

# The Community and The Common Good

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Social policy and working and living conditions  
in the European Community

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## Statistical sources

- ECSCO = Statistical Office of the European Communities
- EEC = Commission of the European Communities
- OECD = Organisation for Economic Cooperation and Development
- ILO = International Labour Office
- DE = Department of Employment (UK)

# Introduction — social aims, economic means

The European Community founded by the Six - Belgium, France, West Germany, Italy, Luxembourg, and the Netherlands - was never intended to be simply an economic mutual-benefit society. In the social field they sought to provide all with a fair share in steadily rising prosperity.

The first of the European Community Treaties, the Coal and Steel Community (ECSC) signed in Paris on April 18, 1951, had clearly avowed social aims. It recognised, for instance, the need to ensure that change in industry should not occur at the expense of workers.

Notwithstanding these social aims, however, economic action was regarded as the means to achieve the 'ever-closer union of the peoples of Europe' set out in the Treaty of the European Economic Community signed in Rome on March 25, 1957. The member countries laid down as a fundamental aim 'the constant improvement of the living and working conditions of the peoples'. They also pledged themselves to strengthen the unity of their economies and to ensure 'the harmonious development by reducing disparities between the various regions and mitigating the backwardness of the less favoured ones'.

No-one would claim that the increase in economic prosperity in the Community countries has not brought considerable material and other benefits to the peoples of those countries. Equally no-one would claim that the social and regional problems recognised by the founders of the Community have been solved. In many respects the problems remain much as they were in relative terms.

It was in recognition of the failure of the Community in the social field that the Governments of the Nine Member States of the new enlarged Community declared in the communiqué issued at the Paris Summit meeting in October 1972 that:

'Economic expansion is not an end in itself. Its firm aim should be to enable disparities in living conditions to be reduced. It must take place with

the participation of all social partners. It should result in an improvement of the quality of life as well as in standards of living.

The Heads of State or government emphasise that they attach as much importance to vigorous action in the social field as to the achievement of monetary and economic union'.

This declaration reflected a profound change of heart, expressed at the highest level, in which the quality of peoples lives was to become as important an aim as material economic growth, previously one of the Community's chief goals. It was in recognition of this that, on the enlargement of the Community from Six to Nine in 1973, the new and separate portfolio of Social Affairs was created and given to one of the then Vice-Presidents of the Commission, Dr Patrick Hillery, former Irish Minister of Foreign Affairs and of Labour.

In pursuance of the commitment of the member countries to social policy, during 1973, the Commission - which initiates Community policies and sees that they are carried out - drew up a wide-ranging three-year Social Action Programme. The Council of Ministers - whose function it is to agree or reject policies proposed by the Commission - adopted the programme in January 1974.

A start has thus been made towards developing the social dimension of the Community policy; it is too early to say that the Nine are creating a Social Community, but some progress along this road has been made.

The Commission has always maintained that the evolving economy of the Community, and the new conditions of life and work which are emerging, demand a more positive approach to social questions at the Community level. With the rapid pace of modern technological change the Commission believes that more must be done to promote occupational training; to provide new jobs before old industries decline, and to encourage the setting up of new industries.

Since July 1, 1968, customs duties have been abolished between the Six, which have also been applying a common customs tariff to imports from non-member countries. Trade between the Nine was similarly freed on July 1, 1977. Differing taxes, technical specifications, health regulations and other factors still impede completely free trade within the European Community, but the Community's customs union is essentially completed. Common policies are in force for agriculture and are slowly taking shape in other fields. Increasingly, however, the conditions of life and work of ordinary people throughout the Nine are being affected by economic developments occurring not only outside their own region, but outside their own country. The energy crisis and its effect on the economies of the Nine is a clear example of this.

That is why the European Community has proposed to the member governments still closer cooperation and integration in social affairs, with more joint action in some fields. The Council of Ministers accepted in July 1970 a Commission proposal to extend the powers of the European Social Fund, enabling it not merely to finance retrospectively half the cost of retraining workers for new jobs, but to undertake retraining programmes in anticipation of coming changes in industry. The New Social Fund was set up in 1972. This has already helped to provide employers, setting up factories, with a better supply of suitably trained manpower, and enabled people to acquire new skills and hence take up new employment opportunities. Social policies of this kind are intended to be coordinated with regional development programmes at both national and Community level. The Council in January 1975 finally agreed to the Commission's proposals for a Regional Development Fund.

These proposals on the Social Fund and the Regional Development Fund were received with approval by both employers and trade unions.

The Commission does not think it desirable or possible to harmonise all social conditions throughout the member countries. Nor does the Treaty envisage uniform social legislation for the Nine. It does, however, envisage some degree of harmonisation, to ensure that the changes brought about by Community membership do not place some groups of people at a disadvantage to others.

The Commission has therefore organised study groups and promoted contacts between officials, employers, trade unionists and others. It hopes to ensure that before member countries change their social-security systems, retraining schemes, industrial health and safety legislation, paid holidays, hours and conditions of work, and so on, they take account of the experience of other member countries in the same fields and their gradual merging in a single economic entity.

The most obvious economic and social development between 1962 and 1972 was the rapid growth in living standards throughout the Six. In particular, wages and salaries in Italy and the Netherlands began to catch up with those in the richer Community countries. Unemployment, in 1972 was, mainly confined to a few regions, particularly Southern Italy.

The massive expansion of trade among the member countries - from \$6,790 million to \$51,540 million in 14 years - provided a major stimulus to growth. Moreover, the action of the Community itself, through its financing of workers' retraining and resettlement, of housing programmes, research into industrial health and safety, and industrial redevelopment, contributed to the well-being of the Community's citizens as a whole.

Even though due to the quadrupling of oil prices and world economic recession, growth and rising standards in the Community have suffered a set-back since 1974, the under-pinning of the Community's structure has ensured, on average, that the Member States have fared better together than they would have done alone.

# Social Policies of the European Community

## Manpower — a few facts

The total population of the Nine countries of the European Community in 1974 was over 257 million, compared with 212 million in the United States and 252 million in the Soviet Union. Of the Community's working population of 105 million, 85 million or 81 per cent were wages and salaries earners. Most of the remainder were employers or were self-employed, though over 4 million were engaged as unpaid family workers, mainly on farms or in small shops. In the UK over 90 per cent were wage and salary earners. About 17 per cent of the total Community working population was self-employed, compared with only 8 per cent in Britain and 8.5 per cent in the USA.

The markedly higher proportion of the

Community's working population which is self-employed is mainly because there are still many small business and peasant farmers on the Continent, despite a rapid fall in the number of family farms in recent years. Between 1958 and 1972 the agricultural population of the Six fell from 18 million to 9 million, or from 23 per cent to 12 per cent of the total working population. Even with enlargement, the agricultural working population has fallen slightly to 8.8 million, or under 9 per cent of the total working population.

This is in line with trends in other industrialised countries where there has been a fall in the number of workers in mining and agriculture and a shift in employment towards manufacturing industry and services.

**Table 1 Population and employment**

Mid-year 1974 or annual average 1973

	Total population	Civil labour force	Wage and salary earners as % of civil labour force	Unemployment as % of civil labour force	Women as % of total employment	Labour force <sup>1</sup> in:		
	millions	millions	%	%	%	Industry	Agric.	Services
						%	%	%
Belgium	9.8	3.8	81.3	2.4	34.3	41.2	3.7	55.1
France	52.5	21.2	79.0	2.3	37.1	39.2	12.0	49.2
Germany	62.0	25.7	82.3	2.2	37.5	47.6	7.3	45.1
Italy	55.4	18.7	69.7	2.9	27.9	44.1	6.6	39.3
Luxembourg	0.4	0.2	84.1	0.0	26.9 (a)	49.0	16.6	44.4
Netherlands	13.5	4.6	81.5	3.0	26.2 (b)	35.5	6.6	57.9
Denmark	5.0	2.3	78.8	3.6	41.5	32.3	9.6	58.1
Ireland	3.1	1.0	66.9	5.8	26.7 (b)	31.1	24.3	44.6
UK	56.1	24.8	90.1	2.2	38.4	42.3	2.8	54.9
Eur-Nine	257.8	102.3	80.8	2.5	35.2(b)	42.6	8.9	48.5
USA	211.9	80.4	86.6	4.9	37.0(c)	31.7	4.1	64.2
Japan	109.6	52.3	67.8	1.3	40.0(c)	37.2	13.4	49.4

Sources: ECSCO, OECD, *Report on the Development of the Social Situation in the Community in 1975*  
*Basic Statistics of the Community 1975-6*

Eur-9 figures 1974, other countries 1973 (a) 1973 (b) 1973 Estimate (c) 1969

<sup>1</sup> Balance to 100% represents unemployed

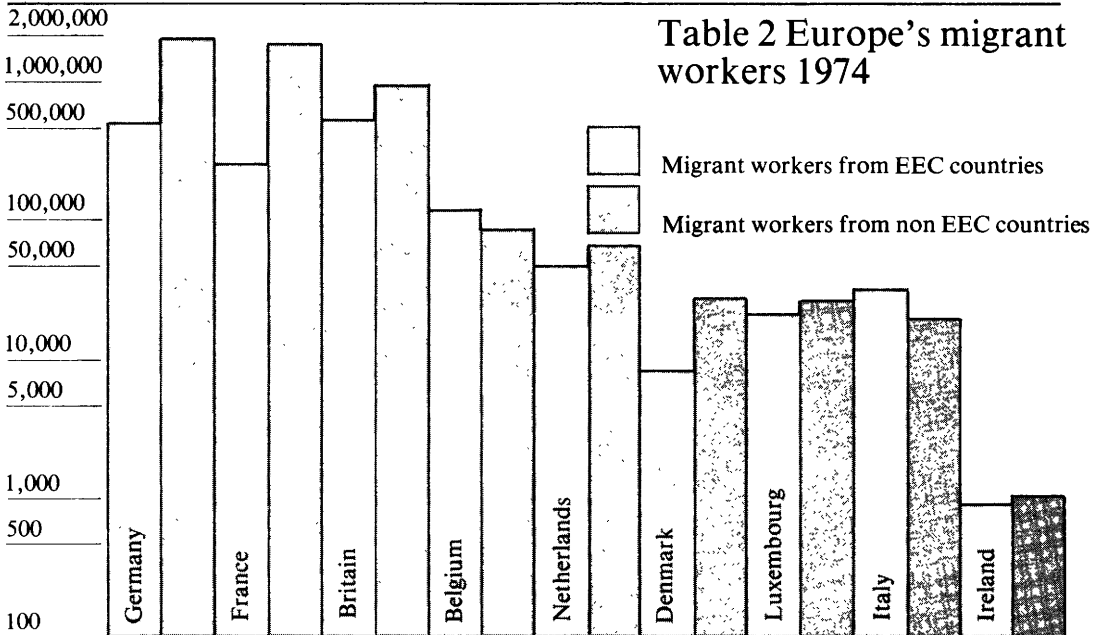
Until 1974/5 unemployment was not a major concern in the Community, except in certain undeveloped regions (such as Southern Italy) or areas dependent on industries - such as mining - which had declined in the face of new materials and technologies.

In 1971 the annual unemployment rate in the Six was only 1.8 per cent, compared with 3.6 per cent in Britain and 5.9 per cent in the USA. (These figures are not strictly comparable owing to differences in the methods of calculation.) By 1974 there were 2.6 million unemployed in the enlarged Community; by January 1976 this had reached a peak figure of 5.7 million or 5.4 per cent of the working population.

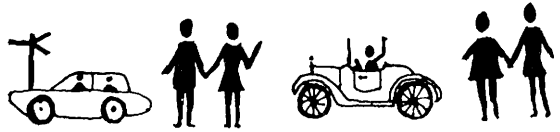
This situation increased Commission and Council concern to coordinate the employment and investment policies of Member States. In 1970 the Six had established a consultative Standing

Committee on Employment on which unions, employers, the Commission and the Member States are represented. Apart from the meetings of this Committee, the Commission sponsored two 'Tripartite Conferences' in 1975 and 1976, attended by representatives of both sides of industry, the Commission and Economic and Finance Ministers from the Member States. The 1976 Conference adopted targets to restore full employment by 1980, with a minimum annual growth rate of 4.5 per cent - 5 per cent from 1976 onwards and a reduction in inflation to an annual rate of 4 - 5 per cent by 1980 at the latest.

In addition the Conference proposed that Member States should introduce special measures aimed (i) at creating new jobs with more training and retraining to encourage occupational mobility; and (ii) at a policy to encourage a greater degree of employee involvement in company decision making.



Source: European Community Information Financial Times No. 57, October 1976



## Free movement of workers

As part of its aim of encouraging the six member countries to act as a single Community, the Rome Treaty provided for the freedom of the citizens of the Six to take up work anywhere in the Community. Existing legal obstacles were gradually removed and in July 1968 the Council of Ministers decided to remove the last national restrictions.

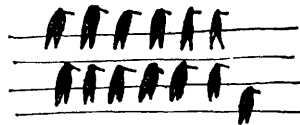
The measures adopted by the Council on July 29, 1968 and which apply to the enlarged Community provide for:

- Equal rights for all Community nationals in applying for vacant jobs in any member country.
- Abolition of work permits for Community nationals and the issuing of residence permits valid for five years and automatically renewable.
- Freedom for nationals of any Community country to move to any other member country to seek work; it is no longer necessary to have obtained a job before moving or to have submitted an application for a vacancy.
- Equal treatment with local workers, particularly with regard to rights to representation on workers' bodies (including trade unions and works' committees), to be subject to the same tax and social welfare systems as local workers, to be joined by family and dependents, and to equal access to housing and the ownership of property.

Guidance as to job opportunities is still given to would-be migrants, who are advised where jobs may be found and warned against areas where prospects are poor. This advice is based on a monthly tally of vacancies which national authorities must submit to the other member governments. A national government can, under a safeguard clause in the July 1968 agreement, discourage immigration should an influx of workers threaten the living and working conditions of workers already employed in an area (though an absolute ban on movement cannot be imposed). Such safeguard provisions can no

longer be applied unilaterally by a member government, but only through a Community procedure requiring the approval of the Commission and the other member governments.

The rules on free movement of workers do not apply to employment in public services. Nor do they apply to self-employed craftsmen, wholesalers and retailers, businessmen or members of the professions, who are covered by the Treaty provisions governing freedom of establishment and freedom to supply services. These provisions are gradually being applied to the many different industries, crafts and professions which they cover. A major difficulty in carrying out this task is that of equating the various professional qualifications recognised in different countries.



... Europe's migrant workers ...



The task of comparing degrees, diplomas, certificates and other qualifications, of determining which are of equal worth, and of getting these qualifications recognised by all member governments is long and complex. The Commission has at various times submitted proposals for the mutual recognition of architects, engineers, accountants, surveyors, farmers, journalists, doctors, dentists, pharmacists, veterinary surgeons, opticians, midwives, lawyers, and patent and insurance agents. In January 1975, the Council agreed to freedom of movement for doctors and this came into effect in December 1976. Agreements on nurses and midwives are expected to be next on the list. Draft Community rules governing freedom to supply certain insurance, transport, retail, hotel and catering, film distribution and other commercial services have also been submitted.

## The pattern of migration

Although it was not until July 1968 that the free movement of workers became fully effective, there had been important movements of manpower between Community countries for some years, particularly from Italy to Germany. These movements involved only a small proportion of the total workforce, and fears that free movement would lead to major social problems in the receiving country proved groundless. The interests of both migrant and local workers are protected through the Commission's Tripartite Consultative Committee on Migrant Workers on which the member governments, unions and employers are represented. From the earliest days after the Second World War, and before the signing of the Community Treaties, the need to provide social security for migrants and their families was recognised. To replace the existing agreements which had shown themselves to be inadequate, the Community was able by 1959 to introduce a coherent social-security system for migrants. This

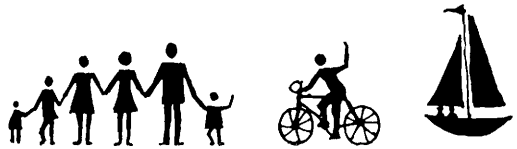
gives them equal rights with local workers; social-security contributions paid by the breadwinner accrue cumulatively to his credit in whatever Community country he may be working. His family, whether it accompanies him to another Community country or is left behind in his own country continues to receive family allowances, medical care and other benefits while he is abroad. The contributions and benefits are paid at the rate of the country where he is working.

The continuing expansion of the Community countries' economies enabled Germany and France in particular to provide work not only for many Italian migrants, but also for many more workers from outside the Community. These non-Community workers, except in Luxembourg, outnumber migrants from the Community. They enter each Community country under national regulations and do not come under the free-movement provisions. At the Luxembourg conference in April 1970 mentioned above, both employers and unions urged that, once admitted to a Community country, they should be put on the same legal basis as Community workers but so far this has not happened.

In 1974 the Commission urged the Council to adopt an action programme for migrant workers and to give equality of treatment to migrants from outside the Community. At the same time the Council agreed to include migrant workers as a new group to be assisted from Article 4 of the Social Fund.

## Equal pay and equal opportunity

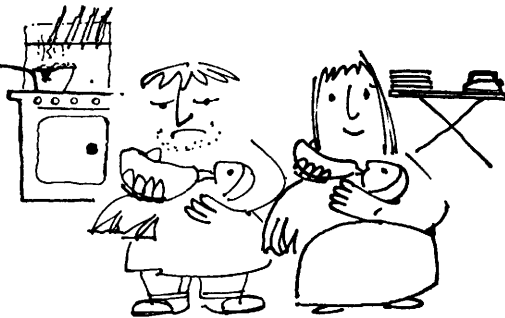
Article 119 of the Rome Treaty provides for 'the application of the principle of equal remuneration for the same work as between male and female workers'. This has not been completely carried out in practice, and it has not been enforceable because the article has been interpreted in a variety of ways. In the Benelux countries, for



instance, the pay differential between the sexes in some industries has been as wide as 30 per cent.

In July 1960 the Commission recommended that the member governments eliminate all discrimination in pay between men and women workers by June 1961. By the end of 1961, however, the governments found that it had been impossible to comply with the time limit and they agreed to introduce equalisation measures in three stages. In June 1970 the Commission noted that, although equal pay for men and women had not yet been fully achieved, considerable progress had been made in all the Member States and the overall increase in wages had been accompanied by a gradual alignment of women's wages with those of men.

In December 1974 the Council of Ministers agreed on a directive on equal pay for men and women by the end of 1975. This re-inforces legislation already in existence in some member countries such as the UK, while in others it will strengthen the movement towards equal pay. In January 1975 the Commission produced a programme of action to promote equal opportunities for women. Apart from various measures at Community level, e.g. involving the use of expenditures under the new Social Fund, the aim is to persuade member countries to tackle the problem



... Equal remuneration for the same work as between male and female ...

of unequal opportunities for women. These begin with dissimilar education and are continued in unequal vocational guidance and training opportunities, discrimination in employment on the grounds of sex and family involvement, and in the lack of provisions of supportive services, e.g. crèches.

## Occupational training

Such is the rapid pace of technological advance today that the average school-leaver must be prepared to face two or more changes of skill or trade in the course of his working life. The Commission considers it vital to ensure that retraining facilities are available.

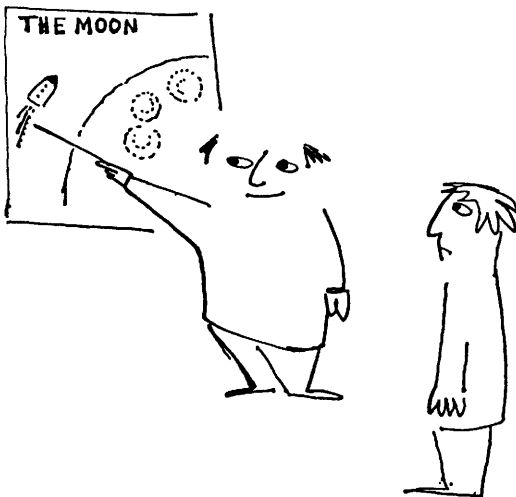
Cooperation by the Six in this field was laid down first in the Paris Treaty of 1951 which set up the ECSC. This gave the High Authority of the ECSC powers to finance substantial resettlement programmes, including free occupational retraining. Since the signing of the Rome Treaty in 1957, the subject of occupational training has assumed greatly increased importance as technical skills have changed with increasing speed. In 1963 the Council of Ministers laid down the general principles it considered essential for the common occupational training policy envisaged by the Rome Treaty. The Commission is also carrying out many studies of the training of technical teachers and instructors, and of training workers themselves.

The Social Action Programme agreed by the Council of Ministers in January 1974 contained as one of its proposals the setting-up of a European Centre for the Development of Vocational Training. The proposal was agreed by the Council of Ministers in December 1974, and the Centre has been set up in West Berlin to promote the use of 'best practice' in vocational training, to undertake research, and support pilot projects. In addition, a vocational training bulletin is issued on a quarterly basis.

## Industrial health and safety

The former ECSC High Authority has helped finance substantial research programmes into industrial hazards and diseases including silicosis, bronchitis, gas poisoning, the treatment of burns, mine dust, accident statistics, and human factors as the cause of accidents. The results of these studies, which are still continuing, have wide application outside the coal and steel industries and have been made known to all interested parties in the Community and elsewhere. In 1956, the Six set up a permanent Committee on Mine Safety composed of its own and national experts to study and make recommendations on ways of reducing pit hazards.

The Commission proposed as one priority action in its 1974 Social Action Programme the creation of a European General Industrial Safety Committee to expand into all industries the work already being done under the ECSC safety programme. In June 1974 the Council agreed to the creation of the Committee and it has already examined as a priority those sectors such as construction, which have the worst safety records.



... Retraining facilities are available ...

## Retraining and resettlement

In the retraining and re-employment of workers, as distinct from initial vocational training of young workers, the European Commission has had over 20 years of direct experience: since 1952 in the coal and steel industries under the European Coal and Steel Community, and since 1958 over a wider field through the operations of the European Social Fund. About three million workers have been aided through Community procedures.

## ECSC

One of the greatest innovations of the ECSC Treaty of 1951 was the powers it gave to its executive body, the High Authority, to provide substantial financial help for workers faced with redundancy and to retrain them, before they actually became redundant, for new jobs in the same or other industries.

**Table 3 Retraining of workers under ECSC schemes 1975**

	Expenditure (mua)	Workers aided
Belgium	2.6	4,486
France	1.2	429
Germany	5.6	5,725
Netherlands	0.2	331
United Kingdom	10.5	5,664

*Source: General Report 1975 (p. 123).*

The High Authority was also able to raise loans to finance investment in the coal and steel industries and to help set up new industries in coal and steel regions.

The pace of technological change in the following years meant that these provisions were fully employed, and extended beyond their original intention.

The ECSC programmes provide for the payment of workers, while awaiting a new job, of tiding-over allowances amounting to between 80



and 100 per cent of their previous wage, and of differential allowances to make up, for two years, any difference between the previous wage level and the wage paid in the new employment. Retraining is provided free of charge, without affecting the allowances. In addition, workers obliged to move can get resettlement grants. In the case of workers who take early retirement, enhanced pensions are available.

Half the cost of these operations is met by the ECSC High Authority (since July 1967 the single European Commission) and half by the governments concerned. From January 1954 to end 1972, they jointly spent \$364 million\* to help 460,000 ex-miners and ex-steel workers to get new jobs. In 1973-6 the ECSC contributed 97.8 mua (£40 m) towards this readaptation and training of 98,700 coal and steel workers.

## Housing coal and steel workers

Another important social activity of the ECSC has been to help finance housing for coal and steel workers, partly to replace sub-standard dwellings and partly to rehouse workers close to their place of work. By the end of 1972, 123,000 houses had been partly financed by the ECSC loans at 1 per cent for renting or owner-occupation. By the end of 1975, the figure had risen to 142,208. The British share since the enlargement of the Community was 6,527 dwellings.

## The European Social Fund

When the European Economic Community was set up in 1958 to integrate other sectors of its Member States' economies, its agencies included a European Social Fund which was able to refund to the member governments under certain conditions half the cost of retraining workers, other than those covered by the ECSC.

During the 1960's, the Fund's role in retraining and resettling unemployed workers was regarded as valuable, but there were growing demands, particularly from trade unions, to widen its scope and size. In 1971, the rules of the Fund were substantially revised and in 1972 a New Social Fund was created. The new Fund, while still requiring the financial participation of member governments in training schemes, is far more interventionist and flexible in its operation than the old Fund. It aims to deal with the problems of short-term and long-term structural unemployment and to stimulate the most effective forms of training in the member countries.

The Fund is particularly concerned to help disadvantaged groups of workers in our society, e.g. migrant workers, handicapped workers, young workers, including school-leavers, older workers, and women workers. Table 4 shows the amount of money spent by the Fund to finance training schemes in the Member States during 1973 and 1975 (inclusive).

	£m
Belgium	9.9
Denmark	10.9
France	69.0
Germany	41.9
Ireland	20.7
Italy	91.7
Luxembourg	0.4
Netherlands	11.1
UK	96.6
Nine	351.2

\* *The dollar value quoted in this booklet refers to the value of the US dollar before Dec. 1971 (Smithsonian Agreement) and is equal to the EEC unit of account, defined for budgetary purposes as 2.4 units per £.*

The intention of the Social Fund is to stimulate the provision, where necessary, of more training than is already being done by the Member States themselves. The Commission believes that not enough money is being spent on retraining in the Community. Pressure to intensify training in general and to deal with specific problems must come from various interested parties in the Community, e.g. trades unions, employers, and voluntary groups.

The total budget allocated under Article 4 and 5 of the Social Fund for 1976 was 440 million u.a. (£183.5 million). About one-fifth of this was allocated to help young workers and school-leavers find suitable employment.

The years before Britain joined the Community saw, among other measures taken in the social field, action to guarantee the rights of workers and their families to jobs and social security benefits in whichever country they wished to work. Much of the work done by the European Court has been concerned with the extension of workers' entitlement to pensions, family allowances, unemployment benefits, and so on.

## The Social Action Programme

Following the summit meeting of Heads of Government in late 1972, the Commission was asked to prepare a first Social Action Programme. After considerable discussion with trade unions, employers, and others the final programme was presented to the Council at the end of 1973. In January 1974, the 40-point action programme was agreed in outline. Since then various specific proposals have been put forward to the Council for their agreement. The programme was agreed almost in its entirety by the target date of the end of 1976. Now, the second Social Action Programme, building on the experience of the first programme, should bring much nearer the creation of a European Social Community.

The three main themes of the Social Action Programme are:

- the provision of full and better employment;
- the improvement of living and working conditions;
- more participation by workers and their representatives and by employers in economic and social decision-making within the Community.

## Regional development

Even under the rising living standards of the Six prior to 1973, there were regionally backward economic areas and this still applies in the enlarged Community. They are to be found mainly in agricultural areas lagging in development; regions where main industries are in decline, those with structural unemployment and often those astride the Community's internal frontiers.

Even though they may benefit directly or indirectly from ECSC loans and grants, from the European Agricultural Guidance and Guarantee Fund (EAGGF) or the Social Fund they still need further discriminatory help. In 1969 the Commission proposed that there should be annual reviews of regional needs, and efforts made to fit regional development schemes in with other Community policies; that a permanent committee of government experts should consider mutual regional problems, and that a joint Community fund and financial-incentive scheme should be started to encourage investment in deprived areas. The scheme was deferred until, following enlargement of the Community, in March 1975 the Council of Ministers finally agreed to set up a Regional Development Fund to help those regions in the Community suffering from high unemployment rates, industrial and population decline and low incomes per head.



## Regional Development Fund

The first Annual Report of the European Regional Development Fund (ERDF) was published in mid-1976. It stressed that the ERDF should not be confused with Community Regional Policy. The Fund - though an integral part of regional policy - with its available resources of £540 million spread over three years could not of itself bring about the structural changes necessary to 'bring the regional imbalances in the Community within acceptable limits'.

The Report noted that over the past five years, there had been a striking widening of the gap between the Member States. Whereas in 1970 GDP per head in the countries facing greatest economic difficulties-Ireland, Italy and the United Kingdom - was respectively 53.6 per cent, 80.3 per cent and 88.8 per cent of the Community average, in 1975 the equivalent figures were 48.0 per cent, 60.1 per cent and 77.7 per cent. At the other end of the scale the same figures for Denmark and Germany rose from 128.7 per cent and 124.5 per cent to 136.2 per cent and 130.7 per cent respectively.

The Report noted that regional comparisons

were even more striking: GDP per head in 1970 in Hamburg was five times higher, and that in the Paris region four times higher, than in the Community's poorest regions in the west of Ireland and the south of continental Italy. By 1975 the Hamburg figure was six times and the Paris region was five times higher than the lowest. Further, the economic recession of 1974-5 had made investment in the poorer regions more difficult.

Out of the total Fund of 300 m (€540 m) for 1975-7, 150 m (€62.5 million) was allocated to projects in 1975. Payments are linked to national public expenditure on the projects approved by the Fund, and, in 1975, the Commission approved 1,183 investment projects out of a total of 1,521 submitted by the national governments. Table 5 shows how each country benefited. According to Article 2 of the Fund financial allocations are weighted in favour of the poorer countries, and Britain is entitled to 28 per cent. The Report points out, however, that the percentages are meant to apply over the whole of the three year period; hence the Commission was not obliged to follow the percentages strictly in the first year so long as these averaged out correctly over the total period.

Table 5 Projects approved for Fund grant in 1975

Member State	1st 1975 allocation	2nd 1975 allocation	Total
Belgium	—	36	36
Denmark	34	—	34
Germany	20	44	64
France	147	85	232
Ireland	88	17	105
Italy	126	48	174
Luxembourg	1	—	1
Netherlands	3	—	3
UK	236	298	534
<b>Total</b>	<b>655</b>	<b>528</b>	<b>1183</b>

Source: *European Regional Development Fund First Annual Report (1975), Bulletin of the European Communities Supplement 7/76*

# Living conditions and standards

## Income levels

Precise comparisons of living standards between different countries are difficult. Wages and labour costs, prices, currency valuations, patterns of expenditure, productive capacity and employment levels all influence the standard of living at any one time. Taxation and social security affect not only take-home pay, but how a citizen is cared for in times of adversity or old age.

The incidence of these factors varies among the Nine, but one way of making comparisons has been to assess the Gross Domestic Product per person in each country and use this as the basis of assessment of wealth.

Using this method, in 1975 the situation was as follows:

**Table 6 Gross domestic product per person: 1975**

	Units of Account	% (EEC = 100)
Belgium	4,757	121.8
Denmark	5,397	138.2
Germany	5,149	131.9
France	4,728	121.1
Ireland	1,902	48.7
Italy	2,330	59.7
Luxembourg	4,538	116.2
Netherlands	4,444	113.8
UK	3,020	77.4
EEC Average	3,904	100.0

Here Denmark headed the list at 138 per cent of the Community average, with Germany following close behind, while Britain, Italy and Ireland trailed well in the rear. In this example the UK citizen, on average, had only 59 per cent of the German level of income per head.

It has been argued\*, however, that if one calculates the position using purchasing power parity as the basis, i.e. taking into account the basket of goods which the £ or the DM will buy in each country, a rather different picture emerges.

\*See Peter Stephenson, 'Getting Europe's Sums Right', *New Europe*, Autumn 1976.

Table 8 shows the values of real GDP/head projections from 1974 based on the Community Report, 'The Economic Situation in the Community, June 1976', and reveals a far less extreme relationship between the richer and poorer citizens in the Community when it comes to *local* purchasing power. Adverse exchange rates, of course (as Britons know to their cost), can mean, however, that the national *currency* of one country can be at an advantage or a disadvantage when used for purchases in another state.

## Living standards

Until 1974 average wages in Community industry rose sharply. Between 1964 and 1973, average hourly gross wages doubled in Germany, increased by approximately two-and-a-half times in France, Belgium and the Netherlands, and by two and two-thirds times in Italy. Over the same period gross hourly wages rose by two and two-thirds times in the UK and by two and a half to three times in Denmark and Ireland. Despite increases in prices, real incomes of workers in both the old and the new Community countries rose appreciably.

The economic recession of the last two years, however, accentuated by income and price controls in some countries, has changed the earlier picture of economic growth and rising standards. In 1975 GDP in the Community fell by 2.5 per cent in volume, investment by 6.5 per cent and industry was working at only 75 per cent capacity. Although the Community may not return to its former economic buoyancy, the signs are that 1977 - 80 economic prospects will be brighter, with a full commitment from Member States to control inflation and to aim for an annual minimum growth rate of 4.5 - 5 per cent.

## Hours of work

There are some variations between the average working week in manufacturing industry in the



Community countries. The Community figures include normal working hours plus overtime, but take account of hours which are possibly not in fact worked for technical or economic reasons. No adjustment has been made for personal loss of time due to reasons such as illness. A shorter working week is the general trend in the Community, as in all industrialised countries.

The nominal five-day week was, generally speaking, introduced earlier in Britain than in most Continental countries, though the weekly hours worked in industry do not greatly vary (Table 7).

### Paid and public holidays

Paid holidays for industrial workers in the Community in 1973 were longer than in the UK and were still so in 1976. The number of public holidays was also greater. Most of the Community countries have a minimum number of paid holidays for workers laid down by law. Collective bargaining may extend the length of these paid holidays for some or all workers. The public holidays established by tradition or law are normally also paid but free of work. As Table 10 shows in a number of Community countries,

but not the UK, additional holiday pay allowances are given. The Council accepted a Recommendation that by the end of 1978 four weeks paid holiday should be provided in all Community countries.

**Table 7 Hours of work 1975**

	Basic working week		Average hours actually worked by wage earners in industry in 1974
	by legislation	by collective agreement	
Belgium	40-45	40	—
France	40	n.a.	43.7
Germany	48	40	41.7
Italy	48	40	—
Luxembourg	40	40	—
Netherlands	48	40	n.a.
UK	n.a.	40	43.4
Denmark	n.a.	40	n.a.
Ireland	48	40	41.5
Eur-9	40-48	40	n.a.

*Source: EEC Report on the Development of the Social Situation in the Community in 1975*

**Table 8 Real GDP per head comparisons, 1974 and 1975, at constant 1974 prices**

	1974		1975 Est.	
	£Py Per Head	% (EEC = 100)	£Py Per Head	% (EEC = 100)
Germany	1811	115	1753	115
France	1820	116	1759	115
Italy	1137	72	1088	71
Netherlands	1680	107	1658	109
Belgium	1741	111	1716	113
Luxembourg	1925	122	1792	118
UK	1442	92	1418	93
Ireland	917	58	900	59
Denmark	1843	117	1813	119
EEC Total	1572	100	1523	100



## Richer and poorer

In 1972, the year before the Community enlarged, the highest *per capita* GNP was found in Denmark, followed by Germany, France, the Netherlands and Belgium. Britain came sixth down the list, followed by Italy and Ireland. In 1974 these three countries still trailed behind other members of the Community while inflation continued to rise at an above-average rate. Meanwhile, Germany had overtaken Denmark in *per capita* income and Belgians and Dutchmen were doing rather better than the French. In all EEC countries, however, there was a slowing down in the real rise of GDP per head compared with earlier years, and consumers were hit by sharply rising prices.

## Taxation and consumers

The incidence of taxation varies greatly among the Member States some, like France and Italy, preferring a comparatively low direct tax on incomes and wealth (20-21 per cent) and higher taxes linked to production and imports (e.g. VAT) and social-security contributions. At the

other end of the scale Denmark, followed by the United Kingdom, rely on a high level of direct taxation (62.2 per cent and 43.4 per cent respectively) and well below average for social-security contributions.

In Ireland nearly 56 per cent of taxes are imposed on production and imports with a correspondingly lower proportional contribution from direct taxes. (See Table 12.) Ireland, however, is an exception. In all the other Community countries, taken together direct taxation on incomes and social contributions vary from nearly 60-66 per cent of total taxes. The British total of 61.9 per cent shows us as below the average (64.5 per cent) for the Community as a whole. It should, perhaps be noted, however, that only Ireland (1.7 per cent) and the UK (1.3 per cent) impose capital taxes of more than 1 per cent.

As with tax systems, patterns of spending vary from country to country so that money incomes alone are not an adequate guide to relative standards of living. The French may prefer to allot more of the personal budget to food; the British to TV sets.

## Table 9 Paid Holidays

Situation in 1975 for adult workers in industry

	Legal minimum (days)	Minimum under collective agreements	Public holidays (days)	Additional holiday allowance
Belgium	24	24	10	3 weekly wage
France	24	24	8-10	25-50%
Germany	18	20-26	10-13	30-60%
Italy	12	20-24	17-18*	—
Luxembourg	20-24	20-24	10	—
Netherlands	15-18	20-21	7	7-8% yearly wages
UK	—	15-20	7-8	—
Denmark	24	24	9½	0.9% yearly wage
Ireland	15-18	15-18	7-8	—

*N.B. The working week may be 6 or 5½ or 5 days. The general trend is for 5 days in most countries.*

*Source: EEC Report on the Development of the Social Situation of the Community in 1975.*

*\* In October 1976 the Government reduced this figure to 10 days.*



In 1972, except for Ireland and Italy, Britain, for example, as noted above, had the lowest national income per head of any other EEC country. With 344 dwellings per 1,000 inhabitants, she followed France (378); Belgium (371) and

Denmark (370). Yet 87 per cent of British dwellings had a bathroom compared with 41 per cent in France. Except for Denmark and Luxembourg with their tiny populations, more people per 1,000 own telephones in Britain (340) than in other

## Table 10 Consumption of main foodstuffs

kilograms (— 2.2 lb) per household per year (1973-4)

	Cereals and Rice	Meat	Milk (litres)	Butter	Oils and Fats	Eggs (in shells)	Sugar	Potatoes
Belgium/Luxembourg	81	92	86	8.5	26	12	35	109
France	75	97	81	7.8	19	13	39	93
Germany	68	89	85	6.0	19	17	37	92
Italy	139	65	68	1.8	21	11	33	38
Netherlands	68	71	138	1.6	31	11	45	85
UK	73 (a)	74	144	7.4	15	15	47	102
Denmark	68	64	141	7.1	25	11	49	69
Ireland	83	92	221	10.7	10	13	48	129
Nine	86	81	99	5.7	20	14	39	83

Source: ECSC (Basic Statistics pp. 166-7)  
(a) 1970-1

## Table 11 Taxes and actual social contributions 1974

Country	Taxes and actual social contributions, total	Taxes linked to production and imports	Current taxes on income and wealth	Capital taxes	Actual social contributions
	Eur mio	in % of total			
Germany	116,064	32.4	33.7	0.2	33.7
France	77,493	40.2	20.4	0.6	38.8
Italy	37,846	36.4	20.9	1.0	41.7
Netherlands	25,596	25.2	34.8	0.5	39.6
Belgium	16,555	30.2	37.7	0.7	31.4
Luxembourg	687	28.0	43.2	0.4	28.4
UK	55,552	36.8	43.4	1.3	18.5
Ireland	1,779	55.8	30.9	1.7	11.7
Denmark	10,869	36.2	62.2	0.4	1.3
Eur-9	342,441	34.9	32.1	0.6	32.4

Source: Basic Statistics 1975-6 p. 29

major EEC countries, while the British easily top the league in the possession of TV sets. On the other hand, only 251 people out of every 1,000 own a motorcar in the UK, compared with 288 in France and 280 in Germany.

British householders, on the whole, consume less meat, oils, fats, cereals and rice than average in the Community (the biggest meat consumers are Belgium/Luxembourg and Ireland), but more milk, butter, eggs, sugar and potatoes. The differences in Table 10 reflect differences in local produce and eating habits as much as anything but, compared with earlier patterns of consumption, there is a general trend among all Community countries towards the US pattern with more meat, fruit, vegetables and other higher grade foods being eaten and less cereals and potatoes.

In 1975 (1970 = 100) the UK Consumer Price Index had risen more than anywhere else in the Community except Ireland. Meanwhile, lagging industrial production meant lagging earnings and a fall of 2 - 3 per cent in real income. With her dependence on foreign imports, especially for food, the UK economy - though partially stabilised by our membership of the EEC - was badly hit by soaring world commodity prices in 1974 - 5. Since then persistent devaluation of the £ sterling and other factors have all had their effect on prices in Britain, though as European shoppers in London's Oxford Street show, these still tend to be cheaper than elsewhere in the Community.

Thus it is impossible to make a fair comparison of prices between Member States, especially of food. In any case, standards of living relate both to prices *and* earnings. British goods appear increasingly expensive to us, but cheap to our Community colleagues because British *earning* power has deteriorated in comparison with theirs.

## Raising quality standards

On the other hand, the British consumer should benefit as much as any other from the Community

policy of removing barriers and eliminating unfair competition in trade, particularly where durable goods are concerned. Final customs duties on trade between the original Six were removed in July 1968. The transitional stage for removal of similar customs duties for the new Member States ended in July 1977. Harmonization of excise duties and sales taxes, however, have still a long way to go, while distribution and labour costs, middlemen's marks-up and other industrial costs still vary considerably from country to country.

In 1976, however, there was considerable progress in the adoption, by all Member States, of common quality standards for a variety of goods which will benefit the consumer and should provide a wider choice of product throughout the Community.

**Table 12 Consumers' durables**  
Numbers in use per 1,000 population

	Cars 1.1.75	TV sets 1.1.74	Telephones 1.1.74
Belgium	259	244	257
France	288	237(a)	217
Germany	280	298	287
Italy	257	208	229
Luxembourg	357	227(b)	382
Netherlands	257	258	320
UK	251	309	340
Denmark	248	282(a)	400
Ireland	164	176	120
Nine	266	262	273
US	495	523	657
Japan	143	229	357

Sources: ECSCO. *Basic Statistics 1975/6*

(a) January 1, 1973

(b) January 1, 1972

# Social security

The public social-security systems in force in the nine Community countries have to a large extent grown up independently of each other in response to the differing social and economic conditions of each country. As a result, they vary widely in respect of objectives, organisation and resources. The Rome Treaty stipulates that there should be close cooperation between the member countries on social security, but there are no plans to bring about complete unity of practice in this field. However, the member governments increasingly inform each other of proposed changes, and new provisions are leading to a gradual harmonisation of social security throughout the Community. The process could be regarded as using the diversity of systems constructively as a kind of on-going social experiment in Europe. Special provision has already been made to ensure that migrant workers are not placed at a disadvantage and can receive benefits anywhere in the Community. Community wage- or salary-earners and members of their families, on holiday in another

**Table 13 Housing**

	Existing dwellings per 1,000 inhabitants	% dwellings with a bathroom	Completed dwellings per 1,000 inhabitants
	1970	1970	1974 <sup>1</sup>
Belgium	371	49	6.8
France	378	41	9.5
Germany	341	68	9.7
Italy	320	n.a.	3.0
Luxembourg	315	69	9.5
Netherlands	289	81	10.8
UK	344	87	5.0
Denmark	370	63	9.6
Ireland	244	56	8.2
Nine	346	n.a.	7.1

*Report of the Development of the Social Situation in the Community in 1975 (pp. 216 - 17)*

<sup>1</sup> Estimate

member country can receive medical treatment on the same terms as local citizens provided they follow certain procedures. Information about these procedures should be available from local social security offices.

## Medical care

In Germany, the Netherlands, Italy and France, the doctor, chemist or hospital is paid directly or indirectly by the sickness insurance fund for treatment of a patient, though the latter may himself have to make some contribution to the cost. In the other two countries of the original Six, the patient himself pays the medical fees, but is usually repaid 75 or 80 per cent of the cost by the fund. Hospital treatment, on the other hand, is usually free and costs are settled directly between the hospital and the fund. However, much depends on the particular scheme involved. Denmark and Italy have both now introduced schemes similar to the British NHS.

**Table 14 Financing social expenditure (1972) % of contribution**

	Employers	Insured persons	State	Other
Belgium	46	20	30	4
France	62	20	16	2
Germany	50	24	23	3
Italy	54	15	24	7
Luxembourg	36	24	31	9
Netherlands	43	36	13	8
UK	34	18	40	8
Ireland	19	14	66	1
Denmark	10	6	81	3

*Source: ECSO Social Report 1975 (pp. 222-3)*

## Financing social security

In all Member States social security is financed by contributions from employers, the insured person and the State, but the proportion each contributes varies markedly from country to country.

In France employers overwhelmingly bear the brunt of contributions (62 per cent), while in Denmark they contribute only 10 per cent of social expenditure. In the latter the State bears 81 per cent of the burden; in France only 16 per cent. Other countries vary between these extremes; the UK, after Denmark and Ireland, favouring heavier state contributions than most, thus ensuring that employers and insured persons contribute less.

The belief, held in some quarters, that the UK leads the Community in social progress is somewhat dented in comparing in Table 8 the proportion of the Gross Domestic Produce (GDP) spent on social welfare and security in other member countries. Here Britain and Ireland come bottom, cutting a rather poor figure compared with the Netherlands, Denmark and Germany. There are also considerable differences if one compares social expenditure as a proportion of available national income.

## The social budget

Prior to enlargement, there was a general trend in the Six to improve and extend social security coverage in consultation with each other so as to present a gradual move towards harmonization at least as far as coverage is concerned.

To help keep members aware of what was happening the Commission produced the first European Social Budget in 1974. The 'Budget', used here in its widest sense, aimed to set out the implications of existing trends in the financing of social policies and future developments. While the data, for comparative purposes, must be used with caution, the Budget showed the UK apparently lagging behind all other Community countries,

except Ireland, in some social provision. This was particularly true of family allowances. The new Child Benefit Scheme, however, should help to change this.

The Annual Report on the Development of the Social Situation in the Communities (Social Report) also provides a useful running survey of social-security schemes in the Member countries.

Where there have been obvious gaps in social provision affecting the Community as a whole, the Commission has put forward certain proposals, such as to ensure that migrant workers in all countries are covered by national schemes. The Commission has also recommended that compensation should be paid on the same basis to all workers suffering from common occupational diseases. Regulations have also been introduced affecting the handling of dangerous substances and machinery. This is largely a matter for the European General Safety Committee operating in the context of the European Safety Programme.

**Table 15 National expenditure on social welfare and security**

	% age of expenditure of GDP at market prices 1973	Total as % of available national income 1972
Belgium	20.5	21.8
France	19.8	21.8
Germany	22.7	25.6
Italy	21.4	24.5
Luxembourg	18.1	22.5
Netherlands	24.0	25.3
UK	17.4	19.0
Ireland	15.0	14.4
Denmark	23.2	23.3

*Source: Basic Statistics 1975-6, p. 164 and Report on the Development of the Social Situation in the Community 1975 (pp. 222-3)*



## Retirement and unemployment benefits

In 1978 Britain will introduce an earnings-related pension scheme which will eventually provide an average of half the previous earnings and will be guaranteed against the effects of inflation.

In forsaking the flat-rate scheme for a graduated one, the UK is following in the wake of all other Community countries except the Netherlands which retains the flat-rate scheme. Elsewhere, pensions provide about 60 per cent of previous average earnings.

As Table 12 shows, personal contributions to retirement and other benefits vary from state to state, according to relative employer/state provision. The age of retirement also varies from country to country. (See below.)

In the last two years social provision for the unemployed has been a matter of greater concern to the Community than at any time since it was created. Despite economic recession most countries have sought to maintain their social security programmes, particularly in respect of extended provision for women and the handicapped.

**Table 16 Retirement age in the EEC**

	Men	Women
France	65	65
Germany	63 - 67	63 - 67
Belgium	65	60
Netherlands	65	65
Luxembourg	65	65
Italy	60	55
UK	65	60
Ireland	65 - 68	65 - 68
Denmark	67	62 - 67

## Family allowances

As the table shows even after allowing for cost-of-living and other variations most countries pay very much higher child allowances than Britain. This arises partly because some, such as Germany, have abolished tax relief for children, whereas the British have a dual scheme, as applies in France and Belgium. Britain is the only country where family allowances are subject to tax.

## The handicapped

An estimated 10 million handicapped people live in the Community. Though handicapped physically or mentally, either from birth or through accident or illness, all want to lead as normal a life as possible. Most of them work or would like to work. Providing the right kind of housing, public services, local medical facilities, training them for work, and providing them with suitable jobs, is a responsibility of society, a responsibility which can most often find its concrete expression at the level of the local community.

In its approach to the problem of involving the handicapped in Community life, the Commission emphasises the need to integrate the handicapped fully, both with their fellow citizens and their fellow workers.

The Commission has placed the need for a comprehensive approach toward the problem of the handicapped high on its list of priorities. In a number of ways it is acting to provide a back-up for the measures taken by the governments of the Member States, and to encourage them to do more.

In June 1974, the Council of Ministers approved a Commission proposal for an action programme to improve the vocational training of handicapped workers to enable them to take up ordinary jobs. This was one of the first three proposals of the Social Action Programme to get the backing of the Council.

The Commission plans a long-term programme, covering vocational training and special housing and social service assistance. The Commission's aim is to coordinate the actions of the Member States and to improve the Community's general policy by drawing on the shared experience of the individual governments and of various specialist organisations in the Community.

## Industrial accidents

In the original member countries, benefits paid in cases of industrial accident or occupational disease are related to the previous wage earned. However, the proportion of the previous wage paid varies from country to country for the same degree of disability. Various supplements are added for family dependants, and other benefits are available in some instances.

**Table 17 Scale of family allowances, or equivalent cash benefits, payable monthly in each member state at 1st January 1976, expressed in £ sterling**

	First Child	Second Child	Third Child	Fourth Child	Fifth Child	Sixth Child	Seventh Child	Eighth & Each Other Child
Belgium <sup>1</sup>	15.01	23.82	32.63	33.27	33.51	33.51	33.51	33.51
Denmark <sup>2</sup>	10.62	10.62	10.62	10.62	10.62	10.62	10.62	10.62
France <sup>3</sup>	—	16.47	27.54	27.54	24.74	24.74	24.74	24.74
Germany	9.43	13.20	22.64	22.64	22.64	22.64	22.64	22.64
Ireland	2.30	3.60	4.35	4.35	4.35	4.35	4.35	4.35
Italy	7.14	7.14	7.14	7.14	7.14	7.14	7.14	7.14
Luxembourg <sup>4</sup>	12.45	12.45	32.06	32.06	32.06	32.06	32.06	32.06
Netherlands <sup>5</sup>	10.11	17.72	17.72	23.62	23.62	26.16	26.16	28.93
UK provision from Apr 1977	—	6.50	6.50	6.50	6.50	6.50	6.50	6.50

<sup>1</sup> Additional allowances of up to £8.02 are payable for each child aged 6 or more, according to age. <sup>2</sup> Higher rates are payable for children of pensioners or of single parents. <sup>3</sup> Additional allowances of up to £11.19 are payable for each child other than the first, if there are children aged 10 or over according to age. Also additional allowances of up to £29.63 are payable for families with only one breadwinner. <sup>4</sup> Additional allowances of £2.81 are payable for each child over 12 years of age. <sup>5</sup> Double or treble allowances can be paid if a student, an apprentice or a disabled person is substantially maintained by his parents.

As cost of living and other factors vary from country to country an effective comparison of allowances cannot be made.

Source: LOOK EUROPE Published by NCSS

# Industrial relations and the trade-union movement

The industrialisation of each of the nine member countries of the European Community took place at different times and under different conditions. Consequently, industrial relations, legislation governing working conditions, and the trade-union movement have all developed in relation to different conditions in each state. The following section outlines the common features and the differences.

## Background

Unlike Great Britain, where the trade-union movement grew up before the extension of the electoral franchise to all adult males, most countries of the European Community (Belgium is an exception) became industrialised after the introduction of universal male suffrage. Partly because of this, and partly because of the unions' economic weakness at this time, industrial relations in the original Six were much more subject to legislation than in Britain. Thus there is in those countries and in Denmark a great deal of legislation governing collective bargaining agreements, the

representation of workers on the shop floor and within the company, etc. Generally, once an agreement has been signed between a union and an employer or group of employers, it is legally binding on both sides. Except in Belgium and Italy, agreements through national negotiation boards, joint industrial councils or similar bodies are relatively rare in the Community.

One effect of this is that recourse to law in the field of industrial relations is common in the Community, in contrast to the British tradition.

As a result of the greater involvement of the authorities in industrial relations in the Community, collective agreements are not only enforceable in law but may also, in France and Germany, and in a different form in the Netherlands and Belgium, be extended by government action throughout an industry. For example, the Ministry of Labour or other appropriate authority can make an order whereby the terms of an agreement reached between a union and an employer in one industry, can through an extension order be enforced in all other companies in that industry, whether or not the workers concerned are members

**Table 18 Strikes 1960 - 74**

Days lost through disputes per 1,000 workers (salaried employees and wage-earners) in mining, manufacturing, transport and construction.<sup>1</sup>

	Annual averages			
	1960-9	1965-69	1970 <sup>2</sup>	1974 <sup>2</sup>
Belgium	160	156	482	183
France	303	243	110	198
Germany	22	10	4	49
Italy	1,397	1,574	1,445	1,246
Netherlands	37	12	69	2
UK	268	294	489	647
Denmark	409	110	56	96
Ireland (Rep.)	1,018	1,350	1,405	741
Eur-9	n.a.	n.a.	412	439

Sources: DE and ILO <sup>1</sup> The figures give only a rough comparison as definitions used for collecting statistics vary from country to country.

<sup>2</sup> Report on the Development of the Social Situation in the Community 1975 (pp. 204-5)



of the same, or any, union. This provision has been particularly important in regulating working conditions for white-collar workers, whose union organisation is often poor. (In some respects this practice can be compared to the British Wages Council legislation.)

This close connection between collective bargaining and the state does not of course deny the right to strike, although the legal conditions under which strikes may take place may be defined. Until recently 'wildcat' and unofficial strikes have been rare, and most withdrawals of labour are organised by the unions — in some countries (e.g. Germany) this is laid down by law. Strikes in breach of a collective bargaining agreement during the period of contract can be subject to legal action, especially in Germany and France; once the agreement has expired, freedom to strike is restored.

One matter rigorously defended by unions in the Community is freedom of association, i.e. the right to join a union, and this is now generally recognised in law. Thus any contract or agreement designed to prevent or impair a worker's right to join a union is commonly illegal, as is also any attempt by an employer to try to ascertain whether a prospective employee is or is not a union member. But this legislation is, in fact, difficult to enforce. (French legislation on this matter, dating from 1956, was designed to prevent persecution of one group of unions by another.) On the other hand, in Germany and France the legislation to ensure freedom of association also outlaws the closed shop.

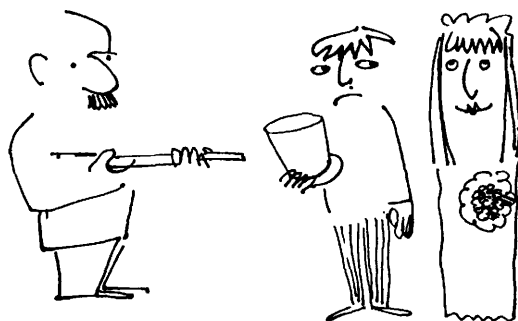
## Industrial Democracy

It is in Germany where the longest-standing systems of employee-participation are in existence. In the German system — recently strengthened by a new law introduced in only 1976, after considerable political debate — participation takes place at two levels. At *Works Council* level — governed

by the Workers Constitution Act of 1952. At *Company board* level — governed by the Co-determination Laws of 1951 and 1956 applying to *coal and steel* companies employing 1,000 workers or more; and until the 1976 law, by the 1952 Works Constitution Act applying to all other sectors of the economy and covering companies employing more than 500 workers, unless owned by a family. The Works Council system may be regarded as an alternative system to collective bargaining for dealing with non-wage matters at plant and company level. Works councillors are elected by all employees and though over 80 per cent are, in fact, union members there is no formal union involvement in the matters regulated by works council agreements with management.

At board level, until last year, in most companies (i.e. not coal and steel) one-third of the *supervisory* board members were employee representatives, nominated and elected by employees. Employee representatives have the same general duties as other board members. The 1976 Act established a near-parity situation at board level, with, however, a shareholder's chairman having the casting vote on the supervisory board.

Under the Co-determination Acts 1951 and 1956, the employees' representatives — a majority of whom are appointed by the trade unions — and shareholders each make up half the total on the



... legally binding on both sides ...



supervisory board. In addition, both sides must approve the appointment of the personnel director. The trade union federation (DGB) has described the system operating under the Co-determination Acts as 'an ideal solution for the whole of the economy', and trade union pressure led to the compromise near-parity system applicable since 1976 to companies in the rest of the economy.

However, the discussion on industrial democracy has not been confined to Germany. Throughout the Community, a debate has been taking place for some time concerning the laws on employee-participation applicable to enterprises, and to companies in particular. The debate has been broad in scope, but the recurrent central theme has been the decision making structure of enterprises, and especially the role of an enterprise's employees in relation to that structure. In each of the Member States, these issues have been the subject of political discussion, often animated, and of proposals for reform, sometimes of a far reaching character. At the Community level, proposals have been made which have played an important part in the debate, notably the original proposal in 1970 for a Statute for the European Company; the proposal in 1972 for a Fifth Directive to coordinate the laws of Member States as regards the structure of 'sociétés anonymes', and the amended proposals for a third directive on coordination of safeguards in connection with mergers between 'sociétés'.

The latest initiative taken by the Community was in November 1975 the publication of the so-called 'Green Paper' on Employee Participation and Company Structure. This wide-ranging discussion document described the system of employee participation and related development (including collective bargaining) in the Nine Member States. The paper also made suggestions as to the content of an amended Fifth Directive concerning employee participation at *board* level. The document has been widely discussed in the Community both in Member States between government,

employers and trade unions, and among Community institutions. This discussion has considerably aided the Commission's thinking and will be reflected in the new draft directive which should emerge during the latter part of 1977. The Commission is also engaged on a similar exercise in relation to participation at *works council* level, though a discussion document for this has yet to be published.

Generally speaking, works (workers) councils in the Community are based on legal enactment rather than on agreement between the unions and employers. The councils are held to represent all the workers employed and not just the union members or workers in particular grade of departments. Although the works councils, particularly in France and Germany, are thus constructed on a wider basis than union membership, it is usual and perhaps inevitable that, where union membership is weak, the works councils are also weak. In general, the works councils do not undertake wage bargaining, except for piece rates, but do negotiate over local conditions.

## Trade Unions and Legislation

While the close involvement of trade unions in the legal processes imposes some restrictions on unions and workers, it also offers considerable advantages. It is normal on the Continent for workers to enjoy, either through legislation or collective bargaining, extensive protection against unfair dismissal. In particular, in France and Germany, there is special protection against dismissal for members of works councils (who can be loosely compared to British shop stewards).

The basis for this aspect of industrial relations is the existence in Germany, France and Belgium of Labour Courts. In France, for example, these comprise equal numbers of elected employers' and workers' representatives, normally with a lawyer acting as secretary. The courts' role is to settle disputes between individual or groups of employers and employees about wages, holidays,

dismissals and other matters. If the Labour Courts fail to bring about a settlement they may make a judgement, from which appeal may be made to the ordinary courts.

## Industrial Relations

There is no provision in the Paris or Rome Treaties providing for the harmonisation of member countries' legislation in the field of industrial relations, although the states do agree to cooperate closely in this field. However, workers' representatives have always played a major part in the process of European integration.

The Treaty setting up the first of the European Communities, the European Coal and Steel Community, provided for a Consultative Committee of 51 members, one-third workers' representatives. In addition, it became customary for the former ECSC High Authority to co-opt a trade unionist as one of its own members.

When the European Economic Community and Euratom were set up in 1958, a joint Economic and Social Committee was established. The body now has members drawn from all sectors of the economy, and appointed on a tripartite basis, with one group representing trade unions, one employers, and one the public interest.

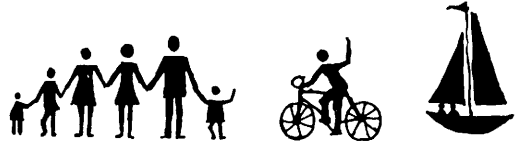
The members of both the Consultative Committee and the Economic and Social Committee (ESC) are appointed by the Council of Ministers for a four-year term from lists submitted by each member government containing twice as many names as there are seats. The ESC's role is consultative; on certain matters specified in the Rome Treaty it must be consulted by the Council and the Commission, and its opinion can also be sought on other questions, it also has the power to indicate discussion on issues. Of the trade union members on the Economic and Social Committee 28 are from unions affiliated to the European Confederation of Trade Unions — ETUC — and seven are from other union organisations.

In 1970 a tripartite Standing Committee on Employment was created to enable trade unions, employers, Governments, and the Commission to come together at Community level to discuss issues related to employment. Unfortunately, for some time this institution remained virtually inactive.

In 1975, a special tripartite conference was held to examine employment and related problems. The Government representatives were employment ministers and, though the conference represented a recognition of the growing seriousness of economic problems and the need for a dialogue among the social parties and Governments at Community level, no decisions were taken. A further conference — this time with the involvement of finance and economic ministers from the member governments — was convened in Luxembourg on June 24, 1976. This conference was better prepared and more successful in its outcome. Global targets for reducing unemployment and inflation and improving economic growth were approved and it was agreed that the dialogue begun at this conference be continued. To this end the Standing Committee on Employment will look at specific measures designed to tackle unemployment problems, e.g. youth unemployment, and the Economic Policy Committee will establish contact with the representative of employees and labour for the purpose of periodically examining with them short-term economic prospects and the Community's medium-term programme. There will be a further tripartite conference in June 1977.

## Trade Unions in the Community

A distinguishing characteristic of some continental trade unions compared with British, American or Scandinavian unions is that, except in Germany, there has tended to be a cleavage between unions of differing political and religious tendencies. However, there are now significant movements towards unity, especially in Italy, where the three



separate confederations have recently merged to form a single confederation on the lines of the TUC and German DGB. Hence, workers in the same plant may belong to unions differentiated by political or religious affiliations rather than by industry or craft. Each of these unions is affiliated to the national confederation with the same political or sectarian basis. The three main groups are Socialist, Communist, and Catholic, though in the Netherlands there are also Protestant unions.

As a proportion of the wage- and salary-earning workforce, union membership is higher in Belgium, Italy and Luxembourg than in Britain, but lower in the three other Community countries. Community unions are generally organised on an industrial not a craft basis and despite the sectarian divisions, the total number of unions is usually less than in Britain. But inter-union disputes can arise from sectarian differences. A claim or dispute, in France, may be supported by, say, unions affiliated to two out of the three internationals, with the third remaining aloof or pursuing a different policy. This has at times been a major source of union weakness, although the sectarian differences are now declining and rarely prevent the different unions from presenting a common front on industrial questions.

The exception in the original Six to the general sectarian pattern of trade unions is Germany. There unions were set up again from scratch after the Second World War. Despite the Federal Republic's roughly equal division of population between Catholics and Protestants, the non-sectarian Deutsche Gewerkschaftsbund (DGB) is the overwhelming force in the labour movement. With some 6½ million members, it is the second largest union movement in the present European Community.

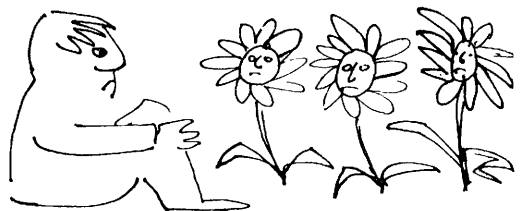
The European Socialist Confederations — together with the Christian confederations — are affiliated to the ETUC, whose headquarters are in Brussels. These include all the union con-

federations from the Nine, including the TUC. Scandinavian and other European unions are also affiliated. The Italian Communist Confederation, the CGIL, is also affiliated to the ETUC. Indeed, the only major Community union outside the ETUC is the French Communist trade union confederation CGT, but discussions are in progress to include the CGT in the ETUC. The ETUC currently claims a total of some 33 million members.

## Trade Union Attitudes towards the Community

The ETUC studies Community developments on behalf of its members, and then makes representations to, and is consulted by, the European Commission on all matters affecting workers, which in practice means on all substantial policy issues. This means that a common front is presented by all unions in the Community. The ETUC has been critical of the Community institutions and of the weakness or absence of Community policies in the social field, e.g. employment policy. However, in general the ETUC has adopted a constructively critical approach to Community affairs.

An evolution in Communist trade union opinion, assisted by the format of the ETUC, has brought the CGIL and CGT closer to the position of the



... workers in the same plant ...

Socialist and Christian unions confederations, which have themselves been critical of the development of European integration as it has occurred in practice. They have recognised (as the Communist confederations have now admitted) that the formation of the Community has probably benefited Community workers, but they nonetheless have remained critical of the role given to organised labour in the preparation of Community policy and of the weakness or lack of social or employment policies. The unions would like to strengthen the role of the Economic and Social Committee, and have urged that the European Parliament be directly elected and given greater powers. Latterly, they have supported the development of the tripartite approach to the formulation of policy.

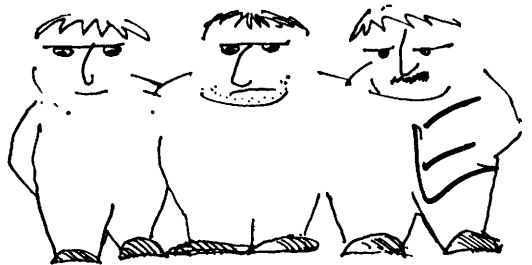
## British Trade Union Attitude

When Britain first joined the Community in 1973, the British TUC refused to participate in Community institutions (as did Labour MPs in the European Parliament). Following the positive outcome of the referendum in Britain in June 1975 that she should stay in the Community, the TUC filled its quota of members on the Economic and Social Committee. These include the most influential leaders of the British Trade Union Movement and since 1975 they have played their full part in the Committee's affairs. In addition the TUC plays a very important role within the European Trade Union Confederation in their continuous bilateral dialogue with the Commission and the other Community institutions, and in the Tripartite Conference.

Certain unions, namely the ISTC and the NUM have long participated in the Consultative Committee of the ECSC; and although the NUM temporarily withdrew in October 1974 it resumed its representation on the Committee after the referendum.

## Collective Action at Community Level

The unions as a whole are conscious that, just as industry is reorganising itself on a Community-wide basis, so too must the unions. As national barriers are dismantled, there is increasing co-operation between unions to achieve a joint approach to Community problems. For example, representatives of workers employed in the factories of one company throughout the Community, Philips, the Dutch electrical firm, have regular meetings with the management at Community level, where they present a solid front to their employer. Though this has not gone as far as a real negotiation for comparable wages and conditions throughout the Community, it is a clear first step in that direction and the Philips management have undertaken to provide the unions with advance notice of their long-term investment plans in Europe. In June 1968 the first Community-wide collective agreement was signed, between COPA, the Community farmers' organisation, and the Socialist and Christian unions. It aimed at establishing agreed hours of work in agriculture, including a normal 45-hour week (with allowance for seasonal variations of between 42 and 50 hours per week), overtime payment for other hours worked, a five or 5½ day week, paid holidays, restrictions on night work, and other provisions improving farm workers' conditions. The details were to be agreed at national level.



... the unions as a whole ...

# Conclusion

The wealth and well-being of everyone in the European Community depends on its bread winners, whether working in the coalmines of Yorkshire or Lorraine, on the farms of Jutland, in the foundries of Luxembourg or the Ruhr, in the textile mills of Lille or Milan, on the docks of Rotterdam, in the shipyards of Belfast or Copenhagen, on the car assembly line of Paris, Dagenham, or Turin, or in shops and offices.

Community policies are concerned with the well-being of working people — with the way we and our families live, and want to live, our everyday lives. This means everyone who wants to work being able to find a suitable job. It means our working in safe and healthy conditions, and having a say in the decisions that affect our future.

But it also means a better life outside working hours, and a better life for those who do not or cannot work. It means better housing, improved social security, and help for the handicapped and the elderly.

In a world of rapid technical and economic change, new demands are being made on society. Workers in declining industries must be helped to learn new skills. Women must be paid the same as men for the same work. Married women who are increasingly keen to return to work after rearing their families must be helped to do so. Migrant workers, many of them from countries outside the Community, must be guaranteed fair and equal treatment and opportunities. Young people, especially those seeking jobs for the first time, must be guaranteed the possibility of work. These new demands necessitate a fresh approach to how we build our society and our social environment.

Since it was set up in the 1950s, the European Community has achieved a sustained rate of economic growth unparalleled in the history of Europe. This growth has transformed the life and the face of the six original Member States (Belgium, France, Germany, Italy, Luxembourg and the Netherlands) and encouraged three new Member States (United Kingdom, Denmark and Ireland)

to join in 1973. The great majority of the people of the Community have achieved, via the increase in economic growth, higher living standards, better opportunities, and wider horizons.

However, greater overall material prosperity has not solved all the Community's social problems. In some cases it has worsened them. The distribution of income, wealth, and power across the Community, as well as within industry itself, continues to be unfair. All our countries have suffered the side-effects of industrial pollution, a deteriorating environment, a conflict of values between industry and society, disruptions in the pattern of life, and a growing dependence on migrant workers whom we need to maintain our standard of living, but whom we have tended at times to treat as second-class citizens.

The leaders of the Community have realised that they must meet the challenge presented by the old and new social problems.

It was in recognition of the need for a new start that the Governments of the Nine Member States of the new enlarged Community declared in the Communiqué issued at the Paris Summit meeting in October 1972 that:

'Economic expansion is not an end in itself. Its firm aim should be to enable disparities in living conditions to be reduced. It must take place with the participation of all social partners. It should result in an improvement of the quality of life as well as in standards of living.'

This declaration reflects a profound change of heart, expressed at the highest level, in which the quality of people's lives is to become the primary aim and material economic growth the means to achieve it.

Economic recession during the last two or three years, however, has sadly made progress in the field of social policy slower than was hoped. For the first time since the creation of the Community unemployment has become a major problem and only very slowly are trade unions, employers, and governments coming to see that this

is as much a Community problem as a national one.

The task is enormous and funds at the European level are small. But the Tripartite Conference expresses, if only in a small way as yet, the belief that joint action can help to solve the problems of unemployment and create sufficient and satisfactory jobs for all.

However, the Community's social policy cannot evolve without the active participation of the people through their trade unions and political representatives. The Economic and Social Committee could be strengthened so that its voice became more influential. Direct elections to the European Parliament — expected to take place in 1978 — will provide closer direct links between the people and the Community. The Standing Committee on Employment, the many advisory Committees, and meaningful relationships between the Community institutions and non-governmental bodies (NGO's) will help to make participation real.

Already, through the ETUC, the Confederation of Socialist Parties, and the political groupings in

the European Parliament that are ideological rather than national, more and more people are beginning to think in Community rather than in solely national terms. The progress is slow. Though this is not surprising when one thinks how short a time historically the Community has been in existence, and how remarkable the experiment of trying to wield nine (and later more) independent, individualistic states with long histories into a new political organisation.

The social policies referred to in this booklet are only a small part of that development. But, if the peoples of the Community are to come gradually closer together then social action is an essential part of that closer union. Without Community solidarity, social progress would have been even more uneven than it now is. The participation of working people and their families — particularly through the organisations which specifically represent their interests — in the development of active and progressive social policies is a necessary condition for the achievement of closer social, economic, and political integration.

... the well-being of working people ...



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