

**INFORMATION****S O C I A L P O L I C Y****The Balance-Sheet for 1974**93/75<sup>b</sup>

1. The general *economic and social situation of 1974* was characterized by increasing inflationary tendencies, rising unemployment in nearly all Member States and balance of payments difficulties in most of them. By the end of 1974, total unemployment in the countries of the European Communities had reached a peak of almost four million persons out of work, and consumer prices increased during the course of 1974 in some countries by nearly 20% and even more. This deterioration of the economic and social conditions, which to a certain extent has been aggravated by the new situation in the energy sector, has been felt particularly by certain industrial sectors and special groups of the total and the working populations.

The sectors mostly suffering from the slowing-down of demand and activity included the motor vehicle, textile, clothing and building industries, and among the categories of workers threatened by unemployment there was an increasing number of young and older workers, women and—by the end of the year—also migrant workers. The accelerated price increase, on the other hand, had a growing impact on the economically weaker groups of the population, and more especially the non-active people irrespective of their entitlement to social benefits, such as the unemployed, handicapped, sick, those suffering from employment injuries and occupational diseases, the retired and others, as well as workers with lower wages and salaries.

These difficulties underline the *need for strong and vigorous action in the social field* as foreseen in the Social Action Programme agreed by the Council at the end of 1973, for which 1974 was the first year of implementation.

2. This necessity has also been recognized at the *Summit meeting of the Heads of Government* of the nine Member States held in Paris on 9 and 10 December 1974, at which they declared that they 'reaffirm the importance which they attach to implementation of the measures listed in the Social Action Programme approved by the Council in its Resolution of 21 January 1974'. This declaration reflects the confidence of all Member States in the Social Action Programme, and in its potential in the war against rising unemployment and increasing prices with all the inevitable side-effects.

3. The various reforms envisaged by the *Social Action Programme* are to be realized *in stages* in the period from 1974 to 1976. During 1974 the Commission, together with the other Community institutions and the Economic and Social Committee, endeav-

oured to carry out the individual measures according to the timetable laid down in the abovementioned resolution.

Indeed, by the end of 1974 the Council had decided on seven of the nine proposals which had been submitted to it by the Commission before 1 April 1974. At the *Council meeting on 10 June 1974* the first three proposals were adopted concerning:

- (a) The two decisions and the regulation on action by the European Social Fund (Article 4) for migrant workers and for handicapped persons;
- (b) the resolution establishing the initial Community Action Programme for the vocational rehabilitation of handicapped persons;
- (c) the two decisions on the setting up of an Advisory Committee on Safety and Health Protection at work, and on the extension of the responsibilities of the Mines Safety and Health Commission to all mineral-extracting industries.

As a result of these decisions the progressive road to the attainment of a comprehensive social policy at Community level and of a strengthened Community solidarity amongst the Member States has been opened, and the means by which the road can be travelled have been indicated. The new possibilities, particularly for the Social Fund, have provoked immediate reaction, since they have enabled the Commission to carry out some worthwhile projects already during the 1974 financial year.

4. The *Council* agreed on a further four proposals of the Commission at its *meeting on 17 December 1974*:

- (d) The directive on the approximation of the laws of the Member States relating to the application of the principle of equal pay for men and women contained in Article 119 of the EEC Treaty;
- (e) the directive on the approximation of the laws of the Member States relating to mass dismissals;
- (f) the regulation establishing a European Centre for the Development of Vocational Training;
- (g) the regulation on the creation of a European Foundation for the Improvement of Working and Living Conditions.

The first two of these decisions are of special importance in that the Council by adopting them has accepted the *principle of setting minimum standards* in certain social fields by the *approximation of national legislations*. In fact, the first of the *two directives* agreed on by the Council intends to generalize minimum protection standards for women in respect of their right for equal pay, not only by laying down that discriminations still existing in laws or agreements and contracts have to be eliminated, and that the right to pursue equal pay for equal work cannot be frustrated by dismissal, but

also by providing that supervision of the application of this right has to be ensured by national law.

The second directive, on the other hand, is aimed at achieving greater security of employment of workers by providing that arbitrary mass dismissals cannot be undertaken without a system of prior consultation and notification that will go some to alleviating the consequences of dismissals.

5. The establishment of a *European Centre for the Development of Vocational Training* will expedite the progressive attainment of the principal objectives of a common vocational training policy, and in particular the approximation of training standards in the member countries. The creation of the Foundation, on the other hand, will stimulate not only more intensive study and concertation, but also more precise analyses and scientific research on all factors affecting the living and working environment. Both the European vocational training centre and the *Foundation for the Improvement of Working and Living Conditions* are extremely useful and necessary instruments for achieving some of the main objectives of the Treaties within the Community.

6. The remaining two proposals have not as yet been adopted by the Council. They are, however, already being discussed by the Council Committees, and it may be expected that a decision on them will be taken at one of the next meetings of the Council of Labour and Social Ministers that will take place in the course of 1975.

These two proposals concern:

- (h) a recommendation regarding the application of the principle of the 40-hour week and four weeks annual paid holidays;
- (i) a directive on approximation of the legislations of the Member States on the retention of the rights and advantages of employees in the case of mergers, take-overs and amalgamations.

The proposal for a *Council Recommendation* is aimed at achieving minimum standards for *working hours* (the 40-hour week by the end of 1975) and *annual paid holidays* (four weeks by the end of 1976) throughout the Community. It was subsequently examined by the European Parliament and the Economic and Social Committee. In the light of their contributions, an amended proposal has been submitted to the Council and awaits decision.

The draft *Directive on the approximation of national legislations on 'acquired rights' of the workers* will have far-reaching consequences on the labour law in some of the Member States. Therefore a very intensive procedure of consultation with the Community institutions and others has been an essential pre-requisite before the Council will take its decision.

7. In accordance with the priorities laid down in the Council Resolution concerning the Social Action Programme, the Commission drew up during 1974 a *series of new proposals*. These were achieved as a result of continuous consultations, which were both formal and informal. The deterioration of the labour market as mentioned above and increasing inflationary tendencies, both of which had a particular impact on the more vulnerable groups of the population, influenced considerably the attitude of the Commission when drafting the actions to be proposed.

The majority of this series of proposals will be submitted to the Council during the first quarter of 1975.

8. In the framework of the *first objective* of the Social Action Programme—'attaining *full and better employment* in the Community'—the main proposals which have been or are being prepared include:

- (a) The establishment of appropriate *consultations* between Member States on their *employment policies* and the promotion of better *cooperation* by national *employment services*.

The need for an improved system of consultation and cooperation between the governments and the employment services has been underlined by the development of the employment situation in the course of the year. It is for this reason that the Commission has already taken initial action by forming an *ad hoc* group of Directors-General for Employment in the Member States which has already met on several occasions to discuss the most urgent current problems concerning employment.

- (b) On 18 December 1974 the Commission adopted the *Action Programme in favour of migrant workers* and their families.

This Programme deals with all the crucial problems connected with migration, the living and working conditions as well as the social and educational problems of migrant workers and their families, both nationals and non-nationals of the Community. One of the main objectives of this programme is the progressive elimination of all existing discriminations against the migrants coming from third countries in living and working conditions, once they have been legally admitted to employment in the Community. To achieve this, the coordination of migration policies of Member States is urgently required.

Another objective of this programme is the granting of some civic and political rights to the migrants: it proposes that all migrants should have the right to participate in local elections, at the latest by 1980, in accordance with conditions still to be defined.

The Commission will, *in the course of 1975 and 1976*, propose to the Council quite a number of new activities in the various fields concerning the migrant

workers and their families (free movement and employment, social security, health, education and vocational training, social services, housing...). This action is now even more urgent, given the difficult economic circumstances of this present time. For this reason, the Commission feels it appropriate that the Community should endeavour to strengthen migrants' rights to equal treatment.

- (c) A *memorandum* on measures to achieve *equality between men and women at work*. This memorandum is a comprehensive examination of the whole range of areas where action is needed in order to improve the status of women at work. It covers employment, vocational guidance and training, working conditions, social security and social services.

Some of the conclusions drawn will need a longer term strategy for their completion. But as an immediate step, the memorandum is accompanied by a draft directive aimed at eliminating any existing discrimination of women in the legislation in the Member States as regards access to employment and vocational training, promotion and working conditions,

9. With regard to the *second objective 'Improvement of living and working conditions so as to make possible their harmonization while the improvement is being maintained'*, the Commission has prepared—in accordance with the priorities laid down by the Council in its Resolution—the following activities:

- (d) Appropriate *consultations between Member States on their social protection policies*.

The preparatory work has already been completed: a special working party of 18 highly qualified individual experts, nine of whom represent the national Governments, is to assist the Commission in developing a common long-term perspective and a coherent framework for the diverse Community measures being prepared in the field of social protection. In this context, attention is drawn to the statement made at the Paris Summit Conference on 9 and 10 December 1974, where the Heads of Government have made it 'their objective to harmonize the degree of social security afforded by the various Member States, while maintaining progress but without requiring that the social systems obtained in all Member States should be identical.'

- (e) An *initial programme on health and safety at work*.

The prevention of employment injuries and occupational diseases is another very important aspect of the 'quality of life'; the establishment of an initial programme on health and safety at work on the basis of and in collaboration with the Joint Committees and the Advisory Committee on Safety and Health set up by the Council decision of 10 June 1974, has been recognized therefore as a priority action. This programme will provide the basic framework for the preparation of specific activities to be carried out in stages.

- (f) A programme of *pilot schemes* and studies to combat poverty in the Community.

The purpose of this limited programme of pilot schemes is to develop clearer perceptions as to the causes of poverty and to encourage Member States themselves to develop new techniques to overcome severe deprivation where it exists.

- (g) Finally, a *memorandum* on '*humanization at work*' is to be submitted to the Council during 1975.

In order to facilitate the preparation of this memorandum, the Commission organized a conference of experts on 'Work organization, technological development and motivation of the Individual' in Brussels over the period 5 to 7 November 1974. Further discussions with the representatives of both sides of industry are still to take place before the initial proposal will be drafted. The memorandum will try to indicate steps that should be taken in order to offer to the workers greater job satisfaction and increased involvement in decision-making, both in private enterprises and in the public sector.

10. Although not included in the list of priority actions laid down in the Council Resolution, the Commission has communicated to the Council on 4 December 1974:

- (h) the first *European Social Budget*.

The main purpose of this Social Budget is to give a greater knowledge of the present trends in the Member States up to the end of 1975 in the development of expenditures (and the financing of them) for several sectors of social policy, and especially social security. As the forecasts from 1973 to 1975 have been made on the assumption of existing legislation and on the basis of the economic forecasts made before the energy crisis, the Commission has proposed to the Council to update the data used in this first Social Budget by taking into account new legal measures taken in the meantime as well as the profound economic and social changes caused by the new circumstances; at the same time the Budget should be extended to the year 1976.

11. The *Conference on future European Social Policy*, which was held in Brussels on 16 December 1974 and which was attended by the Ministers of Labour of the Member States of the Community, representatives of the Commission as well as those of workers' and employers' organizations, provided a new impetus towards the *third broad objective* of the Social Action Programme, namely to '*increase the involvement of management and labour in the economic and social decisions of the Community, and that of the workers in the operation of an enterprise*'.

- (i) One important conclusion reached was the unanimous decision to *reactivate the Standing Committee on Employment* as soon as possible in order to discuss the very urgent problems still to be solved in the field of employment.

This Committee, in fact, has not been convoked for more than two years. A first meeting of the enlarged Standing Committee of Employment for the Community of the Nine took place during February 1975; it had an intensive exchange of views regarding two Commission proposals for actions in the field of employment: the action programme in favour of migrant workers and the intervention of the European Social Fund in favour of industries strongly affected by the economic crisis.

- (j) At this Conference, moreover, both the employers' and the workers' representatives were encouraged to hold *joint sectoral meetings* so that they could coordinate their efforts in respect of problems arising in the various industrial branches.

The Commission, for its part, will shortly submit a communication to the Council concerning the convocation of such joint meetings particularly in those branches where the economic activity has declined.

12. It is emphasized that the Commission considers that the guidelines laid down in the Council Resolution of 21 January 1974 do not constitute a limit to the Community's activity in the social field and that the Commission always retains its right of initiative to make proposals as and when necessary. In the present situation, where serious employment problems affect certain regions, industries and categories of workers, it is proposed to use part of the resources available to the European Social Fund (Article 4) where the employment situation has been particularly affected by the present economic crisis. In the opinion of the Commission, this new measure should be sufficiently flexible to allow a continual adaptation of the affected industries to the changing situations.

13. By the beginning of 1975, the Commission had already formulated proposals to cover almost one half of the actions enumerated in the Social Action Programme. The renewed emphasis on social policy stressed at the latest Paris Summit Conference encouraged the Commission who will endeavour to elaborate concrete proposals for the majority of *actions still outstanding* during the course of 1975, with the aim of implementing the complete Social Action Programme before the end of 1976 and within the stipulated time-limit.

Those actions still to be covered include the fields of social security (extension of protection, 'dynamization' of social benefits), the employment problems of special groups of workers (young school-leavers, elderly persons), the social integration of the handicapped, incomes and asset formation, public health, housing as well as implementing proposals arising from the general programmes for migrant workers, for women at work, and for protection against radiation and of the environment.

14. In 1974 the social problems reached such dimensions that it has become more

than ever essential that all *Community policies* are directed to the achievement of the three main *social objectives* determined at the first Paris Summit Conference in 1972. The main targets of economic and monetary policy at national as well as Community level are therefore essentially the fight against inflation and rising unemployment. Furthermore, many social problems existing in the countries of the Community could be alleviated by a coordinated regional policy. The decisions of the Heads of Government at the latest Summit Conference to put the European Regional Development Fund into effect from 1 January 1975 were therefore warmly welcomed by the Commission.

15. The gradual and successful implementation of the Social Action Programme which is to continue throughout 1975 and 1976 is certainly a major step towards the establishment of a real *European Social Union*. Social problems evolve as a result of the ever-changing desires and demands of society, and it is necessary to consider the ment Fund into effect from 1 January 1975 were warmly welcomed by the Commission.

The Commission is already well aware that it is necessary to consider the important question of how the Community policy in the social field is to be developed after 1976. Initial reflections have already been made, further consultations are necessary. The Commission will submit to the other Community institutions the results of all these deliberations in good time in order to permit common discussions leading to decisions on the future European social policy.