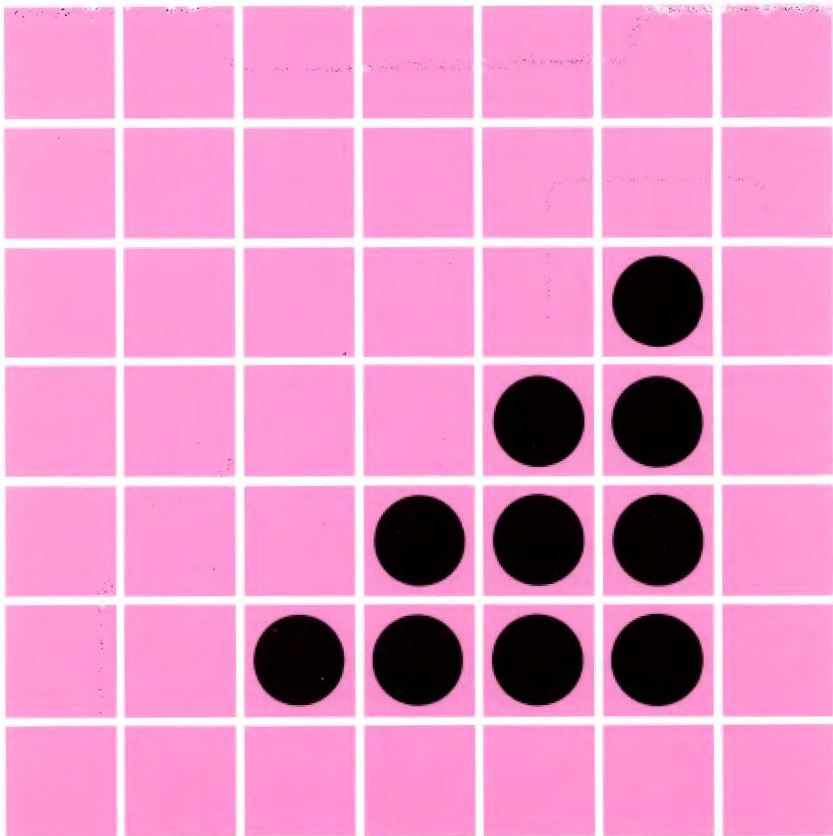


# THE SOCIAL POLICY OF THE EUROPEAN COMMUNITY

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# **The social policy of the European Community**

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## Introduction

One of the principal objectives of the European Community is to integrate the economies of the ten Member States, and thereby create an economic area in which 270 million citizens can share in the constant improvement in living conditions called for by the authors of the Community Treaties.

The first section of this booklet describes the origins of social policy in the Treaties establishing the three European Communities (European Coal and Steel Community, European Economic Community and European Atomic Energy Community).

The economic boom of the 1950s and the 1960s was a great source of social progress : between 1958 and 1970 per capita gross domestic product practically doubled in real terms; the same was true of real wages, which grew fastest in the countries where they were lowest when the Community was set up. In general terms there was an upward harmonization of living and working conditions in various Member States in keeping with the objective set out in the Community Treaties.

The second section deals with changes in Community social policy, which gathered great momentum in the 1970s as the economic crisis spread across the world.

The social action programme implemented by the Community during this period has three main objectives — full and better employment, an improvement in the living and working conditions of society as a whole and the least-favoured categories of persons in particular, and increased involvement of management and labour in the life of the Community and of workers in the life of their firms.

This second stage in the Community's social policy, which is still far from being completed, has had both its successes and its failures.

Real per capita gross domestic product continued to increase, though by no means as fast as in the previous two decades, and there has also been a marked increase in real wages, notably during the first part of the period in question; prosperity measured by home ownership and ownership of private cars, television sets, electrical appliances and the like, has gone up at a time when working hours have become shorter and paid annual holidays have become longer. On the other hand, the world crisis has pushed the unemployment rate up; by the end of the 1970s there were more than six million job-seekers, which is twice as many as there were in the ten present Member States when the Community was set up in 1958.

In 1980 the seven-million mark was passed for the first time. Consequently the challenges facing Community social policy are — and will continue to be — even more serious than in the past. The tough assignment will now be to preserve what has already been achieved, extend the benefit of these achievements to those who have not previously derived enough from it and, if possible, make further progress.

As the third section explains, the outlook is somewhat gloomy and the prospect for further success will depend largely on whether the political and economic powers that be can generate the requisite consensus and coordinate the use made of available resources to cope with problems as they grow out of each other.



## **Achievement of the objectives of the Treaties up to the beginning of the 1970s**

### *Social provisions of the Treaties establishing the Communities*

Since 1 January 1967 there has been a single Commission and a single Council for the European Coal and Steel Community, which was set up in 1952 and the European Economic Community and the European Atomic Energy Community, which was set up in 1958. The original Treaties, however, have not yet been merged and thus still constitute the legal basis for the Community's social policy. This section discusses the main social provisions in those Treaties.

#### **The European Coal and Steel Community (ECSC)**

The ECSC was set up to bring coal and steel production in the Member States under a common High Authority, the idea being to create a common market for coal and steel and thus take these two major 'war industries' out of national control. To this end the ECSC was endowed with far-reaching powers to regulate the market and to rationalize and modernize the two industries.

Social questions were not overlooked : one of the Community's objectives was to 'promote improved living and working conditions... for the workers' in the coal and steel industries, and provision was made in the Treaty for :

- studies and consultations to facilitate the redeployment of workers made redundant by market development or technical change and to assess the possibilities for improving workers' living standards and working conditions (Articles 46 to 48);
- promoting research into occupational safety in the coal and steel industries (Article 55);
- financing programmes for the creation of new activities and the grant of aid for the retraining and resettlement of workers in the coal and steel industries (Article 56);
- guaranteeing adequate wages for workers in the coal and steel industries (Article 68);
- establishing free movement of workers in the coal and steel industries whilst safeguarding their entitlement to social security benefits (Article 69).

## **The European Economic Community (EEC)**

As its name implies the EEC is first and foremost an economic community. But the Treaty establishing it contains social provisions similar to those of the ECSC Treaty, although some of them are not so far-reaching. To ensure the constant improvement in working conditions and employment referred to in the preamble the Treaty makes provision for :

- the gradual achievement of the free movement of workers, accompanied by guaranteed eligibility for social security benefits (Articles 48, 49 and 51);
- encouraging the exchange of young workers under a joint programme (Article 50);
- promoting close collaboration between the Member States in social matters so as to encourage an improvement in living and working conditions and make possible their harmonization while the improvement is being maintained (Articles 117 and 118);
- the principle of equal pay for men and women doing the same work (Article 119);
- setting up a European Social Fund to promote employment opportunities and geographical and occupational mobility for workers within the Community (Articles 123 to 127);
- establishing general principles for implementing a Community vocational training policy (Article 128).

Incidentally, other chapters of the EEC Treaty also contain provisions laying down social objectives : one of the objectives of the agricultural policy, for instance, is 'to ensure a fair standard of living for the agricultural community, in particular by increasing the individual earnings of persons engaged in agriculture' (Article 39 (1) (b)).

## **The European Atomic Energy Community (Euratom)**

'It shall be the task of the Community to contribute to the raising of the living standard in the Member States and to the development of relations with other countries by creating the conditions necessary for the speedy establishment of growth of nuclear industries' (Art. 1).

To this end, the overriding need is to protect not only workers but the population as a whole from contamination hazards, and the Euratom Treaty provides for the establishment of basic standards for the protection of the health of workers and the general public against the dangers arising from ionizing radiation (Articles 30 to 39).

## *Implementation of the social provisions*

The European Communities were set up at a time of unparalleled economic prosperity which, give or take a few cyclical fluctuations, lasted until the beginning of the 1970s. These beneficial effects of what in point of fact was a worldwide trend were intensified by the gradual removal of legal, quantitative, qualitative or other barriers to the movement of goods, capital, services and persons between the Member States.

Thus, from the late 1950s until 1973, the level of prosperity rose faster in the Member States than in most of the other industrialized nations of the western world : the purchasing power of per capita national income practically doubled, the increase being more pronounced in real terms in the countries which had the lowest income levels when the Communities were set up (see Table 1).

TABLE 1  
Economic growth of the Six

Country	per capita GNP <sup>1</sup>		% increase in wages in real terms 1958-72
	1958	1972	
Belgium	1 154	3 351	93
France	1 196	3 489	109
Federal Republic of Germany	1 096	3 840	79
Italy	612	2 008	121
Luxembourg	1 402	(3 255)	75
Netherlands	845	3 193	106

<sup>1</sup> In dollars per year at market prices.

<sup>2</sup> Increase in real terms in the gross hourly earnings of industrial workers — October 1958 - October 1972.

Source : *Report on the development of the social situation in the Community in 1973*, Commission of the EC.

A healthy economic climate such as this is, of course, conducive to social progress, and indeed the wages of workers in the Member States doubled in real terms during this period, while other improvements were achieved in their working conditions. The Community institutions saw to it that workers, and particularly the poorer classes of society, received their fair share of the general economic progress.

### **Free movement of workers**

The principle of freedom of movement — the right of Community citizens to decide where to work in the Community, has gradually been extended both to the ECSC industries and to the rest of the economy.

Workers in the mining industry and the iron and steel industries covered by the ECSC Treaty gained their freedom of movement under two decisions taken by the representatives of the governments of the Member States meeting in the Council on 8 December 1954 and 16 May 1961, which opened up a whole range of occupations.

The principles of Articles 48 and 49 of the EEC Treaty, which govern freedom of movement for workers, were finally given practical form by a Council Decision of 15 October 1968; this entered into force on 8 November 1968, more than a year before the date stipulated by the Treaty. All wage- and salary-earners in the Community may apply for job vacancies whatever their nationality, reside in another State for that purpose, settle there in order to take up employment and be joined there by their families; they are eligible for the same rights as nationals as regards working conditions and terms of employment. However, a few restrictions are maintained on grounds of public policy, public security or public health, particularly as regards employment in the public service.

The establishment of freedom of movement for workers in the Community has undoubtedly meant that many workers have moved from one Member State to another to seek employment. Yet the number of people doing so has not been as great as originally expected: in 1958, when the Community of Six was set up, some 1.2 million foreign workers were employed in the Member States, including half a million from other Member States of the Community; in 1972, the latter accounted for 1.1 million, an increase of about 600 000, mainly due to the arrival of Italian workers in the Federal Republic of Germany.

On the other hand, about 2.7 million workers were also recruited from non-member countries during the same period. This does not mean that freedom of movement has been a failure; the fact is that the exceptionally favourable pattern of developments in countries, such as Italy, which were economically the weakest when the Community was set up, has generated enough new jobs for a large number of unemployed people to find work in their own country.

To facilitate the international recruitment of workers the Commission set up a 'European system for the international clearing of vacancies and applications for employment', the SEDOC system, which is designed to give priority to workers from the other Member States for jobs which cannot be filled by national workers. The system uses a 'standard language' for the mutual clearing of vacancies and applications for employment, and particulars of both are compiled at the same time and exchanged between placement offices in the Member States.

During the 1970s this standard system was generally adopted by placement offices in the Member States and it is now used regularly to centralize several thousand vacancies within the Community.

### **Social security for migrant workers**

One of the fundamental conditions that must be met before a worker will agree to work in a foreign country is that he should qualify for benefits in the event of illness, unemployment, industrial accident, disability and retirement and for dependent relatives. Naturally, the

major countries of emigration and immigration already had bilateral social security agreements, but there were no general international rules before the Community was set up.

One of the first legal acts of the European Economic Community in 1958 was to set up a social security system for migrant workers, which entered into force on 1 January 1959 (workers in the ECSC industries working in another Member State were already eligible for social security benefits under the rules on freedom of movement). The following principles apply :

1. migrant workers from the Member States are eligible for the same social security benefits as national workers;
2. periods of employment and insurance completed in several Member States are aggregated for the calculation of benefits;
3. the beneficiary may, at any time, request the transfer of social security benefits from one Member State to another.

Other persons (including members of the family) temporarily staying in a country other than their country of origin, whether on holiday or visiting someone who lives there, are eligible for sickness and maternity benefits (medical treatment, medicines, dental care, hospital care, etc.).

### **Promotion of workers' geographical and occupational mobility**

The ECSC High Authority began giving aid to promote the re-employment of redundant workers in March 1954 and the European Social Fund began operating at the end of 1960. In both cases the Community originally granted financial assistance, generally covering 50 % of the total cost of operations, to promote the re-employment of redundant workers, particularly tide-over allowances during the interim period prior to re-employment and financial contributions to vocational retraining and resettlement.

#### *Workers in ECSC industries*

In the ECSC, workers in the coal industry were mainly affected by adjustment and restructuring measures in the 1950s and 1960s. Consequently, they accounted for the bulk of the 460 000 or so workers who had received financial aid worth nearly 350 million dollars from the High Authority by the end of 1972.

In the early 1970s several Member States began to submit a growing number of applications for assistance for vocational retraining and resettlement of iron and steel workers. As a result of the increased difficulties facing the iron and steel industries, the trend was reversed during the 1970s and more was spent on aid for adaptation measures for iron and steel workers than for workers in the coal industry : between 1976 and 1979 the Commission supported the readaptation of more than 75 000 iron and steel workers and 48 000 workers in the coal industry.

The table below summarizes Community activities for the vocational readaptation and geographical mobility of ECSC workers up to the end of 1979 :

## ECSC aid for the readaptation of workers in the ECSC industries

Number of recipients	Coal mines	Steel industry iron ore mines
Belgium	 90 465	 17 035
Denmark	—	—
FR of Germany	 288 062	 55 821
France	 42 776	 45 227
Ireland	—	—
Italy	 6 391	 22 587
Luxembourg	—	1 655
Netherlands	 41 446	1 139
United Kingdom	 29 904	 44 963
EUR 9	499 044	188 427

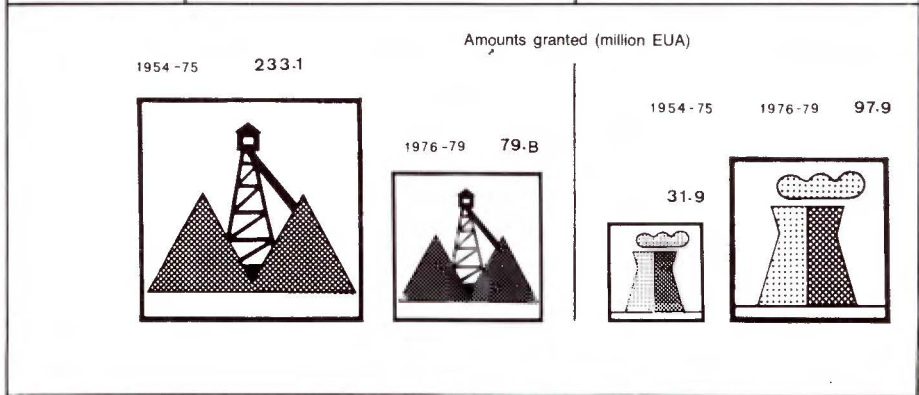


TABLE 2

## ECSC aid for the readaptation of workers in the ECSC industries, 1954-79

Country	Coal industry	Steel industry, iron ore mining	Total
Number of recipients			
Belgium	90 465	17 035	107 500
FR of Germany	288 062	55 821	343 883
France	42 776	45 227	88 003
Italy	6 391	22 587	28 978
Luxembourg	—	1 655	1 655
Netherlands	41 446	1 139	42 585
United Kingdom	29 904	44 963	74 867
EUR 9	499 044	188 427	687 471
Amounts given			
1954 to 1975 (million u.a)	233.1	31.9	265.0
1976 to 1979 (million EUA) <sup>1</sup>	79.8	97.9	177.7

<sup>1</sup> EUA (December 1980) = BFR/LFR 41.07, DKR 7.84, DM 2.55, DRA 60.40, FF 5.92, LIT 1212.95, HFL 2.76, UKL 0.56, IRL 0.68.

Incidentally the ECSC Treaty provides for something that has no equivalent in the EEC Treaty — low-interest loans for the building and modernization of low-cost housing for workers in the coal and steel industries. The aim is to enable these workers to acquire suitable accommodation at a reasonable price or a reasonable rent and thereby improve their living and working conditions.

Funds were made available via special financial aid schemes; eight have been implemented so far and the Commission approved the ninth half-way through 1979. The eight schemes implemented to date provided Community financial aid for almost 167 000 low-cost dwellings; the High Authority or the Commission granted about 190 million EUA from Community own resources and another 60 million EUA from borrowed funds. Detailed figures are set out in Table 3.

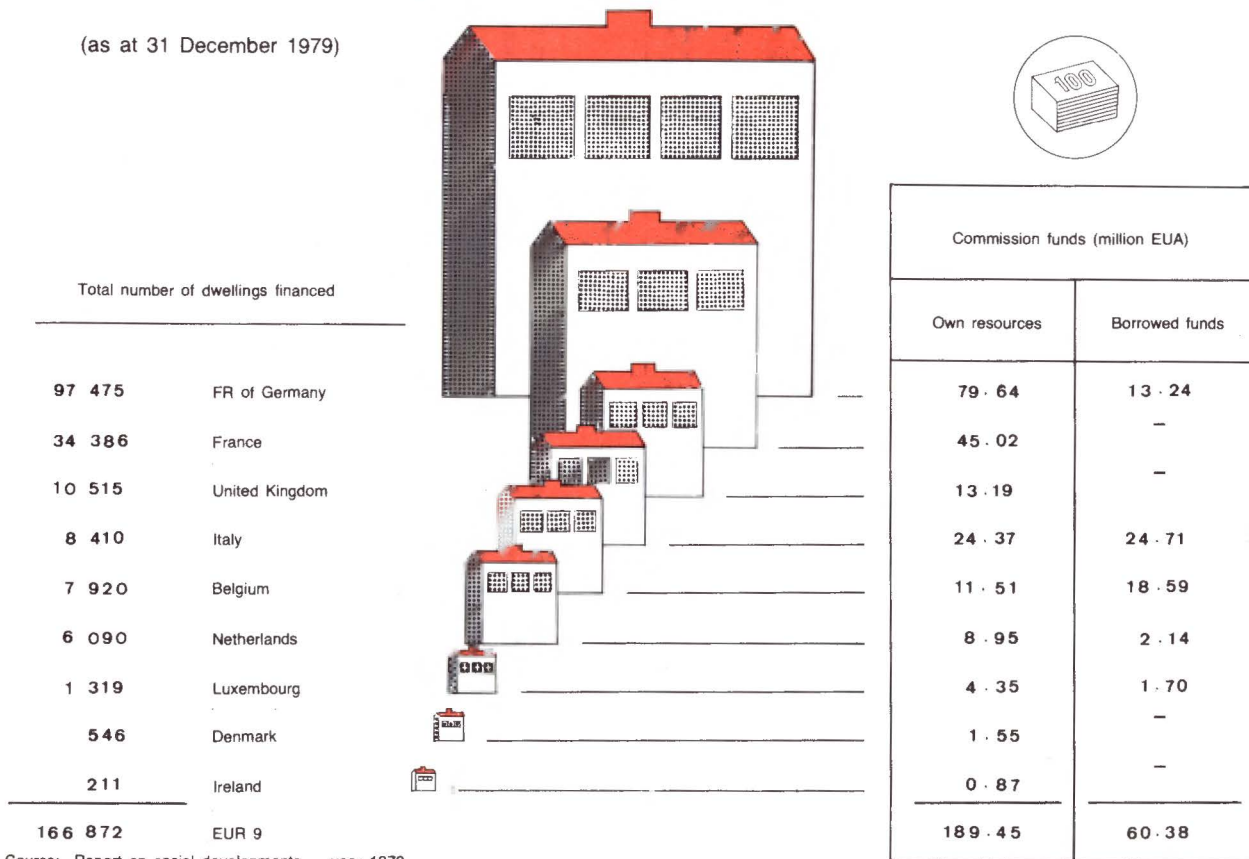
### *The first European Social Fund*

The European Social Fund is the chief instrument of employment policy which the Treaty gives the Community institutions; and yet its budgetary allocation for the 1960s was wholly inadequate, considering the scale of the task it was to perform.

Article 123 of the EEC Treaty describes its task as being to 'render the employment of workers easier and increase their geographical and occupational mobility'. For this

## Financing of the eight ECSC schemes for the construction of subsidized housing

(as at 31 December 1979)



Source: Report on social developments — year 1979.



TABLE 3

## Financing of the eight ECSC low-cost housing schemes — situation at 31 December 1979

Country	Commission funds (million EUA)		Total number of dwellings financed
	Own resources	Borrowed funds	
Belgium	11.51	18.59	7 920
Denmark	1.55	—	546
FR of Germany	79.64	13.24	97 475
France	45.02	—	34 386
Ireland	0.87	—	211
Italy	24.37	24.71	8 410
Luxembourg	4.35	1.70	1 319
Netherlands	8.95	2.14	6 090
United Kingdom	13.19	—	10 515
EUR 9	189.45	60.38	166 872

purpose it may grant assistance to guarantee the reintegration into the production process of unemployed, underemployed and handicapped persons.

The Social Fund was originally set up to reduce or eliminate unemployment through the grant of Community funds in the regions most seriously affected, which at that time mainly meant southern Italy. This can be seen from the scale applied at the time for financing expenditure from the Fund : the three major founder Member States contributed 28 % each to the Community's general budget, whereas the Federal Republic of Germany and France each contributed 32 % to the Social Fund and Italy only 20 %.

The first Social Fund had two major weaknesses : for one thing it could only intervene retroactively, that is to say, when the worker who had received vocational retraining had been productively employed for at least six months; for another, intervention from the Fund for a particular country or region depended mainly on the scale of structures and funds available there for vocational retraining and resettlement. It is hardly surprising, then, that the main beneficiary of the first European Social Fund was not Italy but the Federal Republic of Germany : whereas the other Member States were submitting applications for reimbursement of vocational retraining operations carried out by public employment services, the Federal Republic of Germany applied mostly for assistance for the retraining activities by statutory pension funds and statutory industrial accident schemes; furthermore, the retraining and resettlement schemes involved tended inevitably to be rather lengthy and hence very costly.

With Community funds to help them more than 1.1 million unemployed persons found new employment, 850 000 or so of them being Italian and 800 000 job-seekers resettled, about half of whom were Italian.

TABLE 4

## Amounts granted by the first Social Fund from 1960 to 1976

Country	Vocational retraining	Resettlement	Total	% per country
	(million units of accounts)			
Belgium	12.7	—	12.7	3.2
FR of Germany	168.0	4.3	172.3	43.7
France	49.0	2.5	51.5	13.1
Italy	137.4	4.7	142.1	36.0
Luxembourg	—	—	—	—
Netherlands	15.6	0.1	15.7	4.0
EUR 6	382.7	11.6	394.3	100.0

*The reformed Social Fund*

As the defects became more and more obvious in the late 1960s the Commission began preparations for reforming the purpose and operation of the European Social Fund so as to turn it into an instrument of Community labour market policy that was more closely matched to the state of integration so far. The Fund had to become more flexible, projects no longer being selected for financing according to the Member States' criteria, but under Community criteria. It also had to be made more effective : instead of simply covering the Member States' expenditure after the event it was henceforth to decide in advance how to allocate its own resources. Furthermore, it was decided that aid from the new Fund would be given not only for operations carried out by public bodies (as in the first Social Fund) but also to operations carried out by private bodies and even business firms.

Lastly, the reformed Social Fund had a much larger budget than its predecessor : during the first two years of its existence it had a total budget of more than 440 million units of account, which is more than the first Social Fund had in the whole of the twelve years it operated.

The Council decision of 1 February 1971 on the reform of the European Social Fund refers to two areas of intervention :

- under Article 4 the Social Fund may intervene when the employment situation is affected or threatened by Community policy or when the need arises for joint action to match labour supply and demand in the Community. Assistance is granted when an existing or foreseeable imbalance in employment reaches such proportions that Community intervention is called for. Furthermore, the Fund can only intervene on the basis of a specific Council decision.

In the years which followed the Council took such decisions in respect of vocational retraining, reintegration and other measures on behalf of :

- persons leaving agriculture to take up employment elsewhere;
  - workers in the textile and clothing industries who had to move to another industry;
  - migrant workers;
  - handicapped persons;
  - unemployed persons or young job-seekers under 25;
  - women.
- under Article 5 the Fund may also intervene without a specific Council decision to deal with certain difficult employment situations. Its activities deal mainly with :
    - backward regions and regions where the predominant industry is in decline;
    - difficulties encountered by certain groups of firms;
    - adaptation to technical progress;
    - handicapped persons, elderly workers, women over 35 who are first-time job-seekers or whose vocational qualifications are insufficient, and young persons lacking the training needed to find employment.

The reformed European Social Fund grants four types of non-reimbursable aid :

- aid to facilitate the training of persons needing to acquire, increase, adapt or improve their vocational qualifications or skills;
- aid to facilitate the mobility of workers and members of their family;
- aid to remove obstacles to access to employment for certain workers, for example by creating jobs for handicapped persons;
- aid to promote employment in economically disadvantaged regions, such as a temporary income support grant.

Most of the Fund's appropriations (about 90 %) are allocated for basic and advanced vocational training, which will help promote occupational mobility. In the first five years following the reform of the Fund more than 2 million workers benefited by it.

## **Improvement of living and working conditions**

As can be seen from the first section, the Treaties did not really provide the Community institutions with many practical instruments for improving the living and working conditions of workers or of society as a whole. In the EEC Treaty only the principle of equal pay is binding on the Member States; the Euratom Treaty adds minimum health and safety standards. But the Commission, mindful of the general spirit of the Treaties, has always endeavoured to raise the level of well-being in broader terms.

### *Equal pay*

Although the constitutions of most of the Member States assert the principle of equal treatment for the two sexes, equal pay for men and women doing the same work was still a long way off in the 1950s; on the contrary, collective agreements in industry commonly made provision for lower pay for women in most of the founder Member States.

Under Article 119 of the EEC Treaty these pay differentials should have been entirely done away with by the end of 1961. However, this was not so and the Member States

meeting in conference on 30 December 1961 passed a resolution revising the original schedule. It was agreed that all pay differences for men and women should be phased out by the end of 1974.

### *Other working conditions*

In the 1960s the Commission undertook a series of studies and surveys on virtually every aspect of employment and social protection and discussed these problems with national experts at seminars and working groups (with government representatives, with representatives of employers' and workers' organizations, or at tripartite conferences). The results were published and helped to make all concerned more fully aware of working conditions in the Member States.

The Commission also addressed recommendations to the Member States in matters as varied as the protection of young people at work, industrial medicine, social assistance and accommodation for migrant workers and their families and the adoption of a European list of occupational diseases, etc. But recommendations, unlike directives and regulations, are not binding on the Member States, and all too few of them have been transposed into national legislation.

### *Safety at work*

Far more striking progress was made as regards the protection of workers against industrial accidents and other risks, especially in the steel and coal industries. The High Authority very soon began to deal with this problem, first and foremost in collieries where, in addition to the higher risk of accidents, there were health hazards arising from the inhalation of dust. The standing Mines Safety and Health Committee was set up in 1957 and its intensive activities have been instrumental in reducing the hazards of working in mines.

A Steel Industry Safety and Health Committee followed in 1965; it has drawn up a whole series of safety standards and undertaken voluminous research into safety problems in that industry.

The Commission has proposed action on several fronts for more coordinated measures to combat industrial accidents in more general terms. The ambitious programme for the removal of technical barriers to trade contains a whole range of Community provisions to make machinery and equipment safer during both manufacture and use.

### *Health protection*

One of the first things the Commission did in the Euratom sphere was to establish uniform basic standards guaranteeing the nationals of all the Member States the same protection against ionizing radiation, thus demonstrating its resolve to meet its responsibilities for nuclear safety to the full. These basic Euratom standards have regularly been revised and the permissible level of emission has steadily been brought down. Euratom inspectors are

responsible for monitoring and checking radioactivity in the air, in fall-out, in foodstuffs and in water. The results are regularly analysed and published.

### *Social provisions for certain industries*

Outside the ECSC industries, the main specific areas in which a social policy has so far been applied are agriculture and transport. Joint committees consisting of an equal number of employers' and workers' representatives from the Member States have been set up at the Community institutions to consider a variety of problems connected with various types of transport, agriculture and fisheries, and particularly vocational training, working conditions and safety.

In mid-1968 their findings led to the first European agreement on the maximum working hours of full-time agricultural workers. This was followed by similar agreements for full-time workers in crop and livestock production. So far agriculture is the only branch of economic activity in which agreements have been reached at Community level by employers' and workers' organizations.

The joint committees have made an extremely useful contribution to the preparation of regulations harmonizing certain social provisions in transport, the first of which was adopted on 1 April 1969 and dealt with the minimum age for drivers, the composition of crews, driving periods and rest periods and control procedures applicable to road transport. Other regulations followed, notably on the number of hours worked, overtime, paid leave and public holidays and the ban on the carriage of certain goods on Sundays and public holidays.

## Developments in social policy in the 1970s

The common market came into being at a time of economic prosperity, which made it possible for pockets of unemployment to be absorbed and for living and working conditions to improve considerably. However, it became apparent that not all sections of society were benefiting equally from this increased prosperity. Declining industries had to rethink their production system and adapt and resettle their workers, whereas other expanding industries were short of skilled labour. Residual unemployment affected certain categories of people, occupations and regions more than others. Rising wages and social security benefits in real terms brought about only scant improvements to the distortions in the income and assets pyramid.

### *Social policy programme*

The reform of the European Social Fund in 1971 had already evidenced the Community's growing interest in social matters and an awareness of the need for an active Community social policy. This approach was clearly expressed in the final declaration of the Paris Summit Conference in October 1972 when the Heads of State and of Government of the Member States of the enlarged Community emphasized that they 'attached as much importance to vigorous action in the social field as to the achievement of the economic and monetary union' and thought it essential to increase 'the involvement of management and labour in the economic and social decisions of the Community'.

To this end the Community's institutions were asked to draw up an action programme by 1 January 1974, 'providing for concrete measures and the necessary resources, particularly in the framework of the Social Fund'.

In October 1973 after lengthy preliminary discussions with representatives of the employers' and workers' organizations, the Commission submitted to the Council proposals for a social action programme and a draft resolution on the principal objectives and priority actions involved.

The Council adopted this *resolution* in a somewhat amended form on 21 January 1974, and the governments of the Member States undertook to carry out some forty priority measures during an initial three-year period in pursuance of the Community's three major objectives :

- attainment of full and better employment;
- improvement and upward harmonization of living and working conditions;

— increased involvement of management and labour in the economic and social decisions of the Community, and of workers in the life of their firms.

The Nine also agreed that social policy considerations should at all times be reflected in other Community policies so as to ensure greater consistency in endeavours to obtain social objectives.

### *Achievement of the three principal objectives*

The social action programme went further than the Treaty in providing the Community with the means of conducting an active social policy. The main task of Community social policy was originally to promote the harmonization of working conditions and terms of employment, especially for wage- and salary-earners. According to the final communiqué of the Paris Summit social policy should also help to give the Community a more human face by taking a greater interest in the problems of modern society.

The priority measures set out in the Resolution of 21 January 1974 consequently went beyond the usual measures for the 'workers' and added a whole range of activities for other categories of society, in particular the less-favoured categories.

A salient feature of the social action programme was also the desire to increase the Community's powers in social policy: provision was made for certain measures to be implemented by means of a binding legal act — the directive.

Lastly, practical steps were taken to increase the involvement of management and labour.

The forty or so planned measures were implemented during the next three years, and much was still being done in the second part of the decade. The chief measures involved are briefly described below in relation to the three major objectives of the programme.

### **Attainment of full and better employment in the Community**

Shortly after the social action programme was adopted the Community had the opportunity to prove its ability to cope with the problem of achieving full and better employment. Following the first oil crisis during the winter of 1973/74 the European economy went into a recession in spring 1974 and did not begin to emerge from it until three years later.

Table 5 provides a very accurate picture of the sudden rise in unemployment between 1973 and 1976: in three years the number of job-seekers registered by the employment services doubled (from 2.6 to more than 5.2 million). Although the figures did continue to rise until the end of the 1970s the combined efforts of the Community and the Member States at least contained the rate of increase.

While there was a marked increase in the aggregate number of unemployed persons, certain regions, industries and categories of workers were particularly hard hit, and this led to considerable quantitative and qualitative mismatches in labour supply and demand. Coordinated national and Community policies on vocational training thus constituted two major weapons in the struggle to achieve a better balance.

TABLE 5

## Number of registered unemployed in the Member States of the Community

*(Annual average in thousands)*

Country	1958	1960	1965	1970	1973	1976	1979
Belgium	134	110	65	81	111	267	352
FR of Germany	764	271	147	149	273	1 060	876
France	93	131	141	262	394	933	1 350
Italy	1 759	1 546	1 180	888	1 005	1 182	1 653
Luxembourg	0	0	0	0	0	0.5	1
Netherlands	71	30	27	46	110	211	210
EUR 6	2 821	2 088	1 560	1 426	1 893	3 654	4 442
United Kingdom	451	377	347	612	619	1 359	1 391
Ireland	65	53	50	59	62	108	90
Denmark	65	31	16	24	18	118	138
EUR 9	3 402	2 549	1 973	2 121	2 592	5 238	6 060

Source: Employment and unemployment 1971-78, SOEC, Luxembourg.

### *Better coordination of Member States' employment policies*

The Commission encouraged cooperation between the various national employment services, particularly by organizing what proved to be very useful meetings at Community level between heads of national employment services to exchange experience and ideas. The workings of the labour market became much easier to understand as employment statistics were refined, procedures for forecasting market trends were coordinated and special labour market research programmes were carried out.

### *Common vocational training policy*

Since young persons and notably first-time job-seekers are particularly hard hit by rising unemployment, the Commission addressed a recommendation to the Member States on 6 July 1977 on vocational preparation for young people under 25 who are unemployed or threatened with unemployment.

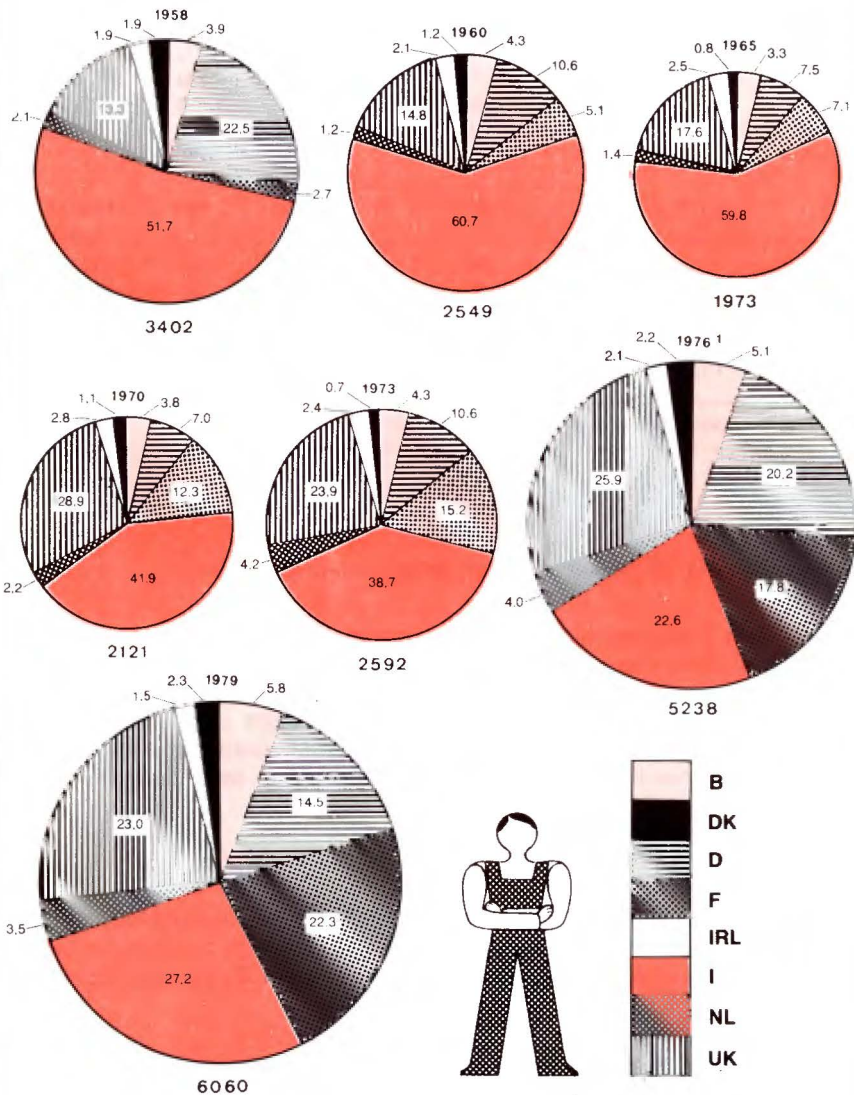
The Commission recommended that vocational preparation and guidance, practical basic training and work experience should be provided.

In December 1976 the Ministers of Education had also adopted a resolution concerning measures to improve the preparation of young people for work and to facilitate their transition from education to working life.



## Number of registered unemployed in the Member States of the Community

(Annual average in thousands and %)



<sup>1</sup> Luxembourg 1976: 0.5 (thousand)  
1979: 1

Source: Employment and unemployment, 1971-78, Eurostat.

On 18 December 1979 the Council adopted a resolution which advocates developing linked work and training for young persons and contains guidelines for the Member States on the content and concept of the coordinated programmes which should be drawn up, the occupations involved, supervision and recognition of training and diplomas awarded, social protection and training leave.

In March 1977 a European Centre for the Development of Vocational Training was opened in Berlin (as provided for in the social action programme) and in May 1977 general guidelines were adopted for a common policy on vocational training on which subsequent Community measures would be based.

Lastly, the Commission's programme of exchanges of young workers has been stepped up.

### *Development of youth employment*

In addition to the vocational training measures referred to in the preceding section, which are primarily geared to the needs of young people, the Commission stepped up its youth employment activities under the European Social Fund.

*Unemployment amongst young people* became one of the most difficult problems in the 1970s : as jobs become scarce it is first and foremost the under 25s who are affected, and particularly the school leavers, so many of whom simply cannot find a first job. They then get caught up in a vicious circle : because they have no vocational training they cannot obtain employment, and because they have no employment they cannot acquire vocational training.

TABLE 6

#### Percentage of all unemployed persons aged under 25

Country	Autumn 1974	Autumn 1977	Autumn 1979
Belgium	37.8	41.9	41.1
Denmark	—	—	30.9 <sup>1</sup>
FR of Germany	28.4	29.4	26.1
France	46.9	46.3	46.3
Ireland	—	—	22.5 <sup>2</sup>
Italy	—	—	47.3
Luxembourg	—	58.4	58.6
Netherlands	42.9	44.8	47.1
United Kingdom	31.0 <sup>1</sup>	45.7 <sup>1</sup>	38.2
EUR 9	—	—	41.5

<sup>1</sup> July.

<sup>2</sup> January 1980.

Source: SOEC.

Of the 6 million unemployed in the Community in autumn 1979 some 2.5 million were under 25.

The Commission had already put a proposal to the Council under the social action programme for a decision on the financing of measures to promote the employment of young persons, which was adopted on 22 July 1975. Appropriations were set aside to promote the geographical and occupational mobility of young persons under 25, with priority for first-time job-seekers.

The European Council in Bremen on 6 and 7 July 1978 called on the Ministers of 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', and on 18 December 1978 the Council approved a regulation proposed by the Commission on the introduction of a new form of aid from the European Social Fund for young people. Assistance of up to 30 EUA per person per week may be given for up to twelve months :

- 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 for them to find a stable job;
- 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.

This regulation is important in that for the first time the European Social Fund can make a direct financial contribution to creating new jobs: previously the Fund was confined to promoting geographical and occupational mobility.

As a result the Commission has been able to spend more each year on combating youth unemployment. Table 7 contains the relevant details.

TABLE 7

**Appropriations for commitment from the European Social Fund for young people under 25**

(million EUA)

Year	Development of geographical and occupational mobility (Decision of 22 July 1975)	Recruitment and employment (Regulation of 18 December 1978)	Total
1976	66.1	—	66.1
1977	172	—	172
1978	179	—	179
1979	230	72	302
1980	250	108	358

### *Employment of handicapped persons and migrant workers*

One of the earliest instances of action under the social action programme was the adoption by the Council, on 27 June 1974, of two Commission proposals for decisions authorizing aid for:

- special operations to facilitate the employment and geographical and occupational mobility of handicapped persons;
- operations which were part of an integrated programme to facilitate the employment and geographical mobility of migrant workers in the Member States of the Community.

The 1980 budget set aside a total of 104 million EUA for these two categories (74 million EUA for the handicapped and 30 million EUA for migrant workers).

### *Adaptation of workers in industries in difficulty*

A Council Decision of 19 December 1972 already provided for an ESF contribution to operations in support of persons leaving agriculture to pursue non-agricultural activities.

Another decision of the same date dealt with temporary assistance for persons employed in the textile industry, expiring on 1 January 1976. Since the situation in the industry had not improved much in the intervening period, it was extended by Council Decision of 9 February 1976 and the clothing industry was brought in also.

In both cases the Fund grants assistance for measures to promote the employment and geographical and occupational mobility of persons who are forced to leave these industries and seek employment in other industries as a result of essential restructuring measures. Assistance can also be given in certain circumstances to self-employed persons who wish to take up a new activity with self-employed status. Under the 1980 Community budget there were appropriations for commitment totalling 29 million EUA for action in these three areas.

### *The second reform of the European Social Fund*

The rapid extension in the European Social Fund's coverage after the first reform in 1971 gave rise to a number of difficulties : these included the risk of dispersing aid, sluggish adaptation to the needs of the labour market, and delays in examining applications and paying the aid.

To ensure that priority for Fund assistance was enjoyed by the industries and regions most in need of it, the Commission put a series of proposals for reform to the Council in 1979: these were adopted by the Ministers of Labour and Social Affairs at the Council meeting of 28 October 1977 and entered into force on 1 January 1978.

As a result, since 1978 at least 50% of the Fund's appropriations have been reserved for operations referred to in Article 5 of the 1971 Decision designed to resolve employment problems in the less-developed areas of the Community, and assistance for these operations may be given at the increased rate of 55% instead of 50%.

A decision of 20 December 1977 then extended the period during which Fund assistance could be given under Article 4 to young unemployed persons, persons leaving agriculture, workers in the textile and clothing industry and migrant workers, which now ran until the end of 1980.

Special attention has been focused on unemployed women: henceforth the Social Fund may contribute towards the vocational training and adaptation of women over 25, including women with no vocational qualifications or only inadequate qualifications who have lost their job or who wish to start working either for the first time or after a long break.

Lastly, the administrative procedure for granting and paying aid has been improved and simplified.

Table 8 shows that most of the aid granted since the second reform of the European Social Fund now goes to the countries with the greatest number of less-developed areas.

**TABLE 8**  
**Application for assistance from the ESF — 1979**

Country	Million EUA <sup>1</sup>	As a percentage per country
Belgium	15.93	2.00
Denmark	15.41	1.93
FR of Germany	51.81	6.50
France	133.29	16.72
Ireland	58.62	7.36
Italy	289.71	36.35
Luxembourg	0.99	0.12
Netherlands	19.11	2.40
United Kingdom	212.13	26.62
<b>EUR 9</b>	<b>797.00</b>	<b>100.00</b>

<sup>1</sup> Value at September 1979.

### **Improvement of living and working conditions**

As a result of steady economic progress most citizens of the Community are today living in material circumstances which allow them to have concern for what has come to be known as the quality of life. Their well-being is mirrored not only in their earned or other income but also in working conditions and safety at work, in the leisure they enjoy, their housing and standard of living, social security, health protection and so on.

This has also been recognized at Community level, and a whole series of measures planned under the social action programme were designed to improve living and working

conditions. Here the Commission has been particularly concerned with the problems of the least-favoured social categories; another major achievement was that of implementing the principle of equal treatment for men and women in social legislation and labour law.

### *More rights for working women*

Mention has already been made of the problem of putting the principle of equal pay for men and women, in accordance with Article 119 of the EEC Treaty, into practice. To ensure that the principle was fully applied and to afford still under-privileged women the necessary means of redress in claiming their rights, the Commission, under the social action programme, presented to the Council a draft 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.

The directive was formally adopted on 10 February 1975 and was to be put into effect within one year. The Member States were required during that period to repeal all laws, regulations and administrative provisions incompatible with the principle of equal pay, take the necessary steps to ensure that it was adhered to in collective agreements and individual contracts and make it possible for any working woman to claim her rights through the courts, with no fear of dismissal, whenever the principle was not applied.

On 9 February 1976 this directive was supplemented by a directive on the implementation of the principle of equal treatment for men and women as regards access to employment, vocational training and promotion, and working conditions, to which the Member States were to conform within a period of two and a half years. The Member States were required to abolish all statutory provisions and terms of collective agreements prejudicial to working women.

Then on 19 December 1978 a directive concerning the progressive implementation of the principle of equality of treatment for men and women on matters of social security was adopted. In view of the problems involved, the Member States were given six years to transpose it into national legislation. The aim is to ensure that no one is discriminated against on the ground of sex, and particularly by reference to marital or family status, as regards the coverage of and conditions of affiliation to social security schemes, the obligation to pay contributions and the way they are calculated, and the calculation of benefits and allowances, including extra amounts payable for the spouse and dependents.

It is the Commission's responsibility to monitor the integration of these directives into national legislation. For this purpose the Member States' governments are required, within fixed time limits, to report to the Commission on progress in implementing the directives. If the Commission finds that a country has not honoured all its obligations, it calls on its government to make the necessary changes to its laws, regulations and administrative provisions within specified time limits (the letter of formal notice). If the Member State fails to comply the Commission sends a further request, threatening proceedings in the Court of Justice of the European Communities under Article 169 of the EEC Treaty (the reasoned opinion), which the Commission has actually taken in a number of cases.

But the Commission is not alone in having access to the Court of Justice. Private individuals may also claim their rights before the national courts and, if need be, bring an action before the Court of Justice. Many of them have indeed done so.

### *Stronger protection of workers' interests*

The big companies are spreading further and further over national frontiers. The last twenty or thirty years have seen the rise of more and more multinationals, often holding a dominant position on the market. To ensure that workers employed in companies taken over are not helpless against decisions taken by group management that manipulate disparities between national laws for the protection of workers to reorganize, cut down operations or relocate plant, the Commission has begun establishing a set of minimum Community standards for the protection of workers' interests.

For this it has used the directives, the same legal instrument as was used to achieve equality of treatment for working women.

Thus, on 17 February 1975 the Council adopted a directive on approximation of Member States' laws governing mass dismissals, whereby an employer who is contemplating mass dismissals is required to consult workers' representatives, notify the competent authority in writing and observe certain time limits.

On 14 February 1977 the Council adopted another Community Directive 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 business.

The directive lays down that all the transferor's rights and obligations arising from a collective agreement or labour contract existing on the date of transfer shall automatically attach to the transferee until the date of expiry of the collective agreement or contract; a change of ownership does not constitute grounds for dismissal. As regards the additional social benefits paid by the company, the Member States must adopt the necessary measures to ensure that workers and persons who have already left the company continue to receive them within agreed limits.

At the meeting of Ministers of Labour and Social Affairs on 15 May 1979, agreement in principle was reached on a directive concerning approximation of the laws of the Member States on the protection of employees in the event of the insolvency of their employer.

The aim of the directive is to establish a guarantee that full wages will be paid (up to three months of pay) in the event of the employer's insolvency, particularly when either a petition in bankruptcy has been filed or the company has been closed down and assets are inadequate to open such proceedings.

### *Improvement of working conditions*

Job satisfaction for workers depends basically on good working conditions. This means not only the classic terms of collective agreements between employers and workers like daily and weekly working hours and paid holidays, but other organizational arrangements as well. In its proposal for a social action programme the Commission advocated changing 'those patterns of work organization which tend to dehumanize work, and create environmental working and living conditions which are no longer acceptable to ideas of social progress'.

To this end the Commission addressed a communication to the Council on work humanization in June 1976. This paper offered a series of guidelines for improving the

quality of work. The Commission took the view that new humanized patterns of work organization would help not only to promote the well-being of workers but also to boost productivity. The communication explains what part the Commission and the European Foundation (see below) should play in preparing and implementing directives in this sphere.

At the Council meeting on 9 December 1976 the Ministers of Labour and Social Affairs took note of the paper, confirming their interest in Community efforts to foster humanization of working conditions; the Council believed that the first thing to do was to tackle the problems of shift work, particularly in respect of non-stop and semi-continuous production.

The European Foundation for the Improvement of Living and Working Conditions, established by a Council Regulation of 26 May 1975 and opened the following year in Dublin, also studied these problems in the first few years of its activity. Most of the studies it has made up to 1980 concern various forms of shift work, the costs they involve and their repercussions on family life, and work organization, especially the introduction of new patterns.

Aware that the quality of life at work depends to a great extent on the number of working hours and the amount of time left for leisure pursuits, the Commission addressed a recommendation to the Member States on 22 July 1975, urging them to bring in the 40-hour week and four weeks' paid holiday for all full-time workers by the end of 1978, and if possible earlier.

It is well known that collective agreements between employers and unions are very often in advance of statutory provisions regarding the length of the working week and paid holidays. This is particularly so in the shortening of the working week. In 1960, for instance, the collectively agreed working week for industrial workers had in a great many cases already been reduced to 45 hours or less, whereas the law in all Member States, with the exception of France, still provided for a standard week of 48 hours. As Table 9 shows, the 40-hour week was gradually applied to nearly all industrial workers in the 1970s. By 1980 working hours had been reduced to less than 40 a week in certain Member States, notably Belgium, and in certain industries or occupations in Italy and the United Kingdom.

Towards the end of the 1970s the majority of workers were also getting four weeks' paid holiday in accordance with the Commission's recommendation.

The last twenty years have seen a tendency to standardize paid public holidays (bank holidays) throughout the Community.

### *Accident prevention and health protection*

It is estimated that each year some 100 000 Community citizens die and over 12 million are injured as a result of accidents. Accidents at work still make up the largest category and their economic and human consequences are incalculable; the Commission's action programme proposed various social measures besides the operations already successfully implemented for many years in the ECSC industries, to which we have already referred.



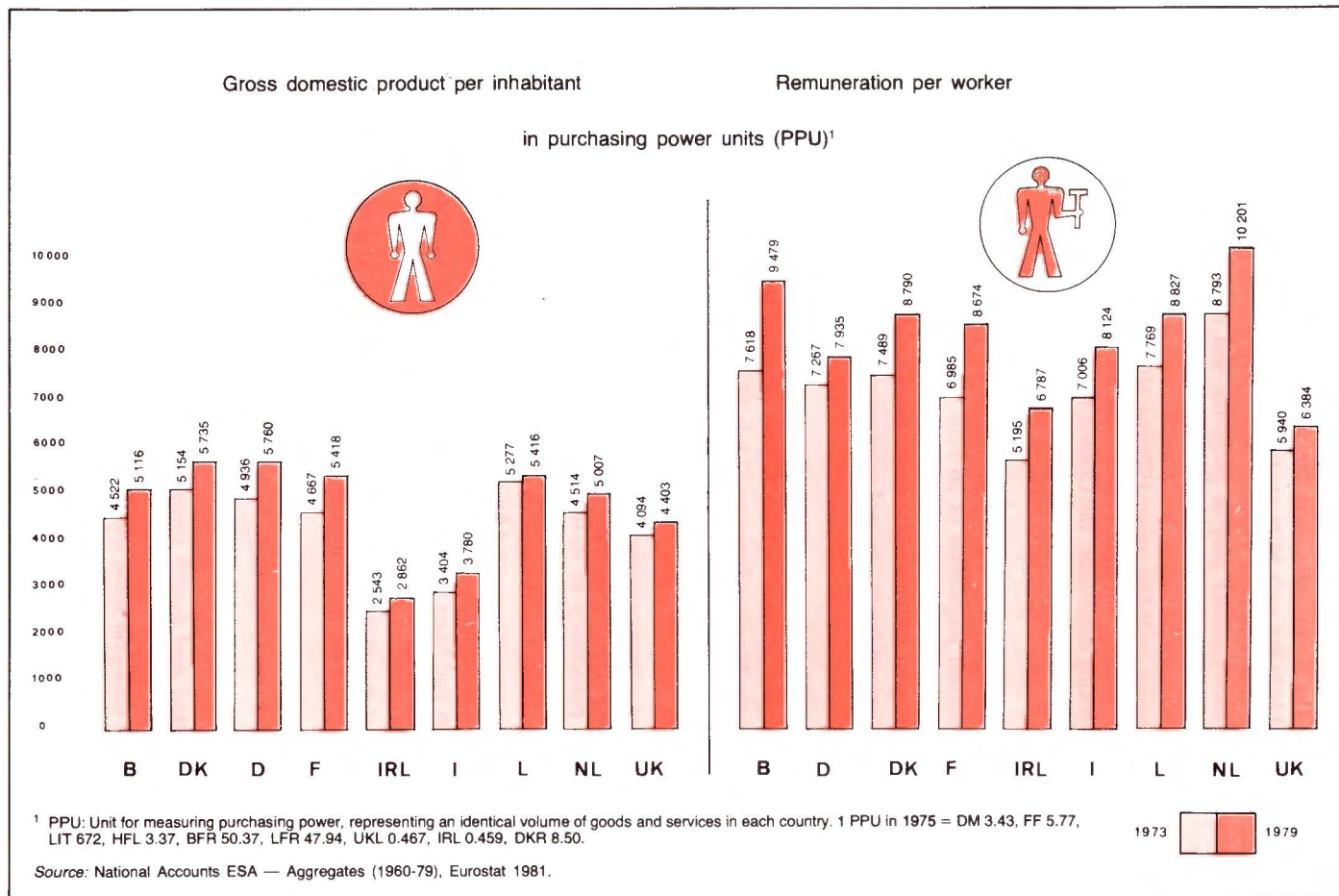


TABLE 9

**Working hours and paid holidays for industrial workers in the Community countries under main types of collective agreement**

Country	1960	1965	1970	1975	1980
	Normal working week (hours)				
Belgium	45-46	45	42-44	40-41 <sup>2</sup>	37-40
Denmark	48	—	42½-41¾	40	40
FR of Germany	40-45	40-43	40-41	40	40
France	40 <sup>1</sup>	40 <sup>1</sup>	40 <sup>1</sup>	40 <sup>1</sup>	40 <sup>1</sup>
Ireland	44	42½-44	41-42	40	40
Italy	46½-48	44-46½	42-44	40	36-40
Luxembourg	44-48	42-46	41-45	40	40
Netherlands	45-48	45	42½-43¾	40	40
United Kingdom	43-44	40-42	40-41	40	39-40
EUR 9	40-48	40-46½	40-45	40-41	36-40
	Number of days of paid holiday				
Belgium	12	18	18	24	24
Denmark	18	18	18	24	30
FR of Germany	12-18	15-18	16 <sup>3</sup> -24	20 <sup>3</sup> -26 <sup>3</sup>	21 <sup>3</sup> -30 <sup>3</sup>
France	18	24	24	24	24
Ireland	12	12	12-18	15 <sup>3</sup> -18	17 <sup>3</sup> -19
Italy	12	12	12-15	20 <sup>3</sup> -24	20 <sup>3</sup> -24
Luxembourg	8-18	8-18	18-24	20 <sup>4</sup> -22 <sup>4</sup>	25 <sup>4</sup>
Netherlands	12 <sup>3</sup> -15 <sup>3</sup>	15 <sup>3</sup>	15 <sup>3</sup> -18 <sup>3</sup>	20 <sup>3</sup> -21 <sup>3</sup>	20 <sup>3</sup> -23 <sup>3</sup>
United Kingdom	12	12-18	12-18		18-23
EUR 9	12-18	12-24	12-24	15-26	17-30
	Number of paid public holidays				
Belgium	10	10	10	10	10
Denmark	9½	9½	9½	9½	9½
FR of Germany	10-13	10-13	10-13	10-13	10-13
France	4-7	6-10	8-10	8-10	8-10
Ireland	6-7	6-7	6-7	7-8	7-8
Italy	17	17	17	17-18	10-11
Luxembourg	10	10	10	10	10
Netherlands	7	7	7	7	7-8
United Kingdom	6-7	6-7	6-7	7-8	8
EUR 9	4-17	6-17	6-17	7-18	7-13

<sup>1</sup> By law.<sup>2</sup> Construction industry.<sup>3</sup> Working days.<sup>4</sup> Where a 5-day week is worked.

On 27 June 1974 a decision was taken to set up an Advisory Committee for Industrial Safety, Hygiene and Health Protection, whose main task is to monitor developments in the field of safety and accident prevention at work and job-linked activity and, in particular, to issue opinions on proposals and draft directives prepared by the Commission. It arranges exchanges of information between the Member States on their activities and experience.

On 8 April 1975 the Commission adopted guidelines for a Community programme on safety, hygiene and health protection at work; these were fully discussed with experts from the governments and occupational associations in the Member States, and the Commission then proposed an action programme to the Council. On 29 June 1978 the Council passed a Resolution giving priority to a number of projects.

Pursuant to this Community programme the Council meeting of 9 June 1980 (Ministers of Labour and Social Affairs) signified its agreement on a directive on the protection of workers from exposure to chemical, physical and biological agents at work

This directive consists of a series of framework measures to serve as a basis for future national and Community legislation. Acting under this outline directive the Commission has already put to the Council two draft directives on lead poisoning and protection for workers exposed to vinyl chloride monomer (a carcinogenic substance). Other proposals for directives on health protection for workers involve asbestos, cadmium and other carcinogenic substances.

To complete the picture we should also mention that in 1977 the Council adopted a directive on the approximation of the laws, regulations and administrative provisions of the Member States on the provision of safety signs at places of work.

Its purpose is to harmonize the wide variety of signs used in factories to warn against the risks of accidents and other hazards.

Apart from the special field of radiation protection, where, as already mentioned, Euratom has been keeping basic standards under constant surveillance and regular review, the Commission has also been active in the field of health protection in general.

Recommendations have been adopted for the protection of workers against the dangers of lasers and microwaves. Initial meetings at Community level of the Member States' Health Ministers have considered the financing and costs of health services, particularly hospital care, and health education, with special reference to smoking, nutrition and abuse of medicinal products.

### *Integrating the handicapped into working and social life*

The Community countries number more than ten million physically or mentally handicapped people — handicapped either from birth or as the result of disease or accident — who nevertheless wish to live the most nearly normal life they can. If they can get the help they need and go to the right institutions, most handicapped people can perform a job and thus make a useful contribution to society. The Community has therefore made it one of the priority tasks of the social action programme to help them.

Besides making money available from the European Social Fund for pilot projects for the occupational rehabilitation of handicapped people, the Commission submitted a Community action programme for the employment of handicapped people in a free economy to the Council. On 27 June 1974 the Council passed a resolution stressing that the aim of Community action was to help handicapped people to lead a normal, independent life, fully integrated into society. With this in mind, the programme covers three basic kinds of activity :

- cooperation between rehabilitation and training bodies, selected in order to encourage the development of new ways and means of achieving vocational rehabilitation;
- short-term demonstration projects aimed at improving the quality of vocational rehabilitation facilities currently in operation;
- longer-term projects extending the aforementioned measures.

In parallel with this programme, the coordination of studies and research on rehabilitation is to be improved, and information campaigns aimed at the general public are to be stepped up.

At the end of the first programme, which ran from 1974 to 1979, the Commission submitted a report to the Council. On 9 June 1980 the Ministers of Labour and Social Affairs expressed their satisfaction with the results achieved and urged the Commission to embark on the second stage.

### *Integrating migrant workers and their families into working and social life*

The practical application of the principle of free movement and more especially the recruitment of workers from non-Community countries has had the effect that nearly 6 million foreign workers, of whom 4.5 million come from non-member countries, are now employed in the Community countries.

Many of them have been joined by their families so that the number of foreigners now living in the Community is estimated at 12 million, of whom about 9 million come from non-member countries.

Under the Community arrangements for free movement and migrant workers' social security, workers who have chosen to work and live in another Community country enjoy clearly defined rights. On the other hand, the status of workers from non-member countries is by no means certain. This particularly applies to their working conditions since, as unskilled workers, they often have to take rough, poorly-paid jobs which the local worker refuses to do. Even worse problems arise when it comes to housing, training facilities and the social integration of the worker and his family.

To improve the working and living conditions of these migrant workers the Commission proposed an Action Programme for Migrant Workers and their Families, as called for by the social action programme.

This was the subject of a Council resolution on 9 February 1976. A number of specific measures relating to language teaching, vocational training, social security, housing, social services, schooling and economic and political rights are planned so that the discrimination still plaguing migrant workers from non-member countries can gradually be removed.

Early in 1976 the Council adopted a regulation amending the freedom of movement regulation to extend the trade union rights of migrant workers, and this was followed on 25 July 1977 by a directive on schooling for migrant workers' children.

Under this directive the Member States are taking steps to ensure that the children of migrant workers in Community countries are offered teaching in their mother tongue and are taught the culture of their native country.

Lastly, the Commission has been working for coordination of Member States' immigration policies.

### *Aid for the neediest*

One major innovation in the social action programme was the Commission proposal for Community measures to help people living in poverty. Despite all the highly developed social security schemes it had found that many people in the Community countries were still living in poverty, especially old people without adequate social protection, one-parent families, the homeless and vagrants.

The Commission therefore proposed an initial programme of pilot schemes and studies to combat poverty, with financial support for twenty-one projects to be mounted in various Member States and two international studies. This proposal was adopted by a Council Decision of 22 July 1975 and the funds set aside amounted to 5.25 million EUA over two budgetary years. The projects fall into four groups :

- renovation of urban areas which are particularly poor or threatened with poverty;
- meeting needs of social groups which are particularly poor or threatened by poverty;
- reorganization of special services to help poor persons and their families;
- adapting existing social services more closely to the specific needs of poor people.

Since implementation of most of these projects extends over more than two years (generally over about five years), the programme was extended up to the end of 1980; eight other pilot projects have been added to the list and additional funds amounting to 14 million EUA have been set aside to cover the extended period.

This programme is concerned with the poor as human beings. It is enabling the Community to take a hand directly and materially in the fortunes of individuals; it is thus oriented towards the private citizen and involves him directly with the Community.

## **Developing participation by the two sides of industry and industrial democracy**

### *More participation in Community decisions*

Although the Commission from the outset invited employers' and workers' organizations to share in discussions on a wide range of problems, it is in the Council that much of the decision-making process unfolds. In order to involve the two sides of industry more closely in this process, the Community set up two bodies, through which employers' and workers' representatives can discuss problems and projects involving economic and social

policy at the highest level, in other words with the Member States' Ministers for Economic and Financial Affairs and Ministers of Labour.

A new impetus was given to the Standing Committee on Employment, whose main purpose is to facilitate joint appraisal of current problems relating to employment and labour policy and of measures the Community is contemplating. It normally meets twice a year and in recent years has been bending its efforts to problems stemming from the qualitative mismatch on the labour market and to the Commission's work on reorganizing working time.

On 16 December 1974 the Commission organized a first Tripartite Conference on the direction future European social policy should take. At the time, the Community was going through its first economic crisis and the discussions were quick to reveal that the resources of social policy would not suffice to solve the serious social problems involved and that a tremendous effort had to be made on the economic and financial front. Further tripartite conferences were therefore attended both by the Ministers for Economic and Financial Affairs and by the Ministers of Labour.

The Commission has also tried to develop discussions with the two sides of industry at Community level on specific problems besetting certain industries. A number of informal briefing sessions have been held. But it is only in the footwear industry that a Joint Committee has successfully been institutionalized, on the lines of those already in existence since the 1950s and 1960s for the ECSC industries and agriculture and transport. The Commission feels that it is essential to have such committees if Community-wide agreements on certain aspects of working conditions in given industries are to be secured.

### *Industrial democracy*

Employee participation, or industrial democracy, wears different faces from one Member State to another; from joint management of ECSC industries in the Federal Republic of Germany to outright rejection of employee participation in company decisions in certain other countries. In most countries, participation by employees or their representatives is limited to matters relating to personnel, improvement of working conditions on and around the job and safety. Any say in financial decisions, particularly in plans for reorganization and investment, is still the exception rather than the rule.

It is these basic disparities in the concept and practice of industrial democracy which have so far stymied two Commission proposals of the early 1970s, particularly the one concerning the Statute for European Companies, under which limited-liability companies could form a European company if at least two of them are incorporated under different national legal systems. In the Statute the Commission provided for two bodies — a Board of Management and a Supervisory Board, one-third of the members of the Supervisory Board being workers' representatives.

In addition there would be a European Works Council for workers employed in establishments belonging to a European company. These workers would also be able to enter into European collective agreements.

After several years' debate the European Parliament and the Economic and Social Committee delivered their opinions. The Commission amended the form of its draft in

line with their suggestions and in regard to employee participation proposed a more flexible system more closely geared to conditions in the Member States.

The second proposal of the early 1970s — the draft of a fifth Directive on approximation of Member States' company law, which was to apply to national companies above a certain size — also calls for a Board of Management and a Supervisory Board; at least a third of the Supervisory Board's members must be workers or workers' representatives. By mid-1980 only the Economic and Social Committee had issued an opinion; no progress can be made until the European Parliament follows suit.

Pending a formal decision on these two drafts the Commission in 1978 reactivated the principle of industrial democracy and laid before the Council a proposal which would require groups of companies to keep employees or their representatives regularly informed and consulted.

### **General assessment of results achieved**

The 1970s are only just behind us, and it may seem premature to try and assess the practical impact of the new direction taken by European social policy in the last decade. The situation on the labour market and the outlook for employment are much darker now than they were ten years ago because of a world economic crisis which has persisted for several years. Moreover, the main new Community measures were not applied until the second half of the decade.

This is true, for example, of the measures to encourage employment of certain categories such as women and young people. Even so Table 6 suggests that at least in some Member States, particularly the United Kingdom and the Federal Republic of Germany, the percentage of young job seekers as a proportion of the total of unemployed has substantially declined. The same trend is to be observed in the social and occupational rehabilitation of handicapped people and migrant workers and their families.

A striking feature of the new direction in social policy has been the increase in aid from the European Social Fund for the regions and industries in most need of it. As Table 7 shows, after the reform of 1972 the Social Fund concentrated the bulk of its aid on countries with underdeveloped regions. This trend has continued and of the 436 million ECU granted by the Commission in mid-1980 for the first batch of approved applications, 16.4% went to Ireland, 25.4% to France, 26.2% to Italy and 22.5% to the United Kingdom; the Federal Republic of Germany, on the other hand, received only 2.9% and the three Benelux countries 4.0%.

Most of the ten or so Community directives so far adopted in the field of labour law and social legislation were to be transposed into national law during the second half of the decade. They have required the Member States to make many adjustments which have generally led to improvements in national labour law and social legislation, all in the direction of social progress. Where equal pay is concerned the figures available for certain countries speak for themselves: the average gross hourly earnings of women in industry as against those of their male colleagues rose between October 1975 and October 1978 by 62.8% against 52.2% in Italy, by 43.6% against 38.6% in the United Kingdom and by 27.5% against 25.7% (solely for manufacturing industry) in the Netherlands.

The arduous tasks accomplished in approximating and at the same time improving national statutory provisions governing safety and health protection at work are also beginning to bear fruit, as evidenced by the diminishing number of industrial accidents, particularly those resulting in death or serious injury. This is obvious from the statistics on industrial accidents, especially in the iron and steel industry, the only industry where statistics have been harmonized on a Community basis. Whereas in 1960, in the Community of Six, there were still 0.19 fatal accidents per million hours worked, the 1978 figure was down to 0.06, less than a third of what it had been in the enlarged Community. Over the same period the frequency of non-fatal accidents declined by more than 50%. In other industries the results of the campaign against accidents are no less impressive (see *Social Indicators for the European Community 1960-78* — Table III/8, page 78, published by the Statistical Office of the European Communities).

Lastly, Community action to promote participation of the two sides of industry has seen some success. One striking example is the institutionalized dialogue embracing the representatives of employers' and workers' organizations, the Commission and Member States' ministers, which has considered the problems of employment and questions of general economic and social policy, and another is the increased attention paid to the consultation of employers and workers in certain industries on specific problems, two examples being steel and textiles.

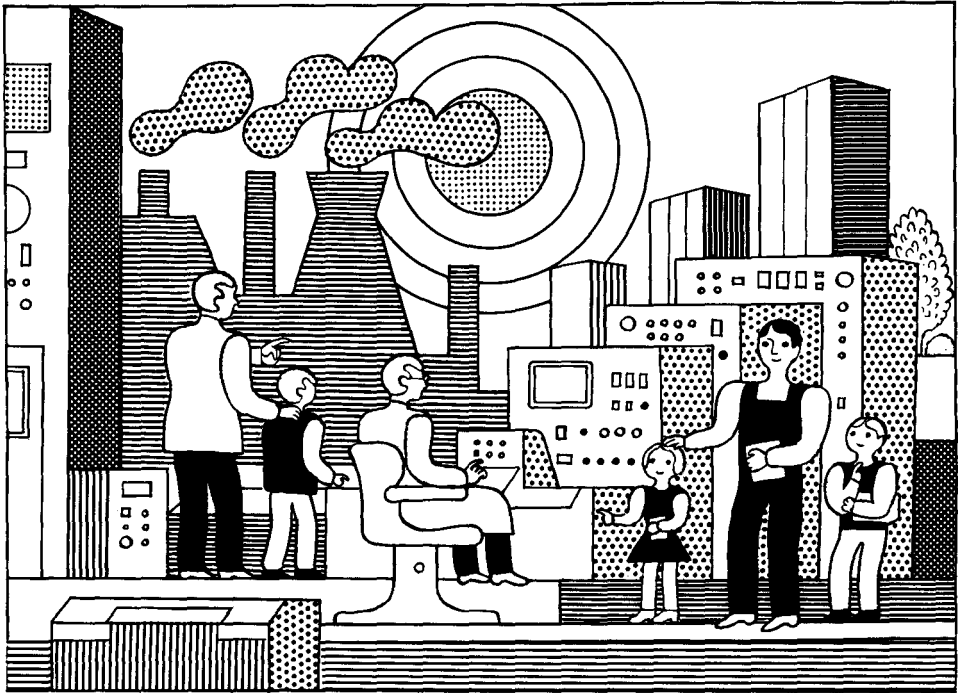


## Present and future challenges for the Community's social policy

### *Current situation and medium-term prospects*

The 1970s ended with the Community countries facing a large number of unresolved problems, and the prospects for the 1980s are far from encouraging.

After the second great world recession which began in 1974/75, fuelling inflation and unemployment, the second oil crisis and the dominant climate of political insecurity further depressed the world economic situation in 1979, even though there had been signs that the prospects for lasting economic recovery might be brightening. As a result, economic growth in the nine Community countries fell sharply in 1980, the rate of inflation increased



steeply and most countries have to cope with balance of payments deficits and rising unemployment. Since July 1980, the unemployment rate has reached record levels.

The continuing economic crisis has also had repercussions on the financial position of the Member States, which have been under mounting pressure to take drastic measures to put their financial house in order. This, of course, has had its effect on the general standard of living. There has been a tendency for real income to level off as a result of efforts to improve the economic situation and public finance (including social security); the less prosperous sections of society have suffered most, and the question of the distribution of the national wealth has arisen again.

There are several reasons for believing that no marked improvement can be expected in the near future.

First of all there are shifts in demographic trends : until the middle of the 1980s the number of young people arriving on the labour market will be higher than the number of workers retiring. This is due to the fall in the birth rate after the first world war : each year, only 2 000 000 people will reach the age of 65 (still by and large the standard retirement age) while 4 000 000 young people will reach the age of 16. Not until 1984 will the number of first-time job-seekers start to fall and the number of workers entering retirement start to increase. It should also be remembered that a growing number of children of migrant workers from non-member countries (third generation immigrants) who have remained with their families in the Community will also be looking for work.

Problems of energy supply and continuing inflation cloud the medium-term economic outlook and with it the prospects for employment. Likewise the new international division of labour is putting considerable pressure on European industry. Often, the only hope is to adopt the most modern techniques which will increase international competitiveness by improving productivity.

This will generate still further labour problems. The use of new technologies such as micro-processors requires a more and more highly qualified workforce while the demand for unskilled or semi-skilled workers is declining. This mismatch between supply and demand on the labour market will widen in years to come.

Some industries have had to cope with problems of structural change for a number of years, either because of shifts in demand patterns or because of keener competition from non-member countries. The authorities will have to make a great effort to see that there is an adequate supply of labour in these industries — and doubtless in others too. Agriculture has been modernizing in recent decades and now it is the turn of industry to be affected by structural change. And the rapid introduction of modern techniques suggests that services, the only major sector where it is still possible to create new jobs, will also be caught up by these developments.

Finally, the continuing difficulties of the labour market affect some types of people more than others. Because of the increased use of technology and greater specialization, workers who do not have the right qualifications or experience will be hardest hit. Once again, young people in search of their first job, especially those who are underqualified, will find problems. Women are another category: more and more of them will be looking for work. This trend will intensify with the accession of predominantly agricultural Mediterranean countries. Lastly, older workers and migrants will find their employment problems still more difficult to solve.

## *Priority measures for the Community*

The main problem for the Member States of the Communities in the 1980s will be to secure a return to higher levels of employment. Since the end of the 1970s the Commission has concentrated its social policy efforts mainly on employment questions, though of course it has not lost sight of other aims such as the improvement of living and working conditions and the development of worker participation.

### **Increasing employment**

Economic and financial measures have a vital role to play in increasing job opportunities. Full employment will depend on our ability to achieve non-inflationary economic growth. Economic policy must allow demand to grow fast enough to generate new jobs.

Nevertheless, social policy also has a part to play in stimulating employment, either through specific vocational training measures or labour market policies or through the redistribution of the work available.

### *A coordinated policy for the labour market*

On 27 June 1980 the Council passed a resolution proposed by the Commission on guidelines for a Community labour market policy, setting out Community objectives in this field and defining the measures to be taken and the means to be implemented.

This resolution regarded the main aim of labour market policy as being to reduce mismatch between the supply of and demand for labour while at the same time seeking to bring about better integration of the Community labour market.

The Community should increase its activity in the following three areas :

(i) Improvement of knowledge of the labour market

This knowledge is required to give a clearer picture of the measures needed both nationally and at Community level. To this end, the resolution recommends the strengthening of cooperation between national and Community employment services in matters such as length of work, different forms of employment, unemployment flows, the structure of employment and unemployment, the transition from general and vocational education to the world of work, vocational and post-school training of young people and the content of and changes in the vocational qualifications required.

(ii) Development and cooperation of placement services

Provision was made for an action programme for the development of and cooperation between national placement services, in particular in areas such as staff training, computerization of public employment services, vocational guidance for adults and the generalized use of the SEDOC system. The meetings of senior national employment officials which had been held regularly for a number of years were to be complemented by the establishment of a special committee for labour market policy to deliver formal opinions on certain matters and facilitate the coordination of labour market policy with other Community policies.

worst mismatches on the labour market.

(iii) Concerted forward-looking management of the labour market

The aim here is to stimulate cooperation between the two sides of industry and the employment services so as to achieve a forward-looking manpower utilization policy which would also have regard to repercussions on employment and working conditions. Such a policy would aim for a balanced approach to employment by being geared to the needs both of business firms and of local communities.

*Special measures for specific categories of persons*

In coming years, other specific measures will have to be taken both by the Member States and by the Community to ensure equal employment opportunities for certain categories of job-seekers.

The main groups concerned are women and young people. Following the adoption of the directive on equal treatment for working women, genuine equality on the labour market must now be achieved through measures to help women gain access to jobs and training traditionally reserved for men. It is intended to make use of the European Social Fund for the specific purpose of increasing the number of women in employment.

Assistance for young people is aimed first of all at providing all of them with the chance of vocational training and easing the transition from school to working life. Unfortunately, the shortage of jobs will continue. Efforts will therefore have to be made to remove the worst mismatches on the labour market.

Measures in favour of other disadvantaged social groups such as migrant workers and the handicapped must also be stepped up. In both cases, the main aim is successful integration into social and working life. The Community will continue to develop measures to assist these groups with financial support from the European Social Fund.

*Measures to assist structural adaptation*

Those industries which are faced with increasing difficulties and having to reduce their capacity will not, of course, be able to provide more jobs. Care will have to be taken that reductions in capacity are not at the expense of those working in the relevant industries. This will be possible if the reductions are staggered so that vocational retraining and, where necessary, the resettlement of workers can take place. Measures to ease the shedding of workers threatened with redundancy (for example, early retirement on satisfactory terms) or to avoid the loss of jobs through changes in the conditions or hours of work (for example, a general reduction in hours of work, partly compensated by higher wages, reorganization of shift work or overtime restrictions) may have to be considered.

The Commission is willing to finance social measures such as these as part of the industrial restructuring programme, in particular through the European Social Fund. At the end of the 1970s, it made proposals for assistance to the steel industry in its 'draft decision relating to the creation of special temporary allowances to help workers in the iron and steel industry, in the framework of the Community restructuring plan'. Similar proposals for other industries in difficulty will follow.

### *Developing new forms of employment*

Because employment problems have existed for some time, various types of employment have emerged, many of which offer inadequate social protection for the workers concerned. This is true particularly of part-time and temporary work. The main victims of this type of insecurity are women, but young people suffer too. While the development of these forms of employment is in the interests both of employers (because they allow greater flexibility in the management and deployment of staff) and workers (especially married women), it is of the utmost importance that they should be regulated so that the workers concerned enjoy certain minimum guarantees.

In mid-1980, the Commission laid two policy papers before the Council and the Standing Committee on Employment.

Any action on temporary work (work on a temporary basis or on fixed-term contracts) must have four aims — the operational flexibility of business firms must be preserved, the use of temporary staff must be the exception, the temporary worker must enjoy full social security cover and the public employment services must be able to respond better to the needs of workers and employers as regards temporary staff. To achieve these goals, the Commission suggested a number of guidelines mainly concerned with eliminating abuses, limiting the period for which temporary staff could be employed and defining the employer's social obligations.

In accordance with the four principles on part-time work set out in the Council Resolution of 18 December 1979 on the adaptation of working time, the Commission communication proposed a series of measures in the field of voluntary part-time work designed to achieve the following three fundamental aims — eliminating discrimination arising from part-time work, making part-time work more readily available and developing new systems of part-time work under certain conditions. For these purposes, minimum standards should be laid down at Community level.

### *Greater flexibility in the adaptation of working time*

Besides part-time work as discussed above, the Commission considers that other, more flexible methods of arranging working time should be developed to raise the level of employment : these could apply either to the aggregate working year or to the aggregate working life.

The effective length of the working year is influenced by the working day and the working week and by paid holidays. As indicated above, the main responsibility for deciding on these aspects of working conditions lies with the two sides of industry.

Any innovation in this field therefore must have their full agreement. The Commission is particularly concerned about the excessive overtime worked in certain Member States and certain industries. Overtime is a very flexible way in which firms can cope with a temporary increase in orders with their existing staff. Socially, it is always difficult to accept that a large number of people should be unemployed while those who have a job are doing regular overtime. The Commission therefore believes that the routine use of overtime should be limited to what is strictly necessary.

The length of working life may be reduced by extending basic education and vocational training, giving time off for training and early retirement. In the autumn of 1980 the Commission laid a paper on 'Community guidelines on flexible retirement' before the Standing Committee on Employment, setting out three guiding principles for Community action — the flexible retirement system should lay down upper and lower age limits so that each worker would be able to choose freely the moment when he wishes to retire, there should be a phased retirement system to avoid the difficulties caused by stopping work suddenly and, at times of continuing unemployment, financial inducements for early retirement should be offered.

### *Provision of more and better vocational training*

Community activities should encourage the adaptation of vocational training schemes to new economic and social needs. The main difficulty arises from the considerable differences between the various national systems. Apart from continuing the work mentioned earlier with regard to combined work-and-training arrangements, the Commission wishes to see action on four fronts — specific aids to certain Member States (including those preparing for accession to the Community) to assist changes in some parts of their vocational training and apprenticeship systems, new impetus to the mutual recognition of qualifications, promotion of supranational training centres and the development of Community measures for the solution of training problems raised by the new technologies.

### **Preservation and development of social progress**

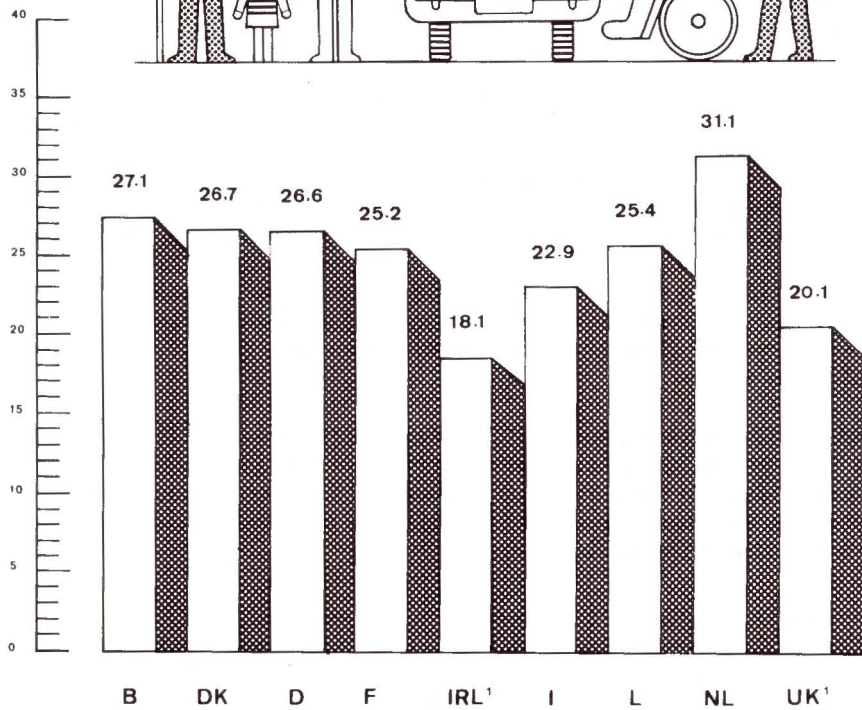
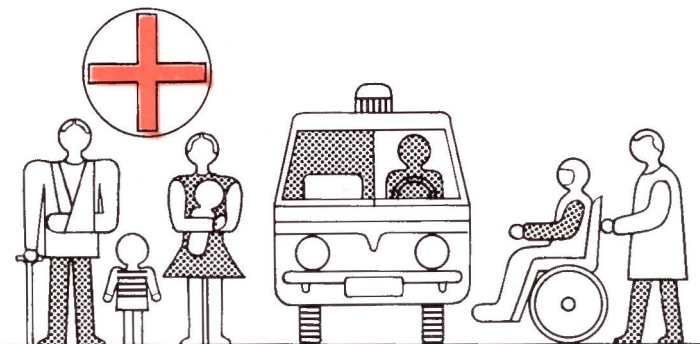
Since the rate of growth of the national product will be lower in the years to come than in recent decades and inflationary trends can be expected to persist, at least in the short term, a struggle for a share in the fruits of growth is inevitable. The Community will be partly responsible for seeing that the social progress achieved by the working population and the most disadvantaged is not jeopardized, and is even increased where possible.

### *Greater job satisfaction*

Besides the actions taken on length of working time (in the broad sense) mentioned in the last section, the Community intends to pay particular attention to the gradual abolition of certain types of work which are injurious to the health and well-being of those employed in them. The first problems to be solved are those caused by shift work, which the Commission regards as damaging to workers and their families in a number of ways. It should therefore be done away with as far as possible and used only when the type of work concerned makes it absolutely inevitable. This is true of any type of work which imposes limitations on employees or threatens their health; examples include monotonous, repetitive, arduous and dirty jobs.

Increased job satisfaction presupposes the humanization of work and work environment. The Commission will work with the European Foundation in Dublin on the basis laid by its 1976 communication on the humanization of work.

Social benefits of all types  
(expenditure as % of gross domestic product) 1979



<sup>1</sup> 1978.

Source: European system of social protection statistics, Eurostat.

### *Improvement of health and safety at work*

The Community will also endeavour to achieve further progress in implementing the 1975 guidelines for a Community programme on safety, hygiene and health at work and the framework directive on the protection of workers against risks arising from harmful exposure to chemical, physical or biological agents at work; several draft directives have already been produced, and other proposals for Community rules are to follow.

Rising health costs, especially for medical and hospital treatment and medicines, have caused considerable concern in recent years. The Commission believes that this rapid growth in costs must be contained and is seeking ways of giving its activities in this field a greater impact.

### *Social security problems*

There are two conflicting trends at work in the social security field. On the one hand, there is the desire to increase and improve social protection. In the 1974 social action programme, the Commission laid down two priorities — the extension of the various social security schemes to those people who were inadequately covered or not covered at all, and the regular updating of social benefits. Because of the world economic crisis which broke shortly afterwards, these measures have lost their priority status for the time being.

On the other hand, rising social expenditure has become more and more difficult to finance in recent years, and in particular since the beginning of the economic crisis. Almost all countries have tried to balance their social security budgets, even at the cost of imposing an extra burden on workers.

As a result, the Commission sent the first European social budget to the Council at the end of 1974. This was followed by a second one in mid-1978. The intention was to forecast medium-term changes in expenditure and income for the various types of benefit so that decisions on the introduction of national policies could be facilitated and social security policies harmonized at Community level.

Table 10 gives the forecasts in the second European social budget of changes in social expenditure in the various countries up to 1980. It should be noted that forecasts for 1980 are based on spring 1977 assumptions and data. In general, this means that no account was taken of the slowdown in economic growth, of rapidly rising prices or of the sharp increase in unemployment. Nevertheless, social expenditure rose considerably in all countries between 1975 and 1980, though in general more slowly than in the first half of the decade.

On the other hand, some Member States hoped in 1977 to be able to cut their social security burden by 1980 as the demographic situation improved and their efforts to contain expenditure bore fruit. The most recent statistics show that at least some of them have been successful.



TABLE 10

## Social expenditure as a percentage of GDP

	1970	1975	1980 <sup>1</sup>
Belgium	18.3	24.0	25.5
Denmark	19.8	27.6	24.7
FR of Germany	22.1	29.3	26.7
France	18.7	22.7	25.5
Ireland	13.2	20.4	18.1
Italy	18.8	23.3	24.5
Luxembourg	16.6	24.0	30.5
Netherlands	20.8	27.9	31.0
United Kingdom	18.6	21.3	20.6
EUR 9	19.8	25.4	25.0

<sup>1</sup> Forecast on the basis of data available in spring 1977.

Source: Commission of the European Communities, *Second European Social Budget, 1975-80*.

Efforts to extend social protection and increase benefits have been made at a time when employment policy measures were being taken to lower the retirement age or make it more flexible and when prospects on the labour market were distinctly bleak. The problem of financing social security will consequently remain acute, and the Commission considers that one of its important duties is to help work out Community solutions, cooperating closely with the two bodies operating under its auspices within which consultations on social security matters take place. It will oppose any attempts to improve the financial situation by cutting benefits.

With this in mind, it will endeavour to secure adoption of its earlier proposals on the regular updating of social security benefits, especially long-term benefits, increasing prosperity and extending social security systems to those whose cover is inadequate or non-existent. It is principally concerned with those who have a congenital physical or mental handicap, those doing unpaid work in the home and young people in search of a job who are not yet eligible for unemployment benefit.

### *Equal opportunities for the disadvantaged*

The Commission considers that since the next few years will be marked by a lower rate of growth a still greater effort must be made to ensure that the fruits of growth and prosperity are fairly distributed. A special effort will have to be made to help the most disadvantaged sections of society and the poorest regions of the Community. This will be the goal of the second phase of the Community action programme for the employment of the handicapped and their integration into society, the continuation of the action programme for migrant workers and their families and new Commission projects and pilot studies to assist in the fight against poverty.

## **Development of industrial democracy**

The active participation of both sides of industry in a spirit of shared responsibility is a vital precondition to the pursuit of social objectives.

Progress can only be achieved in this area if all labour and business circles can attain a consensus on the main aims of economic and social policy and the measures needed to achieve them.

The Community is therefore attempting to achieve the most fruitful dialogue possible with all concerned; this is particularly true of the tripartite conferences on the economic and social situation. In mid-1980, the Council agreed to a new procedure that will meet the conferences' need for flexibility and efficiency. The preparation of the conferences, their conduct and conclusions and the follow-up measures to be adopted were regulated in some detail. The Commission attaches great importance to dialogue between the two sides of industry at various levels. It is therefore arranging *ad hoc* meetings dealing with the special problems of various industries, especially those in difficulty, in order to establish further permanent joint committees.

It trusts that the work on industrial democracy that began in the early 1970s will allow a Community solution to be reached despite the continuing differences in national policies.

## *Further reading*

### *Social action programme*

EC, Commission — Luxembourg — 1974

### *Employee participation and company structure in the European Community*

Bulletin of the EC — Supplement 8/75

### *The protection of workers in multinational companies*

European documentation — Trade union series — Commission — periodical 1976/1

### *Youth employment*

Bulletin of the EC — Supplement 4/77

### *Freedom of movement for workers within the Community*

Official texts Brussels — EC — 1977

### *Tripartite conference of 9 November 1978*

EC, Commission — Brussels 1978; Doc. COM (78) 512 final

### *The European social budget — 1980 — 1975 — 1970*

CEC — Brussels/Luxembourg — 1979

### *Socio-political indicators*

EURO-BAROMETRE — Public opinion in the European Community — CEC — No 10 — 1979

pp. 1-14

### *European Social Fund*

Official texts EC — Commission — Brussels — 1979

### *Report on the development of the social situation in the Communities in 1979*

EC — Luxembourg — 1980

### *Comparative tables of the social security systems in the Member States of the European Communities*

10th edition 1978 — 11th edition 1980 — CEC

### *Women and the European Community — Community action, comparative national situations*

CEC — Brussels 1980

### *Social indicators for the European Community 1960-78*

Statistical Office of the European Communities — Luxembourg 1980

### *Studies :*

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### *Studies :*

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### *Education and training 1970-71 — 1977-78*

Statistical Office of the European Communities — Luxembourg

### *Hourly earnings — Hours of work*

Half-yearly: Statistical Office of the European Communities — Luxembourg

### *Unemployment*

Monthly bulletin: Statistical Office of the European Communities — Luxembourg



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*Second edition*

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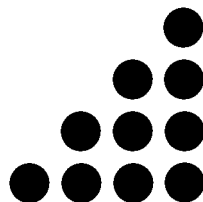
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