

EUROPEAN COAL AND STEEL COMMUNITY  
EUROPEAN ECONOMIC COMMUNITY  
EUROPEAN ATOMIC ENERGY COMMUNITY

COMMISSION

# Report on the Development of the Social Situation in the European Community in 1978

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

## A — General and political introduction

## I — Present analysis and future prospects

1. For the past five years, the Community has been faced with a serious employment crisis particularly affecting certain sectors, regions and social categories.

The Community's social and economic policy must be aimed at solving this problem. Moreover, all the Community institutions should take account of the consequences for employment from the inception stage of Community policies. As the results of such policies will only be seen over a period, specific measures must therefore be framed now.

The success of national and Community actions depends to a large extent on a consensus between the two sides of industry, which must first be reached at Community level and subsequently at national level in each Member State. The Commission hopes that employers' organizations and trade unions will be actively consulted in the following four fields: mismatch between employment supply and demand, work-sharing, sectoral measures, and consultation procedures.

2. The problems arising from the persistent mismatch between supply and demand on the labour market, both in terms of geographical imbalance and inadequate training or working conditions, need now to be seen in a radically new context (ban on immigration, increased reluctance of workers as regards geographical mobility, growing demand for better working conditions). Employment and labour market policies must therefore take a new direction—the gap between the working conditions offered by employers and those demanded by workers must be bridged (for example the pressing demand for the elimination of repetitive, arduous or tedious tasks). Close concertation is essential at Community level in this field—any progress in one country which is not accompanied by similar progress by its neighbours will be fragile and limited.

3. Work-sharing is a key question in current thinking on employment policy.

Certain prior requirements are needed for the success of this policy, if it is to provide a valid contribution to the Community efforts to bring about a lasting improvement in the employment situation.

Consequently, the Commission thinks it both opportune and necessary to introduce Community action designed to channel the national tendencies and pressures, making for a reduction in working time, towards objectives which are as homogenous and compatible as possible in the light of the special characteristics of each country and sector. Suitable measures will be chosen with a view to the contribution which each can make in the struggle against unemployment and the return to a better employment level. It will be necessary to ensure their neutrality as regards the mutual competitiveness of each Member State, while safeguarding the need for productivity and competitiveness in the Community economy as a whole. Finally, the burden of additional costs arising from work-sharing should be distributed equitably among all parties concerned.

4. The Commission also hopes that the implementation of the social and reconversion measures which form an integral part of sectoral policies adopted at Community level will be speeded up.

In October, the Commission has, for its part, already transmitted to the Council a communication entitled 'The social aspects of the iron and steel policy' in which it proposed that the ECSC should make a financial contribution for measures such as earlier retirement, the restructuring of shift work, the organization of short-time work and restrictions of overtime.

As regards the reconversion policy for the iron and steel industry, the Commission recently adopted a series of decisions designed to rationalize and speed up the operation of the Community financial instruments and, as far as possible, to concentrate available resources on regions particularly affected by the crisis. Thought should now be given to framing specific aid programmes for the industrial areas involved. These programmes, for which the Community and the interested Member States would be responsible, would be aimed at repairing the economic fabric of these areas and maintaining employment, partly by granting aid to workers affected by restructuring measures and partly by facilitating—especially through lower interest-rates—the financing of reconversion investment operations and new activities guaranteeing the re-employment of these workers.

Such programmes would make it possible, especially by regrouping the Community's instruments of financial intervention to a better effect, to meet the needs of industrial restructuring and redeployment whilst at the same time providing workers with the social guarantees to which they are entitled.

Also in other industries strongly affected by the crisis, as for instance ship-building, the Commission will take appropriate measures to encourage the modernization of production facilities at a time when demand is in decline, while seeking to safeguard

jobs in these industries. An integral part of this scheme will be social measures financed mainly from the European Social Fund.

The success of the Commission's measures for the reorganization of crisis industries will to some extent depend on the Community's ability to promote the growth of new industry that directly or indirectly can create new employment. In accordance with its June 1978 report on the structural aspects of growth, the Commission will put the necessary proposals to the Council.

5. In accordance with the mandate given by the European Council on 4 December 1978, the Commission has presented proposals as regards the organization of the forthcoming tripartite conferences. These proposals aim at closer collaboration between the services of the Council and the Commission and both sides of industry for the preparation and the choice of subjects to be discussed on these conferences, at a stronger involvement of the Standing Committee of Employment and the Committee for Economic Policy in the preparatory work, as well as at organizing the future Tripartite Conferences on a two-days basis. As to the parties concerned, they should do all in their power to facilitate the proceedings at tripartite conferences so that in future full advantage is taken of the manifold possibilities offered by this important form of institutionalized dialogue.

With a view to associating the two sides of industry more closely with the Community's economic and social decisions, the Commission will take steps to intensify the dialogue between the parties concerned in the framework of the already existing joint committees, and to promote the contacts between the parties concerned, the need for which was stressed by the European Council of 7 and 8 April 1978 in Copenhagen 'to overcome the serious problems of structural over-capacity in several industries and to promote an industrial structure able to meet world-wide competition'.

To promote worker participation in decisions at undertaking level, the Commission will forward to the Council a proposal that would place an obligation on groups of undertakings to inform and consult their employees or the latter's representatives.

In order to promote worker participation in asset formation, the Commission will elaborate a memorandum in two parts, one containing an analysis of the systems applied or contemplated by the Member States and the other, guidelines on the search for solutions to the main problems involved. The memorandum is intended to stimulate a wide-ranging discussion of the subjects.

6. To ensure strict observance of Community undertakings with respect to equal treatment for men and women at work (Directives concerning equal pay, access to



employment and vocational training, working conditions), the Commission will adopt the necessary measures to ensure that Member States enact the requisite legislation and that appropriate implementing provisions are put into effect as soon as possible. In addition, to supplement the directive concerning the progressive implementation of the principle of equality of treatment for men and women in matters of social security, the Commission will formulate a draft directive to ensure equality of treatment for men and women under occupational social security schemes.

7. The Commission will seek to ensure more efficient administration of the European Social Fund, particularly through the introduction of grouped applications and a system for granting assistance on the basis of unit costs. The new provisions to promote the employment of young people will be implemented on a selective basis, placing greater stress on the integration of young people into working life in regions with a high youth unemployment rate.

The European Social Fund will, in future, be called upon to make a more substantial contribution to social measures which follow in the wake of the restructuring of industrial sectors in difficulty. It will be necessary, within that context, to review the guidelines for managing the Social Fund so that the new requirements are met.

8. The priority given to employment problems should not overshadow the need to improve living and working conditions. On the contrary, efforts to improve the employment situation should coincide with efforts to improve working conditions in the qualitative sense. To this end, under the action programme on safety and health at work the Commission has presented to the Council a proposal for an outline-directive to prevent and limit the exposure of workers to an initial group of major pollutants found at places of work, such as carcinogenic substances, lead, asbestos and cadmium.

In the public health sector, the Commission is concerned to present a comprehensive view of the various activities arising out of the Community's responsibilities and to ensure better cooperation between the Member States. Accordingly, it will prepare a programme taking account of the conclusions of the meetings of the Ministers of Health of 13 December 1977 and 16 November 1978, particularly as regards smoking, nutrition, and the campaign against drug abuse in sport and by young people.

The Commission is also to propose new research projects in the field of radiation protection; in this way, the Community will continue and intensify its drive to ensure that nuclear energy is compatible with protection of the environment and

the safety of workers. During the second half-year it also intends to take action in the field of social research, pursuant to the guidelines for the common policy for science and technology for the period 1977-1980.

With respect to migrant workers, the Commission intends to organize concertation with the Member States on immigration policy *vis-à-vis* non-member countries. To this end, it will send a communication on this matter to the Council in the first half of the year. Furthermore, it intends to make a proposal to deal with certain problems pertaining to personal income tax, notably for frontier workers.

## II — Synthesis of the social actions of the Community in 1978

### **Economic activity**

9. Economic activity in the Community was again at a low level throughout the year; although the growth rate was slightly higher than in 1977, the Community's gross domestic product rose by only 2.8% in real terms. Ireland was alone in recording an increase of about 6% in domestic product by volume, whereas in all the other Member States growth rates varied from about ½% to 3½%.

The slow-down in inflation in the Community, which had been interrupted in 1977, continued in 1978: for the Community as a whole the rise in consumer prices was about 7% this year, compared with 10% in 1976 and just over 9% in 1977. This trend which was observed in all the Member States except France, was relatively more marked in the countries with the highest inflation rates, i.e., Italy, Ireland and the United Kingdom.

Member States' balance of payments positions have improved considerably during the last two years; whereas in 1976 most of them had quite marked deficits, some managed to convert the latter into positive balances in 1977 and 1978.

### **Unemployment, particularly amongst young people**

10. In contrast to the progress seen in the fight against inflation and in reducing deficits in balance of payments positions, there has, unfortunately, been no improvement in the labour market situation in the Community: after dropping to 5½ million during the summer months, the total number of unemployed began to rise again in early autumn and once more reached the 6 million level from October onwards. At the end of 1978 there were 6.14 million registered unemployed in the nine Member States, in other words a slightly higher level than at the end of 1977.

However, this general trend covers up contrasting developments from one Member State to another: whilst there was a fall-back in unemployment of about 7 to 9% in the Federal Republic of Germany, Ireland and the United Kingdom between autumn 1977 and autumn 1978, there was a distinct worsening in the situation in Denmark and France in the same period.

In several countries women were worse hit by unemployment than men, to such an extent that in certain Member States more women than men were unemployed in absolute terms, although the proportion of women in the total working population is considerably lower. At the end of 1978, the total number of unemployed women amounted to 2.7 million. On the other hand, the position of young people began to improve in several countries, particularly the Federal Republic of Germany, the Netherlands and the United Kingdom, largely due to measures implemented by the Member States to promote their employment. Nonetheless, the unemployment level amongst young people remained relatively high. At the end of 1978 the total number of young jobless aged under 25 still amounted to more than 2.3 million, or about 39% of the total unemployment figure. In most Member States, it was over 40%.

### **Principal activities in the sphere of employment policy**

11. The problem of youth unemployment is still one of the main concerns of all Governments, especially since population trends in recent years indicate that there will be an increase in the number of school leavers arriving on the labour market, whereas the number of workers reaching retirement age will tend to drop.

In view of these prospects, a number of measures have been taken to improve the distribution of the work available with a view to absorbing some of the existing unemployment. Several Member States have already taken decisions in this sphere, for example by facilitating early retirement schemes for elderly workers or organizing supplementary vocational training courses, etc.

The creation of new jobs and the recruitment of unemployed persons by the public authorities for social and humanitarian tasks, etc., have also figured amongst the various measures taken by Governments to reduce unemployment. Lastly, some countries have granted migrant workers assistance to return to their countries of origin.

12. At Community level several measures have been taken with the same end in view: two meetings of the Standing Committee on Employment and another Tripartite Conference were held, whilst the Commission put forward proposals to grant Community backing for aid measures to promote employment amongst young people, in response to requests expressed at the twelfth meeting of the Standing Committee on Employment.<sup>1</sup>

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<sup>1</sup> Social Report 1977, point 7.

At its thirteenth meeting on 21 March, the Standing Committee on Employment held a detailed discussion on the problem of work-sharing on the basis of a memorandum drawn up by the Commission. The latter proposed to begin discussions on the possibility of a Community measure to reduce working time, a study of Community activities in certain spheres such as the reduction of overtime, restrictions on shift work and the extension of entitlement to training. The Commission stressed that a Community-initiative was desirable if not essential, both to maintain the Community's competitiveness and to sustain its coherent development.

During the discussions, workers' representatives stressed the contribution which work-sharing might make, in the present employment situation, to the fight against unemployment. For their part, the employers' representatives stated that they were prepared to examine this problem constructively, taking into account the differing situations in the Member States. In conclusion, the Committee expressed the hope that discussions on this subject might continue at Community level during the coming months.

The fourteenth meeting of the Standing Committee on Employment on 12 May 1978 was devoted to a detailed exchange of views on the tertiary sector (including the public sector), the economic context of which it is part, and its development prospects and on future trends, both in the sphere of employment and as regards the social objectives of economic activity. During the discussions the employers' representatives stressed that to ensure growth in the tertiary sector so as to promote employment prospects, it was also necessary to achieve growth in the primary and secondary sectors and equal conditions of competition between the public and private sectors. The workers' representatives particularly stressed the important contribution which the tertiary sector could make to improving the employment situation, in view of the many unsatisfied needs and the possibility of improving existing services in several branches, especially those which help to improve the quality of life.

To sum up, the Committee felt that the discussions which had taken place constituted an excellent basis for further reflection and specific measures at both Community and national level.

13. Another Tripartite Conference took place on 9 November 1978 in Brussels. It was attended by representatives of the employers' and workers' organizations and members of the Commission and the Council (Ministers of Finance and Economic Affairs, Ministers of Labour and Social Affairs). This Conference dealt primarily with growth and employment policies.

Discussions revealed a considerable degree of consensus in assessments of the economic situation in Europe. In particular it was recognized that progress had been made in combating inflation and it was noted with satisfaction that disequilibria in balance of payments positions had now been greatly reduced. Insufficient growth and the persistence of an adverse employment situation did, however, raise serious economic and social problems, whose solution demanded even greater joint efforts by all parties concerned.

The following conclusions were reached as regards the four priority topics adopted by the Tripartite Conference of 1977; it was unanimously decided that higher job-creation investment must be the cornerstone of future economic planning, although an adequate level of investment could only be achieved if a slower rise in costs and adequate demand could be expected both at home and abroad.

It was pointed out that basic world economic conditions had radically altered in recent years, compelling many firms to carry out fundamental structural adjustments.

It was generally recognized that to improve the employment situation, use should be made of the possibilities and market opportunities available in both the public and private service sectors, particularly since this could also lead to an improvement in the quality of life.

Whilst all those present at the Conference were unanimous in thinking that the overall plan outlined in the memorandum submitted by the Commission constituted a satisfactory basis on which to continue work within the Community, there were fundamental differences of opinion on the question of work-sharing. The workers' representatives emphasized the need to introduce Community measures on the subject side by side with the growth strategy and called for an agreement to be reached as soon as possible to reduce working hours overall by 10%, by shortening the working week, increasing annual holiday and lowering the retirement age.

The employers' representatives, on the other hand, were strongly opposed to any work-sharing measures, and stressed their reluctance to draw hasty conclusions on the subject until the impact of the proposed measures on costs and the organization of work had been more closely analysed.

Lastly, the Commission was instructed to keep a close watch on economic and social trends in the employment field on the basis of the document it had submitted, in the light of the discussions at the Tripartite Conference and through regular consultations with representatives of both sides of industry.

14. Special attention was devoted, at Community level, to certain sectors which have been facing particularly serious structural difficulties for several years and which, as a result, raise serious employment problems. These include the iron and steel industry and the shipbuilding, which are suffering as a result of very strong competition from non-member countries as well as inadequate demand from consumers. During recent years these industries have been forced to eliminate a very great number of jobs.

Since forecasts do not indicate any short or medium-term improvements, the Commission has undertaken to draw up proposals for social measures for restructuring projects in these sectors. In this connection it sent a Communication to the Council at the end of October on the social aspects of the iron and steel policy, accompanied by a Resolution adopted by the ECSC Advisory Committee on the social measures which should form an integral part of the restructuring of the Community iron and steel industry.

15. Labour market difficulties, particularly those connected with young job-seekers, were the main points of discussion at the two meetings of the Council of Ministers of Employment and Social Affairs on 29 June and 27 November 1978.

At the meeting in Luxembourg on 29 June, the Ministers of Employment and Social Affairs held in-depth discussions on Commission proposals to introduce a system of Community aid to promote employment amongst young people; a broad area of agreement was reached on many aspects of these proposals. Nonetheless, the Ministers were unable to reach a unanimous decision and agreed to report to the European Council in Bremen on the matter.

The European Council, which met in Bremen on 6 and 7 July 1978, 'confirms its view that improving the employment situation by means of increasing growth is a crucial objective of the Community. It notes that the Community is already providing considerable assistance through the European Social Fund and the European Regional Fund. It calls on the Council of Ministers for Labour and Social Affairs to decide on measures to combat youth unemployment within the framework of the European Social Fund so that such measures can come into force on 1 January 1979'.<sup>1</sup>

In response to this invitation, the Council, at its meeting in Brussels on 27 November, approved the Regulation on the creation of two new types of aid for young people from the European Social Fund.<sup>2</sup>

<sup>1</sup> Aide-mémoire from the President of the European Council of 6 and 7 July 1978, point 1.3.

<sup>2</sup> OJ L 361 of 23 December 1978.

Assistance from the fund, which is calculated on the basis of an amount not exceeding 30 EUA per person per week for a maximum of 12 months, will be granted towards:

- (i) aid to promote the recruitment of young people under 25 years of age who are unemployed or seeking employment, by means of additional jobs likely to give young people experience with a vocational content, or making it easier to find a stable job;
- (ii) aid to promote the employment of young people under 25 years of age, who are unemployed or seeking employment, by means of projects for the creation of additional jobs which fulfil a public need which would not have been met if additional jobs had not been created and which are stable or likely to give young people experience with a vocational content which will allow them access to the labour market and make it easier for them to find a stable job.

#### **Other action agreed at Community level**

16. In addition to decisions taken regarding employment problems, other social and health measures were decided on or discussed at meetings of the Council of Ministers.

The Council of Ministers for Employment and Social affairs of 29 June 1978 adopted a Resolution on an action programme of the European Communities on safety and health at work. On the basis of the action programme drawn up by the Commission, of which it had approved the general objectives, the Council gave priority to a set of measures which particularly concerned work-related accident and disease aetiology, protection against dangerous substances, preventive measures against the dangers and harmful effects of machines, and monitoring and inspection.

Lastly, the Council adopted the Directive on the approximation of the laws, regulations and administrative provisions of the Member States on the protection of the health of workers exposed to vinyl chloride monomer (plastic substance widely used for industrial purposes).<sup>1</sup>

At the meeting of 27 November, the Council of Ministers for Employment and Social Affairs approved the Directive on the progressive implementation of the principle of equal treatment for men and women in matters of social security.<sup>2</sup> This

<sup>1</sup> OJ L 197 of 22 July 1978.

<sup>2</sup> OJ L 6 of 10 January 1979.



Directive is designed to eliminate, from social security schemes and provisions, all discrimination on grounds of sex either directly or indirectly by reference in particular to marital or family status.

The Council also took note of a progress report on the drafting of a proposal for a Directive on the approximation of the laws of the Member States to combat illegal immigration and illegal employment.

17. On 16 November 1978 the Council and representatives of Member States' Governments meeting within the Council held a meeting in Brussels devoted to health questions.

The Ministers held detailed discussions on the economic aspects of health on the basis of a set of studies submitted by the Commission, on:

- (i) the organization, financing and cost of health care;
- (ii) pharmaceutical consumption;
- (iii) micro-economic approach to problems relating to hospitalization costs.

Following their discussion, the Ministers requested the Commission, on the basis of studies already carried out, to make suggestions for future Community action in certain areas (pharmaceutical products, specialized staff, etc.) and give these tasks due priority in organizing its work.

The Ministers also exchanged views on other health problems, in particular:

- (i) health education policies with reference to smoking, nutrition and drug abuse in sport; and
- (ii) mutual medical assistance in the event of catastrophes.

**B — Outline of activities by the institutions  
of the European Communities in the  
social field in 1978**

## **Main developments**

18. *In 1978 the main concern of social policy was to increase efforts to seek out all available means of influencing the employment situation. The problem, which has also been examined in a worldwide context, was the central preoccupation of the European Council meetings in Copenhagen in April<sup>1</sup> and Bremen in July<sup>2</sup> and the Tripartite Conference in November, which was more specifically devoted to working out a Community strategy to promote employment, growth and stability.<sup>3</sup> The guiding principle—also underlying the various sectoral policies—was that social operations (aid measures, intervention by the Social Fund and other funds, vocational readaptation, etc.) should form an integral part of the industrial restructuring policy. The Commission proposals that have already been or are being formulated in respect of sectoral policy therefore lay considerable stress on social aspects.*

*To implement these guidelines, the Commission has developed a wide range of research projects, studies and initiatives, with which the two sides of industry have been associated as closely as possible.*

## **Employment**

19. Commission action to promote employment moved in three directions. Firstly, through closer liaison between economic policies and in the context of the Tripartite Conference it sought to promote sound growth that will boost employment. Secondly, it contributed to developing active labour market policies. Lastly, it is developing coordinated action with respect to work-sharing, a supplementary step made necessary by the present employment outlook.

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<sup>1</sup> Bull. EC 4-1978, points 1.2.1, 1.2.2 and 2.1.37.

<sup>2</sup> Bull. EC 6-1978, point 1.5.2.

<sup>3</sup> Bull. EC 11-1978, points 1.3.1 to 1.3.6.

## Tripartite Conference and the Standing Committee on Employment

20. Throughout the year work continued on the four points selected by the third Tripartite Conference for priority attention.<sup>1</sup> This work showed how closely economic and social aspects are interconnected. In preparation for the fourth Conference, discussions were held by the Standing Committee on Employment<sup>2</sup> and the Economic Policy Committee.

The fourth Tripartite Conference, attended by the ministers of finance, economic affairs and employment and representatives of the two sides of industry, was held on 9 November.<sup>3</sup> The participants examined the Commission paper putting forward an overall strategy involving, in particular, the stimulation of growth, intensified structural readaptation measures, certain work-sharing measures and, for the future, a greater role for the services sector.<sup>4</sup>

In his conclusions, the Chairman accepted this paper as a basis for future work, stressing the participants' agreement on certain points including the common strategy drawn up in Bremen and Bonn, the European Monetary System and the labour market measures. He asked the Commission to develop certain points further, specifically, the possibility of stimulating investment and of reducing working time, the access of young people and women to training and employment, and the outlook and opportunities for expanding part-time work.

### Labour market policy

21. The outstanding feature of the Commission's action in 1978, as in the past, was the priority given to support for the categories worst hit by the recession—in particular, young people, women, migrants and workers affected by restructuring operations. At the same time, experience showed that these actions for specific categories must be supplemented by closer cooperation between the labour market institutions, which are in a particularly difficult situation owing to the present crisis.

#### *Employment of young people*

22. The problem of youth unemployment was one of the Community's major concerns in 1978.

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<sup>1</sup> Social Report 1977, point 19.

<sup>2</sup> Bull. EC 3-1978, points 2.1.30 to 2.1.34; Bull. EC 5-1978, point 2.1.40.

<sup>3</sup> Bull. EC 11-1978, points 1.3.1 to 1.3.6.

<sup>4</sup> Bull. EC 2-1978, point 1.6.1.

An essential step was taken in this area on 18 December, when the Council adopted a Regulation on the introduction of a new form of aid from the European Social Fund for young people under twenty-five.<sup>1</sup> This provision forms part of the measures to combat youth unemployment, the need for which has been stressed several times by Parliament.<sup>2</sup> The new aid supplements the assistance granted by the European Social Fund for Member States' vocational training programmes for young people.

The Commission also published reports on the national job-creation programmes and—in its Recommendation of 6 July 1977<sup>3</sup>—on vocational preparation measures in the Community.

### *Employment of women*

23. To counteract the increasing unemployment rate among women, which is still higher than that for men, the Commission granted assistance from the European Social Fund<sup>4</sup> with a view to promoting the access of women to skilled jobs, particularly in areas not traditionally open to them. Further, the Directive of 9 February 1976<sup>5</sup> 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 came into effect on 12 August 1978. To illustrate its action in this field, the Commission published a brochure entitled 'Women and the European Community' setting out Community legislation together with comments and harmonized statistics, and also prepared a folder to accompany the distribution of the film 'Equal Chances, Equal Opportunities' in circles concerned with employment, education, vocational guidance and training for women.<sup>6</sup>

### *Cooperation by labour market institutions*

24. Pursuant to recommendations made by the Council at its meeting on 28 October 1977,<sup>7</sup> the Commission took various steps to promote cooperation between employment services in the Member States as regards the management of

<sup>1</sup> OJ L 361 of 23.12.1978; Bull. EC 4-1978, point 1.2.6; point 30 of this Report.

<sup>2</sup> OJ C 63 of 13.3.1978; OJ C 182 of 31.7.1978; Bull. EC 2-1978, point 2.3.15; Bull. 7/8-1978, point 2.3.18.

<sup>3</sup> OJ L 180 of 20.7.1977; Social Report 1977, point 21.

<sup>4</sup> OJ L 237 of 27.12.1976.

<sup>5</sup> OJ L 39 of 14.2.1976; Bull. EC 12-1975, point 2215; Bull. EC 2-1976, point 2210.

<sup>6</sup> Social Report 1977, point 22; Bull. EC. 2-1977, point 2.1.18.

<sup>7</sup> Bull. EC 10-1977, points 1.4.5 and 1.4.8.

labour markets.<sup>1</sup> For instance, the Commission recruited experts to act as advisers during the planning of the reform of the Italian employment services. To promote initiatives in these areas, workshops were organized in Rome<sup>2</sup> on the subject of an active labour market policy and the role of the employment services. The Commission also organized training sessions with independent placement agencies in the Federal Republic of Germany, Belgium, France and the United Kingdom prior to launching a pilot project to test the placement methods most suitable for the Italian labour market.

### **Work-sharing**

25. In this field, the Commission continued to prepare actions designed to restrict systematic overtime working (a precondition for any measures to reduce total annual working time per worker), eliminate abuses in temporary work and help to develop more flexible retirement systems.

The Commission also continued to examine ways of improving the organization of shiftwork and developed non-discriminatory forms of part-time work.<sup>3</sup>

### **Vocational training**

26. As regards vocational training, attention was focused on reinforcing cooperation between Commission staff and the European Centre for the Development of Vocational Training,<sup>4</sup> primarily through activities carried out jointly by working groups. The Centre continued its work on the priority aspects of its programme, mainly vocational training for young people and women.

Action taken under the first joint programme for the exchange of young workers, particularly as regards young people from rural areas, was continued. Based partly on the results of two pilot schemes in the metalworking and fisheries sectors,<sup>5</sup> the Commission prepared a draft second exchange programme designed to diversify

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<sup>1</sup> Bull. EC 4-1978, point 2.1.40.

<sup>2</sup> Bull. EC 7/8-1978, point 2.1.50.

<sup>3</sup> Bull. EC 2-1978, point 1.6.1.

<sup>4</sup> Social Report 1977, point 23; Bull. EC 1-1978, point 2.1.21.

<sup>5</sup> Social Report 1977, point 23; Bull. EC 1-1978, point 2.1.22.

these exchanges, extend them to other branches of industry and the cultural sector and obtain better results.

### **Freedom of movement for workers<sup>1</sup>**

27. To bring the SEDOC system<sup>2</sup> gradually into operation, the Commission undertook pilot schemes with the specialist national services. The principle of gradual extension was also applied in speeding up the exchanges of information referred to in Article 15 of the Regulation of 15 October 1968 on freedom of movement for workers within the Community.<sup>3</sup> It was also decided to include in the SEDOC system information on working and living conditions, based on the Commission Decision of 14 December 1972.<sup>4</sup>

Exchanges of employment service officials<sup>5</sup> were extended by the implementation of an exchange programme between France and Italy, complementing the existing programmes between Italy and Belgium and the Federal Republic of Germany.

The Commission continued to examine the legal or constitutional problems associated with the elimination of obstacles which, in certain Member States, prevent workers from other Member States from holding public office or participating in the management of public bodies.<sup>6</sup>

### **Readaptation of workers in ECSC industries<sup>7</sup>**

28. Owing to growing difficulties in the iron and steel sector, the amount of appropriations requested in 1978 for workers in the coal and steel industries more than doubled compared with the previous year (see Table 1 below).

Faced with this situation, readaptation aid was subject to new allocation procedures in nearly every country. The new measures were fixed by agreement between the Member States concerned and the Commission.

Further, as in 1977, the decline in steel production led to the closure of a number of coking plants supplying blast furnaces.

<sup>1</sup> Points 117 and 118 of Report.

<sup>2</sup> Social Report 1977, point 24.

<sup>3</sup> O J L 257 of 16.10.1968.

<sup>4</sup> Social Report 1972, point 14.

<sup>5</sup> Bull. EC 4-1978, point 2.1.45.

<sup>6</sup> Eleventh General Report, Annexed Memorandum, point 47.

<sup>7</sup> Twelfth General Report, point 60.

**TABLE 1**  
**Readaptation of workers (ECSC credits)**

	Coal industry		Steel industry iron use mining		Total	
	Amounts made available (EUA)	Workers	Amounts made available (EUA)	Workers	Amounts made available (EUA)	Workers
Belgium	2 525 250	1 619	2 433 750	2 186	4 959 000	3 805
FR of Germany	8 783 000	8 479	791 000	3 381	9 574 000	11 860
France	3 742 500	960	12 413 500	9 349	16 156 000	10 309
Italy	—	—	1 320 750	2 528	1 320 750	2 528
Luxembourg	—	—	1 398 000	541	1 398 000	541
Netherlands	—	—	—	—	—	—
United Kingdom <sup>1</sup>	17 735 000	9 121	11 378 000	13 025	27 113 000	22 146
Total	30 785 750	20 179	29 735 000	31 010	60 520 750	51 189

<sup>1</sup> Total for the 1977 and 1978 programmes in the UK coal industry.

### Social aspects of restructuring and conversion in priority industrial sectors

29. To accompany the restructuring of the crisis-hit steel industry, specific social measures were framed, aimed at maintaining employment as far as possible or providing for the readaptation and/or mobility of workers, and comprising early retirement schemes and other forms of aid. The Commission adopted a series of social measures in respect of the iron and steel industry<sup>1</sup> on 25 October and work is in progress in respect of shipbuilding.<sup>2</sup>

### European Social Fund

30. In 1978 the total budget of the European Social Fund available for granting assistance came to 569.5 million EUA, of which 238 million was allocated to

<sup>1</sup> Bull. EC 6-1978, point 2.1.41; Bull. EC 10-1978, points 2.1.28 and 2.1.52.

<sup>2</sup> Bull. EC 7/8, point 2.1.49.



operations to be implemented under Article 4 of the Decision of 1 February 1971<sup>1</sup> as amended by the Decision of 20 November 1977<sup>2</sup> and 330 million to operations under Article 5 of that Decision. The breakdown was as follows:

- (a) operations under Article 4: 35 million EUA for agriculture and the textiles industry; 179 million EUA for young people; 16 million EUA for migrant workers and 8 million EUA for women;
- (b) operations under Article 5: 281 million EUA for measures to improve the employment situation in certain regions, economic sectors or groups of undertakings and 49 million EUA for handicapped persons;
- (c) 1.5 million EUA was earmarked for studies and pilot schemes.

The rising trend in the demand for Fund assistance continued. The total volume of applications greatly exceeded available resources. The Commission, therefore, after consultation with the Fund Committee, was once more obliged to apply rigorous selection criteria,<sup>3</sup> reserving priority for employment promotion programmes with clearly defined aims and programmes which, without Fund financing, would have little chance of being implemented.

The measures revising the rules governing procedures for the operation of the Fund<sup>4</sup> came into effect on 1 January 1978. These measures were supplemented on 27 July by a Commission Decision on certain administrative procedures.<sup>5</sup>

Further, on 27 June the Commission adopted a Decision on the submission of applications for assistance from the Fund.<sup>6</sup> These measures should make it possible to improve the effectiveness of the Fund and make it more responsive to the employment situation.

Pilot schemes were also launched to provide a guide for the choice of areas for Fund intervention and enable such intervention to be better prepared. The schemes are mainly concerned with training workers in new techniques and training in small and medium-sized businesses.<sup>7</sup>

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

<sup>2</sup> OJ L 337 of 27.12.1977.

<sup>3</sup> OJ C 116 of 19.5.1978; Bull. EC 4-1978, point 2.1.42.

<sup>4</sup> OJ L 337 of 27.12.1977; Bull. EC 12-1977, point 2.1.71.

<sup>5</sup> OJ L 238 of 30.8.1978; Bull. EC 7/8-1978, point 2.1.53.

<sup>6</sup> OJ L 248 of 11.9.1978; Bull. EC 6-1978, point 2.1.44.

<sup>7</sup> Bull. EC 5-1978, point 2.1.42; Bull. EC 9-1978, point 2.1.33; Bull. EC 12-1978, Part Two, Chapter 1: 'Employment and social policy'.

On 18 December the Council adopted a Regulation concerning the introduction of a new form of aid for young people under 25.<sup>1</sup> Two types of operation are involved:

- (i) recruitment premiums as an incentive to firms to increase their workforce;
- (ii) subsidies for programmes involving the recruitment of young people for newly created jobs in the public interest.

## **Social protection**

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

31. Studies on health care, the costs of hospitalization and the consumption of pharmaceutical products were submitted to the Council of Health Ministers, while the studies on invalidity benefits and the retirement age neared completion; part of the latter, the survey on the attitude of the working population to retirement, was published in October.

The Directive on equal treatment for men and women in the field of social security was adopted by the Council on 19 December.<sup>2</sup>

In August the Commission forwarded the second European social budget (1976-80)<sup>3</sup> to the Council, Parliament and the Economic and Social Committee. At its meeting on 27 November the Council asked the Commission to submit proposals for the preparation of a third European social budget, taking into account the lessons learnt from the previous one.<sup>4</sup>

Following the Council decision to extend the programme of pilot schemes and studies to combat poverty,<sup>5</sup> the Commission adopted four new projects and two studies on 29 March.<sup>6</sup>

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<sup>1</sup> OJ L 361 of 23.12.1978; Bull. EC 4-1978, point 1.2.6; Bull. EC 11-1978, point 2.1.42; point 22 of this Report.

<sup>2</sup> OJ L 6 of 10.1.1979; Bull. EC 11-1978, point 2.1.46.

<sup>3</sup> Bull. EC 7/8-1978, point 2.1.59.

<sup>4</sup> Bull. EC 11-1978, point 2.3.28.

<sup>5</sup> Social Report 1977, point 28.

<sup>6</sup> Bull. EC 3-1978, point 2.1.41.

## Social security for migrant workers

32. On 28 September the Commission sent to the Council a proposal for a Regulation<sup>1</sup> amending the proposal transmitted on 31 December 1977.<sup>2</sup> Existing legislation, pursuant to the Regulation of 14 June 1971,<sup>3</sup> guarantees the application of national social security schemes to employed persons and their families moving within the Community. The December 1977 proposal is designed to extend these provisions to self-employed workers and their families. The new proposal, which was framed in response to points made in the Opinions delivered by Parliament<sup>4</sup> and the Economic and Social Committee,<sup>5</sup> is designed to extend the field of application of the 1971 Regulation to all insured persons regardless of whether they are economically active.

The Administrative Commission on Social Security for Migrant Workers studied a number of questions relating to the application of Community rules. Several of these questions were submitted to the Advisory Committee on Social Security for Migrant Workers.

The Court of Justice delivered 12 judgments in 1978, including its hundredth, in cases involving references for preliminary rulings on the interpretation or the validity of certain provisions enacted under Article 51 of the EEC Treaty.<sup>6</sup>

## Activities on behalf of migrant workers and their families

33. On 31 May<sup>7</sup> and 10 October<sup>8</sup> respectively, the Economic and Social Committee and Parliament delivered their Opinions on the revised proposal for a Council Directive on the approximation of the laws of the Member States designed to combat illegal migration and illegal employment.<sup>9</sup> The initial proposal<sup>10</sup> had been revised to take into account points made by the two institutions.<sup>11</sup> At its meeting on 27 November the Council held a preliminary exchange of views on these matters.

<sup>1</sup> OJ C 246 of 17.10.1978; Bull. EC 9-1978, point 2.1.34.

<sup>2</sup> OJ C 14 of 18.1.1978; Bull. EC 12-1977, point 2.1.75.

<sup>3</sup> OJ L 149 of 5.7.1971.

<sup>4</sup> OJ C 131 of 5.6.1978; Bull. EC 5-1978, point 2.3.23.

<sup>5</sup> OJ C 269 of 13.11.1978; Bull. EC 5-1978, point 2.3.75.

<sup>6</sup> Cases 83/77, 84/77, 98/77, 105/77, 115/77, 117/77, 126/77, 134/77, 1/78, 9/78, 10/78, 26/78, point 49 of this Report.

<sup>7</sup> OJ C 269 of 13.11.1978; Bull. EC 5-1978, point 2.3.76.

<sup>8</sup> OJ C 261 of 6.11.1978; Bull. EC 10-1978, point 2.3.5.

<sup>9</sup> OJ C 97 of 22.4.1978; Bull. EC 3-1978, point 2.1.36.

<sup>10</sup> OJ C 277 of 23.11.1976; Bull. EC 11-1976, point 2.2.19.

<sup>11</sup> OJ C 299 of 12.12.1977.

The Advisory Committee on Free Movement of Workers instructed a working party to make proposals for measures to be carried out in this sphere on the basis of the conclusions of the survey entitled 'The housing of migrant workers: a case of social improvidence'.<sup>1</sup>

### Natural disasters

34. In 1978 the Commission granted 3.8 million EUA in Community aid to the victims of natural disasters in the United Kingdom, France, the Federal Republic of Germany and Italy.

### Living and working conditions

#### Wages and living and working conditions

35. In the pay sector, the Commission completed a report in December on the progress made in applying the principle of equal pay for men and women in the Member States (Article 119 of the EEC Treaty and the Council Directive of 10 February 1975);<sup>2</sup> Parliament passed a Resolution on this matter on 11 April.<sup>3</sup>

The Commission contributed towards the financing of pilot schemes in the sphere of the humanization of work, with particular emphasis on improving the organization of working hours.

#### Labour law — Industrial relations

36. It emerged from the Commission's work on the protection of employees in the event of the insolvency of their employer<sup>4</sup> that such protection was often inadequate. In April, therefore, the Commission forwarded to the Council a proposal for a Directive concerning the approximation of the laws of the Member States on this matter.<sup>5</sup>

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<sup>1</sup> Social Report 1976, point 31.

<sup>2</sup> OJ L 45 of 19.2.1975.

<sup>3</sup> OJ C 108 of 8.5.1978; Bull. EC 4-1978, point 2.3.10.

<sup>4</sup> Social Report 1977, point 34.

<sup>5</sup> OJ C 135 of 9.6.1978; Bull. EC 4-1978, point 2.1.48.

The European employer's and workers' organizations were consulted at meetings of the advisory committees and at *ad-hoc* meetings on the drafting and implementation of Commission proposals in the various spheres of social policy. The organizations were closely associated in preparing the meetings of the Standing Committee on Employment and the Tripartite Conference, particularly as regards work-sharing, the creation of jobs in the tertiary sector, the international environment and the relationship between investment and job creation.<sup>1</sup>

### Participation of the two sides of industry

37. Special efforts were made by the Commission to consult workers' and employers' representatives in the economic sectors affected by structural difficulties. These meetings provided the Commission with information concerning measures to be taken in key sectors, such as the iron and steel industry and shipbuilding,<sup>2</sup> and in other important areas such as shipping. The work of the existing joint committees was expanded. In the area covered by the Joint Committee on Social Problems of Agricultural Workers, an important new European agreement was signed in March on working hours and annual holidays in agriculture;<sup>3</sup> a preliminary agreement on the duration of the working week had been signed in 1968.

Lastly, relations between the Commission and the European Trade Union Institute were formalized in an Agreement signed on 7 June.<sup>4</sup>

### Housing

38. The Eighth Scheme for financing construction of low-cost housing for workers in the ECSC industries continued. By the end of 1978 virtually all the funds allocated for the first instalment (25 million EUA) had been taken up, and financial assistance had been granted for more than 12 000 dwellings. The second instalment (30 million EUA) has also largely been committed and partly distributed. By 31 December 1978 some 15 157 115 EUA of this had already been allocated to help finance about 6 000 dwellings.

<sup>1</sup> Points 17 and 20 of this Report.

<sup>2</sup> Bull. EC 3-1978, point 2.1.40.

<sup>3</sup> Bull. EC 3-1978, point 2.1.39.

<sup>4</sup> Bull. EC 1-1978, point 2.1.26; Bull. EC 6-1978, point 2.1.48.

**TABLE 2**  
**Financing of the eight ECSC low-cost housing schemes**  
 (situation at 31 December 1978)

(million EUA)

Country	Commission funds		Additional funds <sup>1</sup>	Total aid	Other sources	Total cost of construction and modernization
	Own resources	Borrowed funds				
Belgium	10.87	23.04	2.30	36.21	67.56	103.77
Denmark	1.70	—	0.72	2.42	9.05	11.47
FR of Germany	80.31	13.24	159.50	253.05	1 097.62	1 350.67
France	43.99	0.43	23.71	68.13	372.66	400.79
Ireland	0.93	—	0.77	1.70	1.95	3.65
Italy	24.60	24.71	11.18	60.49	64.12	124.61
Luxembourg	4.35	1.70	3.36	9.41	18.26	27.67
Netherlands	9.02	2.14	8.47	19.63	58.91	78.54
United Kingdom	14.05	—	11.96	26,01	31.92	57.93
Total	189.82	65.26	221.97	477.05	1 722.05	2 159.10

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

**TABLE 3**  
**Work on the eight normal**  
**and three experimental ECSC low-cost housing programmes**  
 (situation at 31 December 1978)

Country	Number of dwellings financed			
	In preparation	Under construction	Completed	Total
Belgium	155	259	7 833	8 247
Denmark	22	4	279	305
FR of Germany	2 235	1 170	92 238	95 643
France	2 131	1 437	28 767	32 335
Ireland	63	1	125	189
Italy	845	1 186	6 396	8 427
Luxembourg	25	35	1 161	1 221
Netherlands	172	44	5 731	5 947
United Kingdom	2 256	11	5 596	7 863
Total	7 904	4 147	148 126	160 177

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

It also granted financial assistance to pilot schemes for improving migrant workers housing, on the basis of the findings of the survey of these workers' housing conditions sent to the Council in 1977.<sup>1</sup>

In connection with its work on the European Habitat Competition<sup>1</sup> the Commission selected two projects per country for coverage in a general report which is to be distributed to interested bodies.

### **Social services and family matters**

39. The Commission convened a meeting of the Liaison Committee for Social Workers in the European Community to discuss recent developments in the social services in the Member States and to compare training systems for social workers.

### **Health and safety**

#### **Public health**

40. Following the first meeting of the Council of Health Ministers in December 1977<sup>2</sup> the Commission carried out work on a number of tasks which were reviewed at the second meeting of the Council of Ministers of Health on 16 November 1978. The Commission was asked to draw up suitable suggestions for Community action as regards pharmaceutical products, specialist manpower and health statistics; it was also instructed to take the necessary measures to carry out activities concerning health education, particularly in connection with smoking and nutrition. A survey on mutual medical assistance in the event of major accidents and exceptionally serious diseases was being carried out in the Member States.<sup>3</sup>

<sup>1</sup> Social Report 1977, point 36.

<sup>2</sup> Social Report 1977, point 38.

<sup>3</sup> Bull. EC 11-1978, points 2.1.47 to 2.1.50.

## Radiation protection

41. On 29 May the Commission adopted a proposal for a Directive<sup>1</sup> designed to extend up to 1980 the time limit for the application of the 1976 Directive<sup>2</sup> laying down the basic safety standards for the protection of health against the dangers of ionizing radiation. The Economic and Social Committee delivered its Opinion on this proposal.<sup>3</sup> On 17 November the Commission approved a proposal for a Directive<sup>4</sup> revising the 1976 Directive in the light of the latest scientific knowledge as formulated by the International Commission on Radiological Protection (ICRP).

There appears to be some risk of radon contamination of workers in coalmines and an exploratory study was accordingly put in hand.

General monitoring of ambient radioactivity (Article 36 of the Euratom Treaty) was performed within the framework of the existing networks in the Member States. The conclusions reached on the basis of these measurements (air, fall-out, water, milk) are the subject of a report for 1977.

The fourth information and training seminar on radiation protection for the benefit of the representatives of trade unions in the Member States was held in Luxembourg on 12 and 13 October.<sup>5</sup>

## Health aspects of the environment

42. In accordance with Article 37 of the Euratom Treaty, the Commission delivered its opinion on four projects concerning radioactive effluents and involving two nuclear power stations (Isar and Hartlepool), one reprocessing plant (Cap de la Hague) and the Forest Farm laboratories. The increase in the number of nuclear installations close to national frontiers prompted the Commission to hold a seminar in Brussels in May on the exchange of information and the provision of mutual assistance between countries in the event of a nuclear incident or accident in such installations.

In November the Commission held a seminar in Luxembourg on the radiological impact on the public in the Rhine-Meuse region. It also published its fourth report (EUR 6088) on discharge data and radiological aspects of the discharges, which for

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<sup>1</sup> OJ C 147 of 22.6.1978; Bull. EC 5-1978, point 2.1.49.

<sup>2</sup> OJ L 187 of 12.7.1976; Bull. EC 6-1976, point 2222.

<sup>3</sup> Bull. EC 7/8-1978, point 2.3.76.

<sup>4</sup> Bull. EC 11-1978, point 2.1.51.

<sup>5</sup> Bull. EC 10-1978, point 2.1.59.



the first time covered not only effluents from nuclear power stations but also those from fuel-reprocessing plants.

The study of the consequences to health of pollutants present at places of work and in the environment continued with the preparation of documents on criteria (relationship between exposure and effect on health). Documents concerning cadmium, organophosphorus pesticides and asbestos were published. The Commission also continued its work on diseases associated with asbestos. Experts were convened for the purpose of arriving at better definitions of mesotheliomas and asbestosis and of establishing the frequencies of these diseases.

A Scientific Advisory Committee to examine the toxicity and ecotoxicity of chemical compounds was set up by the Commission.<sup>1</sup> It includes a section to deal with the toxicological problems relating to man. The Community harmonization of toxicological tests for chemical substances was continued. The results will enable a document to be prepared on the toxicological evaluation of substances in connection with the notification of new chemical substances.

At meetings held by the Commission, the quality-control programme for the measurement of blood lead levels was finalized<sup>2</sup> pursuant to the Directive of 29 March 1977 on biological screening of the population for lead.<sup>3</sup>

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

43. The action programme of the European Communities on safety and health at work<sup>4</sup> was the subject of a Council Resolution of 29 June<sup>5</sup> after Parliament<sup>6</sup> and the Economic and Social Committee<sup>7</sup> had delivered their Opinions.

A Directive on the protection of the health of workers exposed to vinyl-chloride monomer was adopted by the Council on 29 June.<sup>8</sup>

The Advisory Committee on Safety, Hygiene and Health Protection at Work held two plenary meetings and thirteen working party meetings in 1978. In particular, it delivered its opinion on the draft Directives relating to certain industrial activities,

<sup>1</sup> O J L 198 of 22.7.1978; Bull. EC 6-1978, point 2.1.72.

<sup>2</sup> Bull. EC 2-1978, point 2.1.31.

<sup>3</sup> O J L 105 of 28.4.1977; Bull. EC 3-1977, point 2.1.51.

<sup>4</sup> O J C 9 of 11.1.1978; Bull. EC 12-1977, point 2.1.81.

<sup>5</sup> O J C 165 of 11.7.1978; Bull. EC 6-1978, point 2.1.53.

<sup>6</sup> O J C 163 of 10.7.1978; Bull. EC 6-1978, point 2.3.12.

<sup>7</sup> Bull. EC 6-1978, 2.3.82.

<sup>8</sup> O J L 197 of 22.7.1978; Bull. EC 6-1978, point 2.1.54.

on projects concerning asbestos and on the participation of the two sides of industry in accident prevention.

The programme of collective training courses on industrial safety and industrial medicine comprised, in 1978, six courses for inspection officials and two for workers' and employers' representatives.

### ECSC social research

44. ECSC research policy developed on the basis of previously approved programmes. A new programme of industrial hygiene in the mines was adopted on 13 June.<sup>1</sup>

### Mines Safety and Health Commission

45. The Mines Safety and Health Commission held three plenary meetings. In the coalmining sector, it approved a recommendation concerning two quality-control tests for the fire-resistance of conveyor belts and a proposal for a Council Directive on standardization of the design of electrical equipment for underground use in mines affected by fire-damp.<sup>2</sup> It also adopted a draft amendment to the Directive on safety signs and signals in coalmines.

In the oil and gas sector, the Mines Safety and Health Commission adopted two recommendations on the prevention of oil and gas blowouts at sea, which were accorded priority for study after the Ekofisk accident: one on the drilling programme and the other on well-head safety equipment.<sup>2</sup> It also approved its fifteenth annual report.

At information meetings held in Luxembourg on 28 and 29 September, a hundred mines inspectors, who attended in the capacity of workers' representatives, compared their working procedures as representatives of the workers in the official supervision of workplaces.<sup>3</sup>

Lastly, at a congress held from 11 to 13 October, 120 specialists from 20 countries studied the medical aspects of deep-sea diving, particularly in connection with offshore oil and gas exploration and production.<sup>4</sup>

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<sup>1</sup> Twelfth General Report, point 411.

<sup>2</sup> Bull. EC 12-1978, Part Two, Chapter 1: 'Employment and social policy'.

<sup>3</sup> Bull. EC 10-1978, point 2.1.62.

<sup>4</sup> Bull. EC 10-1978, point 2.1.61.

## Steel Industry Safety and Health Commission

46. Meeting on 26 April the Steel Industry Safety and Health Commission adopted the conclusions proposed by its working parties on training of safety and hygiene staff, hydraulic seals and drain traps in gas installations, and the overoxygenation of atmospheres. These conclusions are being published.

## Handicapped persons

47. The network of rehabilitation and training centres set up under the action programme for the vocational rehabilitation of handicapped persons continued work on the preparation of guidelines for the further training of staff involved in rehabilitation. Guidelines have now been completed for vocational training instructors and the work of multidisciplinary teams.<sup>1</sup>

## Paul Finet Foundation

48. During the academic year 1977/78, the Executive Committee of the Paul Finet Foundation examined 1 448 applications for scholarships; it awarded 1 010 scholarships, for a total of BFR 9 363 461, to schoolchildren and students whose fathers had been employed in ECSC industries and had lost their lives as a result of an industrial accident or occupational disease.

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

49. In 1978 the Court, as is now traditional, was asked to give rulings on a number of questions concerning the interpretation of the regulations relating to social security for migrant workers; however, only one case referred to the Court concerned the old Regulation No 3,<sup>2</sup> all the others being concerned with Council Regulation No 1408/71.<sup>3</sup> As in previous years, national courts raised questions dealing with a number of specific provisions contained in the Regulation, from the

<sup>1</sup> Bull. EC 2-1978, point 2.1.29.

<sup>2</sup> OJ of 16.12.1958; CJEC 14.3.1978 (*Naselli v Caisse Auxiliaire d'Assurance Maladie-Invalidité*), 83/77: [1978] ECR 683.

<sup>3</sup> OJ L 149 OF 5.7.1971.

range of persons<sup>1</sup> and of matters<sup>2</sup> it covers to the use of the official language of another Member State in an application made to a national body.<sup>3</sup> On this last point, the Court held that under Article 84(4) of the Regulation, Member States are bound to accept such applications and they are not allowed in this connection to make any distinction based on the nationality or residence of the persons concerned.

Three cases concerned the payment of unemployment benefits<sup>4</sup> and three others invalidity benefits.<sup>5</sup> In a number of other cases the Court gave rulings on questions relating to sickness insurance benefits,<sup>6</sup> pensions<sup>7</sup> and family allowances.<sup>8</sup> In several of these cases the question of overlapping of benefits was raised.

Two other cases were based on more specific points, such as social security benefits payable to a person in custody and to a former prisoner of war (Cases 1/78 and 9/78).<sup>9</sup>

50. The judgment delivered by the Court on 15 June concerning Article 119 of the EEC Treaty is undoubtedly the most striking decision delivered in the field of social policy. This case, 149/77,<sup>10</sup> followed two previous actions<sup>11</sup> brought by Miss Defrenne against her employer, the airline company Sabena.

In this case, the court seeking a preliminary ruling asked whether the principle of equal pay laid down in Article 119 should be interpreted as meaning that it requires general equality of conditions of employment for men and women, so that the

<sup>1</sup> CJEC 19.1.1978 (*Caisse primaire d'assurance maladie d'Eure et Loire v Recq*), 84/77: [1978] ECR 7; CJEC 16.3.1978 (*Laumann v Landesversicherungsanstalt Rheinprovinz*), 115/77: [1978] ECR 805; CJEC 12.10.1978 (*Belbouab*), 10/78: [1978] ECR 1925.

<sup>2</sup> CJEC 29.11.1977 (*Beerens v Rijksdienst voor Arbeidsvoorziening*), 35/77: [1977] ECR 2249.

<sup>3</sup> CJEC 6.12.1977 (*Maris v Rijksdienst voor Werknemerspensioenen*), 55/77: [1977] ECR 2327.

<sup>4</sup> CJEC 35/77 cited above; CJEC 1.12.1977 (*Kuyken Rijksdienst voor Arbeidsvoorziening*), 66/77: [1977] ECR 2311; CJEC 15.3.1978 (*Frangiamore v Office National de l'Emploi*), 126/77: [1978] ECR 725.

<sup>5</sup> CJEC 9.11.1977 (*Ex parte v Warry*), 41/77: [1977] ECR 2085; 14.3.1978 (*Schaap v Bedrijfsvereniging voor Bank- en Verzekeringswezen, Groothandel en Vrije Beroepen*), 98/77: [1978] ECR 707; CJEC 14.3.1978 (*Bestuur van de Sociale Verzekeringsbank v Mrs Boerboom-Kersjes*), 105/77: [1978] ECR 717.

<sup>6</sup> CJEC 16.3.1978 (*Algemeen Ziekenfonds Drenthe-Platteland v Pierik*), 117/77: [1978] ECR 825; CJEC 28.6.1978 (*Kenny v Insurance Officer*), 1/78: [1978] ECR 1489.

<sup>7</sup> CJEC 30.11.1977 (*Torri ONPTS*), 64/77: [1977] ECR 2299; CJEC 16.3.1978 (*Laumann v Landesversicherungsanstalt Rheinprovinz*), 115/77: [1978] ECR 805.

<sup>8</sup> CJEC 20.4.1978 (*Ragazzoni v Assubel*), 134/77: [1978] ECR 963.

<sup>9</sup> CJEC 28.6.1978 (*Kenny v insurance Officer*), 1/78: [1978] ECR 1489; CJEC 6.7.1978 (*Directeur régional de la Sécurité sociale de Nancy v Gillard*), 9/78: [1978] ECR 1661.

<sup>10</sup> CJEC 15.6.1978 (*Defrenne v Sabena*), 149/77: [1978] ECR 1365.

<sup>11</sup> CJEC 25.5.1971 (*Defrenne v Belgian State*), 80/70: [1971] ECR 445; CJEC 8.4.76 (*G. Defrenne v Sabena*), 43/75: [1976] ECR 445.

insertion in an air hostess' contract of employment of a clause terminating the contract when she reaches the age of 40 years, while such a clause is not contained in the contract of male cabin attendants who do identical work, constitutes a form of discrimination which is prohibited. The Court replied that Article 119 cannot be interpreted as prescribing, in addition to equal pay, equality in respect of the other working conditions applicable to men and women.

The Court confirmed that the elimination of all discrimination based on sex forms an integral part of fundamental human rights and is one of the general principles of Community law the observance of which the Court has a duty to ensure. There was, however, at the time of the events giving rise to the case no directly applicable Community rule<sup>1</sup> prohibiting discrimination between male and female workers other than that on pay contained in Article 119.

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<sup>1</sup> The Member States were required to implement Council Directive 76/207/EEC of 9 February 1976 (OJ L 39 of 14.2.1976) only within a period of 30 months following its notification.

**C — Development of the social situation  
in 1978**

## Employment

*(including migrant workers)*

### Trends within the Community

51. Economic growth in the Community in 1978 was only moderate. The gross domestic product (GDP) increased by about 2.5% over 1977. Despite this low growth rate, employment as a whole has increased by about 218 000 in 1978 and the spread of unemployment has slowed down. The number of registered unemployed settled at around six million, which was the level reached at the end of 1977. As can be seen from Table 4, however, this stabilization conceals contrasting trends ranging from a continuation of the rapid fall in unemployment in Ireland (-11.1% in one year) and the United Kingdom (-7.9%) to a rapid rise in France (+16%) and Denmark (+10.6%) in one year.

This stabilization of the employment and unemployment situation during a period of moderate growth can mainly be attributed to the effect of voluntary retirements and, undoubtedly, temporary withdrawals from the labour market. Some disheartened job-seekers have temporarily or permanently abandoned their search. Other persons still of working age have benefited from the provisions adopted in most Member States to offset the increase in the working population during this period of reduced growth, such as opportunities for early retirement, access to vocational training courses, particularly for young persons and repatriation grants for migrant workers.

In view of the low pace of growth, 1978 was a particularly difficult year for the ECSC industries. In the coal industry the employment level has fallen since the beginning of the energy crisis in 1973 as a result of changes in the demand for various fuels. The iron and steel industry has suffered greatly from the recession and the reluctance to invest on the part of certain large-scale steel users. Unemployment has increased in this sector, which is undergoing widescale restructuring; the number of workers allocated to maintenance and repair work or special tasks in the public interest and the numbers becoming redundant are tending to increase.

52. In response to a rate of economic development, which was less dynamic than expected, the Governments of the Member States adopted a series of economic support measures, in mid-summer, as part of the joint recovery programme which had been adopted in principle at the Bonn and Bremen Summits. In most Member States these macro-economic programmes were combined with the reinforcement, or even extension of selective measures as regards employment and labour market policies. The temporary nature of these measures suggests, however, that the stabilization of the employment and unemployment situation achieved in 1978 may be endangered if an appreciably more rapid pace of economic growth fails to materialize.

At Community level the Commission advocated, at the Tripartite Conference held in November, a medium-term strategy to deal with the problems of employment, growth and stability within the Community. This strategy is based on three elements: renewed growth, mainly by means of investment; the structural readjustment of the Member States' economies; an active social policy, particularly as regards working conditions and work-sharing. At Community level the measures envisaged by the Commission are mainly centred on the setting up of the new European monetary system, the strengthening of Community provisions as regards investment aid and a clamp down on the systematic use of overtime (see Document COM(78) 512 final).

As regards the more specific question of restructuring in the iron and steel industry, the Commission's paper on the social aspects of the iron and steel policy advocates innovations in the field of social measures with a view to redistributing the available volume of work. In this connection, consideration will be given to the following measures potentially eligible for financial assistance from the European Coal and Steel Community: lower retirement age, restructuring of shift work, shorter working time and restrictions on overtime.

53. In 1978, intra and extra-Community migratory flows were marked by a decline of about 20% in net entries from non-member countries, while movements of Community nationals held steady.

Entries from non-member countries are estimated at 75 000.

The total number of foreign workers in Community countries is estimated at 6 million, of which 1 630 000 are Community nationals. Among the 6 million or so estimated unemployed in the Community, about 280 000 are foreign workers.



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 of 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	70.4	997.2	0.1	134.9	614.9 <sup>2</sup>
1975	207.8	113.5	1 074.2	839.7	98.7	1 106.9	0.3	195.3	977.6
1976	266.6	118.2	1 060.3	933.5	110.5	1 181.7	0.5	210.9	1 360.0 <sup>3</sup>
1977	307.6	147.0	1 030.0	1 071.8	109.0	1 381.9	0.8	206.9 <sup>1</sup>	1 483.6
1978 <sup>4</sup>	333.4	169.8	992.9	1 166.9	100.8	1 523.3	1.2	205.6	1 475.0
December 1977	334.2	167.6	1 090.7	1 144.9	109.8	1 496.1	1.3	219.3	1 480.8
January 1978	334.6	191.0	1 213.5	1 126.1	111.1	1 582.6	1.4	224.8	1 548.5
February	324.7	193.0	1 224.0	1 108.2	110.5	1 567.4	1.3	219.0	1 508.7
March	316.0	187.5	1 099.0	1 088.4	109.5	1 536.8	1.3	203.0	1 461.0
April	311.6	166.2	1 000.4	1 065.2	104.8	1 480.6	1.1	190.2	1 451.8
May	307.8	156.6	913.0	1 037.1	100.9	1 471.2	1.0	180.0	1 386.8
June	299.5	149.2	877.3	1 039.3	96.6	1 472.9 <sup>4</sup>	1.0	186.3	1 446.1
July	344.0	151.0	922.2	1 094.2	96.7	1 466.3 <sup>4</sup>	1.1	203.0	1 585.8
August	355.2	158.4	924.0	1 156.7	97.5	1 457.7 <sup>4</sup>	1.2	213.9	1 608.3
September	354.5	159.4	864.3	1 284.6	91.6	1 538.8 <sup>4</sup>	1.2	210.3	1 517.7
October	353.2	167.9	901.6	1 344.1	93.7	1 540.0 <sup>4</sup>	1.1	208.2	1 429.5
November	352.0	171.6	927.0	1 330.0	96.9	1 570.1 <sup>4</sup>	1.1	208.7	1 392.0
December	347.6	185.4	1 006.7	1 328.3	99.8	1 595.6 <sup>4</sup>	1.2	219.3	1 364.3

<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 figures.

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

## Development of the situation in the member countries

### *Belgium*

54. The employment situation continues to be disturbing in spite of the tendency for the unemployment figures to level off. Measures to combat unemployment have therefore been intensified and will be continued in 1979.

The upward trend in unemployment observed in recent years continued in 1978, but at an appreciably lower rate. The number of registered unemployed increased from 334 200 in December 1977 to 347 600 in December 1978 (+4%). However, whilst this increase is relatively small in comparison with previous years, it is almost entirely due to the increase in unemployment amongst women (+6.7%), since the number of unemployed male job-seekers remained more or less the same as in 1977.

The seasonally adjusted figures for registered unemployment showed a tendency to stabilize throughout most of 1978, followed by a slight rise at the end of the year—an improvement on the situation in previous years. This observation is confirmed by the fact that the fall in the number of unemployed during the first seven months of the year was unusually large and the subsequent rise less steep than before. This may to some extent be attributed to the implementation of the Government's programme to absorb unemployment,<sup>1</sup> which was extended to cover 1978.

The proportion of young people under 25 in the total number of unemployed is tending to stabilize (40.9% in November 1978 compared with 40.6% in November 1977). Unemployment remains very high, however, particularly in certain sectors. Approximately 60% of all registered unemployed job-seekers are female.

Among the country's principal regions, the highest unemployment rate at the end of November 1978 (registered unemployed) was recorded in the South: 13.7%, as against 11.3% in the Flemish region and 10.7% for the Brussels region.

According to the latest figures issued by the Ministry of Labour and Employment, the number of unemployed persons absorbed in the course of 1978 thanks to the application of the various measures advocated in the 'Spitaels Plan' exceeded the target of 70 000. Thus by the end of November:

26 510 unemployed persons had been taken on by the public authorities;

<sup>1</sup> Social Report 1977, point 54.

- 31 410 young trainees had been recruited;
- 21 846 young persons had replaced retired workers;
- 20 409 unemployed persons had been recruited for tasks of a social or humanitarian nature ('special temporary work');
- 13 108 elderly unemployed persons were benefiting from special early retirement schemes;
- 450 unemployed persons had been recruited in the context of work humanization measures.

The recent economic and budgetary reform measures taken by the public authorities with a view to creating the necessary conditions for 'real recovery' fall within this context. This 'anti-crisis' legislation was published in the form of two laws, one of 4 August 1978 on 'economic recovery' (Moniteur Belge of 17 August) and one of 5 August on 'Economic and budgetary reforms' (Moniteur Belge of 17 August).

These laws are designed to rehabilitate Belgian public finances and redirect them to meet the needs arising from the crisis, particularly as regards employment. They also contain structural economic reforms and social measures, especially for the less privileged categories.

The legislation provides for financial aid to promote employment and financial incentives of particular interest to young self-employed persons under 35 setting up in business for the first time. Employment premiums will also be granted for up to a maximum of five years to small undertakings employing not more than 14 persons before recruitment (or 15 persons after recruitment). Another provision, applicable from 1 August 1978, extends the law of 24 January 1977<sup>1</sup> and exempts any employer who recruits an unemployed person receiving benefits or registered with the ONEM (Office national de l'emploi—National Employment Office) from payment of social security contributions for two consecutive quarters. This exemption is increased to four consecutive quarters for the first two workers taken on from 1 August 1978 to 31 July 1979, provided that they are unemployed persons aged under 30 (undertakings with fewer than 50 workers).

Some of the social measures introduced concern disadvantaged groups (e.g. handicapped persons) whilst others are more or less directly related to employment problems (e.g. measures to combat fraudulent practices on the part of employment agencies). Measures have also been taken in line with the objectives of the law of 28 June 1976 governing temporary work and the supply of workers to employers (Royal Decree of 23 October 1978, Moniteur Belge of 11 November 1978).

<sup>1</sup> Social Report 1977, point 212.

A fair proportion of the measures proposed under the heading 'Employment and labour' are part of the 1978 programme to absorb unemployment<sup>1</sup> (Spitaels Plan). By the time the 1979 budget was published, the Government had already announced its intention to continue in 1979 six measures from this plan with particular emphasis on the 'special temporary work scheme' (recruitment of unemployed persons for tasks of social or humanitarian interest) and the extension of the statutory bridging pension to workers under contract to the public services in the event of their replacement by young unemployed persons. The objective is to find work for about 127 000 unemployed persons (instead of 70 000 in 1978).

In addition, special measures to eliminate abusive practices with regard to unemployment (in particular, combining the short-time working allowance with part-time work) and improve the social status of unemployed persons. It will be several months before the real effect of most of these measures can be assessed, since the law confers very extensive powers on the public authorities as regards their implementation. In most cases the practical application of these provisions depends on the implementing decrees, which will have to be discussed by the Council of Ministers.

55. At the end of 1977, there were in Belgium 306 318 migrant workers (including unemployed and those fulfilling military obligations) as well as 58 207 retired foreigners. Although the ban on immigration from non-member countries was maintained, there was a slight increase in the number of first work permits issued, mainly due to the principle of allowing members of workers' families to join them. Foreign workers seem to be more affected by unemployment than nationals and account for 16% of the total unemployment figures, although they represent only 7% of the labour force.

### *Denmark*

56. The unemployment rate in Denmark is high and has been rising since 1974. According to the available statistics, the number of registered unemployed at the end of December 1978 was 10.6% higher than for the corresponding month in 1977 (185 400 compared with 167 600). The seasonally adjusted figures have been showing signs of stabilization since the second quarter of 1978 and some sources suggest that the unemployment rate is likely to remain more or less the same in 1979 as in 1978.

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<sup>1</sup> Social Report 1977, point 55.

One of the Government's main priorities is to bring about an improvement in the balance of payments, which it considers essential for a recovery in production and employment. Broadly speaking, this is to be achieved by reducing the public finance deficit and stepping up efforts in the field of income policy.<sup>1</sup>

The progressive implementation of the three-year employment promotion plan adopted as part of the August 1977 compromise is also continuing. This plan, which is due to expire at the end of 1980, provides for measures costing a total of approximately DKR 10 000 million, mainly relating to long-term unemployment and youth unemployment.

In this context, a programme designed to provide jobs for the long-term unemployed has been in operation since 1 October 1978. Under the terms of this programme, the labour market boards and the local authorities are obliged to provide each long-term unemployed person under the age of 60 with a suitable offer of work for at least nine months. This offer must be made in good time before entitlement to unemployment benefit ceases as a result of the 26-week rule. The State provides assistance in the form of a wage subsidy for the first nine months of the new job. The 26-week rule lays down that an unemployed person must have worked for at least 26 weeks in the last three years (temporarily increased to four years until 1 January 1980) in order to qualify for benefit. The application of this rule has been suspended until 1 April 1979, by which time job offers should have been made to approximately 14 000 long-term unemployed under the age of 60. Long-term unemployed persons over that age will not receive a job offer even if work could be found for them. In addition, the transitional provisions regarding the 26-week rule will cease to apply to persons over 60 on 1 January 1979.

An early retirement scheme which came into force on 1 January 1979 is however, specially designed to assist this age group. This scheme has two aims to reduce unemployment and to give older workers the chance to retire early without major loss of income. It is open to members of the State-recognized unemployment insurance schemes who are 60 to 66 and have been insured for at least five of the last ten years. For the first two and a half years, beneficiaries will receive a bridging pension of an amount corresponding to unemployment benefit. For the following two years, the bridging pension must not exceed 80% of the maximum rate of unemployment benefit, and from then until the beneficiary reached 66 it must not exceed 60% of this amount. Membership of the early retirement scheme is optional.

Under the employment promotion plan already mentioned, DKR 1 400 million was set aside for the implementation of measures to combat youth unemployment

<sup>1</sup> Point 157 of this Report.

between autumn 1977 and the end of 1980. The main effort was to be made by the district and county authorities, but the plan also provided for some central Government involvement. District authorities were to set aside DKR 40 per head (DKR 60 in the case of Copenhagen and Frederiksberg) and counties DKR 20 per head for measures to combat youth unemployment in 1978.

The measures concerned include employment projects, subsidies to private firms employing or training young people, the creation of posts for trainees in public authorities, assistance for certain projects aimed at young people whose training is already complete and the organization of vocational preparation courses. Some of these measures continue or extend schemes already in operation.

With a view to stepping up placement activities, State-recognized unemployment insurance institutions have been given the right as from 1 July to act as placement services, a right hitherto confined to the official employment exchanges.

It is not yet possible to assess the effects of this change.

57. In spite of the ban on immigration (except for nationals of the Member States and the Scandinavian countries), the foreign population increased slightly over the period under review, partly because of the arrangements allowing the spouses of migrant workers and any children under 20 to join them, subject to certain conditions.

On 1 January 1978, there were 42 867 foreign workers in Denmark, including 14 000 Community nationals.

### *Federal Republic of Germany*

58. The upswing, initially dampened by special factors such as the disputes in the metalworking industry, a hard winter and exchange rate fluctuations gained momentum on a broad front during the second half of the year. Thanks to a powerful stimulus from consumer demand, construction activity and public expenditure, plus an increased propensity to invest throughout trade and industry, the gross domestic product grew in real terms by 3.1% in 1978. Further impetus for a sustained improvement in the conditions for economic growth came from the decisions taken by the Federal Government following the summits in Bremen and Bonn. The resources involved in the resultant measures should total around DM 13 000 million, i.e., 1% of GNP.

The economic revival also affected the employment situation, although unevenly. Whilst the number of hours worked per person broadly speaking showed a decline, taking the long-term average, of about 1%, the number of people in employment

rose slightly for the first time in several years by approximately 0.5% to a total of more than 21.3 million, including 1.8 million foreigners. Trends differed from sector to sector—the continued decline in employment in industry (with the exception of the building industry) was offset by a slightly larger increase in the craft and tertiary sectors.

The working population also grew slightly compared with the previous year. The activity rate was influenced by the tendency to prolong full-time education and the gradual decline in employment amongst older people, offset by the increase in the number of married women on the labour market and a bulge in the numbers of young people reaching working age.

The slight improvement in the employment situation was reflected in a steady decline in registered unemployment, short-time working and presumably also in concealed unemployment (to an estimated 600 000). Registered vacancies, on the other hand, showed a small increase. For the first time since 1974, the average registered unemployment figure for the year as a whole was below the million mark (993 000). The unemployment rate was lowest in June and September, at 3.4% of the civilian labour force.

Behind this overall improvement in the employment situation, however, the structural imbalances between supply and demand on the labour market have, if anything, become more marked. Some sectors—e.g. the building industry—have encountered production bottlenecks due to labour shortages or are unable to obtain sufficient skilled workers, whilst unemployment remains a serious problem in other sectors of the economy and in certain structurally disadvantaged regions. The situation is most favourable in the Stuttgart area, where there is very nearly full employment, and least favourable in the areas covered by the Nordrhein-Westfalen and Niedersachsen/Bremen employment exchanges.

The period under review saw a growing divergence between the respective positions of men and women. More than half of all unemployed persons were women and the situation improved much more rapidly for men, so that the unemployment rate for women became almost double that for men. This can very largely be attributed to the shortage of office jobs and to the fact that more than a third of the women out of work were seeking part-time employment, where there were few vacancies.

The situation on the labour market for young people appears to have eased somewhat; at end-December 1978, there were 87 000 young unemployed—a drop of 14% compared with end-1977. On the other hand there has been a significant increase in the number of handicapped and older workers unemployed. This structural shift towards job seekers who are difficult to place, because of the limited range of employment for which they are suited, has led to an increase in

long-term unemployment. Roughly a quarter of all job seekers have been unemployed for over a year, including 100 000 unemployed for two years or more.

The slowness of the decline in unemployment and the relatively gloomy forecasts led to demands, particularly from the trade unions, for a redistribution of the available volume of work as an adjunct to medium-term growth strategy. Particular attention was attracted by collective agreements in the tobacco industry and the Nordrhein-Westfalen brewing industry, which introduced provisions to permit a gradual transition from working life to retirement for older workers, granting them in one case a 20-hour working week and in the other 28 days additional paid holiday per year. The trade union demand for the gradual introduction of a 35-hour week was the main cause of the long industrial dispute which affected the metallurgical industry in the west and north of the country.<sup>1</sup>

Specific labour market policy measures—over and above those already provided for under the Employment Promotion Law—were increasingly concentrated on improving the situation of those problem groups disproportionately affected by unemployment. A new special programme with funds of DM 100 million was launched at the beginning of 1978 to improve training and job opportunities for the handicapped. The budget of the Federal Labour Office was increased exceptionally by more than 20%, whilst special emphasis was placed on measures to promote job creation, vocational training, advanced training and retraining. The aim was to reduce the high proportion of unemployed persons lacking training and increase this group's chances of obtaining employment.

Measures are to be taken to improve the placement of job seekers on the basis of research commissioned by the Federal Minister for Labour and Social Affairs. To this end, in November the Federal Government adopted a fifth amendment to the Employment Promotion Law. It includes technical organizational improvements in labour market administration, particularly as regards greater transparency in job offers and closer contact between placement services and industry. Further, the highly controversial criteria for determining whether a job-seeker can reasonably be expected to accept a given job are to be redefined. Contrary to a widely held belief, however, the results of the study have established that abuses regarding unemployment benefit are relatively infrequent. Only 10% of all unemployed are unwilling to work and the proportion of those willing to undertake basic or advanced training courses proved much higher than expected. The Federal Labour Office's paper on 'A Forward-looking Labour Market Policy' is likely to prove a significant contribution to the discussion of employment policies.

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<sup>1</sup> Point 111 of this Report.



59. Between September 1976 and September 1977 the total number of migrant workers in the Federal Republic of Germany dropped by 51 400 (—2.7%), but the number of Italian workers rose by 1.5%. At the end of March 1978, the number of foreign workers totalled 1 848 400, of whom 282 400 were Italian nationals. The resident foreign population includes an estimated 227 000 young people in the 10 to 15 age group who will be coming on the labour market and seeking vocational training in the next five years. Although the number of adult foreign workers is on a downtrend, the number of children and adolescents under 18 is steadily rising (at end-September 1977 there were about 1 million).

### *France*

60. In 1978 the economic growth rate remained moderate. Gross Domestic Product (GDP) rose by about 3%, as in 1977 (between 1970 and 1976 the average GDP growth rate was 4% per year).

Overall, this low growth has not helped to create employment. The annual average labour force has remained stationary at about 21 250 000 persons and since 1974, no employment has been created in industry. Only the services sector and the public authorities have continued to create posts.

Taking into account demographic factors, the effect of national employment pacts (see below) and changes in the activity rate—particularly among women—the working population should have increased by about 250 000 in 1978 (including the agricultural sector). The actual increase recorded was only 100 000; therefore 150 000 must have voluntarily withdrawn from the labour market. But there is still no way of distinguishing between temporary and definitive withdrawals (early retirement, voluntary return of migrant workers to their country of origin, etc.).

The short-term downturn in activity rates made it possible to contain the inevitable rise in unemployment in a period of low growth. Between December 1977 and December 1978, the number of unemployed rose by 183 000, to reach 1 328 000 or 6.1% of the working population as against 5.2% in 1977. The proportion of women (52.5%) in the total number of registered job seekers is slightly down on December 1977 (53.4%).

A new national employment pact was adopted by the French Government in May 1978. The aim is no longer simply to promote youth employment as in the 1977 pact, but the employment of women is also to be stimulated. The cost of this programme could amount to FF 3 000 million (0.15% of GDP) as against FF 4 500 million in 1977, but will not necessarily be less effective than the previous pact since the new provisions have been adjusted to take account of experience:

- (i) for certain categories of young people or women taken on between 1 July 1978 and 31 December 1979 the employer is exempt from 50% of social security contributions for one year provided their recruitment raises manning levels. It is estimated that 150 000 persons will be recruited against 398 200 under the 1977 pact.
- (ii) Employment training contracts are to be continued and the conditions are more flexible. 50 000 young people or women could benefit against 26 350 under the 1977 pact.
- (iii) In-service training courses will apply only to manual workers (men and women) over eighteen and their duration is cut by half (four months and 120 hours training). Beneficiaries will still receive 90% of the guaranteed minimum wage (SMIC) but State aid is limited to 70% of the SMIC. It is expected that 50 000 young people or women may benefit from this measure against 145 680 under the previous pact.
- (iv) Outside training courses are limited to six months and the State will pay 75% of the SMIC for persons over eighteen and 25% for young people aged 16 to 18. This measure could affect 60 000 young people or women, against 68 650 under the 1977 pact.

At end December 1978, the results obtained for the second national employment pact for the period 1 July to 30 November 1978 showed figures similar to those for the same period in 1977 in respect of exemptions ('excluding apprentices'), but there was a clear drop in the number of in-service training courses from one period to the other.

However, the figures are not directly comparable due to differences in field of application, population, periods covered and technical details.

Another set of measures was adopted by the French Government in September 1978:

- (i) A 'Fonds spécial d'adaptation industrielle' (special industrial adaptation fund) was set up. The aim is to stimulate the development of investment and job creation in regions where sectors in crisis are located. Aid of up to 50% of the amount of the investment may be granted, in the form of subsidies up to half the total and 'participatory' loans. Community norms will not be exceeded, however; aid in the strict sense is limited to 25%, the rate already applicable to regional development premiums in certain parts of the country. A sum of FF 1 000 million was allocated to this Fund in 1978; if necessary, this amount could be raised to FF 3 000 million in 1979 and 1980.

- (ii) Partial and temporary State aid will be granted in 1979 to private bodies which, under certain conditions, create jobs in the public interest. Initially, FF 120 million have been allocated for an estimated 5 000 beneficiaries.
- (iii) A recruitment programme for older managerial workers has been initiated in the public sector and private undertakings. Initially FF 40 million has been allocated and 1 000 posts may be created in this way.
- (iv) Lastly, the two sides of industry were requested to begin negotiations, to be completed before the beginning of 1979, on agreements on the reorganization and reduction of working time and on unemployment benefits.

As a result of the breakdown of the negotiations on unemployment benefits however, the Government is putting forward a draft outline law, for which the implementing rules would have to be negotiated by the two sides of industry once the law was enacted.

The forthcoming outline law is based on five principles: unification of the compensation system, replacement of the tideover allowance (90% of gross earnings) by a degressive special allowance as an incentive to seek re-employment, increased Government financial participation, now to be generalized and index-linked, improvement of other benefits. Lastly, at end 1978, since no agreement had been reached on reduced working time, the Government obtained the adoption of a draft law reducing the maximum working week from 52 to 50 hours.

The attention of the appropriate services has been particularly drawn to the provisions giving priority to handicapped workers regarding job vacancies in undertakings, which are intended to facilitate placement of this category of job-seekers. In this connection a new reserved job procedure will be instituted in 1979. The aim is to enable employers, after consultation with the works doctor and works council, and in agreement with the authorities, to decide for themselves which posts will be reserved and offered first to a handicapped worker in the event of a vacancy.

61. The 1975 census estimates the number of working immigrants at 1 584 000, whereas statistics by the Ministry of the Interior give a figure of 1 850 000 for the same period. The true figure probably lies in between. It should be noted that the trend in the number of employed foreigners (despite the ban on immigration) is largely governed by the number of children reaching working age (the foreign population represents 6.5% of the total population) and the entry of women into employment (the activity rate for foreign women is 21.6%, compared with 30.3% for the total female population in France).

The unemployment figures for foreign workers during the period under review grew at a faster pace than for national workers, showing an increase of 10.5%, against 7% for unemployment overall.

### *Ireland*

62. In 1978 the Irish economy enjoyed a growth rate of the GDP of 6%. Inflation fell to 7.6% or close to half the level for 1977. As a result of this improvement in the overall economic situation and of the specific measures taken by the Government to increase the employment level, the total number of registered unemployed (on a comparable basis) fell from 109 800 at end-December 1977 (or 9.6% of the total labour force) to 97 000 at end-December 1978 (or 8.5%). Registered female unemployment stood at 6.8% and registered male unemployment at 9.6% at the end of 1978.

Overall, about 17 000 net new jobs were created. While this performance was considerable by past standards, it fell somewhat short of the Government's target of 20 000. The shortfall from target occurred in manufacturing industry, where employment increased by 7 000: in other sectors the targets were met. In building and construction 5 000 jobs were created, giving 12 000 additional industrial jobs in all. Employment in services increased by 10 000, but a decline of 5 000 jobs in agriculture should be set against these totals.

There was an increase of about 25 000 in the number at work outside agriculture and a decline of about 5 000 in agricultural employment. Of the increase in non-agricultural employment, industry—including construction—accounted for about 15 000 and services for 10 000 (mainly in the public sector).

The Government has pressed ahead with the implementation of its programme, publishing its papers 'National development 1977-1980' in January and 'Development for full employment' in June. The target of an annual average decrease of 25 000 in the numbers unemployed was adopted, to lead to full employment in the early 1980s. The main elements in this strategy which affected the employment level in 1978 were:

- (i) substantial tax reductions;
- (ii) a 16% increase in the value of the public capital programme;
- (iii) a moderate wage settlement policy;
- (iv) expansion in some areas of the public services, notably
  - security, education and health services
  - construction projects

— environmental improvements;

- (v) the extension of the Employment Incentive Scheme to the services sector and to construction and its prolongation to the end of 1978 (IRL 20 per week subsidy to employers for each additional worker and IRL 14 per week for school-leavers);
- (vi) the introduction of a Work Experience Programme aimed at providing unemployed young persons with first-hand practical experience of working life (IRL 20 per week subsidy).

63. Although the tradition of emigration, particularly to the United Kingdom, is still strong in Ireland, there was a slight rise in the number of new permits issued to non-Community workers, from 1 259 in 1977 to 1 418 in 1978.

### *Italy*

64. The positive aspects of the economic situation in Italy in 1978—recovery in the balance of payments position, higher central bank reserves, slowdown in price rises—were counterbalanced by less positive aspects such as the slow growth of domestic demand for goods and services and the slowdown in industrial production. Fairly regular fluctuations in the Italian economy in recent years have resulted in a relatively slow growth rate.

This overall trend was accompanied by a considerable increase in unemployment. At end December 1978 there were 1 590 800 registered unemployed compared with 1 494 300 at the same time last year (+ 10.6%), while over the same period the working population rose by between 250 000 and 300 000. The increase was mainly absorbed by the services sector, while numbers working in industry fell by about 50 000. The very special employment structure in Italy makes it difficult to assess developments accurately. Around a large core of people working for undertakings, together with public service employees, there is an ever-widening circle of young people, women and old people who participate in economic activity by spontaneously adapting to the kind of work available: precarious jobs, unregulated part-time work at home, etc. Although they constitute a fairly large percentage of the working population, it is difficult to put a figure on the numbers engaged in these activities, which are often marginal.

The overall picture of the Italian labour market is still further complicated by the existence of a special type of unemployment registered since the implementation of Law No 285 of June 1977, introducing special measures to promote the

employment of young people.<sup>1</sup> Results were discouraging: of a total of 750 000 registered unemployed when the special lists were closed, only 18 778 young people were provided with work, of which only 4 311 were recruited by the private sector.<sup>2</sup>

New rules have been introduced to encourage young people's initiative in setting up agricultural, transport, fishing or mixed cooperatives. Undertakings with less than 10 paid workers were, as an exception, allowed to recruit selected unemployed persons. Provision was also made to continue the system of employment training contracts in private industry. Subsequent amendments to Law No 285 do not seem to have increased its immediate impact.

Meanwhile, the main lines of a medium-term economic policy programme proposed by the Minister for the Treasury, known as the Pandolfi plan, have attracted the attention of the two sides of industry and public opinion in general.

As regards employment, assuming stable growth and a reduction in the inflation rate to a level comparable with that in the other Member States, the plan envisages the possibility of creating 500 000 to 600 000 new jobs between 1978 and 1981.

This development is based on the following premises:

- (i) a reduction in the budget deficit and a relatively limited increase in current public expenditure;
- (ii) a moderate increase in labour costs;
- (iii) a labour policy which allows for a more flexible deployment of the labour force to reduce the obstacles inherent in insufficient labour mobility and the excessive rigidity of collective agreements.

To increase the fluidity of the labour market by widening occupational and geographical mobility, the Ministry of Labour is working on a scheme to modernize the placement system which was to be put before Parliament before the year end. At the same time, under Commission auspices, training courses have been organized for Italian officials with the Belgian, French, and United Kingdom employment services. These courses were followed up by information seminars, and a decree law was approved providing for the organization of pilot schemes in particularly representative areas.

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<sup>1</sup> Social Report 1977, point 64.

<sup>2</sup> Point 91 of this Report.

65. In Italy, emigration amounted to about 50 000 persons, but returns slightly outnumbered departures. There is, moreover, an increasing number of foreign workers illegally present, amounting to an estimated 280 000 to 400 000 persons.

Transfers of funds from migrant workers are tending to grow and the national and regional authorities' attention has been drawn to this fact with a view to devising a better means of utilizing these transfers.

Some of the authorities dealing with migration have been transferred to the Regions which are increasingly building up advisory services for migrants and have adopted specific laws relating to them; an effort is being made to harmonize the measures taken at regional level.

### *Luxembourg*

66. The employment situation is still worrying. Although there has been a slight improvement since the beginning of the year as regards the numbers of job-seekers, persons receiving unemployment benefits and those on short-time, the situation is still threatening, particularly for young people, as a result of the structural surplus in the iron and steel industry and the closure of certain undertakings.

Compared with the situation at the end of 1977, registered unemployment in Luxembourg has stabilized (1 187 at end 1978 against 1 291 at end 1977).

The proportion of people aged under 25 in the total number of unemployed has remained very high however, and represents about 60% of all job-seekers. Further, in July and August the proportion of young job-seekers—and particularly school-leavers—increased. Nonetheless, it seems that those who actively seek employment find it after six months at the most.

The number of women unemployed in August 1978 was up by 54.2% compared with August 1977.

On the other hand, short-time working has declined considerably compared with 1977.

At any rate, although the number of employed receiving benefits is substantially higher than it was a year ago, it is still insignificant in absolute terms.

In view of the persistent structural problems affecting many undertakings and perpetuating the uncertainty hanging over the labour market in the short and medium-term, a number of legislative measures and regulations have been adopted by the Government.

In particular, the Law of 27 July 1978 amending and supplementing the Law of 30 June 1976<sup>1</sup> on the creation of an unemployment fund and the reform of regulations concerning procedures for granting unemployment benefits are of particular note. The main features of this law, which will remain in effect until 1980, are:

- (i) amendments to the rules governing payment of unemployment benefits;
- (ii) extension of the period during which benefits are granted in the case of persons particularly difficult to place;
- (iii) easing of the age limit laid down for exemption from the in-service training course for young unemployed persons who have completed higher education.

Another law promulgated on 27 July 1978 introduced various measures to promote the employment of young people. Under its provisions, the employment authorities can offer contracts for in-service introductory training courses to young unemployed workers under 25 who fulfil the conditions for receiving unemployment benefit. These courses last for 26 to 52 weeks. If the young person refuses the contract without good reason he may be denied unemployment benefit. The training allowance paid by the employer corresponds to 85% of the guaranteed minimum wage. This allowance is subject to social security contributions and income tax; however, the employers' contributions are paid by the unemployment fund.<sup>2</sup>

In addition to these introductory training contracts, there are two other types of measures. A special contingent of job-seekers under 25 has been set up who could be temporarily detailed to carry out tasks in the public interest or of social or cultural value proposed by the Government, the local authorities or any other non-profit making establishment or institution. The allowance to be paid to young people employed under this scheme corresponds to the guaranteed minimum wage, of which 15% is refunded to the employer by the unemployment fund. The employer's social security contributions are also paid by the unemployment fund.

In addition, the Ministry of Labour may grant a premium, on conditions to be fixed by Grand-Ducal regulation, to young job-seekers who take up employment in an economic branch where there is a structural manpower shortage.

The action plan provided for by the Law of 24 December 1977<sup>3</sup> authorizing the Government to take measures to stimulate growth and maintain employment has been implemented gradually. Under it, a Tripartite Coordinating Committee of

<sup>1</sup> Social Report 1976, point 62.

<sup>2</sup> Points 94 and 95 of this Report.

<sup>3</sup> Social Report 1977, point 66.



twelve members was set up to give a preliminary opinion on all the measures to be taken when the various thresholds used to measure the seriousness of the labour market crisis are reached (situation in early 1978; first threshold: 1 500 unemployed, second threshold: 2 500 unemployed, third threshold: serious threat of acute unemployment).

67. In Luxembourg, foreign workers account for 36% of the total labour force; their number has stabilized at about 49 000, of whom 31 000 are Community nationals.

### *Netherlands*

68. Economic activity and growth progressed less favourably in 1978 than might have been expected from forecasts at the end of 1977. The forecast increases in GDP in real terms were revised downwards on several occasions, to stand finally at 2.4%. The growth of exports was particularly disappointing, with an increase of 2.3% in real terms—considerably below the growth in world trade.

Consequently it is not surprising that the steady fall in Private sector employment which began in 1971 continued this year, with a decline of the order of 19 000 man-years. On the other hand there was an increase in employment amounting to 9 000 man-years in the public sector.

As of 1 January 1978 the employment agencies registered as unemployed people who were seeking to work at least 25 hours a week. Until then the limit had been 30 hours a week.

After an initial drop, the seasonally-adjusted unemployment figures rose steadily from March to September 1978 and then declined slightly once more.

The annual average of 205 600 unemployed was 1 200 less than the average for the previous year. Future developments, however, are uncertain and this is reflected in the Central Planning Bureau forecast of an average of 215 000 unemployed in 1979.

At end-December there were 219 670 unemployed, of whom 74 500 were women and 145 170 men. At end-November a total of 30 014 persons, including 10 904 women, had been unemployed for between six and twelve months. Altogether 35 173 men and 15 635 women, or respectively 1.1% and 1.8% of the working population, had been unemployed for more than one year.

In 1978, 34 160 young men and 35 960 women under 23 were unemployed, 32% and 44% respectively of this total being accounted for by school leavers.

Up to end-September 1978, unemployment among women rose faster in the Netherlands (+ 16%) than in any other country of the Community.

After considerable delay the draft Law on investment, (WIR) which is of considerable importance for employment, was approved by the Second Chamber on 23 May.<sup>1</sup>

Various measures to combat unemployment are in preparation in both the social and the educational sectors.

The sum of HFL 165 million was set aside in 1978 to continue and extend the scheme for promoting the vocational training of school leavers (220 000 during the year), and for the compulsory part-time education project, the 'pseudo-job' scheme and measures to deal with youth unemployment.

The temporary scheme to promote vocational training for young persons has been extended to 30 June 1979.<sup>1</sup>

The scheme for promoting compulsory part-time education has also been extended by a year.

A total of HFL 15 million was set aside in 1978 for experimental projects on behalf of unemployed women.

From 1 April to 1 October the experimental scheme for the long-term unemployed was in force. Firms can have three-quarters of this wage bill (up to a maximum of HFL 25 000), reimbursed for a whole year if they create a new post for a person who has been unemployed for more than twelve months. There is a limit on the number of jobs which can be created under this scheme, for which HFL 20 million was set aside. The scheme is in effect in five regions and has led to the employment of about 500 workers. It is planned to extend it to the whole country on 1 January 1979.

In order to bring employment under control, both from a qualitative and a quantitative point of view, the trade union movement introduced the 'Employment Policy Agreement' (APO) as a special negotiating point in the collective bargaining discussions.<sup>2</sup> In this context binding agreements can be made on a number of aspects of employment, the most-far-reaching being a job-protection guarantee for a specific period. Other subjects which might be covered include a reduction in working time, a fifth shift, early retirement, guaranteed employment following training, preferential treatment of older, younger and handicapped workers, the

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<sup>1</sup> Social Report 1977, point 68.

<sup>2</sup> Point 116 of this Report.

filling of jobs falling vacant as a result of natural wastage and the obligatory notification of vacancies.

The authorities have set aside HFL 50 million, subject to certain restrictions, for the application of such agreements on an experimental basis.

69. On the first of January 1978 the total foreign population living in the Netherlands was estimated at 360 000, of which 113 617 were Community nationals, among them 48 372 women.

At the end of 1977 foreign workers whose former illegal status had been subsequently regularized totalled 14 429.

Recently a draft law concerning the employment of foreigners was approved by the upper house of Parliament and enters into force in the first half of 1979.

The number of non-Community workers holding a work permit for less than five years is declining; on 1 July it stood at 37 830, of whom 8 216 were women; workers with permits for more than five years number 92 092, of whom 13 188 are women. Comparison of these figures with those for previous years shows that the position is stabilizing: in 1975 the total was 119 227, in 1976 it was 118 729 and in 1977, 126 262.

### *United Kingdom*

70. During 1978 there was a small but significant improvement in the labour market situation. In June 1978, for the first time in four years, the figures for total unemployment were lower than those for the corresponding month of the previous year. The improvement was maintained in subsequent months. In other fields improvements were recorded. There was a significant increase in the number of unfilled vacancies: in 1978 they were 34% higher than in 1977. The absorption of school leavers into jobs was somewhat quicker than in 1977. The reduction in unemployment has been principally amongst men under 45 (down 6% between July 1977 and July 1978). Unemployment amongst women has risen in all age groups except for those under 25, where there has been a slight reduction (2%).

Notwithstanding a certain improvement, the level of unemployment remains very high. In November 1978, almost 1 400 000 people were unemployed, representing 5.8% of the active population—just over twice as many as November 1974.<sup>1</sup> Regional disparities in unemployment worsened slightly over the year. Although

<sup>1</sup> Figures for December 1974 are not available.

each region, except Northern Ireland, improved over the year, the greatest improvements tended to be concentrated in regions of below average employment: for example the unemployment rate in South East England fell from 4.4% in December 1977 to 3.8% in December 1978. In the regions of above average unemployment, the decreases were not as marked (e.g. Northern Region fell from 8.7% to 8.6%, Wales from 8.5% to 8.2%). The unemployment rate in Northern Ireland in December 1978 was 11.2%—well above the United Kingdom average—and there was no improvement over the year.

Scotland was a notable exception to this trend. Although its unemployment rate in August 1978 at 8.7% is well above the United Kingdom average, there was a slight improvement over the year.

A major contribution to holding down unemployment was made by the Government's special employment measures.<sup>1</sup>

These measures cover a very wide field embracing employment subsidies, job creation, work experience and early retirement. In December 1978 they assisted approximately 275 000 people, some 55 000 less than in December 1977.

The Temporary Employment Subsidy remained by far the largest single measure, covering over 150 000 workers in August 1978. This was, however, over 25 000 less than the number covered a year earlier. Early in 1978 the British Government introduced certain modifications in this programme in order to meet the objections of the Commission that aid was excessively concentrated in certain sectors. From May 1978 there was a limit on the number of workers in the textiles, clothing and footwear sectors who may benefit from this subsidy: i.e., 70% of the labour force in an establishment, further reduced to 50% after six months.

A new short-time working compensation scheme has been introduced in these sectors to offset the loss of support from the Temporary Employment Subsidy.

There were also changes in the other employment subsidies:

- (i) The Small Firms Employment Subsidy, which offers certain firms who recruit additional workers a subsidy of UKL 20 a week for up to 26 weeks, was extended to cover small manufacturing firms of less than 200 employees situated in assisted areas and certain large cities.
- (ii) The Adult Employment Subsidy was introduced in August 1978 on an experimental basis in three areas of high unemployment (Merseyside, Tyneside and Leeds). Employers who take on adult men and women who have been

<sup>1</sup> Social Report 1977, point 70.

unemployed for 12 months or more are offered a subsidy of UKL 20 a week for 26 weeks.

- (iii) The Youth Employment Subsidy was stopped on 31 March 1978. A research study, undertaken by the Department of Employment indicated that most employers who had recruited young people under the programme would have done so even if they had received no subsidy.

All the other special measures to aid the employment of young people,<sup>1</sup> of which the most important were the Job Creation Programme and the Work Experience Programme, have been brought together in a single integrated Youth Opportunities Programme.

71. In the United Kingdom, work permit issues for non-Community migrant workers declined by 2 000 in 1977 compared with 1976. Excluding permits for trainees, there was a further decline of 2% during the first half of 1978. Residence permits issued to Community workers fell by 400 in 1977 compared with 1976, but there was an increase of 16% in issues (2 143) in the first half of 1978 compared with 1977.

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<sup>1</sup> Point 100 of this Report.

## *Chapter II*

# Vocational training

## Trends within the Community

73. Due to the continuing impact of the economic crisis on employment, public authorities and interested parties in the Community have redoubled their efforts to promote a more widespread application of the regulations concerning employment training contracts. This system is also under consideration in countries where it has not yet been adopted, given the positive results achieved in those already applying it.

The preparation of young people for working life remained one of the central concerns of the Member States and Community institutions in 1978.

To help solve this problem, some countries have given particular attention to the apprenticeship system and its updating, mainly by broadening the basic training provided and establishing a direct liaison, although on a voluntary basis, with continuous training facilities. The impression that apprenticeship as a means of facilitating young people's entry into working life would again play a major role in the years to come is gaining ground in some Member States.

74. Public expenditure on vocational training has increased substantially throughout the Community, due both to increased costs and the constraints stemming from the situation on the labour market.

The move to upgrade manual work was considerably strengthened and the appropriate departments in the Member States stepped up their efforts to improve information on training for manual occupations available to young people and adults, and on the benefits, some of which are temporary, for which they can qualify.

Measures to promote continuous retraining for teachers and instructors in liaison with the working world were adopted.

Despite the present crisis, increased efforts were made to further promote activities within small and medium-sized undertakings.

75. The unemployment rate for women rose faster than for other categories both at Community and national level and special attention was devoted to formulating measures that could help women workers to acquire new skills or supplement their training with a view to a permanent return to work.

Current or planned restructuring in several sectors and branches of the economy has in many cases necessitated changes in vocational qualifications; the interested parties in the Member States and the Community institutions—the latter mainly in collaboration with the European Centre for the Development of Vocational Training—have stepped up their work on reorganizing training programmes in line with new types of qualifications.

## Development of the situation in the member countries

### *Belgium*

76. Several important projects have been under study:

(a) *Draft outline law on further education*

The introduction and implementation of such a law was already provided for in the legal provisions governing higher education (1970) and secondary education (1971). To this end, the Directorate-General responsible for special correspondence courses and further education carried out an in-depth study of the subject.

(b) *Draft amendment to the Royal Decree of 31 December 1960 concerning the organization of schools and temporary technical courses*

This change is designed to facilitate the organization of temporary training on a modular basis by engaging lecturers rather than permanent teachers as at present. The advantage of this system would be that people with specific knowledge of the problems relating to the matter in hand could be called in, but for a limited period and in accordance with actual teaching requirements.

77. Pursuant to the Resolution of the Ministers of Education meeting in the Council of 9 February 1976 several working parties were set up to promote better integration of migrant workers.

Parliament adopted the principle of equal treatment of men and women in all aspects of employment. The principle of equal treatment implies the absence of any

form of sex discrimination, either directly or indirectly, with particular reference to marital or family status. The law also lays down rules governing access to employment, promotion, access to self-employed status and vocational training. The general and transitional provisions and penalties are also specified.

78. Educational reform has led to radical changes in teacher training since teachers are now called on to play an entirely different role than in the past (e.g. increased emphasis on audio-visual aids). Teachers of longer standing had to be familiarized with new methods and refresher courses had to be provided on a continuous basis as possible for both older and young teachers since the new educational system involves the widespread use of new techniques to ensure constant progress.

The National Ministry of Education and French Culture has inaugurated a system of refresher courses for upper secondary school teachers who wish to update their training. These courses are organized on a flexible basis and enable the teacher to adapt to change at his own pace by determining himself how much time he wishes to devote to them (seminars or residential training courses of five to eight days).

### *Denmark*

79. Measures to relieve unemployment<sup>1</sup> figured prominently in the vocational training policy followed in 1978 and the special courses for young unemployed persons (introductory work experience courses) were considerably expanded. The first courses, for men and women aged over 18 who had been unemployed for more than 200 days in the previous year, began in January 1978; they were both technical and general in character.

Under Law No 488 of 14 September 1977, which came into force on 1 January 1978, local and district authorities were empowered to take a series of special measures for unemployed persons aged under 25 over the three years 1978, 1979 and 1980. The measures include employment schemes, subsidies to private firms to reduce wage costs incurred in the employment and training of young people, training grants, courses, establishment of contact and information facilities for young people, and provision of finance for creating additional apprenticeships and in-service training places in local and district authority areas. The September 1977 Supplementary Budget also set aside additional public funds for courses for unemployed young people at commercial and technical colleges, the creation of State-financed apprenticeship and in-service training places, the organization of

<sup>1</sup> Social Report 1977, point 84.



local training programmes, and the formation of project groups composed of unemployed people with educational qualifications.

80. Since the entry into force of Law No 289 of 8 June 1977 on the basic vocational training system (EFG),<sup>1</sup> the State has no longer been responsible for paying trainees during the basic training year and theoretical instruction periods during the second stage of training. To fill the gap as regards the second stage of training, a provision was introduced whereby a levy of DKR 114 per full-time employee was collected from employers in 1978 and the proceeds re-distributed to defray all or part of employers' expenditure on wages for trainees during periods of theoretical instruction. In 1978, special instruction and other forms of help for young people with learning difficulties were also provided under the EFG system.

The gap as regards financial support for first-year trainees under the EFG system has still not been filled, despite concern that this threatens the success of the new scheme since EFG trainees are worse off than first-year trainees in the traditional system. Furthermore, the EFG has had great difficulty in finding a sufficient number of in-service training places for trainees completing their first year.

81. In view of the limited capacity of the higher education system it was decided to expand existing short-cycle training facilities and set up new courses to meet current or anticipated demand for higher levels of skill. The short-cycle courses will last for one to three years, including practical training, and are aimed at trainees who have completed the twelfth year of school.

The Central Education Council (CUR) has drawn up a report for the Ministry of Education entitled 'Overall Education Planning into the 1990s' ('U 90') containing guidelines for education policy over the next 15 years. The principal structural changes proposed relate to the expansion of training facilities for both young people and adults, with a view to attracting many people who have hitherto been unwilling or unable to take advantage of existing opportunities. In a later report the Council examined the financing system for education. The Government's proposal for moderate reforms, to be launched in 1980, is to be published in spring 1979.

### *Federal Republic of Germany*

82. Maintaining an adequate supply of training places for skilled occupations continued to be a primary concern of the Federal Government and all the agencies connected with vocational training in 1978. In this area a major role was played by

<sup>1</sup> Social Report 1977, point 82.

the programme of priority measures to reduce the risk of unemployment for young people,<sup>1</sup> which was extended and further elaborated with the following main objectives: expansion of the system of the basic vocational training year and of training courses leading to recognized vocational qualifications, raising the number of training places in firms, and expansion of inter-company training centres, vocational schools and vocational guidance facilities.

The total demand for training places for 1978 was forecast at 630 000. The Federal Government considered that there would be an adequate supply of training places for young people if all the services concerned applied—and expedited—the measures adopted. In March, therefore the Government decided not to impose for 1978, the training levy provided for under the law aimed at expanding the supply of training places.<sup>2</sup> In spite of the quantitative balance between supply and demand, serious problems existed for particular groups such as girls seeking training places and young people without educational qualifications, and in particular areas of the country. There is still a proportion of young people who enter jobs without having completed a training course. Numbers in this group have fallen considerably over the last ten years, but it is one of the aims of Federal education policy further to reduce the number of unskilled young people. To expand training opportunities for girls, in 1978 the Federal Government launched a pilot scheme to open up certain skilled industrial and technical occupations to them. Some Länder also launched schemes to promote training for young women in these occupations.

83. The Federal and Land Governments have continued the work of standardizing and simplifying the structure of the basic vocational training year and the related credit system. On 19 May 1978 the Länder Education Ministers' Conference adopted a new outline agreement and a uniform outline curriculum for the theoretical tuition given during the basic vocational training year.

A new regulation on the crediting of the basic vocational training year on the agreed lines was issued by the Federal Government on 17 July 1978, with effect from 1 August 1978, although a series of amendments decided by a majority of the Bundesrat on 7 July 1978 were later incorporated. Whereas under the previous Regulation of 4 July 1972 successful completion of basic vocational training in a school meant that a full year was credited towards the training period in the firm, under the new Regulation only half of it is to be credited in certain occupations until the latter are reorganized on the basis of § 25 of the law on vocational training and § 25 of the law on small craft work. The trade unions strongly opposed these amendments.

<sup>1</sup> Social Report 1977, point 85.

<sup>2</sup> Social Report 1976, point 75; Social Report 1977, point 86.

## France

84. The main event in 1978 was the introduction of Law No 78-754 of 17 July 1978 which constitutes an important stage in the development of continuous vocational training; it facilitates the exercise of entitlement to training leave and simplifies the system governing payment of trainees.

Paid training leave: the new law extends the financial provisions of the codicil of 9 July 1976 to all employers and guarantees the continued remuneration, financed by the State, of workers on training leave, (the courses must be Government-approved), beyond the 160 or 500 hours for which employers are financially responsible.

Remuneration of trainees: the Law of 17 July 1978 simplifies the provisions considerably. Remuneration no longer depends on the type of course, but on the category to which the beneficiary belongs. Henceforth there are three categories of trainees: wage and salary-earners in employment, job seekers and self-employed workers.

The law also contains various provisions for training in insurance funding, extension of educational leave to all employees holding office on administrative or joint committees dealing with employment and training problems and the rules of procedure for consultation of works councils by the heads of undertakings.

85. Problems concerning the integration of young persons into working life were again one of the Government's chief concerns in 1978: both the State and private industry took special measures on behalf of young unemployed persons aged 16 to 25.

Under Law No 77-704 of 5 July 1977, 67 500 trainees attended vocational training courses, 148 000 received in service training, 28 000 obtained employment-training contracts and 11 apprenticeship contracts were signed. In this connection, it should be stressed that boosting the number of apprenticeships was a prime consideration in framing this provision; in the event, the various measures taken in 1978 brought about a 20% increase.

Furthermore, Law No 78-698 of 6 July 1978 extended several measures on the employment and training of young persons to certain categories of women.

In addition to special measures concerning the integration of young persons into employment, the Government and private industry kept up their efforts as regards continuous vocational training for all wage and salary-earners.

86. A Decree of 24 March 1978 laid down rules amending the provisions for health and safety committees in the mining industry, particularly as regards their role in safety education. A step forward has been taken with the organization of specific and clearly defined training activities preliminary to changes of responsibility affecting miners, underground electricians and surface craftsmen.

### *Ireland*

87. A work experience programme was launched in September 1978, aimed at providing unemployed young people with first-hand practical experience of working life and helping them to choose the type of work best suited to them; it includes a six months' course with an introductory phase, planned work experience, training and further education, counselling and advice. About 1 800 unemployed young people participated in 1978 in the community youth training programme,<sup>1</sup> launched by AnCO towards the end of 1975 in an effort to meet the problems of unemployed school leavers and redundant apprentices (as compared with 600 in 1977).

88. As part of a five-year-programme, the number of places in AnCO centres for adult and apprentice training was increased. The total number of persons trained in these centres in 1978 was about 15 000, an increase of more than 17% over the previous year. There were over 30 000 applications in 1977, of whom about three out of five were under 20. The number of adults trained by AnCO in 16 training centres and 24 other locations serviced by mobile units has increased steadily over recent years. From a total of 6 300 persons completing the main AnCO courses in 1977, about 55% found jobs immediately, whilst almost 70% found employment within three months and 80% within six months. For 1978 it has been estimated that nearly 90% of trainees get jobs shortly after completion of the training.

89. Progress with the implementation of the new apprenticeship system<sup>2</sup> continued. By the end of 1978, AnCO expects to have a total capacity of over 3 300 places in their own training centres and about 1 400 of these will be reserved for first-year apprentices. There has been a steady increase in the number of women trained in AnCO centres from 1 400 in 1976 to 2 700 in 1977.<sup>3</sup> While the vast majority opted for courses specially aimed at women, about 8% attended courses in the more traditional male skills. A total of 150 handicapped persons were trained

<sup>1</sup> Social Report 1977, point 90; 1976, point 80.

<sup>2</sup> Social Report 1977, point 90; 1976, point 79.

<sup>3</sup> Social Report 1977, point 91; 1976, point 80.

for open employment alongside able-bodied trainees in AnCO centres in 1977, as a result of a pilot scheme introduced in 1976.<sup>1</sup>

### *Italy*

90. Attendance at basic vocational training courses has been higher in the northern industrial zones; this phenomenon was so wide-spread that training facilities were saturated. It would appear that, in the eyes of young people and their families, school is losing its traditional image of being a privileged place for social advancement.

Private and public undertakings have stepped up their vocational training activities for their own staff, particularly where called for by the restructuring and conversion operations affecting numerous firms in every production sector.

Acting in conjunction with certain industrial concerns, a private specialized institute has organized some courses designed to develop ability in scientific analysis and in solving the problems encountered in small and medium-sized undertakings.

A total of more than LIT 600 000 million, including LIT 282 000 million from the Ministry of Education, LIT 106 000 million from the Ministry of Labour and LIT 135 000 million from the Regions has been earmarked for vocational training activities in Italy.

91. Law No 285 repeals certain provisions designed to boost employment among young people<sup>2</sup> which do not appear to have produced the expected results.

At 15 July 1978, of the 750 000 young persons registered on the special lists provided for by the relevant law only 18 778 had found employment, of whom 4 311 in the private sector (including 1 108 under training contracts). It was, therefore, necessary to make certain amendments to this law. Provision was made for firms with less than ten employees to select job applicants individually, the duration of employment training contracts was extended and arrangements were made for the recruitment of part-time workers for on-the-job training.<sup>3</sup>

92. Outline Law No 845, on Vocational Training, published on 30 December 1978, defines the relations between the State and the Regions. The Minister of

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<sup>1</sup> Social Report 1977, point 92; 1976, point 80.

<sup>2</sup> Social Report 1977, point 94.

<sup>3</sup> Point 64 of this Report.

Labour and Social Security is competent as regards relations between the Regions, the European Social Fund and—in collaboration with the Ministry of Foreign Affairs—for the setting up and financing of vocational training measures for Italian workers abroad. In addition, he is responsible for forwarding to the EEC training projects for which Community aid is requested. The Regions are responsible for organizing vocational training. The respective sphere of competence of the public and private sectors have also been defined: programmes concerning public sector activities are already being drawn up.

### *Luxembourg*

93. Following the Law of 24 December 1977<sup>1</sup> authorizing the Government to take measures to stimulate economic growth and maintain full employment, the following instruments were adopted:

- (i) the Grand-Ducal Regulation of 21 February 1978 on the organization of vocational guidance and introductory vocational courses. These courses, given in one or more training centres, are for young people who have completed compulsory schooling but have not yet reached the qualifying age (16 years) of unemployment benefit laid down in Article 13 of the Law of 30 June 1976 creating an unemployment fund and governing the award of unemployment benefit;
- (ii) the Grand-Ducal Regulation of 21 February 1978 on the organization of vocational training and retraining courses and general education for unemployed workers and workers in danger of losing their jobs.

The Grand-Ducal Regulation of 25 August 1978 on the reform of industrial apprenticeships takes account of the new demands of industrial training made necessary by the high technical content in the mechanization of manufacturing processes.

94. The Law of 27 July 1978 laying down various measures for youth employment provides for the conclusion of introductory training contracts. Under the Ministerial Regulation of 27 February 1978 instituting and fixing implementing rules for these contracts, the scheme includes practical and theoretical instruction given by the employer or under his direction on the basis of a programme for each occupation to be drawn up jointly by the employers' and workers' organizations. Where the appropriate organizations consider that a need

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<sup>1</sup> Social Report 1977, point 95.

exists, theoretical courses can be organized as part of the training scheme. A model contract was set out in the Ministerial Regulation of 14 August 1978.

95. The employment authorities can propose introductory training contracts for registered job seekers under 25 who fulfil the conditions for entitlement to unemployment benefit. The contracts run for 26 to 52 weeks. Remuneration of 85% of the guaranteed minimum wage is paid by the employer. The employers' social security contributions are paid by the unemployment fund, and trainees' remuneration is not included in the total wage bill when calculating the payroll tax. If a young person refuses to enrol without valid grounds he may be denied unemployment benefit. Lastly, if the youth unemployment crisis grows worse the Government can adopt a regulation which, under certain conditions, can oblige employers with at least 100 workers to take on a number of trainees equivalent to 1% of their work force.

### *Netherlands*

96. Expenditure on education has risen sharply in recent years. Expenditure by the Department of Education and Science in 1979 is provisionally estimated at HFL 20 592 million, i.e. 641 million more than in 1978. The proportion of the central Government Budget earmarked for education and science rose, in recent years, from about 14% to 27.1% and subsequently dropped again to about 23.3% in 1978. According to the explanatory memorandum, the Government's education policy is designed to promote the following:

- (i) personal development;
- (ii) active and democratic citizenship;
- (iii) preparation to meet social and economic change via adequate vocational training and pre-training.

In the spring of 1978 the First Chamber decided to set up an Education Planning Office. This Office will help improve decision-making effectiveness by gathering and assessing quantitative data on education.

97. As of 1 August 1979 a number of pilot projects will be initiated to test new methods in education for young persons aged 16 to 18.

Two types of programmes are planned:

- (i) two-year vocational training courses, open in principle to pupils from lower vocational schools and intermediate general secondary schools (with or

without a diploma) and drop-outs from higher general secondary schools or intermediate vocational schools. The training level provided corresponds to that of the comparable basic courses and apprenticeships, which still exist as a valid alternative;

- (ii) a guidance programme intended for pupils who have not yet chosen a vocational training course or do not qualify for admission to the new courses. These pupils can enrol in a programme designed to help them in their choice of a vocational training channel. Other possibilities are also open: a programme to eliminate gaps in trainees' previous education, a general guidance programme, or combinations of these alternatives. The guidance programme has a maximum duration of one year.

98. In March 1978 the Committee on participatory education made proposals in its fourth recommendation concerning the regionalization of education, reception facilities and education policy. The recommendation contained a number of alternatives for the regional organization of adult education activities, theory courses for apprentices, and apprenticeships.

The Government considers that the apprenticeship system should be financed from funds set up jointly by the employers in each branch of industry rather than by the firm actually providing the training, and has earmarked a subsidy of HFL 35 million for these funds in 1979. This sum will be reduced by 25% for each of the following three years. In 1983, the necessary funds will be supplied solely by contributions from industry.

### *United Kingdom*

99. Following Government acceptance of the report 'Training For Skill—A Programme for Action'<sup>1</sup> the Industrial Training Boards (ITBs) and certain other national training bodies have prepared plans for their industries and together with the Manpower Services Commission (MSC) will be implementing the programme by autumn 1979. A notable new development has been a plan by the Engineering Industry Training Board (EITB) to reform apprentice training. The EITB's proposals provide for a closer relationship between the length of apprenticeship and standards of training achieved. They also aim at greater coordination between school syllabuses and the needs of industry, in particular in mathematics, science

<sup>1</sup> Social Report 1977, point 99; Social Report 1976, point 87.



and technical and practical studies and, for this reason, support the development of courses in schools and Colleges of Further Education in which emphasis is placed on these subjects.

These proposals have been the subject of local and national consultative meetings throughout 1978, and although there is insufficient agreement within the industry to justify further progress at present, the EITB is formulating detailed plans on the basis of these discussions.

Other ITBs have initiated or continued reviews of apprenticeship schemes to adapt them to industry's growing need for skilled manpower.

100. During 1978 the Government made available UKL 41 million to continue the programme of financial support to help offset the impact of the economic recession<sup>1</sup> on the volume of training in industry. This aid was expected to produce some 36 000 additional training posts for young people in 1978. From 1979 onwards it is planned to give counter-cyclical aid through the Training For Skills Programme.

The Youth Opportunities Programme<sup>2</sup> is now fully operational and provides opportunities for over 200 000 unemployed young people aged 16 to 18 to benefit from work experience and training every year. A Profile Task Group has been set up to advise on improved training opportunities as part of this programme. An experimental programme of unified vocational preparation schemes<sup>2</sup> has been extended until 1981. Since it began, 120 schemes have been run in England, Scotland and Wales, providing places for over 1 000 young people aged 16 to 19.

101. In 1978, the Training Opportunities Scheme<sup>1</sup> was extended on an experimental basis by a New Enterprise Programme for entrepreneurs to set up their own small businesses in the hotel, catering and tourism trades. Other courses for entrepreneurs to establish small businesses are also continuing. Technician training continues to be a priority area under this scheme. A variety of courses are now sponsored in the construction, electrical, electronic and data processing fields.

Since May 1976, training opportunities for women have been a feature of the MSC Training Services Division's regular dialogues with the Industrial Training Boards. Many Training Boards are currently reviewing their role and activities in relation to women's training.

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<sup>1</sup> Social Report 1977, point 99.

<sup>2</sup> Social Report 1977, point 100.

The Training and Further Education Consultative Group, set up in 1976 to provide a national forum for discussion of matters of common interest in the training and further education services, held four meetings in 1978 and discussed a wide range of topics.

## Chapter III

# Industrial relations

## Trends within the Community

103. The European employers' and workers' organizations were frequently consulted at Community level—both at meetings of the existing advisory committees and at *ad hoc* meetings—on the formulation and implementation of Commission proposals on various aspects of Community social policy.

Consultation with the two sides of industry at European level was closer than ever while preparing the meetings of the Standing Committee on Employment and the Tripartite Conference of 9 November 1978.

The consultations contributed to the formulation of preparatory documents presenting the Commission's overall strategy to restore high employment levels, which is mainly based on an increased volume of investment and the rejection of protectionism—although the necessary adaptation of industrial structures could be facilitated by the adoption of temporary protective measures. In the Commission's view, the tertiary sector has an important role to play by offering a greater number of jobs and at the same time enabling the achievement of certain social goals, while work-sharing can contribute to achieving a more equitable distribution of available work in the future.

104. As regards relations between Community institutions and workers' and employers' representative organizations, the Fourth Tripartite Conference, devoted to identifying the actions needed to restore stability and full employment in the Community—as proposed by the Conference of 27 June 1977<sup>1</sup>—took place in Brussels on 9 November 1978. Although participants unanimously welcomed the Commission's overall strategy, there were differences of opinion, particularly as regards reductions in working time.<sup>2</sup>

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<sup>1</sup> Social Report 1977, point 103.

<sup>2</sup> Point 13 of this Report.

105. Within the framework of its sectoral policies, particular efforts have been undertaken by the Commission to bring together employer and worker representatives from those economic sectors experiencing structural difficulties. The upshot has been, on the one hand, an improved input to the Commission's thinking in key areas of Community socio-industrial policy, e.g. steel and shipbuilding,<sup>1</sup> and on the other a greater mutual understanding of each others' problems in industries like shipping and glassware. An intensification of contacts has also taken place between the two sides in civil aviation and the teaching profession.

Existing Joint Committee work has been enlarged and extended. In March 1978, an important European-level agreement was signed by both sides in the farming sector covering hours of work and annual leave in arable farming<sup>2</sup> and effectively updating and improving a similar agreement signed in 1968.

Relations between the Commission and the European Trade Union Institute were laid down in a convention<sup>3</sup> and the Director of the Institute was appointed by the Institute's Board of Governors.

106. The economic situation and its repercussions on workers, particularly in connection with employment, continued to be the main topic of concern for workers' and employers' organizations.

At its meeting in Brussels on 9 and 10 February 1978, the Executive Committee of the European Trade Union Confederation (ETUC) decided, in support of its claims relating to employment and in view of the exceptional social situation, to organize a European action day on 5 April 1978 in accordance with the decision taken in November 1977.<sup>4</sup> This was the first time that the ETUC had promoted an action of such a wide scope at European level. By work stoppages, demonstrations, assemblies and special meetings of works councils, European workers demonstrated their anxiety and determination in the face of the grave unemployment situation. In the course of the day, in response to an appeal by the Committee of ITF Unions in the EEC it was decided to hold an action day in Brussels on 11 May 1978, whilst the European railway workers expressed their dissatisfaction with the common transport policy.

At its meeting in Brussels on 13 and 14 April 1978, the Executive Committee of the ETUC examined the results of the meeting of the European Council on 7 and 8

<sup>1</sup> Bull. EC 3-1978, point 2.1.40.

<sup>2</sup> Bull. EC 3-1978, point 2.1.39.

<sup>3</sup> Bull. EC 3-1978, point 2.1.26 and 6-1978, point 2.1.48.

<sup>4</sup> Social Report 1977, point 103.

April 1978 in Copenhagen; it also considered the follow-up to the Tripartite Conference of 27 June 1977,<sup>1</sup> the renewal of the cooperation agreement between the Community and the ACP States and the reform of the Economic and Social Committee.

In addition, the ETUC has published a trade union programme on consumption and called for measures to improve market transparency designed to give consumers a free choice, reinforce their legal protection, establish stricter criteria on product quality, protect consumers' health and ensure the availability of information, control advertising to eliminate abuses, and organize a radical reform of distribution, marketing and sales structures.

On 6 April 1978, the Employers' Liaison Committee adopted a stand on work-sharing and general employment policy. After recalling the main aim of creating new jobs through a recovery in growth and stressing the need to increase the competitiveness of Community industry, the Liaison Committee observed that work-sharing measures should meet strict criteria of efficiency and should be assessed jointly with other social policy measures (development of vocational training, improvement of working conditions, fluidity of the labour market, manpower mobility, etc.). Further, the Employers Liaison Committee were critical of the proposals for a reduction in the working week without loss of earnings and with respect to other forms of reduced working time which would, in its opinion increase wage costs.

107. The process of adapting trade union structures to the economic and social integration of Europe was continued.

The trade union organizations concerned in Belgium, the Netherlands and the Federal Republic of Germany continued work on 2 and 3 June 1978 on the constitution of the Meuse-Rhine Interregional Trade Union Council. This Council represents over 600 000 affiliated workers and its task is to protect and promote the economic, social and cultural interests of workers in this region.

108. The problems caused by the development of multi-national companies, in particular the effects on the terms of employment and working conditions of their employees, still remained in the forefront of discussions.

In the framework of a general declaration concerning the improvement and development of the right to information and consultation of workers and their representatives at works and undertaking level, on 9 and 10 February 1978 the

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<sup>1</sup> Social Report 1977, point 103.

Executive Committee of the European Trade Union Confederation restated the claims made in 1975<sup>1</sup> concerning groups of companies, including the establishment of an information and advisory body of workers' representatives in the parent undertakings of these groups.

UNICE, while stressing that generally speaking undertakings should inform and consult workers on the social consequences that certain measures adopted by their employer could have for them, were opposed to the idea of establishing a new information and advisory body in the parent undertakings of groups of companies.

## Development of the situation in the member countries

109. In Belgium, the industrial relations scene was marked by frequent top-level meetings held outside the usual concertation bodies, bringing together representatives of Government and the two sides of industry for the preparation of anti-crisis legislation.

The laws enacted on 4 and 5 August 1978 were designed to restore and redirect public finances, stimulate industrial activity and employment, promote certain economic and financial structural reforms (creation of a public bank, reform of the national investment company, energy policy, etc.) and implement social measures, particularly for less-favoured categories.

The employers' organizations did not consider these laws adequate to achieve a radical rehabilitation of public finances and feared that the recommended structural reforms would affect the climate of confidence essential to the development of private initiative.

The trade union organizations would not brook any erosion of their acquired rights and stressed the need for structural reforms primarily designed to offset any failure of the private sector as regards job creation.

Tripartite concertation at branch level was continued in connection with restructuring plans for those branches most seriously affected by the crisis. Mention should first be made of the Government plan to modernize and restructure the iron and steel industry, combined with proposals for conversion and other ancillary measures. This plan also provides for the creation of tripartite planning bodies entitled to advance information with respect to investment schemes. Provision is made for similar arrangements in the restructuring plans for the textiles

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<sup>1</sup> Social Report 1975, point 97.

and clothing and shipbuilding sectors, for which the accompanying social measures were framed jointly by the Government and the two sides of industry.

As regards collective bargaining at inter-trade level, the employers' organizations continued to oppose trade union demands for the gradual introduction of a 36-hour week with no loss of wages, but stated that they could envisage the gradual introduction of a 38-hour week. The National Employment Council concluded two important collective agreements on 28 February 1978: the first guarantees an average minimum monthly wage for workers under twenty-one employed by undertakings not covered by a collective agreement containing a wage-scale for young people; the second gives effect to the Council Directive of 14 February 1977 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.

Negotiations on the renewal of social programmes took place at sectoral level or, in the event of failure, at regional or undertaking level. The working week was reduced to less than 40 hours in certain major economic sectors: 39 hours in the metal-working industry in the Centre and Liège area; 38 hours in the petroleum sector from 1 January 1979. In addition, the working week will be shortened to 38 ½ hours in the non-ferrous metals industry from 1 December 1979, 38 hours in the iron and steel industry from 1 July 1979 and 36 hours in department stores from end-1979. Extra holidays were granted in the metal-working industry in western Flanders. Pay increases were somewhat more moderate than in previous years, but most agreements included provisions regarding job security, the organization of short-time working on a large scale, a guaranteed subsistence wage and early retirement. With respect to the guaranteed subsistence wage, it should be noted that in sectors with a firmly established system of this kind increases in allowances have been halted to the advantage of direct earnings (construction, concrete and ports sectors). In the case of early retirement schemes at inter-trade level, an increasing number of sectors have lowered the age at which retirement can be granted.

In the public sector, a collective agreement for 1978-79 reduced the working week to 38 hours from 1 October 1979 and, as an experiment, introduced a system of 'optional early retirement'; end of year bonuses and holiday pay were also raised.

Lastly, among the industrial disputes, which mainly concerned remuneration and employment problems, mention should be made of the general strike, by petroleum industry workers triggered off in September by the closure, entailing dismissals, of an oil refinery belonging to a multinational corporation. An agreement extending the early retirement scheme to workers of 55 and over, among other provisions, and containing recommendations for the redeployment of the workers, terminated the general strike, but did not put an end to industrial strife within this corporation.

110. In Denmark, the installation of the new Social Democrat/Liberal Democrat coalition Government at the end of August raised doubts about progress on a number of issues considered important by the Trade Union Organization (LO): tax and housing reforms and in particular demands for instituting economic democracy.

At the extraordinary congress of the social-democratic party in December the Chairman of the LO roundly condemned the setting up of the coalition. For its part, the Employers Association (DA) considered that the new government could encourage the political stability needed for economic recovery.

However, since existing collective agreements were due to expire in Spring 1979, the LO and DA entered negotiations in November, but the LO's insistence on keeping its demand for economic democracy caused the DA to refuse to continue negotiations. The LO then dropped its demand at that stage and an agreement was reached in December to negotiate on eight issues common to all agreements: wages, automatic indexation of wages, shift work, shorter working hours, holidays, technological developments, training fund, duration of agreements. A wide gap existed between the DA and LO on many issues, especially on wages —the DA wishing to reduce them while the LO wanted them to increase.<sup>1</sup>

In 1977, 230 000 working days were lost in industrial disputes, while in 1978 the main areas of conflict have been in the hotel and catering trade (with repercussions on the ferry services) and the fishing industry, where fishing boats blockaded ports to demand larger fishing quotas than those allocated by the EEC and an extension of fishing areas.

111. In the Federal Republic of Germany, severe tension developed between employers and unions in 1978 during negotiations on the renewal of certain collective agreements. In the spring there were short but intense labour disputes in the printing industry throughout the country and in the metal-working industry in Baden-Württemberg. In both sectors the trade unions' aim was to hedge against—or attenuate through contractual provisions—the social repercussions of technical developments, particularly where rationalization measures were involved. In the printing sector, the employers responded to selective strikes in certain undertakings by lockouts, while declaring that they were not opposed to better protection for workers but could not accept a collective solution. In the last phase of the dispute, which lasted three weeks, the employers applied a blanket lockout throughout the country. In the metal-working industry in Baden-Württemberg, employers also

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<sup>1</sup> Point 157 of this Report.



responded to selective strikes in a certain number of undertakings with lockouts; this dispute also lasted three weeks.

Under the agreement reached in the printing sector after intervention by an arbitrator, provision was made for wage and salary increases and effective protection in the event of rationalization measures following the introduction of new technologies. In the metal-working industry in Baden-Württemberg, in addition to pay increases, a system of guaranteed income levels in cases of downgrading was incorporated in the new collective agreement.

At the end of 1978, the first labour dispute in fifty years took place in the iron and steel industry; the strike lasted 44 days and was resolved in January 1979, when an agreement was finally reached with the help of an arbitrator. The dispute concerned the renewal of collective agreements in Nordrhein-Westphalia, Osnabrück and Bremen. Trade union demands mainly related to a 5% increase in wages and salaries and the gradual reduction of the working week from 40 to 35 hours for all workers on full pay. The employers, on the other hand, initially proposed a lower wage increase and a gradual extension of annual leave to six weeks, but were firmly opposed to the introduction of a working week of less than 40 hours.

In support of their demands, the unions called for selective strikes to which the employers responded with lockouts, not only in the undertakings on strike but also in others. When the conciliation procedures failed, the unions extended the dispute to three other undertakings which brought the number of workers involved up to 100 000 or half the work force in the field covered by the collective agreement.

The new agreement reached on 6 January 1979 provides for a 4% increase in wages and salaries valid for fifteen months, compensatory days of rest for workers on night shifts and older workers, and a gradual extension of annual leave to six weeks in 1982 for all workers.

In other sectors, negotiations proceeded without serious disputes; however, agreement was only reached after recourse to the conciliation procedure provided for under collective agreements in force. During the reference period, wage agreements giving average increases of 5% were concluded for about 13 million workers, whilst additional holidays, increased holiday pay, asset formation payments and special annual bonuses were also awarded.

In the tobacco industry, agreement was reached for the first time on a working week of less than 40 hours for workers over 60 with at least ten years service. This reduction in the working week, however, was not established through collective agreement, but as a result of a recommendation by the employers' association to heads of undertakings.

Sharp controversy broke out regarding the fundamental question of the legality of lockouts under present law, and the legitimacy of their use during labour disputes. The Federal industrial court, in developing legal rules for labour, had held that lockouts were admissible during labour disputes.

The unions, however, regard the lockout as a wilful abuse of the employers' position designed to bring the unions to heel and break their power. They contend that lockouts are unconstitutional and are pressing for a statutory ban.

The employers, on the other hand, regard the right to order lockouts as a corollary of the freedom of association guaranteed by the basic law and the right to free collective bargaining. They consider the lockout essential in combating selective strikes and ensuring equal chances for both contracting parties.

The trade unions are attempting to test the legal position by instituting multiple proceedings before the labour courts.

Implementation of the 1976 Law on worker participation provided a further source of friction between employers and workers. The unions claim that employers have evaded the law on worker participation in management; in this connection they point out that since 1974 a number of undertakings, by amendments to their legal status, the reorganization of groups of companies or ownership structure; or by reductions in the work force, have been able to escape from the field of applications of the law on worker participation.

Attempts by the Federal Government to revive the 'concerted action' between trade unions, employers and Government were unsuccessful.<sup>1</sup> At the Congress of the German Trade Union Federation (DGB) in May, the unions confirmed their decision to stay away from the concerted action talks until the employer's appeal to the Constitutional Court against the law on worker participation has been settled.

At the same time, the DGB stated that it was prepared to discuss measures aimed at achieving the goals of the Growth and Stability Law with the Federal Government.

In the months following the Congress the DGB also had informal contacts with the main employers' federations. Both sides wish to continue their dialogue on ways of combating unemployment, although their views on the measures needed differ greatly.

The unions want a reduction in working time so that the available volume of work can be redistributed. They are therefore demanding the introduction of a 35-hour week in the steel and printing industries. Longer holidays and earlier retirement

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<sup>1</sup> Social Report 1977, point 109.

have, however, also been proposed. The employers fear that reductions in working time will lead to slower growth and question the effectiveness of such measures in improving the employment situation on the grounds that they would not meet the needs of those problem groups whose difficulties are increasingly coming to dominate the labour market situation.

112. In France, increased unemployment meant that the climate of industrial relations was greatly influenced by the legislative elections in March.

Before the elections, collective bargaining negotiations appeared to be at a standstill; there were disputes in progress concerning employment, wages and working conditions in certain undertakings or groups of undertakings, but solutions to the problems had been deferred.

After the elections, negotiations were resumed, while actual disputes were still confined to particular undertakings or, more often, individual establishments. The President of the Republic himself laid down the main lines of government action: balance was to be restored within the employment sector, inequalities were to be further reduced and social responsibilities and liberties developed. The employers' organizations demanded freedom of management, while trade union organizations gave priority to employment, low wages and the quality of work. In the National Assembly the Government defined the main lines of its social policy (active employment policy; support for low income groups; expansion of the system of agreements between the Government, employers' organizations and the trade unions and a reopening of discussions on worker participation) and asked trade union and employers' organizations to begin negotiations at various levels on working time and conditions.

To offset the deterioration in the employment situation, in preparing the 1979 budget, the Government decided to set up a special industrial reorganization fund to promote employment in regions particularly affected by the crisis in certain sectors. Various measures have been adopted, in particular improved training, expansion of part-time work, upgrading of manual work, regulation of temporary work and restrictions on overtime.<sup>1</sup> In addition, the Government encouraged the two sides of industry to negotiate on lowering the maximum number of hours worked and on parity (the Government has however introduced the necessary legislative measures since no agreement was reached,<sup>2</sup> on the introduction of a 50% increase in shift teams in activities where shift work is practised (priority being given to iron and steel) and shorter hours in the case of arduous work. As for a

<sup>1</sup> Point 138 of this Report.

<sup>2</sup> Point 137 of this Report.

reduction in working time as a means of increasing employment, the Government expressed the hope that the question might be thoroughly examined at Community level to ensure that Member States' policies in this area do not provoke distortions in competition.

Negotiations at inter-trade level were held on working time; the trade unions were in favour of a reduction in the working week but the employers preferred a redistribution of unemployment benefits.<sup>1</sup>

Negotiations at branch level covered low wages (with a view to fixing realistic minimum wages) and working conditions (particularly shift work). Agreements at national level instituting an annual guaranteed income were signed in the metal-working and chemical industries.

An agreement was signed on 7 July guaranteeing the civil service a weighted increase in purchasing power in 1978, the increase being more substantial for the lower wage groups.

113. In Ireland, the 1978 National Pay Agreement<sup>2</sup> largely dominated the industrial relations' scene; it was adopted only by a small majority at a special Irish Congress of Trade Unions conference (240 to 215), due mainly to controversial clauses requiring trade unions to ballot their members before industrial action where a Labour Court Recommendation in relation to enterprise bargaining is rejected.

The tripartite Commission on Industrial Relations<sup>3</sup> started work in May to consider industrial relations generally and more particularly how employer and worker organizations operate under free collective bargaining, how statute law affects industrial relations and how institutions, structures and procedures operate. The Government hopes the Commission will make recommendations and present a final report within two years, although the latter is free to arrange its own programme of work.

Industrial disputes took place over a wide spectrum of the economy, mostly relating to pay and productivity problems, and the need for excessive overtime to maintain income levels; industrial reorganization measures also led to work stoppages. Major disputes affected the telecommunications sector and the national airlines. The number of men-days lost in 1978 amounted to 588 000, one quarter of the

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<sup>1</sup> Point 212 of this Report.

<sup>2</sup> Point 162 of this Report.

<sup>3</sup> Social Report 1977, point 111.

disputes being due to unofficial action (accounting for two-thirds of the total men-days lost), with an increasing number of disputes taking place in the public sector.

114. In Italy, developments in industrial relations appear to have been conditioned by developments in the economic situation and the political scene.

Economic policy measures implemented in previous years have shown positive results as regards the balance of payments, the trade deficit, currency reserves, prices and the inflation rate — which, although falling, is still high. The employment situation, on the other hand, has continued to deteriorate.

To combat the negative effects of the crisis, measures were approved to rationalize industrial policy and rectify industry's financial situation and production structures. In this connection, the Italian three-year growth plan for 1979-81, the main lines of which were presented by the Government in September, is of particular interest.<sup>1</sup>

The trade union organizations admitted that the three-year plan had certain positive aspects and considered that it could serve as a basis for preliminary discussions on the content of a policy for planned development, production, employment and the necessary political and administrative reforms. Accordingly, the trade unions requested the Government to define the detailed goals to be achieved and give an indication of the ways and means.

The employers welcomed the fact that for the first time the Government is proposing to finance development by limiting the tax burden; at the same time, they are demanding more effective action to alleviate the incidence of labour costs and the cost of money.

Productivity, labour costs and unemployment were the main topics in discussions between the Government and the two sides of the industry. Discussions were also held between the workers' organizations and the Government on fundamental aspects of the reforms (housing, education, social services, health and pension schemes).

Further, in February 1978, the trade union organizations requested Government to give a new slant to medium-term economic and social policy so as to promote the development of the Mezzogiorno, the reform of production structures and the democratization of society. At the same time, with respect to demands and labour market management, they undertook to adopt policies consistent with the above aims and designed to allocate the greater part of the additional resources to the

<sup>1</sup> Points 64 and 164 of this Report.

satisfaction of collective and social needs and productive investment. This new phase in trade union policy led to lively discussions which were influenced by changes in the political scene and the constitution of an emergency Government.

Lastly, trade union discussions covered the reform of the pay structure, self-regulation in regard to the right to strike and the search for new back-up instruments to strengthen industrial relations.

In the context of a more general reform of the pay structure, the workers' organizations also intend to review the 'automatic' aspect of pay rises (that is, components based on length of service, such as seniority rises and long-service allowances) with a view to eventually eliminating unjustified pay differentials (the so-called 'wage jungle') and gaining more room for manoeuvre in union demands and collective bargaining.<sup>1</sup>

The trade union organizations have begun a thorough study of problems connected with the exercise of the right to strike and, in particular, the spread of wildcat strikes called by independent trade unions in the public service sector and their counterproductive effect on public opinion. In September, the trade unions defined a code of conduct concerning the self-regulation of the right to strike, which will have to be specified in line with the technical and productive characteristics of each sector. The employers' organizations stated that they were in favour of the introduction of arbitration procedures to ease disputes.

As regards the search for new back-up instruments for industrial relations policy, trade union discussions dealt with the question of setting up a labour bureau and the institutional tasks for which it would be responsible.

As regards relations between the two sides of industry, it should be noted that discussions were resumed, after more than a year's break, between the trade unions and the Confindustria (employers' organization) on general (employment, investment, the Mezzogiorno) and specific (labour costs, productivity of labour) topics.

In the sphere of collective bargaining, negotiations at both national and sectoral level were particularly restrained. They dealt principally with normative machinery (grading, occupational status, mobility, work organization, environment, employment, investment, etc.) and to a lesser extent with financial advantages.

In the course of framing the programme of demands to be presented when renewing collective agreements for the major sectors in 1979, heated discussions took place in the trade union organizations regarding a reduction in the working week to less

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<sup>1</sup> Point 164 of this Report.

than 40 hours. While there was a general consensus in favour of aiming for a 35 and 36-hour working week by the mid-1980s, no agreement was reached on the advisability of more-or-less generalized reductions, nor on ways to achieve this in practice. Only a few unions, such as those representing the metal-working and construction industries, were in a position to present detailed demands for a reduced working week to the employers' organizations at the end of 1978.

115. In Luxembourg, the gravity of the crisis and the planned restructuring of the iron and steel industry in particular meant that concertation between the Government and the two sides of industry played an essential role.

The Economic Committee<sup>1</sup> continued to meet every month to examine the situation of undertakings forced to reduce working hours and where applicable to propose compensation for firms with staff on short time.

The Economic and Social Council continued its work of consultation and concertation in areas particularly concerning several occupational groups or the economy as a whole.

Lastly, the Tripartite Coordinating Committee set up under the law of 24 December 1977 on growth and full employment<sup>2</sup> began its task of consultation which among other things involved an examination of the overall economic and social situation and an analysis of the nature of unemployment.

Despite the difficult economic situation there were no strikes and the overall industrial climate was good on the whole; however, there were protest demonstrations in the public sector at the end of the year.

Over 40 collective agreements were concluded or renewed in 1978 for wage earners and about 15 for salaried staff in the private sector.<sup>3</sup> The most important features of these agreements were: real earnings to increase by up to 3% depending on the economic position of undertakings (civil service pay has not been raised due to the general economic situation nor have earnings in most occupations in the building trade); extension of the system of monthly payment of workers; extension of holiday pay and of payment of a thirteenth month of salary.

116. In the Netherlands, the main source of conflict in the 1978 collective bargaining round was the union demand for agreements giving them both

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

<sup>2</sup> Social Report 1977, point 113.

<sup>3</sup> Point 165 of this Report.

quantitative and qualitative influence on undertakings' employment policies and hence a share of the responsibility in this field.

Agreement was reached relatively quickly on wage increases as the unions were, broadly speaking, prepared to content themselves with maintaining purchasing power.<sup>1</sup>

The Minister for Social Affairs is in principle favourably disposed towards the employment policy agreements mentioned above and regards them as a constructive contribution towards improving the functioning of the labour market. On condition that the agreements would not lead to any permanent increase in labour costs, the Government stated that it was ready to provide financial support for certain clearly defined schemes in this field. The sum earmarked by the Government — HFL 50 million — was, however, far below the HFL 500 million called for by the unions affiliated to the FNV (Dutch trade union federation). In addition to temporary aid for the financing of early retirement, aid to facilitate the introduction of a fifth shift in industry had also been expected. According to the unions' calculations, reductions in working time and the cutback in unemployment thus made possible would involve hardly any increase in costs, taking into account the resultant increase in labour productivity and savings on social security expenditure.

The employers emphasized that a reduction in the working day or working week would inevitably raise wage costs and multiply problems on the labour market.

Agreements were eventually reached in all the main industries and undertakings, though in many cases only after protracted negotiations. Most of these agreements increased the unions' right to information on the job situation and gave them a greater say in determining employment policy at undertaking or industry level. Specific provisions concerning early retirement also became a more common feature of agreements.

An existing experimental scheme allowing dock workers to retire from the age of 63 was, for instance, extended for a further year. The scheme will continue to be financed by the State.

The agreement concluded in April for the metal-working industry similarly provided that consideration would be given to renewing the industry's early retirement scheme. It was later decided on the basis of a survey carried out during the year, which showed that nearly half the 63 and 64-years olds eligible had taken advantage of the scheme, that it should be extended for a further six months, i.e. up

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<sup>1</sup> Point 167 of this Report.



to 1 July 1979. Similar schemes were introduced in a number of other collective agreements, including those for the agricultural and dairy sectors, the textiles industry and the AKZO chemicals firm. Rather more than half of those eligible took advantage of the existing arrangements in the building industry. Whilst the agreement for Hoogovens also included a social plan providing for early retirement, the negotiations here centred on the introduction of a fifth shift. A solution was not, however, found to this problem largely because of the costs involved.

A further important development was the extension of the collective agreements for the metal-working and textiles industries to cover some senior staff.

The limitations on wage and salary increases for employees in the public and semi-public sectors provided for in the short-term austerity programme announced by the Government in June <sup>1</sup> initially led to a marked deterioration in relations between the public service unions and the Government and selective stoppages and mass meetings ensued. The Government eventually agreed to submit to a working group, for discussion, its intention to apply an across-the-board reduction to public sector wage increases by reference to private sector increases for the next three years. The two sides have, however, so far failed to reconcile their views.

The Government's intention not to extend to the civil service certain increases provided for in the collective agreements with the construction industry led to more strikes by civil servants in December. The Government also intends to look into this problem with the trade unions.

The trade unions discussion papers for the coming bargaining round lay even greater emphasis this year on the employment policy agreements and above all on different ways of reducing working time. In view of the employers' objections to these viewpoints and the current controversy over Government policy, particularly as regards social benefits, efforts to reach national agreements on working conditions have come to grief.

117. In the United Kingdom, pay policy dominated relations between Government, employers and the trade union movement.<sup>2</sup> Phase III of the Government's pay guidelines (aimed at ensuring no more than a 10% rise in earnings between August 1977 and July 1978) led to a further compression of differentials and imposed new constraints on negotiators.

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<sup>1</sup> Point 167 of this Report.

<sup>2</sup> Point 169 of this Report.

The Government's main aim (to contain the inflation rate) was supported by the Confederation of British Industry and the Trade Union Congress, but opinions differed on how to achieve it.

In September the trade Union Congress rejected the new pay restraints imposed by the Government and demanded an immediate return to free collective bargaining along with a shorter working week. The Confederation of British Industry, on the other hand, supported the Government's policy of limiting overall increases in earnings to 5%, with special provisions for self-financing productivity schemes and low pays. However, it was opposed to any reduction in working time and to the maintenance of the Government's black list of companies settling outside the pay guidelines, rendering them liable to economic sanctions.

The first challenge to the wages policy came in the form of an official strike by Ford motor-vehicle manufacturer workers one month before expiry of the existing agreement as a protest against the company's offer, which came within the Government's guidelines. Following the company's approval of a wage increase going far beyond the pay guidelines, the Government was prevented from applying the threatened economic sanctions against the company as a result of a defeat in Parliament, which deprived it of its chief weapon for limiting increases in the private sector.

Other major disputes during the year involved workers in industrial gases, newspaper production, other motor-vehicle manufactures, the iron and steel industry, the civil service and National Health Service workers. Some unofficial strikes, particularly in the motor vehicle and newspaper production sectors, were aggravated by conflicts of interest between the workers concerned and official trade union policy.

A total of 9 306 000 working days were lost as a result of industrial disputes in 1978.

### *Employee representation*

118. In Belgium, the 'anti-crisis' laws contain provisions to accelerate the democratization of undertakings: legislation on works councils was extended to cover undertakings employing at least 100 workers by Royal Decree of 11 October 1978.

In July the Government adopted a draft law amending legislation on commercial enterprises and in the case of 'sociétés anonymes' (limited companies) made provision for two distinct management bodies: the Board of Directors and the Supervisory Board. However, this proposal contains no provision concerning

worker representation on these bodies due to persistent differences of opinion on this point between the two sides of industry.

119. In the Federal Republic of Germany, the supervisory boards of 457 undertakings were re-elected; their term of office will run until 30 June 1978, the end of the transition period provided for by the law of 1 July 1976 on worker participation. In all, 3 204 worker representatives were elected to these boards, on which they hold half the seats. In 15 other undertakings to which the law also applies, the election of new supervisory boards could not be completed until end 1978 or in 1979. In a number of instances, court proceedings are still under way to determine whether the law is applicable or not. Originally, the law was expected to affect some 600 to 650 firms.

The Federal Government, the Parliament and trade unions have firmly rejected the employers' contention that the law on worker participation is unconstitutional. They have not the slightest doubt as regards the compatibility of the law with basic property rights and the freedom to negotiate. With respect to the latter point, advocates of the law on worker participation point out that this system has existed for 25 years in the coal and steel industries and has in no way affected the freedom to negotiate in these sectors.

The employers stressed once again, in a statement on their appeal to the Constitutional Court, that they were not attacking the principle of worker participation. On the contrary they were in favour of sound, practical forms of worker participation. However, they objected to certain provisions of the law which they felt upset the balance between the two sides of industry, endangered the freedom of collective bargaining and impaired the efficiency of undertakings. The employers continue to regard their appeal as justified.

They stated their case, as did the trade unions and the Federal Government — the latter through three of its Ministers — at a three-day hearing held before the Federal Constitutional Court at the end of 1978.

A fierce controversy was set off by the DGB's stated intention to collect and make use of information available under the worker participation provisions ('early warning system'). This early warning system would give workers representatives and trade unions time to prepare protective measures for the workers concerned should undertakings intend to adopt certain decisions (e.g. reorganization). The proposal was categorically rejected by an economic system with a trade union core at all levels, characterized by State planning, direction of investment and collectivism.

This third regular works council election took place between 1 March and 31 May, followed by the fourth regular election of youth representatives between 1 May and 20 June, pursuant to the law of 1972 entitling works councils to participate in management and giving them more say in social, economic and staff questions. According to provisional figures provided by the trade unions, 200 000 members were elected to works councils in over 30 000 undertakings.

120. In France, Law No 78-5 of 2 January is intended to stimulate and develop concertation with supervisory personnel in undertakings in line with the report by the Committee on company reform.<sup>1</sup> This law contains two main provisions: all undertakings obliged to have a works committee must seek to improve information and develop consultation with supervisory personnel; all undertakings employing at least 500 workers must, in cooperation with those concerned, draw up a report on ways and means of developing concertation.

The Government has approved a draft law to ensure the participation of managerial staff in undertakings. In those employing at least 500 workers, supervisory personnel will elect, by majority vote in two ballots, one or two representatives to the Administrative and Supervisory Boards where they will have the same powers and responsibilities as shareholders' representatives. The Economic and Social Committee, however, did not issue a favourable opinion on this proposal.

121. In Ireland, preparations were made for the election of worker directors to five State enterprises as provided for under the Workers Participation (State Enterprises) Act 1977.<sup>2</sup> One third of the Board members will be worker elected. In November and December elections took place for three Boards—Nord na Mona (peat production), B and I Co (shipping) and the Electricity Supply Board, each of which has 12 Board members in all.

122. In Luxembourg, due to the crisis, important decisions were taken by many undertakings, in particular in heavy industry, concerning employment, restructuring and investment. Co-management bodies played an important role.

The trade unions included among their claims a demand for management participation on an equal basis in the iron and steel industry; this demand was, however, regarded as ill-timed by industrial circles.

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

<sup>2</sup> Social Report 1977, point 119 and point 146 of this Report.

At the Government's request, on 4 July 1978, the Economic and Social Council issued an opinion on all aspects of the reform of staff representative bodies in undertakings, but no agreement was reached on trade union representation on these bodies. The employers seemed to be divided on the matter. The Government will soon submit a draft law to the legislature.

123. In the Netherlands, the opinion delivered by the Social and Economic Council on worker participation in small undertakings (i.e., those with up to 100 employees) showed serious divisions within the Council, although all parties agreed in principle that worker participation in these undertakings should be extended. The workers representatives and some independent experts felt that all undertakings employing 25 or more people should be covered by the law on works councils. The employers' representatives wanted an optional system allowing small undertakings to make their own arrangements rather than a statutory obligation to set up works councils. Finally, the majority of the independent experts favoured the application of the law on works councils to undertakings with 50 or more employees. The Government will be putting proposals before Parliament on this question in the near future. The Federation of Small and Medium-Sized Undertakings (KNOV) indicated that it had changed its views and was now prepared to discuss the introduction of participation rights for workers in undertakings with between 10 to 25 employees.

The Social and Economic Council also delivered its opinion on the draft fifth Community Directive on the structure of 'sociétés anonymes' with more than 500 employees. As it had received a separate request from the Government for an opinion on the Dutch system for the co-optation of supervisory board members, the Council disregarded the provision for co-optation included in the draft Directive and dealt solely with the other method provided for—direct appointment of supervisory board members by the workers. Although a majority on the Social and Economic Council felt that employers and workers should have an equal say in the policies of the undertaking, the workers' view that the supervisory board should be divided equally between shareholder representatives and worker representatives was rejected. The Council's employer members, in particular, considered that the workers already had substantial opportunities to influence policy and should therefore have no more than a third of the seats on the supervisory board.

The Social and Economic Council agreed with the Commission that the two-tier board system, with its strict separation of supervisory and executive functions, should ultimately be introduced for limited companies in all Member States.

The Second Chamber approved the draft law revising the law on works councils in October by a large majority. The main change is that works councils will henceforth consist solely of worker representatives — even the chairman will be a

worker instead of, as hitherto, a management representative. Management's obligation to consult the works council (e.g. in the event of mergers, extension, limitation or cessation of activities and investment decisions) has been substantially extended, as has the council's right to a say in decisions of a social nature (e.g. on working hours, holiday plans, wage and evaluation systems and personnel policy). Works councils must, if requested, communicate their opinions and decisions to the head of the undertaking at a concertation meeting. As a general rule, works councils cannot issue opinions or take decisions unless the problem has been discussed at least once at a concertation meeting with the management of the undertaking. When management decisions are at variance with opinions given by the works councils implementation is delayed for one month. In the event of disputes, appeals can be lodged against management decisions with the Commercial Division of the Amsterdam Court. Finally, the legal position of works council members has been substantially improved.

124. In the United Kingdom, the Government published a White Paper in May on the extension of industrial democracy, to be achieved essentially in two ways : Joint Representation Councils and Board membership.

For companies employing 500 or more people it is proposed that employers should be obliged to consult workers' representatives before decisions are taken on matters affecting them, such as investment plans, mergers, take-over expansion or contraction of activities and all major organizational changes. Consultation would take place through a Joint Representation Council (JRC) made up of trade union representatives in the company.

After three to four years of operation in companies employing 2 000 workers or more, (JRC) would be entitled to ask the company for the right to Board level representation. The company would then be obliged to organize a ballot of all employees to determine whether a majority was in favour of Board level representation, in which case one third of Board seats would be filled by employee elected representatives. Companies would be given the opportunity to establish a two-tier Board system, employee representation being assured on the Supervisory or main policy Board, while day-to-day affairs would be dealt with by a Management Board. Alternatively, if the company so wished, representatives could sit on a single board.

The White Paper stresses the need for further consultation and discussion before proposals can be tabled, but in itself it represents a toning-down of the more controversial elements put forward in the Bullock report.<sup>1</sup>

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<sup>1</sup> Social Report 1977, point 123.

Progress has continued in developing industrial democracy in the public sector. The main Board of the Post Office now comprises seven management appointees, seven trade union representatives and five independent members (including two with experience of consumer affairs). Other changes in the Post Office will involve regional and area boards. The five British Rail regional boards now have a trade union member apiece, although further participatory plans have been put forward by rail unions and British Rail. In August the British Steel Corporation altered its Board structure, as provided for in the 1975 Iron and Steel Act to include six trade unionists among its 20 members. Worker directors continued to sit on BSC's divisional management boards.

### *Trade union unification*

125. In Ireland, procedures have been approved by conferences of delegates for the merger of the workers' Union of Ireland (35 000 members) and the Federation of Rural Workers (10 000) to become the Federated Workers' Union of Ireland.

126. In Luxembourg, the LAV (the main manual workers' union) took the initiative in 1978 and opened its doors to white collar workers. Negotiations on a merger with the Federation of Private Sector Employees were unsuccessful.

127. In the Netherlands, the NVV (General Federation of Trade Unions) and the NKV (Catholic Trade Union Federation), which already cooperate within the framework of the FNV, held discussions in December on how to achieve still closer cooperation.

The industrial workers' unions belonging to the NVV and NKV decided in October to create a joint federation by 1 July 1979 and merge completely in 1980. The corresponding building and printing unions are working towards a similar goal.

## Chapter IV

# Working conditions and labour law

## Trends within the Community

### Working conditions

#### Humanization of work

130. The European Foundation for the Improvement of Living and Working Conditions has completed most of its first working programme. A seminar on experiments in work reorganization has been held. The results of a Community-wide study on the development of shift working should be available in 1979. The governments of Member States have continued to support research in these fields, aimed at improving working conditions without detriment to productivity and making the best use of the available technology.

#### Night work

131. The question of night work has been the subject of renewed concern among Member States. Restrictions on women doing night work have been criticized as incompatible with equal employment opportunity. The International Labour Organization has sounded out governments and the social partners for their views on their existing Convention on night work for women. There is, however, no agreement as to whether such restrictions should be abandoned, or as in a few Member States, extended, in principle, to men as well as women. The issue is further complicated by the development of increasingly complex patterns of continuous shift-working, which depend on larger numbers of workers doing some night work.



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

132. Implementation of the Council Recommendation on the principle of the 40-hour week and four weeks annual holiday was due to be completed by 31 December 1978. The principle of a basic 40-hour week has been adopted virtually universally, except in small business and agriculture. The application of the principle has not, however, necessarily resulted in a very significant reduction in actual hours worked in certain countries, where overtime would appear to have become accepted as a normal rather than an exceptional arrangement.

As to annual holidays, much progress has been made, though unevenly as between Member States. In certain cases, the operation of incomes policies which stipulate that improvements in working conditions must be costed and offset against limits on pay increases, has inhibited progress.

### **Reduction in working time**

133. In all Member States, discussion on the reduction or rearrangement of working time has continued, in the context of the problem of unemployment. Generally speaking, trade unions have supported the case for reduced working time, and particularly for a reduced working week, longer paid annual holidays, earlier retirement and restrictions on overtime. Employers' organizations have been largely hostile, particularly when the principle of full wage remuneration has been 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.<sup>1</sup> Governments, have not, on the whole, committed themselves to a thoroughgoing work-sharing strategy, but are prepared to see work-sharing, particularly in the forms of reduced overtime or early retirement, as at least capable of postponing or preventing unemployment in certain industries.

This absence of consensus on the fundamental issues has by no means, however, prevented all movement in the direction of reduced working time. Increasing numbers of collective agreements provide for further gradual reduction in the working week, more early retirement schemes are being introduced in industries affected by structural unemployment and there is a new openness to initiatives to reduce overtime. Certain governments, trade unions and employers are also increasingly prepared to give support to the reduced working week as a way of improving the working conditions of those who do strenuous or unhealthy work or who are involved in continuous shift-working.

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<sup>1</sup> Part C — Chapter III of this Report.

## **Labour law**

134. The economic crisis affecting all the Member States has also affected developments within the field of labour law where the regulations and legislative and administrative provisions adopted in the Member States were basically directed, as last year, towards improving the circumstances of certain groups of workers (young people, handicapped persons, women, elderly workers, etc.) and increasing the legal protection of workers and the defence of their interests.

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

### **Working conditions**

#### **Humanization of work — Job enrichment**

135. In Belgium, the first phase of a study on improvement of working conditions under the auspices of the 'Conseil National du Travail' and the 'Fondation Roi Baudouin' has been completed and a number of firms in the metal and construction sectors selected for a critical evaluation of job dissatisfaction. The Belgian Office for increasing productivity has been transferred into an 'Institute for the improvement of working conditions'.

In France, the Commissioner responsible for the VIIth plan has, in an official report, recalled the need to accentuate efforts to improve working conditions for manual workers, as a matter of both social and economic necessity. The employers' organization (CNPF), following the invitation of the Prime Minister, has recommended that its members should ensure that the improvement of working conditions of lower-paid workers is not neglected in the coming round of collective negotiations.

In the Netherlands HFL 57 000 000 were committed in May 1978 in subsidies for investment designed to improve the working environment. Subventions of HFL 25 000 000 were approved in August 1978 to assist plant committees concerned with working conditions and to encourage job enrichment, particularly in the metallurgical and food processing industries. Also in August 1978, a regulation was introduced on heavy work in the inland navigation sector.

## Shift work and night work

136. In Belgium, agreements have been reached in two engineering firms (ACEC and CDC) on improved conditions for shift workers, including the provision of medical and other services during the night shift and at weekends.

The provisions of the Law of 4 August 1978 on economic reorientation relating to equality of opportunity raise the question of the revision of the Law of 16 March 1971 on night work, which could be regarded as discriminating against women. The Law of 20 July 1978 on the 40-hour week<sup>1</sup> raises the question of how a 40-hour week is to be achieved for shift workers.

In the Federal Republic of Germany, the Government is awaiting the results of research being carried out under the Federal Research Programme for the Humanization of Working Conditions (1974), before taking up a position.

Collective agreements following the strike in the steel industry in December 1978 have provided for 4 additional paid 'free' shifts in 1979 and a further 2 paid 'free' shifts in 1980 for all continuous shift-workers.

In France, the Government has continued to encourage employers and trade unions to limit the extent of shift work, and recommended the introduction of a fifth shift as a general objective to be achieved in the future, and as a short-time objective for shift workers engaged in heavy or arduous work.

In the United Kingdom, the Government 'White Paper' on pay guidelines has suggested that there may be further scope for revising shift work arrangements to create additional jobs without increasing overall unit costs.

## The working week

137. In Belgium, the Law of 20 July 1978, modifying the Law of 16 March 1971, makes the 40-hour week statutory. The 40-hour week is already the practice for the whole private sector by virtue of the collective agreement of 31 December 1975. The effect of the new law will, however, be to apply the 40-hour week to all cases where exceptions were formerly possible.

About 15% of workers now have a working week of less than 40 hours. The 1978-79 collective agreement for public service employees anticipates a 38-hour week from 1 October 1979.

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<sup>1</sup> Point 137 of this Report.

In the Federal Republic of Germany, the 40-hour week is, with very few exceptions, universal outside agriculture and family business. There is current discussion on changing the 1938 Law, providing, *inter alia*, for a 48-hour week, to bring it into conformity with reality.

In France, the inflexibility of the provisions of legislation of 1936 on the working week, has been highlighted by the action of the labour inspectorate against an employer in the Vosges, who, following the agreement of most of his workforce, introduced a 4-day week with 10-hours work per day.

Law No 79-3 of 2 January 1979 now permits enterprises, after consultation with their employees, to distribute hours within a maximum working week of 40 hours, over 4 or 4½ working days.

In Ireland, an Employment Regulation Order provided for the reduction of hours of work of agricultural labourers from 45 hours to 42½ hours in the summer months. From March 1979, the hours of work will be 40 a week throughout the year.

### Overtime

138. In Denmark, a standing committee has been requested to draw up rules for the limitation of overtime and for compensatory rests. The report of this committee is expected in January 1979.

In France, penalties for breaches of the law on compensatory rests have been almost quadrupled.

In Ireland, the Government in its 'Green Paper on Development for Full Employment' included overtime, which may be worked up to a limit of a 60-hour week under present legislation, as an area where progress towards work-sharing might be justified.

The Irish Congress of Trade Unions called for the elimination through legislation and action by trade unions and employers of the working of excessive overtime as a regular feature of employment. The Federated Union of Employers has also accepted the need for limitation on overtime.

In Italy, the major trade union organizations have adopted a policy of limiting overtime, which is seen as militating against reduction in unemployment.

In Luxembourg, under the Law of 24 December 1977 on full employment, certain exceptions to existing regulations requiring authorization of overtime—in case of extraordinary workloads, working up to 2 hours a day overtime—were suspended.

Authorization by the Minister of Labour is now required, with the onus of proof on applicants to show that requirements cannot be met by taking on new recruits.

In the United Kingdom, the Government, in its 'White Paper' on pay guidelines, welcomed the TUC campaign to reduce overtime working to enable the provision of additional jobs in substitution. In August some 30% of workers worked an average of 8 hours overtime per week.

### **Paid holidays**

139. In the Federal Republic of Germany, the average basic vacation was estimated at 24.4 days and the average actual vacation at 30.7 days, reckoning 6 days to the week. Only 10% of workers had less than 4 weeks' paid annual holiday, 41% had 4 to 5 weeks and 49% had over 5 weeks. Recent collective agreements in the steel and metallurgical industries provided additional paid annual holidays with effectively 6 weeks holiday for all employees in steel production by 1982, in metallurgy by 1983. In steel production, additional paid 'free' shifts or paid holidays were also granted to older workers.

In France, the employers' organization (CNPFF), at their general assembly, while not in favour of a fifth week's paid holiday, declared themselves prepared to negotiate on the basis of flexibility within an annual 'budget' of 1 920 working hours.

In Ireland, the more flexible provisions of the current national wages agreement made it possible for collective agreements in several sectors to provide for leave in addition to the statutory minimum of 15 days.

In Luxembourg, there is now a minimum provision of 24 days paid annual holiday (the working week being reckoned as 5 days) by virtue of the law of 26 July 1975 and implementing regulations.

In the Netherlands, where the 4-week annual holiday is achieved virtually universally, trade unions have been advancing demands for up to 25 days paid annual holiday by 1981.

In the United Kingdom, it is estimated that 99% of manual workers covered by national wage agreements or statutory orders were entitled to at least three weeks' annual holiday in 1977-78. About a third were engaged in industries, where additional paid leave is granted on the basis of years of continuous service in one employment.

## Educational leave

140. In Denmark, the national federation of trade unions has proposed that 5% of the workforce, having 7 years' schooling or less should be entitled to take part in adult education, with full wage compensation and a right of return to their workpost. The proposal is opposed by employers on grounds of expense.

In France, the Decree of 21 March 1978 fixed the maximum number of employees per establishment having a right to educational leave during the year (1 October to 30 September) at one for every 25 employees, (workforce between one and 500) at, one for every 50 employees (between 500 and 1 000) and at one for every 200 employees (over 2 000).

In Ireland, the Government has accepted the principle of paid educational leave and indicated its intention to ratify ILO Convention No 140, subject to the outcome of examination by representatives of employers and trade unions of possible lines of implementation in practice.

In the Netherlands, the *ad hoc* commission set up by the Social and Economic Council to study the question of educational leave has made an interim recommendation advocating a right of all workers to paid educational leave.

## Length of working life<sup>1</sup>

141. In Belgium, early retirement schemes have been introduced in the steel industry, providing for an early retirement pension from 58, or from 55 where employment is affected by plans for restructuring, with a supplementary partial indemnity against loss of earnings.

In Denmark, a scheme was approved for early retirement for insured workers over 60, with effect from 1 January 1979, with an 'early retirement wage' based on a graduated proportion of daily unemployment benefit.

In the Federal Republic of Germany, there has been legislation reducing the age of retirement for severely handicapped persons from 62 to 60 by 1980.

In Luxembourg, the Regulation of 27 December 1977 (on full employment) provided for early retirement at 57 in the steel industry for those fulfilling the conditions for old age pension or anticipated pension during the years 1978, 1979 and 1980. Early retirement benefits are provided, and 1 100 steelworkers have already taken advantage of these arrangements.

<sup>1</sup> Part C — Chapters I and IX of this Report

In the United Kingdom, 3 000 miners have retired so far following the extension of the National Coal Board's early retirement scheme<sup>1</sup> to men aged 61 and over. From the schemes' inception in 1977, about 15 000 men have taken advantage of its provisions. The scheme will apply to men aged 60 from 1979.

### **Labour law**

142. In Belgium, under the Law of 28 December 1977, dismissal of the works doctor is subject to a special procedure designed to eliminate arbitrary action by heads of undertakings.

A Law of 24 February 1978 concerning contracts governing the hiring out of professional sportsmen made special provision for the introduction of a special joint committee for this category of worker.

A Royal Decree of 19 April 1978 made obligatory the Collective Agreement concluded on 28 February 1978 within the National Labour Council concerning the protection of workers' rights in case of change of employer and transfer of undertakings. This agreement was concluded in order to implement the appropriate Community Directive.

The 'Anti-crisis' law introduced into Belgian legislation the principle of equal treatment of men and women as regards access to employment, vocational training and working conditions (Council Directive of 9 February 1976 to be implemented by 12 August 1978 at the latest).

A Law of 3 July 1978, relating to labour contracts, coordinates the legal provisions governing a number of labour contracts and improves certain aspects of the legal protection of workers and, in particular the provisions relating to unfair dismissal.

Furthermore, a Law of 20 July 1978 introduced into labour law the principle of the forty-hour working week. It will be recalled that the forty-hour week has applied to all workers in the private sector since 31 December 1975 under a collective agreement concluded within the National Labour Council.

143. In Denmark, the Folketing adopted a Law on Equal Treatment to comply with the Council Directive of 9 February 1976 and has amended other legislation governing the conditions of employment of white collar workers, apprentices and seamen to combat unequal treatment. Among other provisions the new Law prevents employers from dismissing women on grounds of pregnancy (previously

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<sup>1</sup> Social Report 1977, point 143.

allowed), although a proposed amendment to allow positive discrimination in favour of women was defeated. The Equal Treatment Commission set up in 1975 was confirmed as a body in law and entitled to issue reports on the equal treatment of men and women in the labour market, education, training and family life.

144. In the Federal Republic of Germany, on 30 April 1978 the second Law amending the dismissals protection law of 25 August 1969 entered into force. The purpose of this amendment was to bring existing legislation into line with the Council Directive of 17 February 1975 approximating legal provisions in the Member States on collective redundancies.<sup>1</sup>

As regards legislation relating to labour relations and industrial disputes the following High Court decisions are of particular importance.

In a judgment of 19 January 1978 the Federal High Court decided that a wage strike against newspaper companies was admissible in law and in no sense constituted an infringement of the basic constitutional right of freedom of the press. Although the Court's comments accorded a high value to the public's right to information, this right is not in itself necessarily infringed as such in every case where a particular newspaper does not appear for a limited period. The Federal High Court left open the question of the extent to which, under certain circumstances not applying in this case, an industrial dispute against newspaper companies could be unlawful.

In a further judgment on 31 January 1978, the Federal High Court held that the strike action by the German air traffic controllers in 1973 was by its form and extent contrary to the public interest and consequently contravened the rules of fair industrial dispute.

In cases before the inferior Labour Courts concerning the lockouts in the industrial dispute in the printing and metal-working industries,<sup>1</sup> divergent judgments have been given so far. However, the lockouts have been declared admissible in industrial disputes by the Länder courts of appeal in labour matters, thus overturning the decisions of certain inferior courts which held the opposite view.

The public services and transport workers' union (ÖTV) has now put forward detailed proposals in an attempt to bring some order into the heated discussion on the position with regard to labour law of the 500 000 or so people employed by the churches in the Federal Republic. A particular point of issue is the problem of the measures taken by the churches in industrial disputes. The proposals relate mainly to two agreements; one on arbitration procedure and the other on the security services.

<sup>1</sup> OJ L 48 of 22 February 1975.



145. In France, Law No 78/49 of 19 January 1978 extends payment by the month (frequency and method of calculation of wages, payment for holidays, leave on personal grounds, redundancy pay and retirement bonuses, system applicable in case of sickness or accident) to those wage earners who are not yet covered by a collective agreement on payment by the month. It should be noted that this law modified procedures for extending collective agreements, since it authorizes the Ministry of Labour to overrule on certain conditions the right of veto on such extension on the part of a trade union or occupational organization alone.

Otherwise, Law No 78/3 of 2 January 1978 introduced a number of positive measures relating to the employment position of workers standing in elections or elected to Parliament.

Finally, parliament adopted a law (No 79/44 of 18 January 1979 intended to develop the role of the conciliation boards, since there has been no general reform in this area since 1907. Basically the law provides for the extension of these boards to the whole of the country, an increase in their powers, changes in the method of balloting, an improvement in the status of members, and for the State to bear the operating costs.

146. In Ireland, the Minister for Labour issued regulations in February under the Worker Participation (State enterprises) Act 1977<sup>1</sup> dealing with the conduct of elections for worker-directors in certain State enterprises covered by the 'July' Act; a further order under the same Act fixes the size of the Boards of State enterprises. In August, regulations were issued authorizing the organization of elections in four State enterprises. Three of the four elections took place by the end of the year.<sup>2</sup>

147. In Italy, certain provisions in Law No 285 of 6 June 1977 on the employment of young people were amended by the Decree Law of 5 July 1978. They concern on-the-job training in State undertakings; elimination of fixed-term employment contracts; the right to select job applicants for undertakings employing not more than 10 workers; support for young peoples' cooperatives; increased contributions to undertakings recruiting young people.

Law No 18 of 3 February 1978 amends the provisions governing fixed-term employment contracts. Such contracts will now be permitted in the trade and tourism sectors when there is no way of stepping up activities with the existing work force; the Law also entrusts the labour inspectorate with the task of checking

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<sup>1</sup> Social Report 1977, point 119.

<sup>2</sup> Point 121 of this Report.

to ensure that temporary hirings are justified and specifies the employers' obligations.

Among other activities in this field, mention should be made of preparatory work undertaken by the competent authorities concerning mass redundancies, the maintenance of workers' rights in the case of a change of employer or transfer to another undertaking (pursuant to the two Community Directives of 1975 and 1977) and part-time work.

148. In Luxembourg, the Law of 27 July 1978 introducing various measures to promote the employment of young people provides for introductory training contracts, the temporary assignment of young people to certain tasks in the public interest or of social or cultural value, and the award or vocational guidance grants.

With respect to legislation planned or under study, mention should be made of the reform of the Law on dismissals (a draft law will soon be submitted to the legislature and regulations governing the right to strike in the civil service (a draft is before the Conseil d'Etat and the Parliament).

149. In the Netherlands, the draft law ratifying the European Social Charter and thus embodying the right to strike under Dutch Law was adopted in the Second Chamber on 25 May and the First Chamber on 31 October. On this basis the employers' association (VNO, NCW) and the Christian National Trade Union Association (CNV) put forward the idea of drawing up a voluntary strike code. The Federation of Dutch Trade Union (FNV) was against this proposal, believing that a code of this type could limit the right to strike.

However, the European Social Charter was not adopted in its entirety; for the moment the right to strike does not extend to civil servants, but the Cabinet intends to introduce a draft law before January 1981 giving civil servants this right but excluding certain categories such as the police. The draft law also departs from the provisions of the Social Charter with regard to the withdrawal of migrant workers' residence permits; this clause is open to a variety of interpretations, so that current legislation cannot be regarded as conforming thereto. As soon as the convention on the legal status of migrant workers' is ratified and this point cleared up, this reservation will no longer apply; a law approving this convention will shortly come before Parliament.

In June, the Ministers of Social Affairs and Cultural Affairs, Recreation and Social Work requested the Social and Economic Committee for an opinion on the abolition of various statutory provisions protecting women, for example as regard night work and overtime, but suggesting that the provisions relating to pregnancy and maternity should be left unchanged. The request for an opinion was made in

connection with the implementation of the Community Directive on equal treatment for men and women at work. In order to transpose this Directive into Dutch legislation, a draft law was placed before Parliament. A general law forbidding discrimination on grounds of sex is also being prepared.

The Government further asked the Social and Economic Council for an opinion on the question of the individual's right of appeal within undertakings.

150. In the United Kingdom, the Employment Protection (Consolidation) Act 1978<sup>1</sup> was passed in July, and entered into force in November. It sets out all employee rights in a single Act, including some provisions contained in earlier laws.

In April, the remaining sections of the Employment Protection Act 1975 came into force giving officials and members of independent recognized trade unions the right to the free time needed to carry out their union activities and duties.<sup>1</sup> In order to clarify how these rights should operate, the Advisory Conciliation and Arbitration Service produced a Code of Conduct, which was ratified by Parliament and also came into effect in April.

The question of trade union recognition within the meaning of the Employment Protection Act was further debated during 1978 but not resolved. For mass redundancy purposes it is well accepted that recognition of a trade union need not necessarily be a written one and the principle seems to be established that recognition depends on the degree of contact between the union and management. For instance the Appeal Court decided that an employer belonging to a trade association which had negotiated with a given union could not therefore automatically be held to have recognized that union.

The Central Arbitration Committee has been frequently called upon to decide whether terms and conditions of employment for certain groups of workers are less favourable than the accepted general level. Workers in the shipbuilding and engineering industries have been most active in applying to the CAC, although a few applications have been dealt with from the intended beneficiaries of the legislation, i.e., small unions acting on behalf of low paid and ill-organized workers.

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<sup>1</sup> Social Report 1977, point 152.

## Wages, incomes and asset formation

### Trends within the Community

152. In 1978 social policy, and in particular incomes policy, continued to follow the major guidelines laid down five years ago to combat the recession, inflation and unemployment. Economic analysis for the Community show that although the various 'recovery' plans have managed to alleviate inflationary pressures in 1978—about 7% compared with 9.2% in 1977 and 10.0% in 1976—economic growth will only amount to 2.8% this year. This being so, and in view of the high level of unemployment, the Governments have attempted to achieve some degree of economic growth in a climate of relative price and income stability.

Some countries have therefore continued to operate the prices and incomes policies previously outlined, whereas others have introduced new guidelines for up to 1979; in almost all countries, however, there are now standards for pay increases stipulated by law or recommended by the Government. The trade unions have shown understanding in recent years by paying more attention to qualitative than to quantitative demands in the course of collective bargaining and by following, generally speaking, the line advocated by Government plans, even in countries where free pay negotiations have been reintroduced. Prices and incomes policies now seem to have been understood by the general public, whereas austerity policies in the taxation and budgetary spheres are still quite badly received. Some Governments have, however, used income tax relief as a means of increasing household consumption and domestic demand, in order to achieve higher economic growth and encourage investment. Tax concessions in the United Kingdom and the Federal Republic of Germany, accompanied by an appreciable drop in the inflation rate, have thus helped to swell, in terms of real disposable income, the pay rises negotiated.

153. The tendency to grant larger increases to the lowest wage groups continued, becoming even more marked in 1978. In countries with a legally guaranteed minimum wage, the latter was increased in line with consumer price trends; in France and Luxembourg it was also increased 'structurally', that is to say, more

than proportionately to the average pay increase. In the United Kingdom, the Government's White Paper 'Winning the Battle against Inflation', which contains guidelines for the 1978/79 pay negotiations, made special provision for the lowest paid. It stated that the lowest paid could receive percentage increases higher than the 5% guideline where the resulting earnings were no more than UKL 44.50 for a normal full time week. This represents the TUC minimum pay target of UKL 30 in 1974/75, updated by the maximum increases available under subsequent policies. In France, again on the basis of Government guidelines, a number of sectoral agreements, for example in the metal-working industry, have instituted an annual guaranteed minimum income; moreover, the Government might, after consulting employers' organizations and trade unions, have to propose to Parliament that it might appear necessary to make certain modifications to the law on the minimum growth wage (SMIC) in the light of these collective bargaining agreements. The French Government also indicated that the priority granted to increasing the lowest wages could only be compatible with economic constraints if the rise in high incomes was curbed. This concern with the narrowing of pay differentials can also be found in a number of other countries (Belgium, the Federal Republic of Germany, Denmark and Italy) where pay increases have taken the form of a lump sum (fixed in absolute terms) or a flat-rate percentage increase accompanied by a fixed bonus. Discussions on the implementation of an equitable income distribution policy have made the greatest progress in the Netherlands however; the Government, Parliament and specially the trade unions advocating a review of the incomes structure aimed at reducing income differentials which are considered too significant.

154. In 1978, studies and discussions on asset formation policy produced very interesting results in three countries: the Netherlands, France and the United Kingdom. In the Netherlands two draft laws submitted in April and October dealt with worker participation in the capital growth of undertakings. These draft laws, mainly based on those framed by the previous Government, cover not only the subject of individual participation, but introduce a national system of capital growth sharing for all workers for a period of three years. In France, the law of 13 July 1978 introduces the option of deducting FF 5 000 per year from taxable income in order to build up a portfolio of French shares and sets up machinery to direct savings towards the financing of undertakings. Another draft law, to be presented to Parliament after its adoption by the Council of Ministers on 31 October 1978, provides for a compulsory free distribution of shares to wage and salary-earners by industrial and commercial undertaking quoted on the Stock Exchange, up to 3% of their share capital. In the United Kingdom, from April 1979, it will be possible for companies to distribute shares to their employees in return for tax concessions.

155. In the sphere of equal pay for men and women, it may be recalled that the Council Directive (75/117/EEC) of 10 February 1975 stipulated that Member States should forward to the Commission, by 12 February 1978 at the latest, all the necessary data to enable the latter to draw up a report for submission to the Council on the application of the Directive in question. A draft proposal for a report, which was submitted to the Special Group on Article 119 in September 1978, sets out the answers to a questionnaire drawn up by the Commission. The Group's recommendations have been included in the report, forwarded to the Council, the European Parliament and the Economic and Social Committee at the beginning of 1979.

As regards legislative progress in 1978, attention should be drawn to the introduction, in Belgium, of the economic recovery law of 4 August 1978, Title V of which deals with equal treatment for men and women as regards working conditions, including pay. This document introduces legal certainty in the private sector and at the same time covers the public sector.

In the public sector in Ireland, where pay scales differentiated according to sex were abolished as of 31 December 1975, the date on which the Anti-Discrimination (Pay) Act 1974 came into force, pay scales differentiated according to marital status were only totally eliminated as of 1 July 1977. An agreement between the State and the Irish Congress of Trade Unions (ICTU) in October 1978 made this provision retroactive to 31 December 1975.

## Development of the situation in the member countries

### *Belgium*

156. In 1978, negotiations on collective agreements were geared more towards qualitative than quantitative demands. The agreements reached in 1977 for periods of one to two years were, generally speaking, very reasonable, although quite high wage demands might have been expected following the freeze in force for most of 1976. This tendency towards pay claim moderation in collective bargaining negotiations also held good in 1978. Agreements concluded in most sectors and undertakings generally granted a flat-rate pay increase identical for all grades, payable in two stages over a one-year period; and cleaning firms were the only exception to the maximum BFR 5 per hour norm. An agreement valid for 1978 and 1979 was concluded for the 800 000 workers in the public sector: the end-of-year bonus will be increased twice by BFR 1 000 to total BFR 7 000 in 1978 and BFR 8 000 in 1979, plus 2.5% of gross annual earnings; the holiday bonus was also

increased, and in 1979 will amount to BFR 20 000 (index-linked) plus 1% of gross annual earnings.

According to the statistics available for September 1978 concerning wages covered by collective agreements, it appears that the wage increase during the first three quarters of 1978 has been appreciably smaller than the increase for the same period of 1977 (+ 4.0% compared with + 7.1%). This slow down is particularly evident as far as the index mechanism is concerned (+ 2.6% compared with 5.1%) but it is also apparent in the rate of increase of basic conventional wages (1.4% compared with 2.0%). On the other hand, the conventional salaries of employees increased by only 3.6% (compared with 6.0% in 1977). This slow down is practically entirely due to indexation (2.3% compared with 4.6%) as the increase of rates of salaries has been practically the same in both years (1.3% compared with 1.4%). Note must therefore be taken of the definite slow down of price increases: the December 1978 index being 130.09—a rise of 3.9% compared to December 1977 as against 6.3% in the previous year.

Henceforth a minimum average monthly income is guaranteed to workers under 21 by the collective agreement concluded within the National Labour Council for undertakings not covered by a joint committee. It stipulates the percentages which will be used to calculate the minimum amount, according to age, on the basis of the guaranteed minimum wage for non-skilled workers aged 21 and over (BFR 20 451 on 1 September 1978).

The Government has for some years been applying a system of stepped indexation to taxation. Full indexation is applied, in tax year 1978, to taxable incomes not exceeding BFR 280 000 and partial indexation to those not exceeding BFR 500 000; beyond that figure, taxation rises more sharply. In tax year 1970, full indexation will apply to taxable incomes under BFR 400 000 and partial indexation to those not exceeding BFR 750 000.

In December 1977 the law embodying budgetary proposals for financial year 1977/78 was published: it provided for the merger of the 14% and 18% VAT rates into a single rate of 16%. A new law was also published governing 1978 leases and other agreements relating to the rental of buildings authorizing a 5% rent increase. Rents will, in 1979, be allowed to increase by a maximum 4% (13 November, 1978 Law).

Mention should also be made of the study on the personal incomes in 1975, which has just been published by the National Statistical Institute. From its conclusions, it emerges that 2.3% of tax-payers with declared earnings of more than BFR 1 000 000 (net) account for 13.2% of total income declared, whereas 16.7% of taxpayers earning less than BFR 100 000 (net) account for only 3.1%.

In the sphere of asset formation, the building industry's social and economic fund<sup>1</sup> was wound up. The new collective agreement provides for the granting of a supplementary annual pension to building workers drawing pensions on 1 April 1978.

Title V of the economic recovery law 'réorientation économique' of 4 August 1978 deals with equal treatment for men and women and thus implements Council Directive 76/207/EEC of 10 February 1976. This law, which covers workers in both the private and the public sectors, also covers the problem of pay and its protection in the provisions on working conditions, in order to conform more closely to the terms of Article 119 of the EEC Treaty and Council Directive 75/117/EEC of 10 February 1975.

### *Denmark*

157. Two laws on pay, one adopted at the 16 August 1976 special session of Parliament and the other adopted on 15 April 1977, were still in force in 1978. The first of these laws had set up the scheme, whereby all payments, starting with the second, triggered off every six months by the price index, were financed by the State and paid into a supplementary pensions fund. The price indices for the third quarter of 1977 and for the first quarter of 1978 each triggered off the payment of one such index compensation payment—each of which equivalent to DKR 2 000 million a year, which will be frozen until 1 September 1979. The second law resulted from a vote by Parliament on the 'compromise proposal' submitted by the Mediator after the breakdown of the spring 1977 collective negotiations in the private sector. In this law, two wage increases of DKR 0.70 per hour (DKR 0.50 for young persons) were provided for—on 1 March and 1 September 1978—and a 'guaranteed earnings' as from 13 April 1977 was introduced.

In August 1978 the new coalition Government had two laws adopted during a special session of Parliament, one increasing VAT from 18 to 20.25% as of October 1978 and the other, entitled 'Price and wage freeze', imposing a standstill on goods and services and on pay for a 6-month period starting 28 August 1978. However, the law allows for price increases resulting from pay rises already awarded and did not, therefore, affect the DKR 0.70 per hour increase effective from September 1978. There was a marked slow down in the rate of inflation in 1978 — a comparison of the 1977 and 1978 price indices shows that prices went up by 5.9%

<sup>1</sup> Social Report 1977, point 159.



(direct and indirect taxes excluded) in the first eleven months of 1978 equivalent to a yearly rate of 6.5% as compared with 8.9% during 1977.

These restrictive measures are part of the general guidelines for economic policy for 1979, according to which the Government aims to reduce the rate of increase in private consumption, bring inflation down and limit pay rises. The latest statistics indicate that hourly wages for workers in industry will have increased by about 10% and the earnings of salaried staff by about 9%. In view of the expected increase of 6.5% in the consumer price index and the effect of the increase in VAT, the purchasing power of the real earnings of Danish workers will increase by about 2% in 1978.

Preliminary negotiations in the private sector on the renewal of collective agreements expiring in March 1979 began in November 1978 but they rapidly broke down. The Trade Union Confederation's (LO) first demand concerned the introduction of 'economic democracy' (worker participation in investments and profits of undertakings). The employers (DA), on their side, refused to have this item on the agenda and negotiations were continued only after LO had accepted to exclude this question of economic democracy from its more general claims concerning the overall guidelines regarding social and political economy policy. As regards pay policy, the main objectives of LO's claims include a rise of the hourly 'guaranteed earnings' and of the conventional 'minimum' and 'standard' wages (as well as that for young persons) based on a regular review of the salaries of certain categories, a rise in the index compensation and on the guarantee of a real disposable wage. Moreover LO considers that, as from 1 September 1979, employers ought to finance the payment of index triggered compensation, at present paid by the State, into the supplementary pensions fund.

The employers' claims include the suppression of the minimum hourly wage, the institution of an employment subsidy and a slight general decrease of hourly time and piece rates. They furthermore demand an end to automatic indexation of wages and refuse to undertake to pay the frozen index linked increases.

There is such a wide gap between the social partners' points of view that the negotiations are not expected to result in an agreement. It will therefore be up to the Government and to Parliament to set up legislation for social peace. In this context it will be interesting to see how the Government's official declaration that everything will be done to maintain the level of real disposable wages is translated in concrete form.

*Federal Republic of Germany*

158. The Federal Government's annual report on the economic outlook for 1978 was, in keeping with custom, adopted in January. Since real economic growth is not expected to exceed 3.5% and in view of the low level of investment, the report stresses that the growth of aggregate wages and salaries per person in employment must not exceed 5.5% during the year, so as to allow income from property and entrepreneurship to increase by about 9 to 11% compared with 3.5% in 1977). With this in view, the Government is endeavouring to achieve economic growth against a background of price stability by encouraging an increase in companies' profit margins.

In the event, the 1978 collective agreements, despite long delays, were in keeping with the guidelines of the Federal Government's report. For example: (a) the metal-working industry, in which the agreement grants a flat-rate increase of 5% as of 1 April plus a lump-sum bonus of DM 110-137 per month for the first three months of the year; (b) the public sector, where all employers (including civil servants in the strict sense of the word) received a flat-rate increase of about 4.5% as of 1 March 1978 and (c) the building industry, with an increase of 5.6% plus a lump sum of DM 135. This trend (an increase, for the most part, of around 5% but within the 4 to 7% range) was reflected in the pay index for wages and salaries governed by collective agreements which rose by 5.7% during the first half of the year compared with the same period of the previous year. Taking into account tax concessions granted during the second half of 1977 the net gain in 1978 per employed person was about 6.5% and, since inflation did not exceed 2.5%, workers' real disposable incomes increased by 4.0% during the same period — the highest percentage for the last seven years. Net income from property and entrepreneurship has, on the other hand, increased by slightly over 10% in 1978. However, such aggregates conceal disparities in the distribution of net personal incomes. Notwithstanding some inadequacies in methodology which in particular bring about an overestimation of household income of professionals, this situation can be illustrated by the analysis made by the Institute for Economic Research in Berlin which includes a comparative analysis of net personal incomes in 1977 by social and occupational category. The report states that, although according to the National Accounts, gross compensation of employees increased by 7.1% and gross income from property and entrepreneurship increased by only 3.5%, in net terms the proportions varied considerably between the various types of household. Although the net incomes of self-employed persons increased by 6.4% in 1977, pensioners' incomes rose by only 5.6%, those of salary-earners by 5.4% and wage-earners by 5.1%.

Attention should be drawn to a major innovation as regards collective pay agreements which involved the metal-working sector. To avoid the damage caused by the downgrading of workers resulting from the restructuring of undertakings, the signatories of the agreement stipulated that any worker downgraded in this way would receive financial compensation for 18 months in order to keep him in the wage category to which he previously belonged. At the end of this period, his wages, instead of dropping suddenly, will gradually be adjusted to the new level, taking account of future wage increases.

159. As regards asset formation, it may be pointed out that the number of employees benefiting from asset formation allowances from their employers under collective bargaining agreements in the framework of the 'DM 624' law increased by 2.1 million this year, largely due to the signing of asset agreements in the retail trades sector. Thus in 1978, 92% of all workers covered by collective agreements receive an asset formation allowance, as compared with 80% in 1977. The proportion of workers receiving the maximum amount of DM 624 pursuant to collective agreements, now about 18%, is expected to reach 48% in 1980.

After the Federal Government's declaration, in its annual economic report, that it wanted to make headway in the sphere of employee participation in the productive capital of undertakings, two measures should be noted:

- (i) the draft law submitted by the Bundesrat, at the request of the Bavarian Government, designed to abolish tax disincentives which discourage asset formation amongst workers in certain limited companies. Although it approves the objectives of this bill, the Federal Government believes that the proposed bill falls short of solving various legal difficulties involved and it has consequently asked the Bundestag to reject it;
- (ii) the draft law submitted to the Bundestag by the opposition (CDU/CSU) designed to extend participation in the profits of undertakings to a greater number of undertakings than at present covered by the Bundesrat draft law. The bill also advocates a new insurance scheme, to be financed by undertakings, which, in the event of the company's bankruptcy, would guarantee payment of 50% of any amounts invested in the undertaking by workers under asset sharing schemes. During discussions on this proposal in the Bundestag, it emerged that the political parties did not agree on the way in which profit sharing at undertaking level should be assessed and how it should be treated for taxation purposes. For their part the employers, whilst stating that they agreed in principle, were pessimistic regarding the implementation of such a system in the present economic climate.

At their annual Congress in May the DGB trade unions reiterated their opposition to any system of profit-sharing at company level. They preferred schemes involving profit-sharing at inter-trade level under agreement between the two sides of industry. Furthermore, the trade unions advocate a greater financial encouragement to save than is presently the case for persons on low incomes and, in this context, the Congress expressed a wish that the legislators should re-examine the present savings promotion scheme.

### *France*

160. The broad lines of the wages policy to be followed in France in 1978 were set out in a letter addressed by the Prime Minister to the two sides of industry on 24 November 1977. The Prime Minister stated that all the measures taken in 1977 were to be continued, in order to consolidate the economic and financial recovery, but that special efforts would have to be made in favour of low wage groups. Around the same time, Parliament passed a law freezing incomes above FF 30 000 a month in 1978; this freeze was slightly more liberal than that introduced in 1977, under which an increase of half the rise in prices was permitted for incomes between FF 18 000 and 24 000 per month, whilst a total freeze was imposed on incomes above FF 24 000 a month.

In a further letter to the two sides of industry on 27 April 1978, the Prime Minister, after referring to the opening of negotiations in the public service and nationalized industry sectors, hoped that in the private sector the industry-level talks would take account of 'all components of pay', and that they would aim towards 'fixing of minimum real earning throughout whole industries or possibly regions' and 'improving the relative position of manual workers'. He also stated his intention of raising the 'minimum growth wage' (SMIC) three times in the course of 1978, in line with the growth rate, and said that a change in the SMIC legislation was contemplated 'in the light of the results of the industry-level negotiations on the minimum wage'. The SMIC, though not increased in the first quarter of 1978, has been uprated four times since then: on 1 May, 1 July, 1 September and 1 December. From FF 10.06 per hour at the beginning of the year, it was put up in May to FF 10.45, in July to FF 10.8, in September to FF 11.07 and in December to FF 11.31.

It should be noted here that in France pay negotiations through collective bargaining are traditionally influenced by the level and trend of the SMIC. The Government's wish is that the increase in the SMIC should more closely follow the trend in pay freely negotiated by the two sides of industry. The agreement signed on 18 July 1978 in the metallurgical industry followed this new approach when it fixed guaranteed annual earnings for all the close-on three million employees in this

sector for the period from July 1978 to December 1979, with the aim of improving the standard of living of the lowest-paid workers having regard to local economic conditions.

The rate of increase of hourly wages in the first quarter was 2.2% and 4.2% in the second quarter. Consequently, the purchasing power of hourly earnings which fell slightly (—0.2%) in the first quarter went up by 1.3% in the second quarter which is traditionally favourable for wage increases.

This 6.5% increase in wages over the first six months, equivalent to an annual rate of 13.5%, brought a swift reaction from the Government: on 6 September the Prime Minister wrote to the Economics Minister that it was 'necessary to act to prevent any relaxation of wages policy' and called on him to 'draw up without delay measures whereby explicit account can be taken of firms' behaviour over pay in the granting of State aids and loans'. He also stated that the priority given to raising the incomes of the lowest-paid could only be squared with the economic constraints if the rate of increase of higher incomes was curbed.

161. In the field of asset formation policy, following the Government's announcement in October 1977 that it intended to make it easier for supervisory staff to acquire shares in their companies, a working party was set up by the Cabinet to make recommendations on the acquisition of shares and put forward practical proposals by 1 February 1978. The three central themes of the working party's report, presented to the Prime Minister on 14 February, are the channelling of saving towards the firm, reactivation of the concept of participation in the firm's growth, and asset formation to provide for retirement. Some of these recommendations were incorporated in the Law of 13 July 1978, whose main features are given below:

- (i) under certain conditions and until 31 December 1981, a maximum of FF 5 000 per year per household (plus FF 500 each for the first two dependent children and FF 1 000 from the third) can be deducted from taxable income if such sums have been spent in purchasing certain French securities. Special provisions are made for taxpayers who will be aged 50 or over on 31 December 1981, who will be able to take advantage of the scheme until their retirement, or for a maximum of 15 years:
- (ii) savings will be channelled into firms, through a scheme involving:
  - (a) the issue of non-voting preference shares;
  - (b) the option, for companies, to deduct from their pre-tax profits the dividends paid on shares issued for the purpose of increasing capital over the previous

seven years, instead of the present five years (ten years for preference shares):

- (c) the option, for households, to claim tax relief over four years on that part of their income devoted to acquiring a portfolio of French shares.

A new stage is also about to be reached in employee participation in undertakings' capital growth. A compulsory share-owing scheme has already been introduced in France in part of the semi-public sector (under the 1970 Law on the Renault undertaking and the 1973 Laws on the national banks and insurance companies, SNIAS—the National Aerospace Company and SNECMA—the National aero Engine Design and Construction Company) and an optional one in the private sector (Law of 27 December 1973). On 31 October 1978, the Cabinet gave practical form to a plan announced by the President of the Republic at a press conference on 14 June 1978, by approving a draft law providing for compulsory distribution of shares to employees of industrial and commercial companies quoted on the Stock Exchange. The scheme entails an 'exceptional once-for-all' distribution, free of charge, of 3% of the company's registered capital up to a limit corresponding to FF 5 000 per employee, provided that the company has paid dividends at least twice in each of the past three financial years. The individual amounts distributed can be varied in a proportion of 1 : 3 according to employees' earnings and length of service. The shares may not be sold for a period determined by the company, of not less than three years or more than five years.

It may be noted that the Government is studying a number of measures designed to encourage the development of profit-sharing through improvements to the existing legislation in this field — particularly the 1967 order — on the lines of the Sudreau Report recommendations.

### *Ireland*

162. The economic and social situation in Ireland was the subject of keen public debate in 1978, prompted by the Government. In January an outline of the Government's policy was published in a White Paper entitled 'National Development 1977-1980'. The White Paper did not contain a detailed plan, but the Government with the prospect of a moderate national pay agreement of the order of 5% and a steady reduction in the inflation rate to 5% in 1980 declared its aims to be a 7% annual increase in GNP, greater public expenditure and tax reductions to boost private consumption.

The budget presented to Parliament on 1 February put these intentions in practice, even going so far as to abolish the wealth tax introduced in 1976. The draft 1978

National Pay Agreement negotiated by the Employer-Labour Conference from December 1977, was ratified by the Irish Congress of Trade Unions and by the employers on 23 March, 1978.

Although it did not come within the Government guideline for pay increases of around 5%, the 1978 National Agreement still shows moderation. Running over 15 months, the Agreement provides for:

- (i) an initial increase of 8% over the first 12 months (with a minimum of UKL3.50 a week);
- (ii) a second phase increase of 2% ;
- (iii) local negotiations at industry or plant level for a further increase to a maximum of 2% of basic wage costs;
- (iv) negotiations of higher increases in exceptional circumstances (e.g. productivity).

This 2% productivity increase was in fact agreed in enterprise bargaining in many sectors, with the result that basic pay is expected to rise by around 11 to 12% in 1978. With the increase in consumer prices slowing to 8% over the year, it was likely that 1978 would bring about an increase in the purchasing power of Irish workers' gross pay of around 4%, and a somewhat bigger increase in the net income of households following the tax reductions provided for in the budget.

With regards to the application of equal pay in the Irish public service, sex-differentiated pay scales were abolished from 31 December 1975 when the Anti-discrimination (Pay) Act 1974 entered into force, but scales which varied according to marital status were not completely abolished until from 1 July 1977.<sup>1</sup> In October 1978 an agreement was reached between the Government and the Irish Congress of Trade Unions to make this abolition retrospective to 31 December 1975.

163. In the asset formation field, there was a noticeable increase in interest by trade unions in profit-sharing. Particular interest was shown by the Irish Transport and General Workers Union, which proposed to make this one of its demands in the next collective bargaining round.

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<sup>1</sup> Social Report 1977, point 165.

*Italy*

164. In October 1976 the Government introduced a partial or total freeze on some incomes for 18 months. During the freeze, persons earning between LIT 6 and 8 million per annum received only half of the increase due to them under the sliding scale wage indexation system, and those earning more than LIT 8 million were allowed no increase at all, the frozen increases being compulsorily converted into Government bonds which were non-negotiable for five years.<sup>1</sup>

This mandatory savings scheme ended on 30 April 1978. As from that date, the pay of the workers affected was increased in line with the increase in the scale during the 18 months of the freeze. Workers earnings over LIT 8 million per year received an increase of some LIT 80 000, and those earning between LIT 6 and 8 million some LIT 40 000.

In 1977 the Government had agreed to finance part of the social security burden of industrial, commercial and craft undertaking from public funds for the period from 1 February 1977 to 31 January 1978.<sup>2</sup> This measure did not end on the scheduled date, but has been extended to 31 December 1978.

The Government has elaborated a three-year economic recovery plan — covering 1979-1981 — aimed at getting the country, whose rate of inflation is still high (11.5% from September 1977 to September 1978), on a sounder economic footing. The plan identified two principal causes of structural instability, namely the growth in public expenditure and rising labour costs. Hence it was necessary to achieve a sharp reduction in the public spending deficit and moderation in pay increases. A pay policy should be followed which did not increase real labour costs per hour. First and foremost, over and above the effects of the sliding scale scheme, pay increases should do no more than compensate for the decline in real incomes not covered by the sliding scale scheme. In addition, wage restructuring should have the effect of phasing out the automatic increases and reducing disparities between groups. The trade unions, which at the beginning of the year had said they would accept some controls in return for some say in economic planning and in order to achieve full employment in the medium term, asked for some points to be clarified and let it be known that, although they found that the plan had positive aspects, they nevertheless reaffirmed their firm opposition to any change in the sliding scale scheme.

The indexation issue was highlighted when the Government proposed that increases in the index should not be applied to increments for length of service. The

<sup>1</sup> Social Report 1976, point 156.

<sup>2</sup> Social Report 1977, point 167.



trade unions firmly opposed the draft law containing this measure. The Government, aware that the trigger arrangements and the various systems for working out these increments made the pay structure more complicated, acknowledged that this issue should be discussed in the light of the proposals trade unions were to make on a gradual comprehensive reform of pay structure.<sup>1</sup> A tentative policy was agreed by the combined trade union federation at its June 1978 meeting, and this was likely to be reflected in the demands of those groups which had to negotiate new agreements. The aim was to reorganize the relationship between direct and deferred pay and between pay for the job and pay for seniority. Over and above those measures coming within the province of Parliament, the main lines of trade union thinking are also likely to emerge shortly in the current new round of wages negotiations for more than 9 million workers. The agreements being negotiated include those which expired in 1977 and have not been renewed (many groups in the distributive trades), those expiring in 1978 (construction, tourist industry) and others expiring in the first half of 1979 (metal-working industry, private sector of the chemical industry, textiles).

### *Luxembourg*

165. Economic activity in 1978 featured a partial recovery (almost 14%) in the steel industry and a slight upturn in housebuilding, where the volume of work carried out was 3% up on 1977. Taking account of industrial expansion (+ 6.5%) and of the increased activity in certain service industries, the GNP growth rate in 1978 should be about 2.5%.

The growth in aggregate wages and salaries already curbed in 1976 and 1977, again slowed significantly. This was partly due to the moderate increases awarded in the major collective agreements, and secondly because the low level of activity in many industries had a constricting effect on total wages and neutralized the improvements obtained in other sectors. A comparison of trends in the principal sectors in the first nine months of 1977 and 1978 shows that the steel industry's wage bill and work force fell by 2.9% and 8.5% respectively this caused a decline of 0.9% in aggregate wages in industry as a whole, although if the steel industry is disregarded there was an increase of 1.6%. Average earnings per employee throughout industry, however, rose over the same period by 6.4%, representing an increase of 2.4% in real terms when the average rise of 3.9% under the sliding scale system is allowed for.

As a background to this pay claim moderation, the upward movement of prices has slowed considerably since 1976; this trend persisted in 1978, and results in an inflation rate of 3.1% — one of the lowest in the Community. The operation of the

<sup>1</sup> Social Report 1977, point 167.

automatic wage indexation system was curbed in consequence and the six-monthly average of the consumer price index passed the trigger point only twice, on 1 February and on 1 November 1978. Wages and salaries determined by law, collective bargaining or individual employment contracts were therefore adjusted by 2.5% on these dates. The minimum guaranteed wage, which had been increased by 4% in real terms on 1 January 1978, was thus raised by two further index-linked increments of 2.5%, bringing the rate for adult unskilled workers to LFR 17 770 per month or LFR 102.70 per hour.

On the collective bargaining front, two important agreements are due to expire on 31 December 1978. In the steel industry, the Luxembourg Steel Industry Federation at first asked its manual and white-collar workers to accept a pay freeze, whilst the trade unions were demanding a two-year contract with a lump-sum increase of LFR 1 000 (indexed), equivalent to 2.7% of total wages. A new proposal from the employers regarding workers has been refused by the trade unions.

The pay claim being discussed in the banking and insurance sector is also for a two-year period and contains demands for a tax-free holiday allowance of LFR 10 000 and a flat-rate increase of 6% spread over 1979 and 1980.

There was no across-the-board pay increase in the civil service in 1978. However, the Law of 30 March 1978 further amending the Law of 22 June 1963 governing the civil service salary scheme introduced career improvements for lower-grade staff similar to those introduced for the middle grades in 1977. Other reforms are under way and it has been estimated that over the past few years these selective reforms have brought about improvements in real income of at least 1% per year. Lowest-paid civil servants (under LFR 27 800 per month), however, received a small increase from 1 September 1978 due to an award of extra index points.

Work on the reform of the consumer price index is continuing.<sup>1</sup> The findings of the 1977 survey of the family budgets of the lowest-paid were published in December 1978, after which discussion could begin on a proposal to review the weighting of items in the price index and increase their number to cover 250 to 300 articles instead of the present 173.

166. With regard to asset formation, as reported earlier,<sup>2</sup> in December 1976 the Government finalized an index-linked savings scheme in collaboration with the State Savings Bank;<sup>2</sup> the private banks also began to offer their customers a similar scheme, but on more advantageous terms. In 1977, when prices rose by 6.7%, interest of 7.2% was paid on index-linked savings by the State Savings Bank and

<sup>1</sup> Social Report 1977, point 168.

<sup>2</sup> Social Report 1977, point 169.

7.7% by the other banks. In the current year, however, the trend of the index suggests that the rate paid will not exceed 4.2%.

### *Netherlands*

167. It proved possible to reach a national agreement on wages and working conditions in 1978 and agreements were therefore concluded at industry and undertaking level. Over and above the increases arising from indexation, the unions demanded a rise of only 0.5% to offset the increase in the tax on gas, which is not included in the index. There were sliding scale increases of 1.94% on 1 January 1978 (for the period April to October 1977) and 1.12% on 1 July. Allowing for a wage drift somewhat higher — as seems likely — than the forecast 1.5% and an inflation rate of 4.5% for 1978, the increase in the real disposable income of an average worker (including wage drift) over the period under review will be in excess of 2%.

Under the law concerning wages not fixed by collective agreement in 1978 and 1979, the Minister for Social Affairs is empowered to regulate those wages taking account of the trend of wages fixed by collective agreement.

Following on the new coalition Government's announcement at the beginning of the year that it intended to apply a policy of austerity, a White Paper was published in late June defining the Government's medium-term financial, social and economic policies. In broad terms, the plan aims to reduce fiscal and social security charges on undertakings with a view to increasing their profitability and curbing the steady growth of the share of the national income taken up by the public sector. The main objective of the Government policy is to reduce unemployment and it includes a series of major incomes policy guidelines:

- (i) reduction of the inflation rate of 2 to 3% in 1981;
- (ii) maintenance of the purchasing power of all wages, at least up to the level of the average worker's earnings;
- (iii) other forms of income to increase at the same rate as wages;
- (iv) alteration of the relationship between the earnings of officials and other public sector employees and private sector wages, so that public sector increases can be held to a level 1% below those in the private sector for a period of three years;
- (v) limitation of the wage drift to between 1 and 1.5% per year;

- (vi) tax relief for dependent children to be entirely replaced by family allowances — which would represent a net gain for workers earning less than HFL 40 000 a year and a loss above that level;
- (vii) limitation of the increase of social security payments.

When submitting the budget for 1979, the Government announced plans to reduce the present 80% indexation of tax scales with full indexation.

The Government also indicated that it intended to call for opinions from the Social and Economic Council on the index-linking system for the minimum wage and a draft outline law on income formation. In addition, it proposes to set up an advisory body to consider questions relating to income structures and a tripartite group to carry out a study on wage drift. In July, the Government has called for an opinion on high salaried income from the Labour Foundation.

The Social and Economic Council was unable to give a unanimous opinion on the implementation of an equitable income distribution policy. The views of the Council's members, published in September, ranged from a belief in State regulation of primary income formation as a means of redistributing incomes to the conviction that the market mechanisms should not be disturbed and that a more equitable distribution of incomes could be achieved through social and fiscal measures. The trade union idea that the maximum range of income differentials should not exceed 1 : 4 or 1 : 5 was rejected by the employers.

The minimum monthly wage was adjusted twice in 1978 (+ 5.1% on 1 January and + 2.9% on 1 July), rising from HFL 1 591.20 per month at the end of 1977 to HFL 1 673.10 in January, then to HFL 1 722.50 in July. The Government is required by law to consult the Social and Economic Council every three years on the need for a 'structural' increase in the minimum wage. In 1978, the Council's view, shared by the Government, was that such an increase was unnecessary. The increase of the minimum wage on 1 January 1979 amounted to 1.7% and brought it up to HFL 1 751.10. A survey of industry and commerce carried out by the Ministry of Social Affairs showed nearly 325 000 employees (15.3% of the total) to be earning the minimum wage and more than 30 000 — mainly in the retail trade, farming, fishing, hotel and catering sectors — to be receiving on average 10.2% below the statutory minimum.

168. In the field of asset formation policy, the June 1976 draft law on workers' participation in the capital growth of undertakings has been substantially amended by the new Government. The original draft was split into two parts: the first, submitted to Parliament in April, relates to individual participation in the capital growth of the worker's undertaking and the second, submitted in October, to the

introduction for an experimental period of three years of a national system of capital growth sharing for all workers. The schemes would have retroactive effect: the individual one from 1 January 1977 whilst the national scheme from 1 January 1978. The schemes apply to all undertakings on the register of companies with annual taxable profits of more than HFL 100 000 arising in the Netherlands. 'Capital growth' is defined as net profits arising in the Netherlands less a sum representing the yield on capital employed calculated according to a formula based on the interest rates for Government loans. The company would pay contribution (tax-deductible in the case of the individual scheme) amounting to 12% of this capital growth to each of the schemes. Under the individual scheme, each worker would receive the same amount, subject to a ceiling, paid into an account at either an ordinary bank or a savings bank and frozen for a period of seven years. The undertaking can make this payment in cash or in the form of shares or other certificates; after the seven-year period the assets accumulated are at the worker's disposal. The cash contributions to the national scheme would be paid into a central fund managed by a board composed of worker representatives (in a majority) and Government appointees. Income is expected to amount to between HFL 150 and 200 million per year and would be used to supplement pensions and finance early retirement schemes.

### *United Kingdom*

169. In the United Kingdom, the Phase Three pay guidelines adopted by the Government in July 1977, ran until the end of July 1978. In the twelve months to 31 July 1978, actual gross earnings rose by some 14%, due in part to the fact that increases above 10% were permissible under self-financing productivity schemes. In the vast majority of cases, the 10% financing productivity schemes. In the vast majority of cases, the 10% guideline was scrupulously observed.

The fourth year of pay moderation was heralded by the publication of 'Winning the Battle against Inflation' a White Paper containing guidelines for wage bargaining in 1978/79. Presenting the White Paper to Parliament on 21 July 1978, the Chancellor stated that the Government's aim was to hold wage increases down to roughly half the preceding year's level. As a matter of fact the White Paper states that the total increase for any group of workers should be no more than 5%. As in Phase Three, the guidelines have preserved the rule of the twelve month gap between pay settlements and have furthermore provided for higher increases under self-financing productivity schemes on the one hand and for the low paid under the other. Thus low wages may attract more than the 5% norm to bring them up to a UKL44.50 per week ceiling, the equivalent of UKL30 per week called for by the TUC in 1974/75 plus the maximum increases allowable under subsequent pay

policy guidelines. It must be noted here that the Royal Commission on the Distribution of Income and Wealth has published its sixth report, dealing with low incomes, in June 1978. According to the report, wage earners' households represent 40% of all households in the lowest quartile of income distribution (the remainder apparently living practically entirely on social security and similar benefits). The White Paper aroused considerable controversy at the Labour Party's annual conference and it was decided that the Government and the TUC should attempt to reach agreement on a formula for wage restraint similar to the social contract of 1975/76.

The White Paper also stresses the role of the Price Commission, arguing that its very existence encourages firms to consider carefully whether price increases are justifiable in the context of present economic policies. It also announced the introduction of a new Dividend Control Bill to extend the powers which expired on 31 July. Under this Bill, no company would be allowed to distribute dividends at rates higher than those achieved since controls were first introduced and companies would in no circumstances be allowed to distribute accumulated profits not hitherto distributed. In the context of this climate of wage restraint, mention should also be made of the tax concessions introduced since October 1977 and the decline in the rate of inflation (7.8% in July 1978 compared with 17.6% in July 1977), which have helped to increase real disposable incomes.

170. In the field of asset formation, specific measures have, as promised by the Government in 1977, been introduced to promote the allocation to workers of shares in their own companies.<sup>1</sup> Following the April 1978 budget, employees will, from April 1979, be eligible to receive bonuses in the form of shares, up to a maximum value of UKL500 per year, which will benefit from preferential treatment for income tax purposes; tax liability will decline progressively while the shares are held with total exemption from the tenth year after acquisition.

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<sup>1</sup> Social Report 1977, point 172.

## Chapter VI

# Housing

## Trends within the Community

172. Seen in the context of general economic policy, housing policy in 1978 appears largely to continue the pattern described in the last Report.<sup>1</sup> No really fundamental decisions or changes with major repercussions on housing were noted. Economic activity remained subdued. For certain periods in the year there was a revival of national investment, which afterwards faded again and largely represented a catching up process following stimulation measures taken by the national authorities.

However, generally speaking there was everywhere a tendency for more and more emphasis to be placed on the qualitative aspect, i.e. the improvement of the housing stock and urban renewal. The choice of this policy rests on the fact that the Community's housing stock still contains a high percentage of obsolete and unfit dwellings. The renewal and renovation policy is also prompted partly by economic and environmental considerations.

Housing improvement can firstly provide highly labour-intensive work, and secondly there is a need today to restrict the development of further areas of scarce urban land.

173. With this in mind, the Commission is organizing a European Habitat Competition for projects in the field of renewal of urban housing areas in the Member States. Entries will have to describe the problems faced and the means used to overcome them. The results of an analysis of the projects will be widely publicized to encourage new initiatives towards improvement of the urban environment.

The Commission once again contributed in 1978 to the cost of studies and pilot projects concerning housing for the physically and/or mentally handicapped and

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<sup>1</sup> Social Report 1977, point 173.

for foreign workers. The results of these projects will, it is hoped, help to improve the living conditions of these important groups.

## Development of the situation in the member countries

174. In Belgium, the Government's industrial strategy is beginning to have an effect on house-building. The Limburg Regional Development Association for instance bought a 50% stake in a company developing system-built housing. Under a Royal Decree of 27 June 1978 grants were introduced for the installation of double glazing. Pioneering developments took place in the field of solar energy, the chief among them being the new 350 house development at Presles (Charleroi) where the hot water supply will be heated by means of solar collectors. In addition, 18 dwellings are to be fitted with an integrated solar heating system.

In Denmark, housing policy is still based on a 1974 agreement between the four largest parties in Parliament providing for a whole set of new housing legislation before 1 April 1979. The minority Government decided after examining the economic situation to combine the housing reforms with a new proposal on income tax. The reform was discussed by the Parliament in the spring of 1978. In August 1978 a coalition government of Social-Democrats and Liberals was formed and the proposed reform was not included in the common programme.

In the Federal Republic of Germany, the upward trend in building activity was indicated by the relation between the number of unemployed and the number of vacancies. Whereas at the end of December 1977 there had been only 9 052 new vacancies for 63 685 registered unemployed, at the end of August 1978 the number of unemployed was down to 24 500 and 24 900 vacancies were recorded—the first time since the recession began that vacancies had exceeded the number of job seekers. As a result, the building sector has for some time again been suffering from a shortage of skilled workers and labourers.

In June 1978, after difficult negotiations a programme was finally worked out on ways of saving heating energy in housing. The importance attached to this programme is indicated by the DM 4 350 million subsidy assigned for investment in it.

In France, new housebuilding showed a declining trend and unemployment in the industry ran at the same level as in other industries.

The reform of the housing subsidy<sup>1</sup> was extended to the whole country from

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<sup>1</sup> Social Report 1977, point 175.



1 January 1978 after the success of the experiments with the new system in 12 departments.

In July the eligibility limits for subsidies were changed to make them available to more single people and low-income families without children who had been excluded under the old limits.

The Government also decided to step up its efforts to improve the existing housing stock. In addition, in July a series of measures including a FF 150 million loan was introduced to support building activity, for improving old housing and cancellation of the increase in the interest rate on loans for house purchase scheduled for 1 July.

Studies were in progress on energy-saving and it was hoped that the pilot project stage would be reached in 1979.

In Ireland, there has been an estimated increase of some 5 000 jobs in the building industry.

The Government set out the main changes in its housing policy in the White Paper entitled 'National Development 1977-80' and in a Green Paper entitled 'Development for Full Employment'. With these it hoped to stimulate employment in the building industry and to encourage private house building. The measures, including a IRL 1 000 grant (increased to IRL 2 000 in Irish-speaking districts) and the abolition of rates, added up to considerable advantages for persons wishing to buy their first home.

In Italy, a whole series of measures of great importance for the building industry and mainly designed to stimulate building activity were passed by Parliament. The package of measures announced in the course of 1978 was a follow-up to the reorganization and recovery plan for the whole sector in the fields of urban planning (cf. the 1977 Bucalossi legislation), housebuilding (the ten-year plan for low-cost housing and rent control) and public works (streamlining of procedures and faster starts on large-scale projects).

In Luxembourg, important legislative measures were introduced, including wider guarantees of the provision of public services, in connection with the purchase of building plots.

In the Netherlands, the general economic situation had little effect on the building and housing markets. The main reason for this appears to have been a structural adjustment to the fall in production. Unemployment in the building industry remained at the same level and primarily affects the unskilled. The authorities are continuing to concentrate their efforts on encouraging energy saving.

In the United Kingdom, the Government completed discussions which followed publication of its consultative document on 'Housing Policy', and announced new supplementary legislation. National policy was in future to be geared to a more selective allocation of resources in the public sector with an increased share directed to meeting the needs of the inner cities and the disabled, etc.

Better management of the public sector housing stock was to be encouraged, and home ownership made easier for first-time buyers. Increased interest rates were a major handicap here.

### **Housing requirements, building programmes, dwellings completed<sup>1</sup>**

175. Generally speaking, a certain stability was to be observed in the number of dwellings completed in 1977 by comparison with the previous year. Overall the number of completions followed the generally sluggish pattern of economy activity. However, account should be taken of the fact that, as was pointed out in the introduction to this chapter, more and more emphasis is being placed on improvement of the housing stock and that the results of this are not reflected in Table 5.<sup>1</sup>

Various measures are being taken to stimulate building programmes, mainly with a view to increasing employment in the building industry, where in all countries except the Federal Republic of Germany unemployment remains at a fairly high level. Around half of the dwellings completed are found to have been subsidized in one form or another by the State.

### **Building costs**

176. For some years building costs in many countries have been rising less rapidly than in the past. Whereas between 1970 and 1974 building costs rose faster than the cost of living, they now sometimes run below the rise in living costs. Wages in the building industry are clearly rising less rapidly now than in the first half of the seventies, and building material prices are more or less stable.

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<sup>1</sup> Table 5, pp. 140 and 141.

## Rents

177. In Belgium, rents are rising somewhat more slowly than consumer prices in general. In this connection, it must be borne in mind that rents are controlled under the Law of 10 April 1975. The rents of small and medium-sized dwellings may only be adjusted once per year by a percentage laid down by Royal Decree. The 1978 increase was applicable as of 1 January and amounted to 5%.

In Denmark, there was an average rent increase of about 6% to 8% between 1 January 1977 and 1 January 1978 for the Copenhagen city area and of about 8% to 10% for the same period for the remainder of the country.

In the Federal Republic of Germany, there was only a very slight increase in rents for dwellings. During the first six months of 1978 the average rent increase amounted to 3.2% compared with 3.5% for the same period of 1977 and an annual average of 4.9% in 1976.

In France, the April 1978 index for rent (1970 = 100) was 177.5 compared with 167.2 for the whole of 1977 and 153.9 for the whole of 1976. The following rent increases occurred:

- (i) old dwellings covered by the 1948 Law: an increase of between 6.5% and 11% on 1 July 1978;
- (ii) the low-cost housing sector (HLM): an increase not exceeding 10% from 1 July 1978;
- (iii) the other sectors: rents were re-assessed on the basis of a well-defined formula.

In Ireland, rents in the public sector remained low. No increases were permitted for statutorily controlled rents during 1978, i.e. for some 45 000 houses in the private sector.

In Italy, the 'equo canone' Law was finally adopted by Parliament. This Law, which controls rents, is already in force and stipulates that for all dwellings, both new and old, in communes with more than 5 000 inhabitants, the maximum amount of rent should not go beyond 3.85% of an agreed value, which is fixed on the basis of a number of parameters.

From September 1977 to September 1978 the official rent index rose by 7.9%, whereas the cost of living rose by 12.2%.

In the Netherlands, a 7% increase in rents is planned on 1 July for State subsidized rented accommodation belonging to local authorities and building corporations. A corresponding rent increase has been granted for other rented accommodation. Minor variations above or below the agreed increase are laid down or permitted in

TABLE 5  
Completed housing and proportion of subsidized dwellings<sup>1</sup>

Country	Dwellings completed	1973	1974	1975	1976	1977 <sup>2</sup>
Belgium <sup>3</sup>	Total number of dwellings	63 056	66 345	78 547	76 907	73 160
	Number per 1 000 inhabitants	6.5	6.8	8.0	7.8	7.4
	Number of subsidized dwellings	42 078	29 928	31 077	31 553	30 446
	% of total	66.7	45.1	39.6	41.0	41.6
Denmark	Total number of dwellings	55 566	48 595	35 510	39 218	36 276
	Number per 1 000 inhabitants	11.1	9.6	7.0	7.7	7.7
	Number of subsidized dwellings	12 671	11 250	8 519	8 922	6 374
	% of total	22.8	23.1	24.0	22.7	17.6
FR of Germany	Total number of dwellings	714 226	604 400	435 910	392 380	409 012
	Number per 1 000 inhabitants	11.5	9.7	7.1	6.4	6.7
	Number of subsidized dwellings	169 336	147 821	126 700	132 100	139 600
	% of total	16.7	24.5	29.1	33.7	34.1
France	Total number of dwellings	500 500	500 400	514 300	449 000	450 900
	Number per 1 000 inhabitants	9.6	9.6	9.8	8.5	8.4
	Number of subsidized dwellings	348 100	355 200	355 600	316 000	267 000
	% of total	70.0	71.0	69.1	70.4	59.0
Ireland	Total number of dwellings	23 870	25 420	26 890	24 000	24 548
	Number per 1 000 inhabitants	7.8	8.2	8.6	7.6	7.7
	Number of subsidized dwellings	23 113	24 745	25 840	21 053	15 748
	% of total	96.9	97.3	96.1	87.7	64.2
Italy	Total number of dwellings	196 640	180 700	219 647	184 276	149 283
	Number per 1 000 inhabitants	3.6	3.2	3.9	3.3	2.6
	Number of subsidized dwellings	14 000	19 000	24 000	44 000	52 000
	% of total	7.1	10.5	10.9	23.9	34.8

Luxembourg	Total number of dwellings	2 468	3 395	3 330	3 380	2 840
	Number per 1 000 inhabitants	7.0	9.5	9.2	9.2	8.0
	Number of subsidized dwellings	963	1 324	1 185	1 140	953
	% of total	39.0	39.0	35.6	33.7	33.2
Netherlands	Total number of dwellings	155 412	146 174	120 770	106 813	111 047
	Number per 1 000 inhabitants	11.6	10.8	8.9	7.6	8.0
	Number of subsidized dwellings	124 337	110 433	98 490	85 915	83 999
	% of total	80.1	75.5	81.5	80.4	75.6
United Kingdom	Total number of dwellings	304 000	278 000	313 200	324 000	312 948
	Number per 1 000 inhabitants	5.4	5.0	5.6	5.9	5.6
	Number of subsidized dwellings	114 000	134 000	162 300	169 000	170 156
	% of total	37.5	48.2	51.8	52.2	54.0
Community	Total number of dwellings	2 015 738	1 853 429	1 748 104	1 599 974	1 570 014
	Number per 1 000 inhabitants	7.9	7.1	6.8	6.2	6.0
	Number of subsidized dwellings	848 618	833 701	833 711	808 581	766 276
	% of total	42.1	44.98	47.7	50.5	48.8

<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.

accordance with a points system laid down by the Minister of Housing and Town and Country Planning where it can be shown that the rent of the dwelling is too low or too high in relation to its quality.

In the United Kingdom, the rents of about six million tenants in public sector housing were increased by about 5%, somewhat less than the increase in the cost of living. In the private sector, while the rents of about 400 000 controlled tenants remained stationary, the rate of increase of the rents of about 700 000 other scheduled tenants rose to 12.5%.

### **Reconstruction and modernization**

178. In Belgium, the scope and conditions for eligibility for Government assistance towards housing improvements and urban renewal include the following measures:

- (i) subsidies will be provided for the demolition by the local authorities and public housing authorities and by individuals of dwellings beyond repair; removal and resettlement allowances and rent subsidies are also provided for persons who vacate unfit dwellings;
- (ii) improvement subsidies and loans are granted to individuals whose unfit dwellings are suitable for improvement.

Furthermore, at the beginning of this year, the Secretary of State for Social Affairs in Brussels set up a Working Party responsible for the conversion of six disused military barracks into subsidized housing. The City of Brussels itself converted numerous dilapidated rented dwellings including renovating the facades, into modern flats and decided to extend subsidizing to cover functional interior improvements as well at the renovation of facades. The Secretary of States for the Walloon Region approved a new subsidy for urban renewal, in the Commune of Hornu, among others.

In Denmark, further attention was given to modernization of the existing housing stock in connection with the Government's energy-saving plans and the campaign against unemployment. The City of Copenhagen accounted for 69% of the total modernization budget for 1977/1978 (DKR 97 million).

In the Federal Republic of Germany, about 7 000 000 dwellings are considered suitable for improvement and an additional 4 000 000 dwellings are considered unsuitable for modernization. Clearance of these dwellings and the subsequent construction of replacement housing is a better solution both as regards housing policy in general and town planning. The Federal Government has included the

building of replacement housing in the 'Investment in the future' programme (Zukunftsinvestitionsprogramm - ZIP). DM 300 000 000, which should be sufficient for 15 000 dwellings, have been earmarked for this purpose from 1977 to 1979. In addition, DM 182 000 000 were set aside by the Federal Government under the 'Joint modernization programme' for 1978 of the Federal authorities and the Länder. The Länder must provide an equivalent sum.

In France, the clearance of unsound dwellings and slums is continuing. A programme covering more than 60 000 dwellings was initiated in the HLM sector at the beginning of April. In addition, a subsidies scheme was introduced and a special scheme for the improvement of rural dwellings. It is not yet known how many housing improvement loans will be granted by various credit institutes, but it is presumed that the amount for 1978 will certainly not be less than in 1977 when it totalled 10 500. The National Housing Improvement Agency approved 14 000 applications during the first six months of 1978, which is equivalent to the figure for the same period of 1977.

In Ireland, the increase in grants for the reconstruction, extension, or improvement of dwellings and abolition of rates on dwellings from 1 January have given a considerable boost to extensions and other forms of house improvement. For example, reconstruction grants allocated for the second quarter of 1978 were more than twice the number allocated in the corresponding period of 1977.

In Italy, a specific section of the ten-year plan forms the basis for an efficient and planned reconstruction and modernization policy. The Italian Government aims at modernizing over 100 000 dwellings in the period 1979-1982.

In Luxembourg, no changes have taken place compared with previous years as regards reconstruction and modernization.

In the Netherlands, the budget headings concerned account for HFL 643.4 million which is a considerable sum. In addition, the cost of improving old dwellings seems to be so high that more and more voices are being raised in favour of demolishing old dwellings and building new ones.

In the United Kingdom, the Government continued the programme of improving the housing stock, though with a reduction in slum clearance. Further general improvement areas and housing action areas were designated, and there was a significant increase in the number of improvement grants. The Homes Insulation Act provided for grants to occupiers towards the cost of thermal insulation of their dwellings.

## Town and country planning

179. In Belgium, three more regional development plans, which serve as the basis for town and country planning, were added in 1978 to the list ratified by Royal Decree, bringing the total of plans approved to date to 15. The Senate passed a draft law amending the general Town and Country Planning Law of 19 March 1962, requiring local authorities to compile an inventory of undeveloped building land. In addition, a Royal Decree of 23 June 1978, following in the footsteps of the Netherlands, introduced the concept of 'residential zones', whereby certain streets in distinctly residential neighbourhoods may be reserved primarily for pedestrians, though without completely excluding motor traffic.

In Denmark, regional planning is largely governed by national planning at local authority level, but Government approval is required for the building of second homes, etc.

In the Federal Republic of Germany, the seventh outline plan on Improvement of Regional Infrastructure covering the period 1978-1981 was approved in the summer of 1978. The plan involves investment of DM 11 500 million per year. For 1978 the Federal Government has set aside DM 190 million for 436 urban and local reconstruction schemes quite apart from the Future Investment Plan (ZIP).<sup>1</sup>

In France, the Government came out in favour of slowing down the growth of the new towns founded some time ago. Also, more attention was to be devoted to the quality of buildings and the extent to which they fitted into existing residential areas. The importance attached to these matters no doubt had something to do with the fact that the newly set-up Ministry of the Environment and Quality of Life incorporates departments for:

- (i) architecture and building;
- (ii) town and country planning;
- (iii) quality of life;
- (iv) nature conservation;
- (v) pollution control;
- (vi) studies and research.

In Ireland, town and country planning is governed by the 1963 and 1976 Acts. In this connection applications for building permits for certain important industrial

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<sup>1</sup> Point 178—Federal Republic of Germany—of this Report.



developments must be accompanied by a study of the effects of the planned development on the environment.

In Luxembourg, the Government has published a comprehensive short and long-term policy programme which takes into account the present restructuring going on in the Luxembourg economy and puts forward priority objectives and proposals for practical measures. These are brought together in the 'General guidelines on land policy' which have been adopted by the Government and the Council. By publishing these general guidelines at the same time as the programme the Government intends to make available to the public a range of information and suggestions.

In the Netherlands, the draft law on urban renewal is before the Second Chamber of Parliament. The Investment Law (WIR) has come into effect alongside the Selective Investment Law. This law introduces aid for firms transferred to growth centres from areas which are at a considerable environmental risk (districts designated for purposes of limiting urbanization). Under the Selective Investment Law there is a levy on firms which set up business in areas which are already at considerable environmental risk.

In the United Kingdom local authorities are now being urged by the Government to assume their obligations as custodians of development land under the Community Land Act 1975.<sup>1</sup> New partnerships between the Government and local authorities have been formed to stimulate the regeneration of inner-city housing areas in the most seriously affected cities.

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<sup>1</sup> Social Report 1974, point 242; Social Report 1975, point 182.

## Chapter VII

# Family affairs

## Trends within the Community

180. Government's concern to curb the growth of expenditure did not lead to any reduction in family allowances during the period under review. On the contrary, there were slight increases, either as a result of indexation or following specific decisions, in all Member States except Italy and Ireland.

181. There is pressure in most of the Member States for a redefinition of priorities to permit the allocation of substantial resources to measures aimed at making good the shortage of facilities for the care and education of young children. In the United Kingdom, major campaigns are being conducted in support of this demand by the unions and the Equal Opportunities Commission, which believes that the inadequacy of child care provision restricts the employment opportunities of at least 35% of mothers with dependent children. The situation in this respect is particularly serious in the United Kingdom because in addition to the shortage of day nurseries, common to all the Member States, there is a shortage of nursery schools. The same is true, to a lesser extent, of Denmark.

182. The table below relates solely to day nurseries. Comparison with the figures published in the 1974 Social Report<sup>1</sup> reveals a sensible increase in both the number of establishments and the number of places in some Member States. Nevertheless, bearing in mind the increasing number of families where both parents work, there is clearly still a substantial gap between supply and demand. In most countries except Italy, where the emphasis is on the completion of the 1971 communal day nursery construction programme, efforts are increasingly being directed towards the promotion of cheaper solutions than day nurseries, notably approved child-minding schemes. There are moves to improve the training of child-minders and regulate their activities—statutory rules were laid down in France in 1977 and are under consideration in other Member States.

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<sup>1</sup> Social Report 1974, point 246.

TABLE 6

## Day nurseries

(Non-profit making establishments for children under the age of 3)

Country	Date	Number of establishments	Number of places
Belgium	31.12.1977	236 day nurseries 291 'sections pré-gardiennes'	11 115 5 820 approx.
Denmark	1.1.1978	508 day nurseries day nurseries in private homes <sup>1</sup>	17 578 27 000 approx.
FR of Germany	1976	857	24 388
France	31.12.1976	1 017 day nurseries 387 day nurseries in private homes <sup>1</sup>	50 140 25 600
Ireland	1978	66	—
Italy	Oct. 1977	1 197	59 000 approx.
Luxembourg	1978	15	260
Netherlands	1977	120	5 000 approx.
United Kingdom	31.3.1976	641 local authority day nurseries 101 firms' day nurseries <sup>2</sup>	30 450 3 050

<sup>1</sup> Day nurseries in private homes are networks of child-minders based in their own homes, attached to a day nursery or a welfare centre or working for local authorities; and their personnel is approved and supervised by qualified staff.

<sup>2</sup> For England and Wales only.

183. Different tendencies are reflected in the reforms of maternity leave during the year. Post-natal leave was extended by two weeks in France. In the Federal Republic, it was decided to create, with effect from 1 July 1979, an optional four-month leave period to follow post-natal leave (two months), and pay an allowance of up to DM 750 per month from public funds to compensate for loss of earnings during the additional four months. The aim is not to provide a longer period of convalescence after confinement but rather to make it easier to provide the care needed by babies. Consequently, there are demands from various quarters for the provisions to be applied to fathers as well as to mothers, following the example of Italy, where fathers have since last year been entitled to optional leave for six months on 30% of wages. In Denmark, the Child Welfare Commission and the Equal Treatment Commission are claiming an extension of maternity leave and the introduction of parental leave of 13 weeks. It is significant that the supporters of

equal treatment for men and women should advocate the introduction of parental leave, which represents a certain recognition of the interchangeability of roles in bringing up children.

## Development of the situation in the member countries <sup>1</sup>

### Belgium

184. In 1977 the home-help services for families and elderly persons received more than BFR 1 899 million in State subsidies, and the number of personnel employed totalled 9 953. The application of the collective agreement covering this sector, signed on 13 December 1977, was made obligatory by the Royal Decree of 11 April 1978; under this agreement, the employers' services have given home-helps (who are members of one of the trade unions which signed the collective agreement) the right to representation by a trade union delegation whose status is governed by the aforesaid agreement.

The 101 approved pre-matrimonial, marriage and family guidance centres gave 27 698 medical consultations and 83 155 non-medical consultations in 1977, for which they received subsidies totalling BFR 33.3 million, or 11 million more than in the previous year.

The Ministerial Decree of 20 January 1978 fixed a new scale for parents' contributions towards the cost of maintaining children in day nurseries, 'sections pré-gardiennes' (for children aged between 18 months and three years) or approved child-minding services; this contribution varies from BFR 40 to BFR 280 per child per day depending on the parents' income. The experiment started by the day nursery service of the City of Brussels is worth mentioning; it entails sending a team of children's nurses to care at home for children who, because of illness, are temporarily unable to attend their usual day nursery; however, this type of aid cannot be provided for more than two weeks.

In the sphere of family law the Government has laid down a draft law which, *inter alia*, grants the same rights to maintenance and inheritance to all children whether they be legitimate, natural or adopted. The draft law also provides that full rights of adoption are available not only to couples, but also to single persons.

One of the demands of the 'Ligue des familles' (Family Association) is that the birth grant for the third and subsequent children, currently BFR 6 801, be raised to the

<sup>1</sup> See also C — Chapters VI, VIII and IX of this Report.

amount paid for the second child, at present BFR 12 643; another is that a National Alimony Office (Office national des créances alimentaires) should be set up to help divorced women who have problems in obtaining their alimony.

### *Denmark*

185. In view of the increasing number of women at work and the growing awareness of the importance of the early years in the care and education of children, various political parties and organizations have called for a reform of maternity leave. The Minister for Social Affairs has received a report drawn up by a joint committee composed of representatives of the Child Welfare Commission (set up in 1975) and the Equal Treatment Commission. Among other things this report proposes 8 weeks ante-natal leave and 13 weeks post-natal leave for the mother (the present system provides for a total of 14 weeks leave) and the introduction of 13 weeks parental leave in the child's first year. It also proposes that either the father or the mother should be entitled to stay away from work for up to 10 days a year (or 15 days where the family has more than one child) in the event of sickness of a child under 9.

As more and more women go out to work, demand has grown for day care centres for children under 13: day nurseries, nursery schools, play centres for children after school hours. In August 1978, the National Union of Teachers in the child and youth welfare services (BUPL) claimed that there were 95 000 children on the waiting lists for a day-care centres; 12 400 of them (including 5 500 urgent cases) in Copenhagen. The social affairs authorities question these figures but they accept the existence of substantial needs in this field which are, they believe, increasingly recognized by the municipal authorities and will be reflected in plans now being prepared for the period 1979-1984.

### *Federal Republic of Germany*

186. Apart from the increases in family allowance rates which will come into effect on 1 January 1979 and 1 July 1979,<sup>1</sup> mention should also be made of two other measures aimed at raising family living standards: the increase in the amount of income exempt from tax, with effect from 1 January 1979, and the implementation of the new housing allowances rules, which increase the number of households entitled to benefit (approximately 1.7 million).

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<sup>1</sup> Point 211 of this Report.

The 'day mothers' pilot scheme subsidized by the Federal Ministry for Youth, Family Affairs and Health since 1974 came to a close at the end of 1978. The aim of the scheme was to try out various ways of improving the quality of child-minding in private homes and back-up was provided by the Deutsche Jugendinstitut (Institute for youth problems), which studied the development of the children involved and devised a group-work system for child-minders. A number of joint associations of child-minders and parents have grown up as a result of this scheme. These associations see themselves as both partners and critics of the youth welfare authorities with whom they work and aim to improve the public image of child-minding so as to prepare the way for the adoption of measures by the appropriate political authorities to improve child-minders' working conditions.

Federal aid to the pilot scheme designed to promote the development of family planning and pregnancy advisory services, which was due to cease at the end of 1978, has been extended for a further year as it was not until 1977 that the Länder adopted rules to implement the 1976 penal law reform which introduced an obligation to provide women wishing to abort with information on the forms of assistance available. The total amount of Federal aid to these services in 1978 was DM 6.2 million.

The Federal Government set up a 17-member committee of experts to consider ways of extending the social security scheme specifically applicable to women and of reforming the survivor's pension scheme. Finally, a draft law currently before Parliament provides for the establishment of funds to pay advances to single parents when persons under an obligation to make maintenance payments for their children fail to do so; funds of this type are already available in Hamburg.

### *France*

187. The following benefits were increased twice in line with the rise in prices: family allowances proper and the supplements for children aged over 10 and over 15, the allowances for single parents, orphans, special education and the return to school. Further, the rates used as a basis for calculating family allowances were increased.

A measure of particular importance for families is contained in the Decree of 17 March 1978 implementing the Law of 4 July 1975 on the generalization of social security, so that entitlement to family allowances is no longer conditional on the beneficiary being in paid employment. Nowadays these allowances are payable to any person resident in France with dependent children; the estimated cost of this measure is FF 400 million. Under this Decree a couple may determine which of

them should receive the allowances and if this option is not exercised, the beneficiary will be the mother and not the father as hitherto.

Under the Law of 12 July 1978 maternity leave and adoption leave were extended by two weeks, bringing the former to 16 weeks and the second to 10 weeks, during which time wage and salary earners will receive a social security allowance equal to 90% of earnings. According to that same law, the principle of the 'replacement' allowance in case of maternity applicable to women farmers,<sup>1</sup> has been extended to non-salaried women exercising a craft or working in the commercial and industrial sectors.

Mothers employed in the Public Service are, since 1976,<sup>2</sup> entitled to post-natal leave without pay for a period not exceeding two years; according to a subsequent Law of 17 July 1978, this leave may be granted to fathers in the Public Service if the mother cannot avail herself of it (this specific leave) or of the parental leave provided for in the private sector—or if she just waives it.

Under the 1978 Finance Law any taxpayer with taxable income below a certain ceiling, is entitled to a maximum tax allowance of FF 3 000 in respect of child-minding costs of any children under 3.

The number of home helps (qualified) rose from 6 278 in 1977 to 6 720 in 1978. More and more use is being made of child welfare funds to pay for the services of mother's helps.

A draft law to ensure that both spouses are equal in the eyes of the law, both as regards the administration of common property and children's inheritance, is before Parliament.

### *Ireland*

188. There was no increase in family allowances in 1978, but supplements payable for dependent children under the various social welfare schemes were increased in April. The minimum of two years' residence in Ireland, formerly a condition for entitlement to the widow's non-contributory pension or the allowances for deserted wives, prisoners' wives, unmarried mothers or single women, has been abolished.

The number of day nurseries financed by the public authorities has risen from 31 in 1975 to 66 in 1978, but is still not commensurate with demand. The National Social

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<sup>1</sup> Social Report 1977, point 187.

<sup>2</sup> Social Report 1976, point 178.

Service Council has issued a report on the home help service. From modest beginnings in 1971, the service has grown rapidly and at the end of 1977 there were 4 554 people working part-time as home helps and 110 full-time workers. Most of them are concerned with helping the elderly. In 1978 expenditure on these services amounted to IRL 1 750 000.

The report urges the need for an appeals procedure for people refused the service of a home help, and calls for more public information about the service, more intensive training and better pay for home helps.

In 1977, the Law Reform Commission published an extensive programme of work in which family law was one of the two priority areas. It has since prepared a working paper on the law relating to the age of majority and the age for marriage.

### *Italy*

189. Under the Law of 22 May 1978 concerning social protection in case of maternity and the voluntary termination of pregnancy, termination is authorized before the 90th day of pregnancy as long as it is on one of the grounds laid down by the law. The family advisory centres are playing an increasing role and the law allocates them additional appropriations of LIT 50 000 million for 1978. The Regions are gradually introducing legislation to implement the outline law of 1975 providing for the establishment of those centres. It should be noted in this initial stage, the institution of these services often provokes conflict between rival ideological groups each of which wishes to control the new structures.

Although all the Regions have adopted laws implementing the 1971 five-year plan for the construction of local day nurseries, only a tiny part of the plan has been put into effect, mainly due to increases in costs. Serious efforts are being made to make up for the delay; in many cases, to meet the necessary expenditure regional laws are being revised, especially as regards the staff/child ratio and the principle of providing a free service to parents.

The purpose of the Law of 1 August 1978 is to improve the position of the divorced spouse with the less favourable financial situation, which in most cases is the woman. The law enables the spouse who is not otherwise eligible to retain entitlement to sickness insurance provided by the insurance institution of the other spouse; the spouse is entitled, if in need, to a survivor's pension or, if his or her spouse is remarried, to a part of the pension. Furthermore, he or she may apply for a revision of the judgment concerning the custody of the children and their maintenance if there are sufficient grounds for such a request.



Attention should be drawn to the democratic nature of the school management bodies, which were finally set up in December 1977. By direct elections, which aroused considerable interest in the country, representatives of parents and of pupils over 16 were appointed to councils at class, school, school district and provincial levels.

### *Luxembourg*

190. Family allowances, which are index-linked, were increased, and the 1979 budget provides for LFR 115 million for their increase. The birth grant was raised to LFR 10 500 (at base year) which is equivalent to LFR 31 082 at 1 November 1978.

The Law of 15 November 1978 abolished all penalties for voluntary termination of pregnancy in the first twelve weeks in the cases provided for by the law. The Law of 5 December 1978 law added the irrevocable breakdown of the marriage, as attested by 3 years *de facto* separation, as new grounds for divorce.

Due to the alarming demographic situation in Luxembourg (1.3 child per woman, with deaths outnumbering births since 1967, and 24% foreigners) the Government has commissioned an in-depth study on the question by the Director of the Institut national d'études démographiques in Paris (National Institute for Demographic Studies) assisted by STATEC. The population forecasts contained in the report published in April raise the spectre of national suicide in the next half-century unless there is a substantial recovery in the birth rate: the report proposes a number of measures that might promote such a recovery.

### *Netherlands*

191. The Dutch Family Council gave a favourable reception to the reform increasing family allowances while eliminating tax relief for children<sup>1</sup> — a decision similar to that taken by the Federal Republic of Germany in 1975. It believes that people on high incomes derive much more benefit from tax relief than those on moderate incomes. On the other hand, together with the trade unions and the employers' organizations, it is opposed to the draft law, passed by the Second Chamber, to eliminate increases in family allowances paid in respect of young

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<sup>1</sup> Point 216 of this Report.

people between 16 and 18 who are invalids or are engaged in studies,<sup>1</sup> and its replacement by increases in study grants.

It was decided that family allowances should no longer be linked to wages and salaries but to the average wage and price index.

In September, the Second Chamber devoted a wide ranging discussion to the report on women's emancipation,<sup>2</sup> which includes proposals concerning measures and services designed to enable women to run a family and work at the same time. Various ministries were invited to implement the motions adopted. The Emancipation Committee, in an opinion to the Government concerning equal treatment of men and women under the civil code, proposed—among other things—that the age of marriage should be fixed at 18 for everyone instead of the present 16 for women. It also published a discussion paper on legislation governing surnames, setting out the various possible approaches to the question, and suggesting that the Ministry of Justice undertake a survey into the population's wishes in this respect.

The social welfare bodies concerned with foreign workers are stepping up their activities on behalf of these workers' families. They have developed a new form of aid for women—family support—under which female social workers and their voluntary assistants seek to integrate these women into Netherlands society.

### *United Kingdom*

192. Child benefit was raised on two occasions in 1978, as was the supplement paid to one-parent families. The Government is drafting a Green Paper on the Taxation of the Family for publication in 1979. The Adamson Commission is conducting a full-scale review of family life.

In January 1978 the Government announced that they accepted the overall philosophy of the Court Report on Child Health Services,<sup>3</sup> and in particular the need for closer integration of hospital and community services and those providing therapeutic and preventive care. The two main advisory bodies on health and personal social services in England and Wales, the Central Health Services Council and the Personal Social Services Council, established a joint committee (the Children's Committee) to advise Ministers on health and social services for children. A White Paper on Violence to Children, published in March 1978, placed

<sup>1</sup> This increase involves doubling the amount of the allowances and even tripling them when the young person lives away from family home.

<sup>2</sup> Social Report 1977, point 191.

<sup>3</sup> Social Report 1977, point 192.

particular emphasis on the need for the prevention and early identification of non-accidental injury to children.

Campaigns are under way on several sides demanding an active policy to compensate for the shortage of facilities for the pre-school care and education of children under 5, including nursery schools, day nurseries, registered and trained child-minders. A Trade Union Congress report on the question, embodying recommendations, has aroused considerable interest. Furthermore, in September the Equal Opportunities Commission published a policy paper on the needs of working parents in this area and stated that legislation on the equality of men and women would be of limited practical significance without an expansion in child care facilities. The Commission called for an overall policy with planning at central and local level to develop such facilities, and in the meanwhile for a special effort to be made by local authorities and employers in providing these services.

The Central Policy Review Staff (a Government advisory body) published a report entitled 'Services for Young Children with Working Mothers' calling for a redefinition of priorities and noting that these services have been neglected.

193. Divorce law was reformed in Northern Ireland in 1978, bringing it into line with current legislation in the rest of the United Kingdom. This year the United Kingdom has ratified the Hague Convention of 1964 on the Jurisdiction, Applicable Law and Recognition of Decrees relating to Adoption.

## *Chapter VIII*

# Social welfare services

## Trends within the Community

193. Governments have, in these difficult times, confirmed that they intended to maintain benefits (social assistance benefits, that is)—for the least favoured categories. In the Federal Republic of Germany, where a curb in the increase of social assistance expenditure was called for, in particular by the local authorities, the competent Ministry pointed out that the increase was not due to an excessively high level of benefits but mainly to factors linked to the general economic situation and not associated with social assistance. In the Netherlands, while the medium-term economic recovery plan presented by the Government provides for a curb on the growth rate of social benefits, it undertakes to maintain the purchasing power of minimum benefits. During the discussion of the 1979 budget, the French Government expressed its intention to tackle the structural causes of the growth in social assistance expenditure—which has nearly doubled in four years—and concentrate its efforts on stricter control of the operating costs of social welfare establishments.

194. With respect to social services and social welfare in general, there are a great many needs which are still not covered whilst financial resources are stagnant or shrinking. At the present time it seems more than ever necessary to redefine priorities.

Since the social services adapt to needs in the performance of their function, they have had to develop new types of activities: for example, to respond to the difficulties of the young unemployed, prevent juvenile delinquency and provide family planning advisory services. There is a very strong demand for home help; in addition—and no doubt this is a sign of the anxiety felt by many people at the present time—there is a growing need for information and advisory services in respect of social and legal matters, marital problems, children's education and life in general.

195. Caution is necessary when considering the development of the part played by the voluntary sector in social welfare, as the context varies considerably from one Member State to another. In 1978 two countries gave special attention to this phenomenon. In the United Kingdom, contrary to the trend in other European countries, the emphasis has been laid on the development of the social services provided by local authorities, aiming at a welfare state. Last year, however a new impetus was given to the mobilization of the resources of the voluntary sector and a recent report on the future of voluntary organizations recognizes the contribution to social welfare that is made by individuals and independent agencies, not as an alternative but as a supplement to the services offered by the public sector.

In the Netherlands, social work is mainly carried out by private bodies which employ qualified social workers, and which are extensively subsidized by the State. In this country, where social services are many and varied, there is a new awareness of the contribution that voluntary social action can make to enriching social life. Doubt has arisen as to whether the over-professionalization of social work may not discourage spontaneous action. The number of voluntary workers has been growing for some years and a Government-financed social research project is under way to determine the tasks they are best fitted to perform.

196. In 1978, work continued on developing Government-financed temporary programmes to recruit unemployed workers for tasks in the public interest; such programmes have been established in nearly all the Member States. The Belgian experiment is particularly interesting from the point of view of social welfare, in that one of the aims of this 'special temporary scheme'—which succeeded in recruiting about 20 000 unemployed workers in eight months—is to bring new social needs to light. Examination of the projects that were presented and approved shows that a good many meet this objective as they concern social categories which shunned the conventional social assistance networks and are now being taken over by associations of a new type.

Similar considerations will doubtless motivate the projects to be presented at Community level following the Decision by the Social Affairs Council in November to create new forms of aid from the European Social Fund to promote the employment of young people by means of projects for the creation of additional jobs which fulfil a public need and which would not have been met if additional jobs had not been created.

## Development of the situation in the member countries

### *Belgium*

197. It is now becoming possible to assess the effects of the 1976 legislation which radically reformed the spirit and organization of the social assistance services. While establishing the right to social assistance, the law also set up appeals tribunals (*Chambres de recours*) to safeguard this right; these tribunals have already handed down a number of important decisions. The machinery, both as regards services and staff, resulting from the legislation is gradually being set up.

A Royal Decree of 14 March 1978 laid down, for the Brussels region, the rules governing the approval of and subsidies for private social welfare centres: they must employ at least three persons qualified as social workers or medical social workers. In the country as a whole there are 104 approved centres, which received over BFR 181 million in 1977.

The Law of 27 June 1978 amending the legislation on hospitals contains provisions on the services providing home help for the elderly and care in old people's homes. Special approval may be granted to institutions offering treatment which shortens or avoids stays in hospital.

The special temporary scheme introduced by the Minister of Employment and Labour, under which unemployed workers may be recruited at Government expense for tasks in the public interest which otherwise would not be performed, covers an entire range of social welfare activities (in addition to activities concerned with building, the environment, culture and public service). The projects,<sup>1</sup> submitted by both public and private bodies, involve—for example—experimental day nurseries, supervision and organization of playing fields, telephone-assistance services, the organization of meals and care at home, aid for the education of migrant children. It may be noted that the approved projects relate not only to categories which have shunned the conventional assistance networks and are now to be aided by new types of associations. One of the aims of the special temporary scheme is to uncover new needs. Public bodies and the associations are studying ways of continuing the action begun under this temporary programme.

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<sup>1</sup> At 20 December 1978, 2 922 projects had been approved for the recruitment of 31 500 unemployed workers.

### *Denmark*

198. Under two Laws of 8 June 1978, responsibility for the 'special' assistance system for seriously physically and mentally handicapped persons, particularly as regards the institutions caring for them, is to be handed over to the districts and local authorities on 1 January 1980. This is the last stage in the process of decentralization initiated by the major reform of the social assistance services adopted in 1976. Thus, in addition to the administrative reshuffle, the purpose of the reform is to replace 'special' assistance by a more modern concept, aimed at ensuring that services for the handicapped in the social, health or educational fields are integrated as far as possible with the corresponding services for the population as a whole. When this step is taken, users' advisory bodies will be set up in the districts and a central council for handicapped persons will be established.

A substantial part of the problems associated with the decentralization and other major changes in the general assistance system in recent years will be examined in a series of projects started in the Danish National Institute of Social Research. One of the subjects that will be studied is the situation that has been created in which many social workers are greatly overworked (as mentioned in last year's Report<sup>1</sup> ).

### *Federal Republic of Germany*

199. In line with the general trend towards consolidation, in 1978 the Federal Government completed the preparatory work for a draft law amending certain provisions of the Federal social assistance legislation. While benefits for single parents and persons needing care at home will be improved, certain minor cuts will be made in cases where real needs are believed to have fallen short of the amount of the benefit. The draft does not provide for measures to curb expenditure<sup>2</sup> as called for by the local authorities in particular; the Government does not consider that the very heavy increases in expenditure in recent years are due to too high a level of benefits, but to factors outside the social assistance area such as the labour market situation and the higher cost of charges, particularly of wages, borne by the social welfare services. The Government will make every effort to take account of the burden to be borne by the budgets of the Länder.

On 8 November 1978, the Federal cabinet adopted the new draft law (part of the Social Code) on aid to young people which was presented to Parliament for

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<sup>1</sup> Social Report 1977, point 198.

<sup>2</sup> Social assistance expenditure amounted to about DM 10 450 million in 1977.

examination. Among other things, the draft provides for the development of mobile social welfare services and educational advisory services.

The legislation governing old people's homes and adult assistance establishments has been further supplemented by two regulations, one imposing minimum requirements concerning premises, and the other laying down rules for financial management to ensure that residents are not financially exploited. A regulation on staff rules is in preparation.

The private social welfare bodies have increased the number of mobile social and socio-pedagogic services and advisory services have been expanded to meet the growing need for information and advice on social welfare in general, legal matters and special problems. Youth unemployment and the attendant psycho-social and vocational difficulties have created a need for the development of specific socio-pedagogic advisory activities and supporting measures, for example the organization of self-help groups. Work with drug addicts has been intensified and the activities of the family planning council considerably expanded.

### *France*

200. Appropriations earmarked for social welfare in the 1979 budget amount to FF 14 300 million (an increase of about 22% against 1978), including FF 13 600 million for social assistance, of which 80% will go to finance stays in medical and social institutions (for children, elderly and handicapped persons, etc.). The Government has stated its intention to exercise stricter control over the daily rates charged by welfare establishments.

The law of 4 January 1978 provides a legal basis for the creation of home help services for old people and stipulates that expenditure for paramedical care provided by these services can be covered by the health insurance bodies; this will enable these services to be developed—as they must be if the policy of keeping old people at home is to succeed. At the same time the Government is encouraging the expansion of housekeeping services for the elderly and continued experimentation with the 'telephone-alarm' system already in operation in three departments.

Attention should be drawn to the health and social welfare activities in rural areas of the agricultural mutual fund, which disbursed over FF 420 million for this purpose in 1977. With a staff of 1 650 welfare workers, 118 home helps, 400 home economics counsellors—particularly intended for women—, social centres and 7 600 senior citizens' clubs, this body is trying both to respond to individual difficulties and revitalize the agricultural and rural environment. To this end meetings, group activities, etc. are organized.



In 1978 the Fonds d'action sociale pour les travailleurs migrants (FAS) (social welfare fund for migrant workers), which subsidizes private associations working in this field, allocated FF 123 million from its budget of FF 270 million to finance reception, information and cultural activities (for both migrants and French nationals) and social work and socio-educational activities carried on by some 200 associations, of which the most important is the 'Service social d'aide aux émigrants' (social service for migrants), mainly financed by funds from the Ministry of Labour (FF 22 million). These associations are tending more and more frequently to recruit social workers of foreign origin or who speak the languages of the countries of emigration.

With regard to the training of social workers, a Decree of 14 November 1978 created a higher diploma in social work, which comprises three options: management, teacher training, research work.

### *Ireland*

201. All social insurance and assistance payments were increased by 10% in April. A new free telephone rental scheme was introduced for persons aged 66 or over who are living alone and are in receipt of old age, retirement, invalidity or widows pension or deserted wives' benefits.

The Irish Association of Social Workers has undertaken a project on the Income Maintenance Services, looking into the problems of people dependent on such services and using the media as a means of seeking information. The difficulties highlighted by this study have serious long-term implications in view of the fact that almost one third of the population is aged under 15 and that almost 300 000 live in families wholly or partly dependent on welfare payments.

In 1978 the Minister for Health and Social Welfare set up a standing committee made up of representatives of the Irish Association of Social Workers and the Government departments concerned, which has met regularly to study current problems such as the difficulties experienced in implementing the recent Supplementary Welfare Allowances Act, the hospital information service, etc. He has also set up a National Manpower Planning Committee for Personal Social Services, whose terms of reference are to identify the types and numbers of staffs required and to determine training needs.

An extensive study of the existing Irish social services has been carried out by the National Economic and Social Council and published in March 1978 under the title 'Universality and selectivity: social services in Ireland'.

Reforms demanded by social workers include the introduction of a civil legal aid service, which would be of particularly great value in cases of family breakdown, and the updating of the child care legislation (disturbed or delinquent children or young people, etc.), which dates from 1908, to bring it into line with modern methods of treating young delinquents.

### *Italy*

202. Decentralization, and the organization of social and health services, have been continued in application of the Presidential Decree of 24 July 1977 which completed the transfer to the Regions of responsibility for the social services, initiated by a decree in 1972. This reform involves the integrated administration of the services, responsibility for which was previously divided between the State, the Regions, the communes and a large number of centralized institutions each responsible for the social welfare of a particular category of citizens (the blind, orphans, etc.). This integration was a necessary precondition for the organization of social services no longer conceived as a response to the needs of individuals or categories, but as a coherent infrastructure for social advancement aimed at the entire population, geared towards prevention and open to democratic participation. The main barrier to decentralization lies in the fact that there are still no adequate guarantees concerning the transfer of the necessary funds.

The present period is marked both by the need to continue to develop and reorganize social services and the obligation to establish priorities in allocating appropriations.

As regards legislative activities, reference should be made to the Law of 13 May 1978 on 'voluntary and compulsory medical care', which provides for the reorganization of psychiatric care to take human dignity into account. At regional level there has been intensive legislative activity with a view to applying certain recent national laws such as those on family advisory centres and the prevention of drug addiction.

The proposed university reform now under discussion provides for the creation, *inter alia*, of university courses for 'operatori sociali' (social workers in the wide sense). The National Association of Social Workers took action to ensure that the training of 'assistenti sociali' (people who attend a school of social work) will be included in the new courses. In addition, the Regions and communes have increasingly been taking a hand in continuous training programmes for social workers (including 'assistenti sociali').

Regional youth employment plans provide the recruitment of young persons for activities and services 'in the public interest', particularly through the organization of 'cooperatives' with which the local authorities sign agreements for activities such as home help services, holidays for handicapped and elderly persons and neighbourhood activities.

### *Luxembourg*

203. The Government has prepared a draft law introducing a special allowance for seriously handicapped persons. The central Government budget for 1979 also provides for an appropriation to increase the benefits from the national 'solidarity' fund by 10%.

The policy of decentralizing institutions for handicapped and disturbed children by promoting the setting-up of small family-type homes is being implemented under the aegis of the children's social integration department attached to the Ministry for Family Affairs, Housing and Social Solidarity. Several of these homes were set up in 1978 and five more are being built. The Government is providing financial support for private schemes with a similar aim, especially where they involve 'day homes' and day child-minding facilities.

### *Netherlands*

204. In the document laying down guidelines for its medium-term economic and social policy, which it submitted in June, the Government states its intention to limit the growth rate of social benefits, including social welfare assistance, by reviewing the indexation system. At the same time the Government wishes to ensure that the purchasing power of minimum benefits be maintained, where necessary by taking special measures on behalf of lower income groups.

Appropriations for social assistance under the 1978 budget amounted to HFL 4 868 million, including 856.5 million for the unemployed; this latter amount has been allocated to unemployment assistance to replace statutory unemployment benefits where necessary.

The draft outline law submitted in May 1977 on the decentralization of social welfare policy, giving greater autonomy to the provinces and communes in this respect, was adopted in amended form, by the new Government. Under the new legislation the communes, with the aid of the population as a whole, would draw up four-year plans and annual programmes; where a measure was incorporated into the annual programme, the body concerned would be entitled to a subsidy. The

Ministry of Cultural Affairs, Recreation and Social Work has allocated HFL 5 million to finance 10 development projects in the field of social welfare during the next four years, with a view to finding the best way of achieving this decentralization and persuading the population to participate in drawing up programmes.

Pending the entry into force of the outline law the Minister intends to decentralize socio-cultural activities as of 1 January 1979 by introducing regulations amending the financing system. This field covers socio-cultural activities for youth; adult education, neighbourhood clubs and 'community development'. Financial contributions from the State will not be granted directly to the bodies involved but to the provincial or local authorities, which will then allocate them according to certain general rules.

Since the public authorities consider that the best way of carrying out welfare activities is to ensure that citizens do feel responsible for them and participate actively in them, they are encouraging moves towards voluntary aid. In recent years there has been a marked increase in self-help and mutual aid schemes, particularly telephone assistance services and social work involving young persons. Research is under way on tasks suitable for voluntary workers.

A coordination group on policy with regard to single persons was set up under the aegis of the Ministry of Cultural Affairs, Recreation and Social Work; its task is to promote an integrated and rational method of solving the problems facing isolated persons concerning social relationships, health, housing, social services and taxation.

### *United Kingdom*

205. The Government report on the review of the Supplementary Benefit Scheme was published in July 1978 for public discussion of its proposals until the end of the year. The report concentrates on analysing the main structure of the scheme and identifying the options for change so that considered views can be presented before decisions are taken.

A discussion paper on the elderly, 'A Happier Old Age', was published to provide a basis for general public debate and assist in the formulation of a Government strategy towards elderly people. The results of a major survey on the elderly at home, carried out by the Social Survey Division of the Office of Population Censuses and Surveys, were also published.

The Government published a White Paper which sets out proposals for bringing the 1959 Mental Health Act up to date, whilst the Secretaries of State for Social

Services and for Wales published a report by the Advisory Committee on Alcoholism containing recommendations for the pattern and range of services for problem drinkers. A Northern Ireland Council of Alcohol has been formed, representing interested voluntary bodies in this field.

The Association of Directors of Social Services and the Commission for Racial Equality set up a working party in 1977 to examine the provision of personal social services to members of ethnic minorities. Their report was published in July 1978 and has been widely circulated.

In the voluntary social work sector, reference should be made to the report by the Wolfenden Committee on the future of voluntary organizations which predicts trends in the next 25 years, and a discussion paper entitled 'The Government and the Voluntary Sector' issued by the Government as a basis for a joint review of existing relations between the voluntary and statutory social services.

A report on rising vandalism among young people shows the importance of prevention and better detection. There is concern amongst probation personnel, who supervise delinquents, provide for their social reintegration and provide counselling in penal institutions, about the freezing of the funds allocated to these services despite the extensive work necessary in this field.

However, despite the general shortage of resources, the social services at central and local level made progress in developing intermediate treatment and other alternatives to conventional residential institutions dealing with young people in trouble or at risk of getting into trouble with the courts.

## Chapter IX

# Social security

## Trends within the Community

206. Last year's trends are still evident to some extent in the development of social security this year.

Thus, as a consequence of the situation on the labour market, undertakings were granted relief from social charges to encourage the recruitment of young workers or to avert dismissals. Most such measures were introduced last year and have been extended, occasionally with minor changes, as in Italy. In Denmark an early retirement scheme will be introduced next year following the example of existing schemes in several other Community countries.

Other measures are motivated by the desire to control the growth of expenditure. Some countries have introduced—or are seriously considering—modifications to the adjustment system for long-term benefits, at least on a temporary basis. In respect of health care, the idea of a financial contribution to costs by insured persons is gaining ground in countries which like Italy and the Netherlands, had rejected it up to now. At the same time attempts are made to reduce the cost of health care. In several countries provisions are in the pipeline to take more energetic action against fraud and abuses, both as regards entitlement to benefits and compulsory contributions.

The third trend noticed last year—the move towards greater equity—has resulted at times in considerable improvements in benefits for families, the elderly and the disabled. It has also led, significantly, to the elimination of many forms of discrimination between men and women in various national measures (Denmark, Ireland, Italy, Netherlands, United Kingdom). A great deal still remains to be done in this area, but it is encouraging to see that national initiatives are being taken when at Community level the Council of Ministers has just adopted the Directive on equality of treatment for men and women in matters of social security.

207. A series of reforms were carried out during the year. Social security has been generalized in France. Significant innovations, of which details are given in the

section on the situation in each individual country, have been introduced in respect of old age pensions in Denmark (pensioners now receive a household allowance as well as the pension, whose basic amount has been raised); in Luxembourg, pensions under the agricultural scheme have been aligned with those under the general scheme (draft national pension scheme); in the United Kingdom, the pension scheme has been restructured to provide a better earnings-related pension on top of the flat-rate basic pension. In Italy, the decision has been taken to reform invalidity insurance on the basis of a new risk, with compensation for two levels of disability. In the Netherlands, the family allowances scheme and the tax relief system for dependents have been coordinated, following principles very similar to those applied in Germany and the United Kingdom. In Denmark, the insurance system for industrial accidents and occupational diseases has been recast to take more account of needs through better coverage for seriously disabled persons, the provision of compensation for 'moral injury' and by adjusting the compensation paid to the surviving spouse in line with women's situation in the economy. Very advanced health schemes should come into effect next year in Ireland and Italy, whilst in Ireland new financing arrangements will also be introduced.

It should be stressed that many of these reforms will improve social protection without greatly increasing the volume of expenditure, by modifying the system to make better and more effective use of available resources.

208. The period of slow economic growth which the Community is passing calls for adjustments to earlier policies, particularly since there is every indication that this situation is likely to continue. So what should be the role of social security policy in these difficult circumstances? The measures taken during the year, which were summed up above, should provide a partial answer to this question. Nowhere is this role looked on as a purely passive one or simply an administrative matter. On the contrary, control of the growth of expenditure more than ever calls for an in-depth approach to avert the chaotic expansion of certain costs. But this action, although essential, is only one of the mainsprings of current social security policy. Since financial means are limited by slow growth, an alternative allocation of resources is increasingly sought so that needs can be met more satisfactorily, whether this means improving the condition of the underprivileged, eliminating discrimination or inequities between beneficiaries or improving systems to make them more efficient or better adapted to social change.

Some of the measures, however, have illuminated problems that call for careful examination. One example is early retirement, which indirectly brings up the problem of retirement age and the aspirations and needs of those concerned. Similarly, in some countries measures or proposals regarding social contributions (changes to the base for contributions, relief from charges, fiscalization measures)

raise the more general problem of the economic and social repercussions of financing security. An in-depth examination of these problems at Community level would be very useful and the Commission has decided to contribute to this work.

## Development of the situation in the member countries

### *Belgium*

209. The law on economic and budgetary reform of 5 August 1978 gave the Government special powers to amend, supplement or adapt social security legislation. However, the Government's resignation in October has raised doubts about the future of the proposed reforms, which concerned:

- (i) the financing of social security (simplification of procedures; uniform concept of remuneration; adaptation or elimination of ceilings on contributions; distribution of contributions in line with capital or manpower employed);
- (ii) family allowances (generalized monthly payments; uniform rates starting with the third child; payment of birth allowance in several instalments; and possibility of granting family allowances to deserted wives, subject to medical check-ups during pregnancy, etc.);
- (iii) sickness insurance (increase in the 'ticket modérateur' or insured persons' contribution; 10% reduction in charges for certain forms of technical medical services; authorization for INAMI (Sickness and disablement insurance fund) to take out loans to set up a cash reserve for hospitals; fixing of a contribution payable by pensioners who are not entitled to free treatment, etc.);
- (iv) pensions (starting next year an absolute ceiling of BFR 105 000 gross per month and a relative ceiling corresponding to 75 % of the reference salary in the civil service—in which early retirement can be requested at 60; restrictions on combining pensions with earnings, as in the private sector, etc.);
- (v) unemployment insurance (strict application of the rules to prevent abuse, reinforcement of investigations and penalties, etc.).

The economic reorientation Law of 4 August 1978 provides for temporary exemption from employers' social security contributions for newly employed workers for two consecutive quarters (extension of measures adopted last year). Exemption is extended to four quarters for the first two workers under 30 recruited between 1 August 1978 and 31 July 1979. Other provisions in the Royal Decree of October 1978 are designed to combat social and tax frauds by employment agents in the building sector.



Among the other measures taken during the year, apart from improvements to various benefits, particularly as regards old age and invalidity pensions, an increase has been made in individual financial contributions by beneficiaries in the case of hospitalization for over three months.

### *Denmark*

210. The law of 8 March 1978 introduced substantial changes in the insurance system for industrial accidents and occupational diseases. Two types of compensation can now be amalgamated: compensation for individual loss of earnings, now raised to 75% (instead of two thirds) of earnings in cases of total disability, subject to a higher ceiling and the flat rate compensation for the consequences of disability in daily life (DKR 14 500 a year for 100% disability). This double compensation, granted for disability of at least 15%, is paid until pensionable age after which a lump sum representing two years' compensation is granted; subsequently, the insured benefits under the old-age pension scheme.

Due to the increasing number of married women in employment, indemnity for the surviving spouse is calculated according to her financial situation. This is equal to 30% of the deceased spouse's salary and is paid during a fixed period (not more than 10 years).

The reform of the old-age pension scheme has also been under discussion for several years. The Government's proposals included a housing allowance for pensioners and changes in the method of calculating the pension so as to eliminate increases associated with the means test. The law of 8 June 1978 does not go so far but with effect from 1 January 1979 includes pension increases partially in the basic amount, which for married couples has been raised. A new housing allowance has also been introduced for pensioners in the form of a monthly payment equivalent to a maximum of 85% of the rent, 15% of the cost being the pensioner's responsibility.

Equal treatment as regards survivors' pensions for men and women was achieved with effect from 1 May under the supplementary scheme.

With respect to unemployment insurance, with effect from 1 January 1979 an early retirement scheme will operate, which will be optional for workers of 60 and over. Under this scheme an amount corresponding to the unemployment allowance (90% of earnings) will be paid for two and a half years, followed by a reduced allowance: 80% for two years and 60% for the remaining period up to age 67.

Finally, the employer's invalidity insurance contribution has been raised from DKR 31 to DKR 50 per year from 1 April.

### *Federal Republic of Germany*

211. The law of 25 July 1978 on pension adjustment largely continues the financial consolidation of the pension funds begun last year.<sup>1</sup>

This law primarily provides for a transitional three-year period during which the former method of linking old-age pensions to increase in gross earnings is dropped and the rate fixed at 4.5% for 1979 and 4% for 1980 and 1981. These adjustment rates, which ensure that old age pensioners are in line with economic growth, apply to the various old age schemes (statutory employees' insurance, miners' insurance and the farmers' scheme).

In the case of insurance for accidents at work, cash benefits granted before 1 January 1977 are raised by 6.9% on 1 January 1979 in line with increases in gross earnings in 1976-1977.

The law also provides that from next year benefits derived from voluntary insurance schemes (to which self-employed workers or persons not in paid employment—such as housewives—can contribute) will no longer be adjusted unless contributions have been paid without a break for three calendar years, reaching a minimum level in each year.

Other measures are designed to tighten the rules applying to casual labour, which gives rise to exemption from contributions. Finally, from 1 January 1981 wage-earners' old-age contributions will be increased from 18 to 18.5% (from 23.5 to 24% in the case of miners).

Apart from this law, mention should be made of certain other measures:

- (i) reduction of the pensionable age for seriously handicapped persons, from 62 to 61 years on 1 January 1979, and to 60 on 1 January 1980;
- (ii) introduction of optional extra maternity leave qualifying for a maximum monthly allowance of DM 750 as from 1 July 1979;
- (iii) increased family allowances for the third and subsequent children from DM 150 to DM 200 per month from 1 January 1979, and from DM 80 to DM 100 per month for the second child from 1 July 1979.

As regards sickness insurance, the level of expenditure and rate of contributions are governed by recommendations within the framework of the 'Concerted Action' initiated last year. Following a recommendation of 17 March 1978 the increase in health expenditure was limited to 5.5% for medical treatment in 1979, and to 3.5%

<sup>1</sup> Social Report 1977, point 214.

for pharmaceutical costs in the second half of 1978. A draft law under consideration is designed to moderate the growth in hospitalization costs and expand cooperation between hospitals and sickness insurance funds.

### *France*

212. Last year the two laws of 2 January 1978 generalizing social security cover were mentioned in the Report.<sup>1</sup>

Other measures specifically concern the most deprived social categories (elderly and handicapped persons) and families.

The minimum old age pension was raised to FF 11 000 per year on 1 December 1977 and to FF 12 000 on 1 July 1978, as for the allowance for handicapped adults; other measures were also taken to improve social protection for the latter.

Likewise, in addition to adjustment, certain family allowances were raised while a new benefit, the 'family supplement', came into effect.<sup>1</sup>

The law of 12 July extended maternity leave from 14 to 16 weeks (plus two further weeks in the case of multiple birth); the period of compensation has been extended accordingly. Exemption from the 'ticket modérateur' (insured person's contribution) was extended to care given to women in the last four months of pregnancy and for new-born babies hospitalized for one month.

Two supplementary old-age schemes were introduced, one compulsory for craft workers, the other optional for industrial workers and tradesmen. Further, measures for employed persons as regard reversionary pensions, the definition of 'dependent children', etc.

The financial situation of the social security scheme led the Government to decide in December to raise contributions from 1 June 1979 and take steps to control the growth of health expenditure.

Unemployment contributions have been raised twice, from 2.20 to 2.40% on January 1978 and then to 3% on 1 May. These increases are, of course, a consequence of the rise in the number of unemployed insured persons. The question of revising the compensation system has also been mooted.

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<sup>1</sup> Social Report 1977, point 215.

## *Ireland*

213. Social security payments were raised by about 10%, except in the case of unemployment assistance for certain income groups among small farmers. Increases were higher for certain benefits such as maternity grant, allowances to parents for continuous care of handicapped children and death grants.

From October, single women, girls who have completed their studies and widows became entitled to unemployment assistance on the same basis as men.

Two proposed reforms are in preparation:

- (i) a reform of the system of financing social security, including the elimination of flat-rate contributions and different rates for men and women, and the introduction of wholly pay-related contributions;
- (ii) the extension of hospital care to the whole population and a new system of assistance towards the cost of medical prerequisites.

These reforms should come into effect in April 1979.

In a Green Paper published by the Government it was indicated that steps would be taken to eliminate abuses in the social welfare system with a view to ensuring that available resources go to those for whom they are intended and to give priority to the creation of employment which would involve restraint in other areas of social expenditure. The level of social services provided in 1978 will be maintained and payments will be raised in line with the cost of living.

The problem involved in extending social insurance to the self-employed, and other persons not already covered, and possible approaches which might be adopted were set out in a Government discussion paper.

It should be noted that the occupational pension scheme applicable to local authority and Government employees has been improved.

## *Italy*

214. The partial fiscalization of sickness insurance contributions by industrial, craft and business undertakings introduced last year<sup>1</sup> was extended in 1978. From 1 July, however, a differentiation was introduced under the law of 5 August 1978 between insured men, who are entitled to reductions (LIT 24 500 per month) and insured women, who are entitled to total exemption on earnings up to

<sup>1</sup> Social Report 1977, point 217.

LIT 400 000 per month. Further, the law of 4 August provides for the total fiscalization of social charges in the case of craft undertakings and partial fiscalization in the other sectors of the economy in respect of young people under 29 recruited under training contracts of employment.

The law of 27 February extends the early retirement facilities (57 for men and 52 for women) for redundant workers (except in the building industry). This law harmonizes methods of adjusting pensions and the amounts of family allowances granted under special pension schemes on the basis of the rules applicable to the general scheme.

Another law of 21 October 1978 abolished a number of welfare bodies and transferred their assets and functions to either the Regions or public bodies.

Two major reforms were put before Parliament: the first concerns invalidity, the definition of which is altered to take account only of physical incapacity to work, distinguishing between total and partial invalidity (working capacity reduced to two-thirds) and introduces two levels of compensation. The other reform concerns continuous voluntary pension insurance, whose conditions have been made stricter.

The national health service will come into effect next year (law of 23 December 1978). The law of 5 August 1978 introduced an insured person's contribution for pharmaceutical products. These are divided into three groups: essential, which continue to be free; useful, for which the insured must make a contribution; and other medicines, for which the cost must be entirely borne by the user. The law regulated advertising of medicines, bearing Community Directives in mind. A three-year agreement has been concluded with the medical profession under which doctors receive a *per capita* refund—in other words, a flat rate for each patient, varying according to the doctor's length of service and the patient's age.

Two other laws were enacted, one of 1 August 1978 on the social protection of divorced spouses (entitlement to health care and survivors' allowances) and one of 4 August laying down measures for the repression of fraud in the payment of social contributions.

A discussion paper on how to slow down the expansion of social expenditure (mainly pensions and health) was submitted by the appropriate Minister.

### *Luxembourg*

215. Several implementing measures relating to sickness insurance have been taken; in particular, contributions by certain categories of beneficiaries who have

lost their entitlement will be paid by the State: children under 18, pupils and students under 25 receiving family allowances, and invalids of any age who have no other claim to protection. As regards benefits in kind on the other hand, the law of 27 July 1978 amends the financing rules by introducing the principle of a uniform contribution established annually as a percentage of earnings (or pension or unemployment allowance as appropriate) for all insured persons; the law also institutes risk-sharing between the various funds through a system under which their credit and debit balances are mutually offset.

A Grand Ducal regulation introduced on 8 June 1978 extends the field of application of compulsory insurance against accidents and occupational diseases to self-employed intellectual workers under 72. The income on which contributions are based must correspond to at least the minimum social wage plus 20%, with a ceiling of LFR 66 500 per month. Cash benefits, which are paid from the 14th week after the accident, are based on the income on which contributions were paid in the previous financial year.

The agricultural pension scheme will be radically reformed. The reform will take account of social changes in agriculture and is designed to give agricultural workers protection identical to that of the other socio-occupational categories. This is a significant step forward compared with the previous system under which pensions were merely intended to supplement other sources of income; it calls for new financing rules and a major contribution by the public authorities.

The Government is engaged in a thorough examination of preliminary draft legislation to reform the pension scheme.

### *Netherlands*

216. The new Government has submitted a document laying down the guidelines of its medium-term socio-economic policy (1981). The aim is to down the growth of wages and prices and restore the employment situation. To this end, the growth of public expenditure, in particular social security expenditure, must be brought under control while at the same time a special effort must be made to continue to provide social protection for the most deprived.

Various measures are envisaged to slow down the expansion of social expenditure, in particular the machinery for adjusting benefits is being examined. While awaiting a definitive regulation, it seemed feasible to place a provisional limit on the adjustment coefficient. Individual contributions to hospitalization costs (e.g. HFL 5 per day per person) are under consideration. A set of measures to make the system more efficient and prevent abuse or fraud connected with social benefits has

been drawn up. The law of 14 September 1978 has abolished relief for dependents, but has raised family allowances by HFL 72.54 per quarter for the first child, and HFL 37.44 for the second and third children. This measure does not apply to self-employed workers and some other social categories. From 1 January 1979 family allowances for the second child will be brought into line with 'mixed' index. From 1 April 1979 the allowance will be increased by HFL 22.62 per quarter for the fourth and subsequent children.

Another Government note discusses the position of married women under national insurance schemes in light of the Community's move to achieve equal treatment for men and women as regards social security. Various alternatives are presented, particularly in respect of general insurance covering incapacity for work. The Government tends to prefer a solution whereby all beneficiaries would receive the same amount (that now paid to unmarried persons) provided loss of earnings has been incurred. The full rate would be granted if 1 750 hours had been worked in the preceding year, reduced to 60% if 875 hours only had been worked. Where the spouse who makes the main contribution to household expenses is disabled, the benefit would be increased.

Giving substance to these proposals require substantial efforts, both as regards legislation and the administrative aspects.

### *United Kingdom*

217. The Social Security Pensions Act 1975 came into force in April, providing a new scheme of earnings-related pensions building up over the next twenty years on top of the existing basic flat-rate invalidity, widow's or retirement pension.<sup>1</sup> The Act also provides for contributors to have their right to flat-rate pension protected if they give up work to look after their children or a severely disabled person; and for a widower to be able to benefit in certain circumstances from his wife's contributions. From April, the lower rate of sickness and unemployment benefit for married women was abolished. Married women are now paid on the same basis as men and single women.

From April, unless they were contracted-out, employees who were earning at least UKL 17.50 a week paid contributions of 6.5% of all earnings up to UKL 120 a week. Their employers paid 12% (increased to 13.5% in October 1978) of earnings up to the same limit. Employees who were contracted-out of the earnings-related scheme because they had approved alternative provision under an occupational

<sup>1</sup> Social Report 1975, point 221.

pension scheme (over 10 million employees) paid contributions of 6.5% of earnings up to UKL 17.50 a week and 4% of earnings between UKL 17.50 and UKL 120 a week. Their employers paid 12% and 7.5% respectively (increased to 13.5% and 9% in October). The contributions from employers contain a National Insurance Surcharge (for taxation purposes only) of 2% increased to 3.5% from October. From April the contributions of the self-employed were reduced. They paid 5% of profits between UKL 2 000 and UKL 6 250 and their weekly flat-rate contribution was reduced to UKL 1.90. The voluntary contribution payable in certain circumstances by non-gainfully employed persons was reduced to UKL 1.80.

By December, all severely disabled people aged 5 to 58 inclusive were eligible for mobility allowance. The allowance was increased to UKL 10 a week from July.

Child benefit was increased in April and November, first to UKL 2.30 a week, then to UKL 3 a week, for each child. A further increase to UKL 4 a week is to be made in April 1979. The supplement payable to certain one-parent families was increased to UKL 1 a week in April, and to UKL 2 a week in November. Tax relief for dependent children was reduced in April to coincide with the child benefit increase and is expected to be generally withdrawn in April 1979.

The list of occupational diseases is to be extended. The patient's contributions to the cost of National Health Services frames for glasses was increased. National Health Service fees paid to dentists were increased but the overall maximum for routine treatment remained unchanged.

The National Coal Board's scheme allowing voluntary early retirement of mineworkers aged 62 years and over, with 20 years or more underground service, started on 1 August 1977. From 1 August 1978, the scheme was extended to men aged 61 years and over. Improvements to the Mineworkers Sick Pay Scheme were also introduced from 1 January 1978: improvement in the formula for calculating benefit and reduction in the period of 'waiting days' from seven to three.



## *Chapter X*

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

## **Trends within the Community**

218. The Member States have striven once again in 1978 to modernize and improve technical and medical protection methods at work. Practically all sectors are covered, and the present situation is just the same as has been outlined here for the last three years.

Several States were engaged in issuing or preparing individual provisions designed to implement basic regulations, some of which were only recently issued as had been amended considerably. An example is the five-year legal plan in Denmark.

As in the past, the stress fell at national level in nearly all countries on regulations covering dangerous substances and products. This is a sector where quick decisions must be taken constantly on account of ever-changing circumstances due both to the almost unencompassable production range of the chemical industry and to the continual progress of scientific knowledge. This sector, in particular, has become a Community task owing to the existence of numerous Council and Commission directives which must be continuously modified and supplemented. The incorporation of European law into national law puts and will go on putting a heavy burden on Member States.

Further points of emphasis are naturally concerned with the guarding of machinery and the legislation concerning installations requiring inspection. These sectors are also covered to an increasing extent by Community directives which have either already been issued or are imminent and will become operative before long. In this case, too, certain early amendments to national legislation will be required. Reference is made in this context to steam boilers and pressure vessels, machine tools in general, and electrical installations and hoisting gear. The latter include, in particular, swivelling cranes used on building sites, which are causing considerable concern in the relevant circles. The Commission has already submitted to the Council a proposal for a directive on the design of these cranes. Sooner or later the

Community standards will doubtlessly have to be supplemented by Community laws or regulations on the operation of such hoisting equipment since, as is shown by many examples, a standard design calls to a large extent for standard operating techniques. The mutual exchange of the latest knowledge and experience in safety techniques, undertaken automatically as a corollary to the drafting of standard provisions, would definitely help considerably to reduce the regrettably high risks still encountered in this sector.

Measures to improve the working environment and work processes also deserve mention. They concern the design of the workplace from a number of aspects, including lighting, ventilation, noise, weather, hygiene and fire protection, plus, for example, safety coordination between several plants or internal transport. In these respects also hazardous situations exist the eradication of which may call for joint efforts on the part of the Member States. This applies first of all to fire protection measures, which are to be harmonized from a wide variety of aspects; the most important ones concern buildings open to the general public, such as hotels, department stores, discotheques and the like. Secondly, for example, fork-lift trucks, without which internal transport is inconceivable, involve a high degree of risk—so high that the problem requires to be tackled on a joint basis.

Thirdly, efforts to determine safety responsibilities and to coordinate safety measures where several independent companies work together at one location, especially on large-scale building projects or docks, for example, may require a joint approach. Discrepancies in rules and regulations could add to the hazards in the sector, given the increasing trend towards supranational cooperation, especially in frontier districts.

Finally, there are all the activities designed to improve safety training and safety consciousness in general, to intensify cooperation between the parties concerned, and to promote the internal and external discussions of safety matters and hence the democratization of industrial safety. The Action Programme on safety and health of 29 June 1978<sup>1</sup> calls for joint action in these sectors also.

## Development of the situation in the member countries

### *Belgium*

219. Attention is drawn first of all to two acts which were passed at the end of 1977. The Act of 22 December 1977 provides for the establishment of a fund for the

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<sup>1</sup> OJ C 165 of 11 July 1978.

humanization of working conditions, from which non-refundable grants for studies and investment to improve working conditions can be awarded to private and State undertakings. This refers in particular to measures to eliminate damaging effects, improve comfort and working environment, counteract climatic effects, facilitate difficult and tedious work and adapt machines and workplaces to man. The Act of 28 December 1977 protects company medical officers from arbitrary dismissal so as to ensure that they can be completely objective in their work both towards employer and employee. It also specifies that employees may demand the resignation of a doctor who is negligent or no longer holds their confidence.

The provisions on elevating platforms, winches, screw winches and similar apparatus have been altered by the Royal Decree of 5 January 1978; in particular, the permissible loads for elevating platforms have been specified more closely and transitional rules have been introduced for machinery in operation prior to 1 May 1977.

The Royal Decree of 19 January 1978 postpones until a later date, for practical reasons, the entry into force of Article 467a (inserted in 1975) of the General Labour Code, concerning certificates of competence for drivers of tower rotary cranes.

The composition of the Commission for the supervision of organizations recognized for surveillance of special equipments was changed by the Royal Decree of 15 February 1978. The Royal Decree of 15 March 1978 contains revised provisions on the notification of accidents. In particular, employers must immediately notify the technical labour inspectorate of fatal accidents, and must report accidents with serious consequences within two days.

The Royal Decree of 10 August 1978 contains provisions on supplementary training for heads (and deputy heads) of plant departments responsible for safety, industrial hygiene and the improvement of workplace conditions. The plants are divided into three groups, depending on hazards at work and the number of employees who are exposed to them. With respect to the two most important groups, the Decree provides that, from 1 January 1981 on, the heads of departments and their representatives must provide evidence of completion of a recognized supplementary training course at the first or the second level. The former involves university or equivalent level tuition for at least 400 hours; in the latter tuition must total at least 210 hours. The purpose of these measures is to raise the level of competence of plant personnel responsible for safety. Transitional measures are included for department heads and representatives who are already active in this field.

Work continues on the revision of provisions relating to boilers and pressure vessels, safety requirements for grinding machines and power-driven machinery,

the manufacture of synthetic fibre safety belts, hoist and the classification of inflammable substances and preparations.

Work has started on the revision of the provisions concerning the labour inspection service, on the extension of the scope of the Law of 1952 on the Health and Safety of Workers and on the incorporation into national law of the EEC Directives on pressure apparatus and supervision thereof and safety signs at places of work.

### Denmark

220. The rules of procedure of the Council on the Working Environment<sup>1</sup> became effective on 1 January 1978.

The regulation of 28 March 1978 issued by the Ministry of Labour lays down the requirements for a certificate of competence for fork-lift drivers. A further regulation of 22 June 1978 provides for the establishment of occupational health services; in particular, it contains a schedule which for the moment obliges certain specially-selected branches to set up such services. The subsequent development of these services depends on the decision made by the Ministry of Labour on the Council proposal for the improvement of working conditions. The Ministry of Labour regulation of 10 August 1978 on occupational safety measures and health protection replaces the provisions contained in the regulations on in-plant safety measures in building construction and civil engineering and in loading and unloading operations. The scope of application was extended, *inter alia*, to include administration and trade; in plants in which the work is exclusively or mainly of a clerical nature a safety organization does not have to be established unless at least 20 workers are employed—otherwise the limit is 10. Some of the new provisions relate to outdoor work, here mention should also be made of those provisions which relate to cooperation amongst several employers carrying out work at the same workplace, especially the obligation of developers to delineate and coordinate the safety measures between the individual undertakings.

Instructions, provisions or notifications relating to the following themes were issued for the first time or revised: painting work in buildings, dangerous substances and preparations; factories inspectorate catalogue on maximum concentrations; measures relating to occupational safety and health and various other problems in the field of safety.

In a bill to amend the law of 23 December 1975 on the working environment it was proposed that the Minister of Labour should be given the power to make it

<sup>1</sup> Social Report 1977, point 225.

incumbent on manufacturers and importers to fulfil certain examination and notification requirements with respect to working substances and equipment, with a view to preventing accidents and damage to health at work. A large number of provisions to back up the law on the working environment are also in the pipeline. About 70 regulations and ordinances are being drawn up and the draft five-year plan 1979-1984 provides for additional rules.

### *Federal Republic of Germany*

221. Three further workplace directives have been issued under the Regulation of 20 March 1975 concerning workplaces.<sup>1</sup> They contain provisions on work protection on building sites and regulate in particular the construction and furnishing of day accommodation, washrooms and toilets. Draft directives on lighting and ventilation of work areas are being prepared.

Three regulations have been issued under the Law on explosive substances in the context of the revision of the entire legislation on explosives. They contain general provisions (23 November 1977), requirements for the storage of explosive substances (23 November 1977) and provision relating to the notification of explosions (23 June 1978). Further specific rules are contained in the General Administrative Provisions issued under the Law on explosive substances of 18 June 1978. Furthermore, with a view to implementing the Regulation on the storage of explosive substances, directives have been issued on the design and construction of storage facilities for explosive substances and detonating agents (20 July 1978) and on the grouping of explosive substances during storage (25 April 1978), supplemented by the Notification of 12 July 1978.

The following Technical Rules—implementing the Regulation on dangerous substances<sup>1</sup> were issued in revised form on 28 July 1978: highly toxic substances (criteria, list); guidance for the assessment of dangerous properties in substances and preparations; Directive concerning the cleaning and surface treatment of interior surfaces and furnishings in rooms. The rules relating to 'Definitions of concepts' and 'Technical guidelines with respect to concentrations of dangerous working substances' were revised. Moreover, preparatory work has begun on a law relating to dangerous substances, which will cover in particular the inspection, notification and marketing of new chemical substances along with official surveillance and intervention measures. Work has also begun on expanding the scope of the Regulation on dangerous working substances; *inter alia*, this involves

<sup>1</sup> Social Report 1975, point 227.

the incorporation into national law of the provisions contained in several EEC directives.

Furthermore, it is intended to change the entire body of legislation on plants subject to surveillance, the main purpose of this change being to incorporate several EEC directives (pressure vessels, aerosol containers, electrical equipment in explosive atmospheres) into national law and, in general, to take scientific and technological developments into account. Preparatory work has also begun on the incorporation of the EEC directive on 'Electrical equipment for use within certain voltage limits'.

The 1974 work programme on 'Research into the Humanization of Working Environment'<sup>1</sup> has been continued and the first findings have emerged. They relate in particular to such stress factors as 'night work and shiftwork', and 'noise'; the programme will concentrate on looking for solutions in these fields. Research work on the ergonomic design of individual workplaces has continued and new projects have got under way, dealing with such workplaces as visual display units, cash desks in self-service shops and foundry workplaces, but also with such general problems as air-conditioning in factory buildings, stress arising in fully air-conditioned work areas, the effects of low-frequency mechanical vibrations on ship personnel, etc. Particular attention is to be paid to an analysis of key accident hazards in transport and traffic within individual plants; moreover, career analyses will be prepared in order to clarify the relationship between the individual's task and health deterioration.

### *France*

222. Two decrees of 20 January 1978 concern first-aid for the victims of electrical accidents, including the provision of store rooms for first-aid equipment and a display of signs on first-aid measures to be taken in the case of such accidents before medical help arrives.

The Act on the development of the prevention of industrial accidents of 6 December 1976<sup>2</sup> has been implemented by further decrees. At the end of last year two decrees (16 and 19 September 1977) were issued on social security, which permit in particular an increase in insurance contributions to be paid by companies with high risk levels. A further decree designates as generally binding the general conditions on safety measures for the use of furnaces heated by flammable liquids or gases. By decree of 22 February 1978 the members of the Higher Council for the Prevention of Occupational Risks (Conseil Supérieur de la Prévention des Risques

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<sup>1</sup> Social Report 1974, point 293; 1977, point 226.

<sup>2</sup> Social Report 1977, point 216; 1977, point 227.

professionnel CSPRP)<sup>1</sup> were appointed for the first time and, by decree of 6 June 1978, the permanent delegation of the CSPRP, a controlling body. Membership is for three years in each case. The decree of 24 March 1978 also provides for health and safety committees for mines and quarries in line with the provisions applicable to trading companies. In addition, the decree of 23 June 1973 introduces general rules on safety requirements for permanent installations for heating and hot water in dwellings and office blocks and buildings open to the public; they cover primarily fire prevention. Finally, a Decree of 28 December 1978 lays down the conditions under which infringements of the general safety provision applying to the whole country are to be dealt with.

Considerable preliminary legislative work has been carried out in the year. A special working party of the abovementioned CSPRP started work on provisions for safety requirements on machinery, apparatus and equipment. Preparatory work was also done on the amendment of the provisions concerning occupational medical services and the classification, marking and packaging of dangerous materials and certain dangerous preparations; They are designed to implement Community directives. A planned amendment of the provisions on the prevention of benzene poisoning will incorporate the conditions of Convention No 136 of the International Labour Office. Preliminary work is also being done on the up-dating of preventive measures against lead poisoning.

An Act on the establishment of health and safety committees in municipalities or municipal companies employing more than 50 employees, which are presided over by the burgomaster or operating head and are made up of representatives of the local council (board of directors) and employees, was promulgated on 20 December 1978.

Work has continued on new legislation aimed at the prevention of accidents and occupational diseases in the agricultural sector, as provided for by the Law of 6 December 1976. As an initial step, a national committee for health and safety at work has been set up, with the principal task of advising the Minister for Agriculture on legislation in this field. Legal provisions are being prepared on safety training, the supervision of dangerous substances, safeguards for dangerous machinery and equipment, the setting up of health and safety committees in agricultural undertakings, general health and safety measures in these undertakings, sanctions against those who violate health and safety regulations, compulsory prior notification of certain agricultural and forestry work, and the labelling and packaging of dangerous preparations.

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<sup>1</sup> Social Report 1977, point 227.

Preparations are in progress in the social security sector on the designation as generally binding of provisions on the use of cross-cutting machines, ladders and metal casting machines; the same applies to general conditions concerning the quality of machines and noise control in sales rooms. A number of recommendations have also been issued, involving primarily personal protective equipment to prevent injury in the assembly of iron structures, rotary-tower cranes on building sites, construction machines, production of new chemical substances, use of chemical substances in foundries, tensile strength of casings, open-air construction work, traffic in quarries, noise control in cement factories, pressurized unloading of liquids from tankers and road and rail tankers. Further recommendations are being prepared.

### *Ireland*

223. The Safety in Industry Bill which updates and amends the Factories Act 1955 in a number of respects was still before Parliament at the end of 1978.

The Minister for Labour has given notice of his intention to make regulations under the Dangerous Substances Act 1972 covering the safe storage, loading, etc. of petroleum at retail stores, bulk stores and oil jetties and its safe conveyance by road.

The Minister for Labour has made regulations under the Factories Act 1955 concerning the reports of examinations of steam boilers, steam receivers and air receivers.

A Bill to improve safety in industry has been published and has been approved in principle in the Dail. The Trade Unions have asked for modification and improvements in the Bill and for safety measures in agriculture where safety legislation does not exist.

### *Italy*

224. Regulations issued during the year include the interministerial Decree of 17 December 1977 concerning the classification and control and inspection of the packaging and labelling of dangerous substances and preparations, which puts into effect EEC Directives, and the Ministerial Decree of 2 May 1978 which extends the measures provided for by Article 25 of the ministerial Decree of 1 December 1975 embodying safety regulations for vessels containing hot liquids under pressure.

Among other circulars issued throughout the year, mention should be made of No 35/78 and No 50/78 relating respectively to the inspection and verification of cranes and hoisting equipment as specified in Article 194 of Presidential Decree



No 54 of 27 April 1955 and to locking devices for winches for self-erection of tower cranes and for the control of variable radius cranes.

Finally, provisions are being drawn up for the incorporation into national legislation of the EEC Directives relating to pressure vessels, to wheeled agricultural or forestry tractors and to hoisting tackle (ropes and hooks). A bill to amend Law No 245 of 5 March 1963 on the occupational use of benzene and its homologues is also being drafted to bring the provisions into conformity with the EEC Directive.

### *Luxembourg*

225. In 1978 no legal or administrative provisions were issued in the field of occupational safety, hygiene and health protection. Work continues on a bill relating to occupational health; work has started on the preparation of a bill on noise protection for workers. The bill to implement at the national level Community directives on dangerous substances was passed by the Chamber of Deputies at the first reading.

The measures provided under the accident insurance system for the prevention of occupational diseases, which were hitherto restricted to employees exposed to dangerous mineral dusts, have been extended to those employees who are exposed to risks caused by lead or heavy metals or in danger of contracting skin diseases. New legislation on the notification of accident prevention regulations are being revised.

The trade unions are calling for the establishment of an Institute of Industrial Safety.

### *Netherlands*

226. By Royal Decree of 12 January 1978 some of the provisions of the Royal Decree of 4 January 1977 (amendment to 1938 Factories and places of work Safety Decree)<sup>1</sup> have become operative with effect of 1 February. They concern in the main the lighting of workplaces by daylight, protection against fire and explosions, scaffolding safety, the handling of dangerous materials, the use of explosives in demolition work and the wearing of personal protective equipment.

<sup>1</sup> Social Report 1977, point 231.

By Royal Decree of 16 June 1978 and with effect of 1 July 1978 those provisions in the Asbestos Order of 1 April 1977<sup>1</sup> became operative, which refer specifically to the atmospheric asbestos dust level at work; the measures prohibiting the conversion or processing of crocidolite (blue asbestos) and the spraying of asbestos or asbestos-containing materials became effective on 1 October 1978. The Royal Order of 25 March 1978 introduced a new driving time order on 1 April 1978 which covers, *inter alia*, the driving and rest periods of lorry drivers, the use of tachometers and the professional qualifications of drivers.

Following the Royal Decree of 4 January 1978 the sheltered workshops of the social job creation scheme (for handicapped persons, etc.) now belong to those institutions to which a medical service must be attached irrespective of the number of persons employed.

Bills on working conditions and inland navigation and new regulations on the protection of young people have been further discussed. Work has also been continued in the other sectors stated in the last report.<sup>1</sup> Work has been initiated on the amendment of the safety order for agriculture with a view to incorporating forestry. In addition, new regulations are being prepared on the provision of sleeping accommodation and working and rest periods for persons employed in catering and supply services. The regulation on subsidies for the improvement of workplaces will also be changed. Finally, the introduction of legal provisions for DNA recombination analyses will be examined.

### *United Kingdom*

227. The Safety Representatives and Safety Committees Regulations<sup>1</sup> supported by an approved Code of Practice came into force in October. Under these Regulations recognized trade unions are allowed to appoint safety representatives who will have certain rights and functions. As part of an extension in external consultation on the prevention of industrial accidents and occupationally induced diseases the Health and Safety Commission established three Industry Advisory Committees for construction, railways and oil. Regulations were issued in March 1978 dealing with the packaging and labelling of some 800 dangerous chemicals commonly used at work and in the home. Other regulations issued during the year included the Explosives (Licensing of Stores) Variation of Fees Regulations, the Petroleum (Regulation) Acts 1928 and 1936 (Variation of Fees) Regulations, the Factories (Standards of Lighting) (Revocation) Regulations, the Coal Mines (Respirable Dust) (Amendment) Regulations, the Hazardous Substances

<sup>1</sup> Social Report 1975, point 233.

(Labelling of Road Tankers) Regulations, and the Petroleum (Consolidation) Act 1928 (Enforcement) Regulations.

With the introduction of the Health and Safety at Work (Northern Ireland) Order of 25 July 1978 the situation in Northern Ireland is similar to that in Great Britain as regards provision for industrial safety, medicine and hygiene.

In the autumn the Health and Safety Commission published its plan of work for the years 1978 to 1983. The report dealing with the investigation of the possible increased risks to people living in and around Canvey Island from the existing and proposed industrial activities in the area was published in June 1978. In the same month the Health and Safety Commission published the first and second reports of the Advisory Committee on Asbestos.

## *Chapter XI*

# Health protection

## Member States' legislation on radiation protection

228. During the past year the Member States continued to develop and improve their legislation on radiation protection.

Progress has been made particularly with respect to the protection of patients against ionizing radiation; in this field, provisions have been adopted in Denmark, France and the United Kingdom.

### *Denmark*

Several implementing rules have been adopted in application of Regulation No 56 of 17 February 1977 on the use of X-ray installations: these relate to the dental field (Order No 493 of 8 September 1977), the veterinary field (Order No 494 of 12 September 1977), schools (Order No 58 of 20 February 1978) and the therapeutic field (Order Nos 59 and 60 of 20 February 1978).

Furthermore, Order No 595 of 28 November 1975 relating to radioactive pharmaceutical products was superseded by Decision No 356 of 7 July 1978. This order covers the same ground as the preceding one, while enlarging its scope of application so that it includes not only radioactive radiopharmaceutical products but also those pharmaceutical products which are used exclusively in conjunction with radiopharmaceuticals.

### *Federal Republic of Germany*

The following provisions are at present being prepared in the field of radiation protection legislation:

— amendment of the Atomic Energy Act (AtG):

detailed provisions relating to protection, definition of the state of the art, revision of provisions relating to the installation of equipment in already existing establishments, certain modifications to the nuclear licensing procedure;

- Regulation on the obligation to notify under the terms of nuclear law: rules on technical incidents in nuclear power stations and other nuclear installations for which notification is obligatory; rules relating to the publication of such incidents;
- Regulation on nuclear experts: rules on the requirements which must be met by individual specialists and specialist organizations with respect to qualifications, equipment and cooperation;
- Regulation on specialist knowledge under the terms of nuclear law: rules on the conditions which must be fulfilled with respect to professional competence by persons responsible for the construction, management and surveillance of nuclear installations pursuant to Article 7 at the AtG on the minimum knowledge which other staff members must possess;
- Regulation on prefabrication under the terms of nuclear law: specification of quality control requirements with respect to prefabricated reactor elements;
- Regulation on nuclear installations; definition of requirements which must be satisfied by nuclear installations in order to ensure the protection required by the present state of the art.

During the reference period the authorities also drew up—in cooperation with manufacturers, users and experts—the following rules and directives which have been approved by the Länder Committee on nuclear energy:

- technical safety rules issued by the Technical Nuclear Committee (KTA), Notification by the Ministry of the Interior (BMI) of 9 November 1977, Bundes-Anzeiger (BA) No 234 of 15 December 1977, KTA 1501, Edition 10/77: fixed system for the surveillance of local dose rates within nuclear power stations;
- Recommendation by the Commission on Reactor Safety and the Commission on Radiation Protection (Notification by the BMI of 9 November 1977, BA No 235 of 16 December 1977): Principles for the implementation of safety rules with respect to the centre for the treatment and disposal of radioactive waste;

- Recommendation by the Commission on Reactor Safety (Notification by the BMI of 16 January 1978, BA No 36 of 21 February 1978):  
Reopening of the RWE Bayernwerk nuclear power station;
- Notes on the documents must accompany applications for the authorization of installations which produce ionizing radiation (Notification by the BMI of 19 January 1978, GMB1 1978, p. 51);
- Recommendations by the Commission on Reactor Safety (Notification by the BMI of 27 January 1978, BA No 51 of 14 March 1978):
  - nuclear research ship Otto Hahn
  - manufacture of fuel elements in the Karlstein RBU-Werk 2;
- Recommendation by the Commission on Reactor Safety (Notification by the BMI of 15 March 1978, BA No 60 of 30 March 1978)  
Obrigheim Nuclear Centre;
- Recommendations by the Commission on Reactor Safety (Notification by the BMI of 22 March 1978, BA No 65 of 6 April 1978):  
Compact sodium-cooled nuclear reactors (KNK II)—Recommendation on the implementation of performance tests and on operational functioning;
- Control of surveillance of radioactive discharge from nuclear power stations by the power stations themselves (Notification by the BMI of 10 May 1978, GMB1 1978, p. 313);
- Directives on the information required for surveillance in the authorization procedures for nuclear power stations (Notification by the BMI of 17 May 1978, GMB1 1978, p. 294);
- Authorization, pursuant to Article 8, paragraph 1 of the Regulation on Radiological Protection Order (StrSchV) concerning the carriage of radioactive materials used in radiology for the non-destructive testing of materials (BMI circular of 29 May, 1978, GMB1 1978, p. 334);
- Technical safety rules by the Technical Nuclear Committee (KTA), KTA 1201, edition 2/78:  
Requirements which must be met by the operational manual;
- Directive on the procedure for the preparation and execution of maintenance and alteration work in nuclear power stations (Notification by the BMI of 1 June 1978, GMB1 No 22 of 17 July 1978);
- Directive on physical radiation protection monitoring (Articles 62 and 63 of the StrSchV), adopted by the Länder Committee on Nuclear Energy on

22 February 1978 (Notification by the BMI of 5 June 1978, GMB1 No 22 of 17 July 1978);

- Authorizations pursuant to Article 3, paragraph 1 of the StrSchV concerning the mobile handling and storing of sealed radioactive materials for radioscopic examinations, carried out in the context of the non-destructive testing of materials (BMI circular of 23 June 1968, GMB1 1978, p. 371);
- Recommendation by the Committee on Reactor Safety:
  - Kalkar nuclear power station (SNR 300) (Notification by the BMI of 5 July 1978, BA No 132 of 19 July 1978);
- Directive for the protection of personnel during maintenance work in nuclear power stations with light-water reactors: precaution to be taken at the planning stage (BMI circular of 10 July 1978, GMB1 1978, p. 418);
- Authorization pursuant to Article 20 of the StrSchV (BMI circular of 18 July 1978, GMB1 1978, p. 426);
- Directive on the subject matter of examinations to test the specialist knowledge of responsible shiftwork personnel in nuclear power stations (Notification by the BMI of 10 August 1978, GMB1 1978, p. 431);
- Technical safety regulations of the Technical Nuclear Committee (Notification by the BMI of 12 July 1978, annexed to BA No 189 of 6 October 1978);
  - KTA 1504: measurement of liquid radioactive substances with a view to monitoring radioactive waste (version 6/78)
  - KTA 3102.1: design of reactor cores for gas-cooled high-temperature reactors. Part 1: calculation of helium values (version 6/78)
  - KTA 3701.1: main requirements respecting the supply of electric power to the safety system in nuclear power stations. Part 1: single-unit installations (version 6/78).

mention should also be made of the following amended rule:

- KTA 3902: hoisting equipment in nuclear installations (version 6/78).

## France

In France four implementing orders<sup>1</sup> have been published under the terms of Decree No 75-306 of 28 April 1975 on the protection of workers against the dangers of ionizing radiation in basic nuclear installations. The order contains definitions of each type of basic nuclear installation, instructions on the frequency of surveillance measures, particular safety measures applicable in certain nuclear installations and general safety measures relating to the different types of radioactive waste in these installations.

Mention should also be made of a notification published in the Journal Officiel of 19 July 1978 (NC 5562) concerning requirements for obtaining authorization to manufacture, import or distribute equipment for *in vitro* analyses in biological medicine which involve the use of artificial radio-nuclides. This notification lays down the conditions which the persons and products concerned must satisfy and indicates the procedure to be followed in order to obtain such authorizations.

## United Kingdom

Mention should specially be made of three regulations published in application of the Medicines Act 1968 (which relate to the use of radioactive substances in the medical field.<sup>2</sup>

### Measuring techniques in radiation protection

229. Regulatory and administrative provisions have been adopted in the field of measuring techniques in several Member States.

In the Federal Republic of Germany rules and standards have been laid down relating to safety signs in radiation protection, systems for monitoring local dose rates in nuclear power stations, terminology used in radiology, ionization chamber

<sup>1</sup> Orders of 6, 7, 10 and 11 October 1978, Journal Officiel de la République Française of 13 and 14 March 1978, NC 2085.

<sup>2</sup> Medicines (Radioactive Substances) Order 1978, S.I. 1978, No 1004.  
Medicines (Committee on Radiation from Radioactive Medicinal Products) Order 1978, S.I. 1978, No 1005.  
Medicines (Administration of Radioactive Substances) Regulations 1978, S.I. 1978, No 1006.



dosimeters for X and gamma-radiation, terminology in the field of neutron dosimetry and data processing.

In France the first orders relating to the authorization of waste discharges from nuclear plant are at present being published. Apart from specifying very precise limits for the annual activities and the quantities discharged and the very strict waste disposal conditions (filtering, dilution), these orders specify that the measurement methods, as well as the equipment to be used by the operator, must be chosen by the Service Central de Protection contre les Rayonnements Ionisants (SCPRI). This organization, has set up in its offices, alongside its own monitoring system laboratory of the type defined in these orders. Personnel working in nuclear plant will attend a training course in this laboratory.

In the Netherlands the rules on the application of the international system of units of measurement with respect to radiological units and calibration have entered into force.

In the United Kingdom a system for evaluating fully automatic thermoluminescent dosimeters has been introduced. A recommendation on how reference values are to be determined should an incident occur has been published by the National Radiological Protection Board (NRPB).

With respect to the intercomparison programme for dosimeters used in radiation protection, the part relating to neutron dosimeters has been completed. Laboratories specializing in this field and located in the Member States of the European Community, Austria and Switzerland have participated in this programme. The results of this programme and the present state of neutron dosimetry were examined during an information seminar organized by the Commission at the laboratories of the Central Electricity Generating Board (CEGB) in Berkeley (UK)

### **Monitoring of environmental radioactivity**

230. 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 1977 and during the early part of 1978 shows a slight but significant increase in total activity and, to a lesser extent, in the quantities of  $^{90}\text{Sr}$ ,  $^{137}\text{Cs}$ ,  $^{238}\text{Pu}$  and  $^{239}\text{Pu}$  measured.

The recent precipitation of short-lived radio-elements  $^{89}\text{Sr}$  and  $^{131}\text{I}$  following the Asian nuclear test in September 1977 was lower—in absolute terms than that measured after the explosions in 1976. Following the test carried out on 15 March 1978 in Eastern Asia, slight increases in short-lived radio-elements were discovered in the samples taken at the different measuring stations in the Community.

These increases can be considered as tolerable, however, when compared to the threshold limit values for the intake of radioactive substances by inhalation or ingestion; these values are laid down for individuals in the population in the Euratom Basic Safety Standards (Directive of 1 June 1976).

The quantities of  $^{90}\text{Sr}$  and  $^{137}\text{Cs}$  detected in milk in 1977-1978 are almost identical to those detected in 1975-1976.

The results of measurements carried out in the air and in fall-out water and milk will be contained in a single report covering the nine Member States for the year 1977.<sup>1</sup>

<sup>1</sup> EUR 6212—Results of environmental radioactivity measurements in the Member States of the European Community for air—deposition—water—milk 1977.

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Every April the Commission publishes its annual Social Report, which gives an outline of the main developments in the social field during the past year which have taken place in the nine countries of the European Community.

In January the preliminary draft of the publication is the subject of two meetings for consultation: one with Government experts and one with experts from the two sides of industry at European level.

The introduction (Section A), of a general and political nature, outlines the prospects for the near future on the basis of an analysis of the present social situation and provides a summary of Community activities in the social field in 1978.

An analytical outline (Section B) follows, giving details of these activities which cover a wide range at European level: they 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 Community as a whole, whilst the second, which is of a descriptive nature, outlines the specific development in the social field during 1978.

Summaries of contents provide for easy consultation of the volume.