

# COMMISSION OF THE EUROPEAN COMMUNITIES

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PROPOSAL FOR A COUNCIL RECOMMENDATION  
ON THE CONVERGENCE OF  
SOCIAL PROTECTION OBJECTIVES AND POLICIES

(presented by the Commission)

## Justification

1. Social protection is an essential instrument for solidarity among the citizens of each Member State. It is the expression of vocational or national solidarity which has progressively replaced the traditional family or neighbourhood solidarity undermined by the sweeping changes brought about by industrialization, rural flight and the growth of urban society. This type of solidarity is shown by the breaking of any direct link between contributions intended to finance the social protection system and the individual vulnerability of the persons covered. Thus they play a part in making the social costs borne by undertakings largely independent of the personal characteristics of their employees, thereby increasing the chances of finding a job for the more vulnerable social categories.

2. Because of the diversity of social protection systems - due primarily to the social history of each Member State - and the fact that they have their roots in national cultures, there can be no question, at this stage, of embarking upon the harmonization of existing systems. As a result, it is for the Member States to determine the arrangements for organizing and financing their social protection systems.

3. However, social protection is concerned with a number of aspects of the completion of the single market:

- In the first place, in order that the principle of free movement be completely fulfilled, the need for progressive elimination of existing barriers to worker mobility is becoming more urgent. The possibility of any worker wishing to migrate finding in the host country a degree of social cover comparable to that enjoyed in the home country should be promoted. It is worthwhile therefore to avoid increasing disparities between social protection levels within the Community and, if possible, to encourage the reduction of such disparities.

- On the other hand, the fear of an undesirable type of mobility - namely that arising solely from a wish to take advantage of the most generous social benefits - could arise; it is important that this risk does not result in a diminution in social protection in the Community.

- Finally, in an economic context where exchange rate parities become increasingly rigid, it is necessary to prevent a situation where a decreasing of social standards might be used as an alternative to monetary devaluation; the risk of successive reductions in social contribution levels, leading in due course to a lowering of social protection, has to be countered.

An analysis of the probable impact of the completion of the single market thus leads to the conclusion that progressive approximation in the area of social protection is desirable. Increasing the disparities between Member States would make the free movement of workers and the combating of "social tourism" more difficult and increase the risk of a spiralling loss of social status.

4. All systems of social protection are confronted with similar problems:

- Primarily, they have to adapt to the growing phenomenon of exclusion. Several Member States have indeed already introduced minimum resource guarantee systems coupled with assistance towards economic and social integration.

- The growing trend towards a dualisation of the labour market and the increasing incidence of part-time working and/or fixed term work make it necessary to reexamine the conditions governing the acquisition of unemployment benefit and retirement pension rights.

- Social protection systems have to adapt to changes in family structures and in behaviour which have as a consequence that the risk elements alone cannot be adequately indicative of need: becoming ill, an invalid or unemployed thus has more serious consequences for households living on a single income, single-parent families or persons living alone than it does for double-income households.

- In addition, the demographic context in which protection systems operate will alter during the next 30 years, characterized by a reduction in the proportion of members of the active population to retired persons. Member States will have to seek an acceptable compromise between the interests of these two groups.

- Finally, all Member States must increasingly seek to improve the effectiveness of their social protection system by ensuring that the benefits paid correspond to the actual needs of the beneficiaries and by trying to keep the administrative costs of their systems in check. In the area of health care in particular, all Member States must strive to control the growth in overall expenditure.

5. To encourage the convergence of levels of social protection, the Commission has proposed, in its action programme for the implementation of the Social Charter, a convergence strategy for the social protection policies of Member States. This strategy is flexible in nature, progressive and non-compulsory and is based rather on the free disposition of those Member States who endorse the need to maintain, adapt and, in certain cases, to develop their social protection systems and who jointly agree on precise objectives to achieve this. The ultimate aim of the convergence strategy is to allow Member States to develop their social protection systems in harmony with each other and in accordance with the overall aims of the Community.

This approach implies the following :

- definition at Community level of common objectives enabling Member States' social policies to be converged, with Member States implementing the objectives in accordance with their own arrangements and within the framework of their particular systems;

- progressivity in implementation of these objectives and the opportunity for review at regular intervals of progress made and obstacles encountered;

- to this end, regular and methodical follow-up and evaluation through identification of quantitative and qualitative indicators permitting the evolution of this implementation to be appraised;

This convergence strategy should, of course, be considered in close association with the evolution and convergence of economic policies.

6. The convergence strategy must moreover be seen within the more general context of economic and social integration and of the prevention of exclusion. Thus the strategy is closely linked with other Community activities seeking to carry out integration policies or to assist categories of persons, i.e. the European Social Fund in connection with the employment and training of young people and the long-term unemployed, but also with programmes such as those relating to employment (LEDA and ERGO), the fight against poverty (Poverty III), or to certain categories (action programme for equal opportunities for women, the HELIOS programme, actions on behalf of the elderly and of the family). Finally the different mechanisms existing for observation and for exchange of information in the social sphere constitute an important tool for this strategy; in this regard the MISSOC system and the observatories on policies to combat social exclusion, on family policy and on matters relating to the elderly may be mentioned.

7. It is on these bases that the current recommendation is presented; its goal is to define the objectives towards which convergence of national policies should be aimed.

The identification of these objectives proceeds firstly by the declaration of common principles which define the essential role of social protection. In all Member States social protection must seek - without the establishment of any hierarchy between its different functions - to :

- ensure a minimum level of resources for all persons legally resident on their territory,
- provide access to health care regardless of income,
- promote the social and economic integration of all those able to work,
- ensure that workers' standard of living will not be appreciably reduced when they cease work at the end of working life or interrupt activity due to sickness, accident, maternity, invalidity, unemployment or for family reasons; this to be adjusted, where necessary, based on arrangements for applying insurance systems, membership and benefits.

Specific objectives are suggested for each of the areas of social protection within the context of, and in view of, the problems outlined above.

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, in particular Article 235 thereof,

Having regard to the Commission proposal,

Having regard to the opinion of the European Parliament,

Having regard to the opinion of the Economic and Social Committee,

Whereas under the terms of Article 118 of the Treaty the Community shall have as its task the promotion of close cooperation between Member States in the social field,

Whereas eleven Heads of State and Government of the Member States of the European Community, meeting in Strasbourg on 9 December 1989, adopted the Community Charter of the Fundamental Social Rights of Workers;

Whereas the said Charter has solemnly recognized in its recitals that:

- implementation of the Single European Act must take full account of the social dimension of the Community and in this context it is necessary to ensure the development of the social rights of workers of the European Community;

- completion of the internal market must offer improvements in the social field for workers of the European Community, especially in terms of social protection;

- the solemn proclamation of social rights at European Community level may not, when implemented, provide grounds for any retrogression compared with the situation existing in each Member State;

Whereas paragraph 10 of the Charter specifies that:

- every worker of the European Community shall have a right to adequate social protection and shall, whatever his status and whatever the size of the undertaking in which he is employed, enjoy an adequate level of social security benefits;
- persons who have been unable either to enter or re-enter the labour market and have no means of subsistence must be able to receive sufficient resources and social assistance in keeping with their particular situation;

Whereas, in its paragraphs 24 and 25, the Charter also stipulates that, according to the arrangements applying in each country:

- every worker of the European Community must, at the time of retirement, be able to enjoy resources affording him or her a decent standard of living;
- any person who has reached retirement age but who is not entitled to a pension or who does not have any other means of subsistence must be entitled to sufficient resources and to medical and social assistance specifically suited to his needs;

Whereas legislative texts have either been adopted or are under examination within the Council regarding equal treatment of men and women, social security for migrant workers, protection of the unborn child and of maternity and employment relationships other than full-time open-ended contracts;

Whereas social protection is an essential instrument of solidarity among the inhabitants of each Member State of the Community, in the context of a general right of all to social protection;

Whereas, the action programme relating to the implementation of the Community Charter of the Fundamental Social Rights of Workers noted that differences in social security cover might act as a serious brake on the free movement of workers and exacerbate regional imbalances, particularly between the north and the south of the Community and whereas, based on this, it has been proposed to promote a strategy for the convergence of policies in this field underpinned by objectives established in common, making it possible to overcome the disadvantages referred to above;

Whereas, having noted that trends in most of the Member States are influenced by common problems (in particular, the ageing of the population, changing family situations, a persistently high level of unemployment, the spread of poverty and its consequences, and the increasing cost of medical care), the Council proposed at its meeting on 29 September 1989 that this de facto convergence should be further formalized by establishing common objectives as a guide for national policies;

Whereas in so far as there is no direct link between the contributions intended to finance such protection and the individual vulnerability of protected persons, social protection helps to make the social costs borne by enterprises independent of the personal characteristics of their employees; whereas, in so doing, it allows for equalization of opportunities amongst the categories, thus allowing a greater number of persons to participate actively in the development of the Community;

Whereas this convergence strategy aims at fixing common objectives able to guide Member States' policies in order to permit the coexistence of different national systems and to enable them to progress in harmony with one another, and also in line with the fundamental objectives of the Community;

Whereas the specific common objectives must act as a pointer to the way these systems are modified to take account of protection needs, particularly those resulting from changes in the labour market, family structures and demographic trends;

Whereas this convergence seeks also to guarantee the continuation and stimulate the development of social protection within the context of the completion of the internal market; whereas this will facilitate mobility of workers and their families within the Community and steps should therefore be taken to ensure that this mobility does not give rise to additional costs, either for individuals or undertakings, which could result from too great a disparity in levels of social protection;

Whereas finally, because of the diversity of the systems and their roots in national cultures, it is for Member States to determine the arrangements for financing and organizing their social protection systems;

Whereas this action appears necessary in order to achieve, as part of the operation of the common market, one of the aims of the Community for which the Treaty has not laid down the necessary powers;

RECOMMENDS THAT THE MEMBER STATES SHOULD:

A. Allow their general policy in the area of social protection to be guided by the following principles:

1. Social protection, in its specific national forms and based on the evolution of economic and social problems and the responses thereto, shall attempt to fulfill the following tasks:

- to guarantee a decent minimum standard of living to every person who is resident in accordance with the national and Community provisions in these matters, within the territory of the Member State; consequently, and conforming with the principles enshrined in the Recommendation by the Council of the European Communities on common criteria regarding adequate resources and benefits in the Community, the social protection system must provide assistance for persons who do not have adequate resources, either because they are prevented from exercising a paid activity for reasons related to health or family situation, or because they are unable to find employment, or because they have reached retirement age;

- to give every resident person regardless of his or her resources the chance to receive whatever care is necessary to restore him or her to health, to benefit from measures taken with a view to preventing illness and to have access to the requisite services and equipment for maintaining an independent way of life;

- to help to further the social integration of all residents, and the economic integration of those who are in a position to exercise a gainful activity;

- to ensure that the standard of living of workers and of their families will not be appreciably reduced when they cease work at the end of working life or are forced to interrupt such activity due to sickness, accident,



maternity, invalidity or unemployment, this to be adjusted where necessary based on the arrangements for implementing insurance systems, membership and benefits.

2. Social benefits must also be granted in accordance with the following general principles:

- equal treatment in such a way as to avoid all discrimination based on nationality, race, sex, religion, conduct or political opinion provided applicants fulfil the conditions regarding length of membership and/or residence required to be eligible for benefits;

- fairness, so that beneficiaries of social benefits will receive their just share from improvements in the standard of living of the population as a whole, especially through upgrading of the benefits paid to those who are not professionally active and to the unemployed;

- individualization of rights and contributions, in order gradually to substitute individual rights for derived rights, thus achieving better adaptation to trends in behaviour and in family structures:

3. Finally, social protection systems must be administered with maximum efficiency :

- to ensure that the benefits paid correspond to the effective needs of beneficiaries;

- to minimize the administrative costs of the organizations which manage the distribution of benefits.

B. Adapt and, where necessary, develop their social protection systems to make progress towards achieving the following aims and to take the necessary measures to this end:

Sickness or accident

- to ensure equal access to necessary health care as well as to facilities seeking to prevent illness to all persons resident, in accordance with

national and Community provisions in these matters, within the territory of the Member State;

- to maintain and, where necessary, develop a high-quality health care system geared to the evolving needs of the population and especially towards more prevention and prepared for spread of chronic illnesses and elderly dependance;

- to organize this health care system in such a way as to enable the growth in overall health care expenditure to be controlled;

- to organize the rehabilitation and reintegration of convalescents;

- subject to the necessary testing and control measures, to provide workers who are off work because of illness with an allowance equal to a large part of their previous earnings, this to be adjusted where necessary based on the arrangements for implementing insurance systems, membership and benefits;

#### Maternity

- to organize for all women who are resident in accordance with national and Community provisions in these matters, within the territory of the Member State, total coverage of the costs of treatment necessary due to pregnancy, childbirth and their consequences;

- to ensure that women, who interrupt their work due to maternity, see their remuneration maintained or receive an equivalent payment for at least fourteen continuous weeks;

#### Unemployment

- to give all unemployed persons and their dependants who are resident in accordance with national and Community provisions in these matters, within the territory of the Member State, and subject to their availability for work, social protection cover guaranteeing a minimum level of resources, graduated according to the type and size of their household, and access to health care for them and for their dependants;

- to make available to the unemployed, particularly to young people arriving on the job market and to the long-term unemployed, a range of measures against exclusion, designed to foster their social and economic integration and enable them to acquire the vocational qualifications needed to find or regain a job;

- subject to the necessary testing and control measures, to give workers who have lost their jobs through no fault of their own, regardless of their previous status, and who despite their efforts are unable to find another job, an allowance representing a significant part of their previous earnings; this to be adjusted where necessary based on the arrangements for implementing insurance systems, membership and benefits;

#### Incapacity for work

- to give to all invalids or disabled persons who are resident in accordance with national and Community provisions in these matters, within the territory of the Member State, social protection guaranteeing minimum means of subsistence and access to health care;

- to foster the social integration of invalids and the disabled and to do all that is possible to foster their economic integration;

- subject to the necessary testing and control measures, to give workers, who are forced to interrupt or reduce work because of invalidity, an allowance equal to the major part of their previous earnings (whatever their previous status), this to be adjusted where necessary based on the arrangements for implementing insurance systems, membership and benefits;

#### The elderly

- to guarantee minimum means of subsistence to all elderly persons who are resident in accordance with national and Community provisions in these matters, within the territory of the Member State and, where appropriate, to adapt any such guarantee to suit their specific needs, in particular where they are dependent on care and services from outside;

- to contribute to the struggle against social exclusion of the elderly;
- to give all workers the chance to continue working beyond the minimum age at which rights to retirement pensions are opened up;
- to ensure that the pension scheme effectively guarantees that, during their entire period of retirement, former workers benefit from a high income replacement rate, while maintaining a balance between the interests of workers and those of retired persons;
- to adapt the method of acquiring pension rights so as to reduce the penalty for those workers who have an incomplete career as a result of periods of illness, invalidity or long-term unemployment, and for those who have given up work temporarily to raise their children or to take care of a disabled or invalid relative;
- to adapt pension systems so as gradually to reflect individual rights, using transitional arrangements if necessary to maintain acquired rights;
- to make changes, where necessary, to the conditions governing acquisition of retirement and, especially, supplementary pension rights with a view to eliminating obstacles to mobility;
- in due course, to adapt pension systems to demographic changes, while maintaining the central role of statutory pension schemes;

#### Family

- to develop family benefits, so as to avoid that a lack of resources will not dissuade anyone from having children; to develop, in particular, the benefits paid to the most disadvantaged families and to adapt them for single-parent families and for families where there is a disabled child;
- to contribute to fostering the integration of persons who, having raised children, wish to enter the labour market, and to give them opportunities for supplementary training to enable them to acquire the qualifications needed to find a job;

- to remove obstacles to occupational activity by parents through measures allowing the reconciliation of family and professional responsibilities and to extend support, including financial support, to persons who, by reason of the need to raise children or care for an elderly or disabled relative, have to reduce or cease work.

AND TO THIS END REQUESTS THE COMMISSION:

1. To submit regular reports to the Council on progress achieved in relation to these objectives, to determine and develop the use of appropriate indicators to this effect, and to present suitable proposals taking into account demographic, economic and social changes in the Commu
2. To organize regular consultation with Member States on the development of social protection policy.

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# DOCUMENTS

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