has a general and political character, sums up the main activities by the Communities in 1977 in the social field and gives some prospective views for the near future.

An analytical *outline* (Section B) follows giving details of the very varied activities of the Communities: these activities include collaboration with both sides of industry, employment policy, the functioning of the European Social Fund, policies concerned with improving living and working conditions, the extension of social protection and health protection policies.

The *development* of the social situation (Section C) in the nine Member States is contained in eleven chapters which constitute the main substance of the Social Report. Each chapter is divided into two sections: the first, which is of a political nature, marks out the trends within the Communities as a whole, whilst the second, which is of a descriptive nature, outlines the specific development in the social field during 1977.

Tables and an index of key words provide for an easy consultation of the volume.

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