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President Santer Calls For "Confidence Pact On Employment"

Speaking to the January Plenary Session of the European Parliament, Commission President, Jacques Santer, called for a united approach against unemployment in the European Union in the form of a "European Confidence Pact on Employment". The fear of unemployment must not be allowed to undermine confidence in the future of the Single European Currency, Mr. Santer declared, and therefore concerted action was necessary.

He called for urgent progress in agreeing the release of supplementary resources for investment in trans-European infrastructure networks and research and development. He announced the imminent adoption of a four-year integrated action plan for small and medium sized enterprises. He also called for a thorough analysis of employment policies and said that after 1996 it will be necessary to "show more imagination in the implementation of our structural policies, for example, in encouraging local employment initiatives".

He underlined the important role the European Union has in ensuring that all the parties involved in the formulation and implementation of employment policies - national governments and social partners - act in a coherent way, thus inspiring confidence. In this context, he invited the social partners to a major Round Table on Employment which will take place in May 1996 and will examine problems such as the creation of jobs, flexibility, training, and employment costs.

The Commission President also declared that the "social question and employment will be part of the main subjects discussed at the forthcoming Intergovernmental Conference" and he called for stronger and more explicit links between the Union's common policies and employment.

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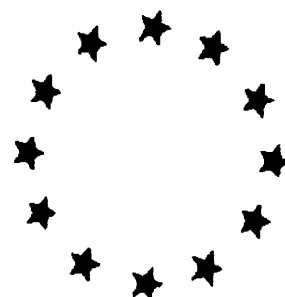
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The 1996 Intergovernmental Conference

A Preparatory Guide

What is an Intergovernmental Conference?

An Intergovernmental Conference (IGC) is the method used by Member States of the European Union to agree on basic changes to the rules that govern the workings of the Union. Those rules are contained in a number of treaties which define the objectives and policies of the Union, and the role and responsibilities of the various EU institutions. Changes to these rules are not carried out within the framework of the EU itself, but by direct negotiations between the governments of the Member States within the context of an Intergovernmental Conference.

Why Do We Need An IGC in 1996?

There are a variety of reasons for the 1996 IGC. These can be summarised as follows:

1. Treaty Requirements:

The Treaty on European Union had built into it the need for reviews in four specific areas before the end of 1996.

- The workings of the new decision-making process introduced by the Maastricht Treaty which is known as the "Co-Decision" Procedure.
- The operation of the provision on a common foreign and security policy and, in particular, the relationship between the EU and the Western European Union (WEU).
- Attached to the Treaty of Rome is a Declaration (No. 16) which was adopted at Maastricht and requires a review of the classification of Community legal acts by the 1996 IGC.
- A similar Maastricht Treaty Declaration (No. 1) requires the examination of policy making in the areas currently covered by Article 3t of the Treaty of Rome ("measures in the spheres of energy, civil protection and tourism") by the 1996 IGC.

Thus, minimally, the above areas have to be examined by the 1996 IGC.

2. Practical Requirements:

There are a number of urgent practical reasons for a review of the workings of the EU. In particular, these concern the forthcoming enlargement of the Union. Negotiations with Malta and Cyprus are already planned and formal membership applications have been lodged by a number of Central and Eastern European countries and the Baltic States. The current institutional structure of the European Community was originally designed for just six Member States. As the Community has expanded

to its current 15 Member States, amendments to these structures have been introduced, but it is generally agreed that further expansion cannot be undertaken until a full review is carried out. Of particular importance are questions of relative representation on Community bodies by Member States whose domestic populations are of a variety of different sizes. To continue with the existing formulae of representation in a Community with 20 or 25 Member States would produce institutions that were unwieldy and potentially inefficient.

3. Political Requirements:

In addition, there are strong political reasons for a review of the working of the treaties. It is commonly accepted that public support for European unification has diminished over the last three or four years. Whilst much of this is due to the harsh economic climate that has existed in Europe (support for European integration tends to be directly related to growth in the European economy) some of it is no doubt due to failings during the last treaty reform process. The Maastricht Treaty failed to carry popular support amongst the citizens of the European Union it created. There are several other political demands which will have to be examined by the 1996 IGC. These include demands for new policy objectives being incorporated into the Treaty (on employment and the environment for example), demands for the re-incorporation of the "social chapter" within the main Treaty, and demands for the incorporation of a charter on human rights.

Who takes part in the IGC itself?

Sessions of the IGC are attended by representatives of the governments of the Member States. Such representatives can be at any level and can be government heads, government ministers, diplomats or civil servants. What is likely to happen is that the first session will involve the fifteen heads of government. This will be followed by regular sessions attended by the Ministers who have special responsibilities for European Affairs. Between these meetings there may be regular meetings at diplomatic or civil service level to clarify detailed proposals. The final meeting will once again probably be at heads of government level.

When will the 1996 IGC start?

The first session is due to start on the 29th of March 1996 in Turin, Italy.

And when will it finish?

Nobody knows. Previous IGC's have lasted anything up to two years. Some statements have been issued recently calling for a "relatively short" IGC, but even these envisage one of between 12 to 15 months. There will be considerable pressures on the politicians concerned not to drag out the process too long. It has already been agreed that negotiations on the next round of enlargement cannot begin until the Conference has ended. It would be unacceptable to expect countries to negotiate membership of a Union whose basic rules were still undecided.

How are the decisions of the IGC made?

The IGC will reach its decisions on the basis of unanimity - all representatives must be agreed on the final proposals for treaty reform.

If, and when, the IGC reaches an agreement, what happens then?

The agreement will be in the form of a series of amendments to the existing treaties, or possibly a proposal for an entirely new, co-ordinated treaty. Agreement by the IGC does not ensure that such changes will come about. The revised (or renewed) Treaty has then to be ratified by each Member State and, as we saw following the Maastricht Summit, this is not always a foregone conclusion.

What are the main issues likely to be considered by the IGC?

It is possible to predict the main issues which will dominate the IGC as these have already been raised in general terms by the various Community Institutions, many of the Member States, and a host of interest and pressure groups who have published "position papers" in advance of the IGC process. Also the report of the Westendorp Reflection Group provides a useful survey of the key issues. These can be summarised as follows:

1. Institutional Reform:

The need for changes in the way the EU works, the composition and role of its institutions and its decision-making procedures.

2. People and Policies:

The need to make the EU more "transparent" in its operations and more in tune with the hopes and aspirations of its citizens.

3. External Actions:

The need to strengthen the external cohesion of the EU in order to present a more consistent and united position in relationship to the rest of the world.

An alternative way of visualising the potential scope of the IGC is to think of the IGC as a means of enabling the EU to meet a number of major challenges it is currently facing:

- The process of enlargement will be a significant challenge both in economic and social terms, but more immediately in institutional terms. The very minimum requirement of the IGC is to bring about changes in institutional arrangements which will facilitate the enlargement of the Union to between 20 and 25 Member States.
- The EU needs to radically improve the level of public support for continued European unification. It needs to balance the real achievements it has made over the last ten years in the field of trade liberalisation with policies that are seen to directly benefit individual citizens, whilst at the same time making the workings of the Union more democratic and more open.
- At a time when the continent of Europe is going through a period of almost unprecedented political change. The external policies of the EU need strengthening in order to avoid situations where Member States adopt different, and often conflicting, positions in relation to external policy challenges.

The challenges facing the EU are more than just about institutional changes, are they not?

Yes. Whilst enlargement and foreign affairs are important challenges facing the European Union, most people would agree that the greatest challenge is economic, in particular dealing with the persistent levels of high unemployment which have developed within the EU over the last five years. At the same time many people believe that the EU should take a more prominent role in dealing with other issues which are close to the hearts of many European citizens, such as environmental policy.

What is being suggested in terms of employment policy?

There appears to be a wide measure of agreement that greater emphasis should be put on employment policy, but there is little agreement on how this should be done. Some organisations would like to see job creation and employment policy being made a central objective of the European Union, ranking in importance with economic and monetary union. Some people believe that there should be a chapter of the Treaty devoted to employment policy with the appropriate means being provided for European objectives to be achieved in this field.

Commission Adopts A Draft Directive on Parental Leave

The European Commission has adopted a proposal for a Council Directive designed to transpose into EU law the framework agreement on parental leave concluded by the European-level social partners - the European Trade Union Confederation (ETUC), the Union of Industrial and Employers' Confederation in Europe (UNICE), and the European Centre of Enterprises with Public Participation (CEEP) - on the 14th of December 1995. For the first time, an agreement reached by the social partners at European level is being submitted to the Council for adoption. The essence of the agreement between the three organisations is to guarantee workers in the Member States a minimum of three months' unpaid parental leave regardless of sex. Moreover, it entitles workers to time-off from work on grounds of urgent family reasons.

Padraig Flynn, European Commissioner with responsibility for Employment and Social Affairs explained that "the aim of the Commission proposal is to render the provisions of the agreement concluded between the social partners binding". The legal basis is article 4(2) of the Agreement on Social Policy annexed to the Maastricht Treaty on European Union. The Commission takes the view that, in this particular case, the most appropriate legally binding instrument is a Council Directive, as the framework agreement is intended to be applied indirectly by way of provisions to be transposed into national law by the Member States or the social partners. Mr. Flynn stressed that "the Commission also considers that the actual text of the agreement cannot be amended by the Council. It should not therefore be part of the decision but annexed thereto".

Although Article 4(2) of the Agreement on Social Policy does not provide for consultation of the European Parliament on requests addressed to the Commission by the social partners, the Commission has kept Parliament informed about the various phases of consultation of the social partners. It is now forwarding this proposal to Parliament and to the Economic and Social Committee so they may deliver an opinion.

An interesting feature of the proposal is that it includes, for the first time, a non discrimination clause. This is the first practical application of the new approach set out in the Commission's Communication on racism, xenophobia and anti-semitism, which was adopted on 13 December 1995.

Background

Reconciling working and family life is a key element of the European Commission's equal opportunities policy. On 24 November 1983, the Commission submitted a proposal for a Council Directive on parental leave and leave for family reasons. The proposal underwent lengthy discussion in the Council. Unanimity was required by Article 100, the legal base in question, but was never achieved. This eventually led the Belgian Presidency to put forward a compromise proposal some ten years later in 1993, which was ultimately acceptable to eleven Member States, the United Kingdom expressing its opposition. As a result, Commissioner Flynn announced that he would consider using the other avenues open to him in order not to deprive the large majority of Member States in favour of the proposal of making progress.

On 22 February 1995, he activated the procedure laid down in the Agreement on Social Policy annexed to the Social Protocol and consulted the social partners, on the basis of a text in which the Commission argued that a wider and more flexible interpretation of the term reconciliation could be beneficial not just for equal opportunities between women and men, but also for employment, training and the more effective functioning of the labour market.

On 5 July, UNICE, CEEP and the ETUC announced their intention of negotiating a collective agreement on parental leave. Agreement was reached five months later on 14 December 1995, when the three organisations concerned signed the first collective agreement at European level and requested the Commission to turn it into a binding instrument of European Union law.

European Commission Communication On Worker Information and Consultation

The European Commission has published a Communication setting out its ideas for the future progress of legislation in the sphere of information and consultation rights of workers at Member State level.

Introduction

In the 1994 White Paper on the Future of Social Policy, the European Commission stated its intention of examining the impact of the European Works Council Directive on the seven proposals for Council Directives which contain provisions concerning information and consultation of employees which were then currently outstanding. These proposals are:

- Amended proposal for a Council Regulation (EEC) on the Statute for a European Company.
- Amended proposal for a Council Directive supplementing the Statute for a European Company with regard to the involvement of employees.
- Amended proposal for a Council Regulation (EEC) on the Statute for a European Association.
- Amended proposal for a Council Directive supplementing the Statute for a European Association with regard to the involvement of employees.
- Amended proposal for a Council Regulation (EEC) on the Statute for a European Co-operative Society.
- Amended proposal for a Council Directive supplementing the Statute for a European Co-operative Society with regard to the involvement of employees.
- Amended proposal for a Council Regulation (EEC) on the Statute for a European Mutual Society.
- Amended proposal for a Council Directive supplementing the Statute for a European Mutual Society with regard to the involvement of employees.
- Amended proposal for a Fifth Directive concerning the structure of public limited companies and the powers and obligations of their organs.

This intention was further underlined within the 1995 Medium Term Social Policy Action Programme. Section 4.2.3 stated "the Commission is currently examining whether and to what extent the system of workers' involvement established by the information and consultation directive (the European

Works Council Directive) could help the adoption of the four amended proposals for Regulations concerning the European Company Statute, the Statute for the European Association, the Statute for a European Co-operative, and the Statute for a European Mutual Society." The next section (4.2.4) indicated that the Commission was carrying out a similar investigation in terms of the proposed Fifth Directive. It is these investigations that have led to the publication of the new Commission Communication.

Acknowledging that the subject is a politically sensitive one (all the above proposals are currently blocked in the Council), the Commission state that they are not seeking to re-open the debate in a controversial way, "but rather to attempt to take stock of the present situation and explore whether there might not be new ways of moving forward". Thus the Commission are wanting to put forward options for discussion whilst remaining committed to the fundamental principles regarding the need to ensure adequate safeguards at European level for the information and consultation of employees which motivated its original proposals.

Assessment of Community Activity Relating to Employee Information, Consultation and Involvement.

The history of the attempts to establish Community-level rules on employee information, consultation and involvement is closely linked to the history of the European Community itself. For many years the subject has been at the heart of the debate on European social policy. Of the various proposals that have been put forward by the Commission over the years, three have been adopted.

1. Directive 75/129/EEC (17/2/75) on the protection of workers in the event of collective redundancies which was later revised by Directive 92/56/EEC of 24/6/92.
2. Directive 77/187/EEC (14/2/77) on the approximation of the laws of Member States relating to the safeguarding of employees' rights in the event of transfers of undertakings,

businesses or parts of businesses.

3. Directive 94/45/EC (22/9/94) on the establishment of a **European Works Council** or a procedure in Community-scale undertakings and Community-scale groups of undertakings for the purpose of informing and consulting employees.

On the other hand, a number of other proposals containing rules on employee information, consultation and involvement have been under discussion a long time in the Council without reaching a successful conclusion. Most notable of these is the proposal for a Fifth Directive on European Company Law which was originally proposed over twenty years ago.

A distinction can be drawn between the proposals which have been successfully adopted into the body of Community law and those which continue to be blocked at Council level. The first set of proposals (collective redundancies, transfers of undertakings, and European Works Councils) establish a model for involving workers in business decision-making under which their legitimate representatives are entitled to be informed and consulted on a number of important issues relating to the operation of the business or affecting their interests. The second set of, currently unsuccessful, proposals (European Company, European Association, European Co-operative Society, and European Mutual Society statutes, and the proposed Fifth Directive) provide for forms of employee involvement which supplement or replace employee information and consultation. Thus, the Commission's proposals containing rules on informing and consulting employees' representatives have succeeded whilst those proposals seeking to establish European level forms of employee involvement have failed.

The Communication also points out that there have been criticisms of the complexity of Commission proposals in relation to information and consultation and the piecemeal approach. Taking the six proposals still under discussion and the three already adopted, that represents a total of nine different sets of Community rules. The Commission believes that the successful adoption of the European Works Council Directive provides an opportunity to reconsider this piecemeal approach as against the establishment of general legal standards at European level.

The Commission also point out the potential damage which has been inflicted by the excessive delays in

adopting proposals in this area. The fact that some of these proposals have been under discussion for two decades reflects negatively on the European decision-making system. Equally, the potential benefits of proposals such as the European Company Statute - benefits to both workers and companies - are being lost by the inability to find an effective compromise. The rapid adoption of the European Company Statute has been called for both by the European Employers' Federation UNICE (who believe that the model for consultation contained in the European Works Council Directive would be suitable for companies covered by the Statute) and by the Ciampi Competitive Advisory Group. The Commission believes that "the blockage of its various proposals in the Council cannot be allowed to continue and that the political will and the strong spirit of compromise which led to the adoption of the European Works Council Directive must now be reaffirmed so that the proposed instruments can be adopted as soon as possible".

Principles and Objectives of the New Community Approach to Employee Information and Consultation.

The Commission believes that a new approach needs to be adopted in order to redefine the Community legal framework in force and the proposals on employee information, consultation and involvement. Several basic ideas emerged from the internal Commission debate and, whilst these ideas represent only an early stage in what will be a wide-ranging consultation process, the Commission believes it would be helpful to submit these ideas to the social partners at European level and to also allow discussions within Member States, the European Parliament and the Economic and Social Committee. These ideas can be summarised in terms of four guiding principles.

1. Simplification.

The European Community has currently a general legal framework providing for employee information and consultation at transnational level (European Works Council Directive) and specific provisions governing circumstances such as collective redundancies and business transfers. If the proposals currently before the Council were adopted this would introduce a number of other frameworks each of which would be dependent on the type of organisation involved. The Commission is considering whether such an approach is warranted or whether a simplified approach - providing for the establishment of a general overall legal framework at European level, which could be developed and fleshed out by the Member States if they wished - would be preferable. This would require the adoption

of a new Community instrument and this raises a number of questions as to its nature (approximation of legislation or the establishment of minimum requirements) and the legal basis to be used (the Treaty or the Maastricht Social Policy Agreement and Protocol).

The Commission is aware of the misgivings, particularly in relation to the principle of subsidiarity, which such a proposal could give rise to, but believes that a new single instrument would be more in keeping with the principles of subsidiarity and proportionality than the large number of instruments currently proposed. The general nature of the provisions which could be introduced, which would make it a reference framework setting out, quite simply, the major principles and basic rules in this area, would overcome the misgivings of those who might be afraid of an excessively rigid and detailed instrument.

2. Coherence.

This new approach could also be justified on the grounds of the coherence of Community law and European Community social policy. Currently general legal rules apply at transnational level, whilst at national level only specific rules applying in given circumstances (transfers, redundancies) exist. There is an obvious need for a general framework relating to information and consultation at national level. A new framework applicable at national level could simplify matters considerably as it would be no longer be necessary to provide for specific rules for each entity covered by the various existing proposals. It would also improve the operation of existing specific rules because information and consultation would no longer be limited to isolated policy areas but would provide for stable and permanent information and consultation procedures.

3. Pragmatism and Balance.

The Commission believes that it is no accident that measures relating to information and consultation at European level have been "virtually a total success", whilst the more ambitious measures to expand the coverage of the traditions and practices of employee involvement to the whole Community have failed. The Commission believes that this points to a wide range of support for information and consultation which is not currently present for spreading the practices of employee involvement. Consequently, the Commission is considering whether a form of Community action in the field of information and consultation, while not ideal, is at least possible and feasible and has not yet been found. Increasingly the Commission takes the view that, as things stand, the most likely solution is

along the lines of the European Works Council Directive. Such a minimum framework would not, of course, prevent the survival nor the evolution of more elaborate systems and practices at national level.

4. Generality.

Finally, whilst the Commission accepts that Community action should be based on the framework established by the European Works Council Directive, it considers that this approach will not meet the objective of ensuring the harmonious operation of the internal market and of increasing the protection of European workers unless the rules in question are applied throughout the European Community. There seems to be little justification for one or more countries being granted an exemption in this area, which would give an unfair advantage to the businesses that have their registered office there rather than in another Member State.

The Possible Direction of Community Action.

The Commission Communication outlines three possible options for the future.

Option 1 : Maintaining the status quo.

This option would mean continuing the discussions in the Council on the basis of the six current proposals and maintaining the fragmented approach to Community action on employee information, consultation and involvement. The main disadvantage of this option is that, as things stand, it seems to offer little hope of progress.

Option 2 : Global Approach.

This option involves a change in the way of looking at the whole question. Instead of attempting to establish, at Community level, sets of specific rules for each entity to be covered by Community rules on company law, attempts would be made to establish general frameworks at European level on informing and consulting employees. This would make it possible to withdraw the proposals for directives annexed to the proposals for regulations on the statute for a European company, a European association, a European Co-operative society and a European mutual society. The same would apply to the social provisions in the proposal for the Fifth Directive and the "Vredeling Directive" (proposal for informing and consulting the employees of undertakings with complex structures, a proposal which whilst still theoretically outstanding has been largely replaced by the European Works Council Directive).

Given that the European Community already has a

legal framework for employee information and consultation at transnational level, this global approach would mean quite simply that a Community instrument on information and consultation at national level would have to be adopted. Before taking this approach, a number of questions need to be answered: Would it be in keeping with the principles of subsidiarity and proportionality? What would be the nature of the proposal and what legal basis should be used?

The main advantage of this option is that it is a step towards simplifying Community law and European social policy. It could also make it easier - and, in fact, might even be necessary - to achieve progress with the six current proposals, since the businesses concerned which are purely of national scale would then be covered by this general framework.

Option 3 : Immediate Action on the European Statutes.

If the global approach in Option 2 is adopted, immediate steps could be taken to unblock these proposals, especially the proposal on the Statute for a European Company, the adoption of which is particularly urgent. This would be justified by the importance of this instrument for the organisation of companies at European level and by the urgent need to find a legal vehicle which meets the needs of major trans-European transport infrastructure projects. This could be done in one of two ways:

- The above mentioned proposals for directives would be withdrawn on the condition that no European Company, European Association, European Co-operative Society, or European Mutual Society could be set up in a Member State which had not transposed the European Works Council Directive. This solution would have the advantage of maintaining the compulsory link between the establishment of these organisations and their application of the procedures for employee information and consultation, which has always been a key element of these proposals. It would also prevent

discrimination between these organisations depending on the Member State in which they decided to locate their registered office.

- No conditions would be attached to the withdrawal of these proposals. In this case, only the Community provisions in force (European Works Councils, Collective Redundancies and Transfer of Undertakings) would be applicable to the organisation concerned. The disadvantage of this approach is that one Member State is not covered by the European Works Council Directive. This would mean that European Companies, Associations, Co-operative Societies and Mutual Societies which were of multinational scale and had their registered office in the United Kingdom would not be subject to the same obligations in the area of transnational information and consultation of employees as would be the case for organisations with their registered offices in another Member State.

Conclusions

The Commission Communication states that the above arguments are intended as a contribution to the discussion which the Commission would like to see developed among the Member States, in the European parliament and the Economic and Social Committee, and between the social partners at Community level. The Commission reaffirms that it is open to any way of achieving the objectives at the heart of the debate. These are, first, to put an end to the unacceptable situation of never-ending institutional discussion on the current six proposals and, second, to supplement the Community legal framework in the area of employee information and consultation and to make it more coherent and effective.

The Commission would like to receive the comments and views of the Member States, the European Parliament, the Economic and Social Committee and the European-level social partners on these matters and in particular the three options outlined above.

New Survey Of Companies Covered By European Works Council Agreement

The European Trade Union Institute (ETUI) - the research and information arm of the ETUC - has just published, in association with research institutes in eight countries, a comprehensive survey of firms covered by the European Works Council Directive. Applying the criteria for the establishment of EWC's set out in the Directive, the ETUI calculates that a total of 1,152 firms in 25 countries are affected. This total includes 274 firms based in Germany, 187 in the United States and 122 in France. The report can be ordered direct from the ETUI (Tel 00 32 2 224 0470)

The Social Impact Of The Information Society

First Report of High Level Group Of Experts

It has now become a fairly familiar claim that computer and communications technology is set to revolutionise the way we live and work. The so-called "information society" has become the subject of numerous books, reports and studies, each of which paints a picture of a global information society providing the potential of unlimited access to information of ever shape and form. But what will be the impact of such changes on society and social policy? This was the question given to a special High Level Group of Experts under the leadership of Professor Luc Soete by the European Commission in May 1995. The Group has just published its first, interim, report, which provides a comprehensive analysis of the social and societal impact of the coming information society.

The report not only looks at the possible impact in areas such as employment, work organisation, labour markets, social cohesion, regional cohesion, education and training, health and democracy, but also attempts to establish some fundamental principles on which a "European Model of the Information Society" should be based.

What follows is just a brief summary of some of the main conclusions and recommendations taken from the Group's Interim Report. A final report is expected to be published in May 1996.

BASIC PRINCIPLES FOR A EUROPEAN MODEL OF THE INFORMATION SOCIETY

- ⊙ It is essential the Information Society as a "Learning Society", based on the know-how and wisdom of people, not information in machines.
- ⊙ The Information Society should be about people. We must put people in charge of the information, rather than it being used to control them.
- ⊙ Information and Communications Technologies have both positive and negative characteristics. On the one hand, they can make production and services cheaper, faster and better. On the other hand, they are associated with an increasing pace of work and daily life, and the automation of large parts of our social activities.

THE IMPACT ON EMPLOYMENT

- ⊙ There is a large potential for growth of completely new forms of employment in the Information Society. New Information and Communications Technologies (ICT's) are forming the basis of new industries, in particular multi-media industries, which are likely to be high-value, high-skill sectors with considerable labour intensity.
- ⊙ ICT's have a powerful potential to affect service employment, which has been a traditional employment "reservoir" in most industrialised countries and today represents over two-thirds of total employment in the EU. We need to know far more about the impact of ICT's on employment prospects in this sector.
- ⊙ The deregulation and privatisation of telecommunications operators is likely to have a major structural impact on existing manufacturing and service employment and, in the short term at least, might involve substantial employment displacement.
- ⊙ Methods of measuring inflation are heavily biased towards manufacturing and material goods and there is some doubt as to whether the falling costs of information provision are being adequately reflected in official statistics.
- ⊙ There is considerable concern that the distribution of the benefits of the Information Society will not be even throughout society with some groups being disadvantaged by loss of employment and erosion of skills.

THE IMPACT ON WORK ORGANISATION

- ⊙ New ICTs are associated with the emergence of new forms of work organisation which increasingly use networking structures to increase flexibility. There is evidence that approaches which build upon social relations tend to result in higher performance workplaces.
- ⊙ A key feature of changes associated with the Information Society will be the emergence of greater decentralisation and the growth of home-based work and teleworking.

THE IMPACT ON THE FUTURE OF WORK AND SOCIAL RELATIONS

- ⊙ The use of new ICT's both increases the profile of changes in the nature of work - increased use of part-time work, self-employment and more flexible working hours - and also provides scope for new policies to improve the integration of working life into the rest of our lives.
- ⊙ The reconciliation of work and home life will be a major issue in the social cohesion of the information society, and it is necessary that the complex relationships that exist in this area are better understood.
- ⊙ Traditional social relations rest on a clear distinction between place and time of work and place and time off work. The Information Society will tend to destroy these accepted conventions and blur the boundaries between them. New social relations need to be urgently considered: one must foresee and negotiate the right to go "off-line" and to be free of the constant call of the electronic network at any time and any place.
- ⊙ New remuneration systems will need to be negotiated to take account of the shift to more flexible hours and work arrangements.
- ⊙ The possibilities of home-based teleworking raises a whole new set of problems concerning the reconciliation of work and home life. The problems of reintegrating work into the home, even on a part-time basis, have significant economic, social and psychological implications.

THE IMPACT ON LABOUR MARKETS

- ⊙ There has been a rising interest in active labour market policies across most of Europe in recent years and with the Information Society, such proactivity is likely to become more important.
- ⊙ The effectiveness and relevance of external labour market measures will require careful reassessment in the context of the Information Society, given the changing occupational, organisational and skill profiles of work.
- ⊙ Internal labour markets are likely to be under pressure to become more adaptable, so that organisations are able to meet the challenges of ongoing innovation.
- ⊙ Increases in the efficiency of the labour market, and especially the link between the internal and external labour market, will be required in order to deal with the increasing flexibility of work.

THE IMPACT ON SOCIAL COHESION

- ⊙ The Information Society will have a powerful impact on more than just employment and work relations - it has the potential for improving the overall quality of life of citizens and increasing social cohesion. But it equally has a more negative potential: the Information Society could be devoid of sociability.
- ⊙ A wide diversity of different ways of interacting are desirable so that people have a real choice between interacting on-line and interacting with humans.
- ⊙ The Information Society offers new opportunities for social integration, through building up communities at local level. ICT's can help overcome some of the disadvantages associated with mobility problems or lack of access. Indeed, the opportunities associated with the Information Society to increase the quality of life of disadvantaged groups are already provoking great excitement and attention. Steps should now be taken to shift from speculation to concrete action.
- ⊙ However, the introduction of ICT's could introduce new risks of social exclusion for some groups and exacerbate the risks already faced by other groups. People who are not in the workforce or education are less likely to encounter these new technologies and so be in danger of being left behind.
- ⊙ In policy terms, it is important to recognise the need to adapt the Information Society to the needs of people and not just expect people to adapt to the Information Society.
- ⊙ There is a fear that the Information Society could be an isolated society, with human contact increasingly replaced by telepresence and electronic communication. The reality, however, seems to be more complex.
- ⊙ The family has an important role as a place where people will be socialised into the Information Society and as a learning environment. Ways in which families can fulfil these roles more effectively are needed, such as closer integration between learning and home.
- ⊙ The social consequences of the rapid introduction of new ICT's are not well known. A particular issue is the stress associated with information and perception overload.
- ⊙ New forms of marketing, retailing and consumption are emerging along with the Information Society and these will affect the ways we consume, and the relationship between buyer and seller.

THE IMPACT ON REGIONAL COHESION

- ⊙ ICT's have a powerful ability to "shrink distance" and new industrial and social geographies could emerge, particularly with regard to services which can be delivered "over the wire".
- ⊙ The Information Society offers the potential to regions lagging behind in development to rapidly catch up, but equally, if telecommunications infrastructures are poorly developed, it can serve to reinforce existing disadvantages.
- ⊙ There is a need to develop a much more targeted focused and targeted approach to infrastructure support. Structural Fund supported could have a role in this respect.
- ⊙ Any reformulation of EU Structural Policy has to take account of new technological possibilities and be accepted by all Member States.
- ⊙ Measures are required to ensure that different social groups (e.g. residential, schools, hospitals, SMEs and the public services) gain access to a reasonable service level.
- ⊙ Regional institutions such as chambers of commerce, regional innovation centres, training institutes and enterprises are important to the innovativeness of the region and its capacity to respond to the challenges of the Information Society.

THE IMPACT ON EDUCATION AND TRAINING

- ⊙ New and changing skill demands and new possibilities for learning methods should be seen as components of an integrated approach to lifelong learning in the Information Society.
- ⊙ New multi-media software for education is a fundamental requirement for the Information Society. High quality software customised to European needs must be developed.
- ⊙ Because education and training is mostly a collective experience, a central focus of new learning approaches will be on developing a new role for the teacher as guide through the information maze and as a coach, rather than as a lecturer.
- ⊙ Access to education and training is a challenge and one in which the Information Society can make a contribution. All communities and social groups will need access to the infrastructure of the Information Society.
- ⊙ ICT's can also provide new ways of making education and training available to people for whom attending regular classes is difficult.

THE IMPACT ON HEALTH

- ⊙ As with education and training, there is great scope for innovation in health service provision in the Information Society.
- ⊙ Given the vast potential benefits of health telematics, the main concern is to ensure that these technologies should diffuse rapidly through the development of technological systems and by increasing the accessibility to hospitals, doctors and patients.
- ⊙ New technologies will inevitably change the jobs and skill requirements of health service staff.
- ⊙ New safeguards will be needed so that both health professionals and patients will have confidence in the new systems and the confidentiality of health data is secure.

THE IMPACT ON CULTURE AND MEDIA

- ⊙ The cultural effects of the widespread diffusion of ICT's is likely to be especially profound.
- ⊙ The Information Society can be used to support cultural diversity, in particular the multilingual nature of European society, by making language learning easier, reducing the cost of translation, and creating storehouses of cultural and linguistic material.

THE IMPACT ON DEMOCRACY

- ⊙ There are great opportunities for an enrichment of democracy in the Information Society, through the development of horizontal exchanges of views and information between citizens, through greater information access.
- ⊙ A coherent discussion of the challenges of the Information Society with regards to democracy is an essential component of the debate on the overall challenges of the Information Society.
- ⊙ There are great new opportunities for public expression and participation in the Information Society, especially in areas which are low cost and accessible to grassroot groups. More democratic and accessible government in particular is a major opportunity presented by these new developments.
- ⊙ The introduction of new modes of public opinion collection and information dispersal, perhaps through on-line systems, could disadvantage some groups in society. So careful monitoring of all innovations in the democratic machinery is necessary in order to protect the democratic basis of society.

European Social Policy Forum

The first European Forum on Social Policy will be held in Brussels at the Palais des Congres between 28 and 30 March 1996. The Forum will be opened by Mr. Pdraig Flynn, European Commissioner with responsibility for Employment and Social Affairs. Mr. Flynn will also present the conclusions in the closing session along with the President of the European Commission Mr. Jacques Santer. In announcing the date for the Social Policy Forum Mr. Flynn said he was fulfilling an undertaking made in the White Paper on European Social Policy launched in July 94. "Social Policy concerns people, and we need to listen to the voices of as many people as possible. This first European Social Policy Forum will allow the Commission to bring together as many representative voices as possible, to hear on exchange of views and to debate the key issues of the day."

Conceived as part of a continuous process which will feed policy issues into the main national and international policy bodies during 1996 and 1997, it is envisaged that the Social Policy Forum will reconvene at regular intervals of around 18 months. The prime objective is to consult with the voluntary sector, and non-governmental organisations, social partners and others active in the social field. A major contribution to the Forum will be made by the Comite des Sages chaired by Mrs. Maria de Lourdes Pintasilgo, a former Prime Minister of Portugal. The Comite des Sages will prepare a report on fundamental and social rights and their future within the European Union. This subject will be a key theme of participants at the Forum who will also focus on four topics:- Employment, Equal Opportunities, Social Protection, and the Future of Working Life. This major European event will be accompanied by an exhibition offering all those who provide value-added services in the social and employment fields an opportunity to demonstrate their services.

Madrid European Council Conclusions

The European Council - the twice yearly meeting of the leaders of the fifteen EU Member States - took place in Madrid in December 1995 at the end of the six month period of the Spanish Presidency of the Council. Perhaps the most important decisions were related to the Single European Currency and the timetable for Economic and Monetary Union,

but a number of important decisions were also taken in areas such as employment policy, social exclusion, and the fight against racism and xenophobia. Some of these decisions are summarised below:

Economic and Monetary Union:

- The Council confirmed that the 1st of January 1999 will be the starting date for Stage 3 of Economic and Monetary Union.
- The Council agreed that the name of the new single European currency which will be introduced during Stage 3 will be the "Euro".
- The Council adopted a "changeover scenario" for the introduction of the Euro which details the various stages including the introduction of Euro banknotes and coins into circulation.

Employment Policy:

- The Council reaffirmed that the fight against unemployment and for equal opportunities was the priority task of the Community and its Member States.
- The Council indicated that it was pleased with the way the procedure for monitoring employment agreed at the Essen summit had been put into practice.
- Member States were urged to regard as priorities action in the following spheres:
 - stepping up training programmes, particularly for the unemployed;
 - rendering business strategies more flexible in areas such as the organisation of working time;
 - reducing non-wage labour costs in order to contribute to reducing unemployment;
 - continuing current wage restraint by linking it to productivity in order to promote intensive use of manpower;
 - obtaining the maximum level of efficiency within social protection systems;
 - substantially improving the machinery for information between those providing and those seeking employment;
 - promoting local employment initiatives.
- The Council reiterated the need to ensure economic growth which generates more employment and urged Member states to persevere with policies in line with the broad economic policy guidelines.

The Environment:

The Council welcomed the clear and decisive role the Union has been playing internationally in defence of the environment, especially in the control of transboundary movements of hazardous wastes and their disposal.

Social Exclusion:

The Council urged progress in the fight against social exclusion in its various forms, taking the view that solidarity is an essential factor for integration and the attainment of common objectives within the European Union.

Racism and Xenophobia:

The Council urged the adoption of the Joint Action Programme to combat racism and xenophobia with the aim of approximating the laws of Member States and enhancing the opportunities for judicial assistance between Member States. It called for a completion of the feasibility study for the establishment of a European Monitoring Centre on Racism.

Industrial Production 3rd Quarter, 1995

In September 1995, growth in the industrial production index weakened noticeably and in some countries, including Germany and the UK, there were obvious signs of stagnation. An increase in just one point in nine months can be interpreted, say Eurostat, as a sign of flagging growth. The rate of increase from the second quarter of 1995 to the third was 0.3%. The comparable figures for industrial production in the USA and Japan were +1.1% and -0.6% respectively, which suggests that the upturn in the USA is levelling off, whilst Japan has not yet climbed out of recession.

The situation in individual Member States in terms of changes in industrial production between the second and third quarters 1995 was as follows:

Country	% Change	Country	% Change
Ireland	4.9% (*)	Sweden	2.8%
Finland	1.4%	Portugal	1.1% (*)
Austria	1.1%	Italy	1.1%
Greece	1.0% (*)	Spain	0.8% (*)
Netherlands	0.6%	France	0.3%
Denmark	0.2%	Germany	-0.2%
UK	-0.2%		

(*) = Estimate.

The trend in the industrial production index for all 15 Member States of the EU put the September 1995 value at 103.4 (1990=100) compared with 102.4 for January 1995.

Public Welfare Services and Social Exclusion

The European Foundation for the Improvement of Living and Working Conditions have published a report outlining its work on the Public Welfare Services and Social Exclusion. The Report, based on work undertaken by the Foundation between 1991 and 1994, examines developments in public welfare services, in particular social security and social services, aimed at improving quality and responsiveness for their users. The research was undertaken in eight Member States - Denmark, France, Germany, Greece, Ireland, Italy, Portugal and the UK - and consisted of national reviews of relevant policy and practical developments, together with case studies of two consumer orientated initiatives in each country. The basic aims of the research were:

- to document and assess new initiatives in public services designed to improve quality for their users with particular emphasis on public welfare services used by disadvantaged people;
- to consider the implications of these initiatives for service users, service staff and policy makers;
- to consider the role of women who are disproportionately represented amongst users "in need" and amongst service delivery workers;
- to examine the potential for development and transfer of good practice, and to contribute to policy and practice improvements at EU and Member State level.

The main report on the research project has been compiled by Nicholas Deakin, Ann Davis and Neil Thomas of the University of Birmingham. As well as looking in detail at the current level of consumer orientation of social welfare provision and the various case studies, it emphasizes the dynamics of change in this policy area. The main report is available (priced ECU 18.5) whilst a short summary report is available free of charge from the Foundation.

Transfer of Undertakings

At the January Plenary Session of the European Parliament on the 10th of January concerns were expressed by several MEPs over the Commission proposals to amend the 1977 Directive on the protection of workers' rights in the event of a transfer of an undertaking. The Commission proposed an amending Directive in September 1994 which it claimed was designed to update and

clarify the 1977 Directive which has been subject to a variety of interpretations and several cases before the European Court of Justice. In part, the Commission's proposed amendment attempted to introduce a clear distinction between transfers of companies, establishments or parts of establishments, and the transfer of only one specific aspect of a company's activities. In such circumstances the transfer would not be covered by the Directive unless it was matched by a transfer of an economic entity.

These proposals have attracted considerable opposition, in particular from the European trade union movement who see them as potentially weakening the protection currently afforded to workers. In questions to the European Social Affairs Commissioner, Pdraig Flynn, Stephen Hughes, Chair of the Committee on Social Affairs and Employment, and Nel van Dijk, Chair of the Committee on Women's Rights, expressed concern that the proposed changes would complicate rather than simplify the existing situation. Mr Flynn attempted to defend the current proposal by stating that greater clarity and legal certainty was essential. However concern was expressed by all political groups in the Parliament and several MEPs called for the Commission to withdraw its proposal. A resolution was put forward urging the Commission to modify its current proposals so as to amend the 1977 Directive without replacing it, although this wasn't voted on at this stage. Commissioner Flynn expressed his willingness to discuss the matter further with his fellow Commissioners.

Commissioner Flynn Reviews Social Policy

In a speech given to the Irish Institute of European Affairs on the 19th of January, European Social Affairs Commissioner, Pdraig Flynn, said that "a competitive economy cannot be built in a social wasteland".

The Commissioner emphasised that economic and social policy are two sides of the same coin. Economic policy determines how to produce and how to maximise profit. Social policy seeks to determine under what conditions you produce and to influence the use to which that profit is put. In an increasingly complex world, most people are agreed that future economic competitiveness will depend heavily not only on the quality of the labour force but on the capacity of management to mobilise and motivate that labour force so as to use new technologies in a flexible, creative and innovative way. Mr Flynn outlined to his audience the evolution

of European Social Policy and looked at the role of the 1995 Medium Term Social Action Programme. Mr. Flynn's message was upbeat: progress is possible. But it is always going to be very difficult to get agreement on Social Policy. The economic situation, and in particular, the employment problem remains the greatest obstacle to further progress.

The persistence of high levels of unemployment and growing doubts about the capacity of the European economy not only to avoid a new recession but to grow in the sustained way needed to bring unemployment down are having a corrosive effect across all policies. But especially social policy. He also spoke about the key challenges faced by the 1996 Intergovernmental Conference in relation to social policy, in particular:

- the need to return to a single legal basis for social policy;
- the inclusion within the Treaty of a general clause outlawing discrimination.

Health & Safety Explosive Hazards

The European Commission has published proposals for a new individual Directive under the 1989 Health and Safety Framework Directive on minimum requirements for improving the safety and health protection of workers potentially at risk from explosive atmospheres. The proposed directive is intended to complement Directive 94/9/EC on equipment and protective systems in potentially explosive atmospheres. The main aims of the new draft directive are:

- to establish minimum requirements for improving the safety and health protection of workers;
- to harmonise - as provided for in Article 118a of the Treaty - minimum requirements;
- to establish specific provisions to improve the safety and health protection of workers in strict compliance with the principles set out in the 1989 Framework Directive;
- to create a suitable framework for explosion protection for industry in general such as already exists for the mineral extraction industries by virtue of Directives 92/91/EEC and 92/104/EEC.

Article 3 of the draft Directive sets out three principles of explosion protection: (i) the prevention of the formation of explosive atmospheres, (ii) the prevention of ignition of explosive atmospheres, and (iii) minimising the effects of explosions. The full text of the proposals can be found in the Official Journal C332 of the 9th of December 1995.

STATISTICS

LABOUR COST IN EU MEMBER STATES : 1992

Eurostat has released detailed information on the labour costs in industry in EU Member States for 1992. The figures underline that major disparities continue to exist between Member States. The following figures relate to hourly labour costs in industry (manual and non-manual workers, annual averages) in ECU.

Member State	1981	1984	1988	1992	Member State	1981	1984	1988	1992
Belgium	12.08	13.09	15.43	20.01	Luxembourg	9.71	10.96	13.49	17.17
Denmark	9.63	11.9	15.45	19.27	Netherlands	10.73	13.59	16.31	19.2
Germany (west)	10.93	14.14	18.11	23.14	Portugal	-	2.29	2.87	5.34
Germany (east)	-	-	-	11.96	UK	7.11	8.84	10.82	12.81
Greece	3.91	5.69	5.23	6.79	Austria	8.13	10.99	14.75	19.19
Spain	-	-	8.95	14.4	Finland	-	-	-	17.57
France	9.63	12.17	14.95	18.79	Sweden	-	11.89	14.43	19.02
Ireland	6.03	7.51	10.33	12.36	USA	-	-	-	14.93

Source: Eurostat: Statistics in Focus. Population and Social Conditions 1995.14

UNEMPLOYMENT IN EU MEMBER STATES

The seasonally adjusted unemployment rate in the European Union (fifteen Member States) was 10.6% for the month of October 1995, the same level as for the previous three months. The figures for individual Member States were as follows:

Member State	Total unemployment (%)
Belgium	10.4
Denmark (Sept)	6.5
Germany	8.4
Spain	22.6
France	11.4
Ireland	14.6
Italy	11.8
Luxembourg	4.0
Netherlands (Sept)	6.6
Portugal	7.1
Finland	16.8
Sweden	9.3
UK	8.2
USA (Sept)	5.7

Comparative statistics are not available for Greece and Austria.

Source: Eurostat: Statistics in Focus, Unemployment 12. 1995

INFLATION IN EU MEMBER STATES

The annual rate of inflation in the EU as a whole remained unchanged at 3% in November 1995. The figures for individual Member States were as follows:

Member State	Annual Rates Of Inflation	
	Nov 95/94	Nov 94/93
Finland	0.3%	1.6%
Luxembourg	1.3%	2.0%
Belgium	1.5%	2.0%
Netherlands	1.6%	2.5%
Germany	1.7%	2.5%
Denmark	1.9%	2.1%
France	1.9%	1.6%
Austria	1.9%	2.8%
Ireland	2.4%	2.4%
Sweden	2.7%	2.4%
UK	3.1%	2.6%
Portugal	3.9%	4.0%
Spain	4.4%	4.3%
Italy	5.8% (p)	3.9%
Greece	8.2%	10.6%
EU15	3.0% (p)	2.9%

(p) = provisional

Source: Eurostat: Consumer Price Index No. 121995 December 1995

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